



staff report

TO: Honorable Mayor and Members of the City Council
ATTENTION: Jeffrey L. Stewart, City Manager
FROM: Leo L. Mingle, Jr., Assistant City Manager
SUBJECT: Consideration and possible action to issue a Request for Proposals ("RFP") to purchase the Bellflower Municipal Water System ("MWS").
DATE: May 9, 2016

EXECUTIVE SUMMARY

At the Special Meeting held on April 26, 2016, the City Council directed staff to draft a Request for Proposals ("RFP") to purchase the Bellflower Municipal Water System ("MWS") that the Council could consider at its regular meeting of May 9, 2016. Attached is a draft RFP.

If the City Council releases the RFP, staff would distribute it to those water purveyors that may be interested in submitting a proposal. All proposals must be received by the City Clerk's Office not later than 2:00 p.m. on May 31, 2016. The City Council would consider the proposals at its June 27, 2016, Regular Meeting. At that time, the City Council could either reject all proposals or choose to move forward with the sale of the MWS. If the City Council wishes to sell the MWS at that time, then it would need to (among other things) place a measure on the ballot for the consolidated November 8, 2016, Special Municipal Election to seek voter ratification of such sale in accordance with California law.

Nothing requires the City Council to take any action at this meeting or subsequent meetings. The only matter before the City Council at this time is the question of whether or not to issue a Request for Proposal (RFP).

RECOMMENDATION TO CITY COUNCIL

- 1) Direct the City Manager, or designee, to distribute the RFP to interested and qualified water purveyors that are capable of acquiring the MWS; or
- 2) Alternatively, discuss and take other action related to this item.

FISCAL IMPACT

The immediate action does not have an identifiable fiscal impact. A 2015 appraisal values the MWS (and all of its assets) at approximately \$20 million. This estimated value includes the infrastructure, real property, and 986 acre feet of water rights. The report also factors the depreciation costs of the entire system. It is anticipated, therefore, that any proposal for purchasing the MWS would include an offer of at least \$20 million.

DISCUSSION

➤ *Historical context and valuation*

In 2007, the City acquired the MWS (previously identified as the Peerless Water System) for \$5.8 million. These monies were advanced from the City's General Fund reserves and then later reimbursed with funding from \$8.23 million in Certificates of Participation (COP) in 2008. The City has made bi-annual interest only and interest and principal payments towards the COP since October 2008. The COP final maturity date is October 1, 2039, and its defeasance date is October 2, 2018.

In 2014 and 2015, the City's Municipal Water Commission recommended that the City Council consider selling the MWS before the COP defeasance date. Since that time, the City Council considered the matter on at least three occasions - the last time being April 26, 2016.

In January 2015, the City received an appraisal valuing MWS at \$19,757,108 (in 2014 dollars). This number is based upon MWS's infrastructure, real property, and 986 acre feet of water rights. Notably, MWS's most valuable assets are the High Capacity Well (HCW), which is currently valued at \$2,835,957 and the water rights valued at \$12.82 million.

In contrast to MWS's overall value, however, is the estimate cost for making needed capital improvements. This is estimated to be \$25,701,425 (in 2014 dollars). Such improvements include, without limitation, water main replacements, fire hydrant upgrades, new meter and service installations, and a second high-capacity well. The list of capital improvements was pulled from the 2008 Water Master Plan, which continues to be the guiding source for capital projects undertaken in the MWS.

➤ *Potential Fiscal Impacts*

Any proposal provided in response to the City's RFP would contain a "reality check" price for MWS and its assets. Should the City move forward with selling the MWS, proceeds from such sale would pay for certain outstanding matters including the following:

1. 2008 Certificates of Participation Bond

As of October 2015, the City owes a total of \$7,335,000 on the COP bond (principal only), and the City continues to pay its debt service of principal and interest payments twice yearly (on April 1 and October 1). By the bond defeasance date in October 2018, the remaining principal balance will be \$6,805,000.

2. City of Bellflower General Funds

The City previously advanced \$2.7 million in General Funds to pay for the cost of day-to-day operations in excess of revenues received and for various water system improvements including the required matching funds for Federal grants used for capital improvements.

The City has also spent \$77,046 of General Funds through Fiscal Year (FY) 2014-2015 to subsidize the MWS Low-Income Assistance Program. However, the City does not expect to be reimbursed for the total subsidized amount if it sells the MWS.

3. Federal Grants for Capital Improvements

Should the City sell the MWS, it must repay a portion of the Federal grants that have partially financed several capital improvements:

Federal Grantsⁱ	Grant Funds Expended on Capital Improvements
2002/2006 EPA STAG Grant	\$1,234,300
2009 CDBG-R Grant	\$311,096
2014 AMI BOR Grant	Awaiting confirmation
Total	\$1,545,396

The City may first recoup the full, unadjusted dollar amount of its portion of the capital improvement costs. If any proceeds remain from the sale, the Federal government will recoup its grant funds (\$1,545,396), less a proportionate share of depreciation on the improvements at the time of the sale. The Federal government is currently developing guidelines to formalize this grant reimbursement method.

As of today, and without yet accounting for the depreciation of the grant-funded capital improvements, the City will be required to repay a total of \$11,942,959 as illustrated below:

COP repayment/defeasance (principal & interest through Oct. 2018)	\$ 8,231,009
Less: COP debt service reserve	(543,000)
General Fund reimbursement	2,709,554
Federal grant reimbursement (excluding 2014 AMI BOR grant and depreciation allowance)	1,545,396
Total MWS debt repayment obligations	\$11,942,959

It should be noted that the City maintains several reserve funds that, if they remain intact upon the sale of the MWS, can be redirected towards paying down the debts listed above:

- Bond Reserve - \$543,000 (accounted for above)
This reserve is held in a debt service account by the Bank of New York Mellon as security for COP bond holders.
- High Capacity Well Reserve - \$152,000
A reserve fund set aside for emergency repairs to the High Capacity Well.
- Rate Stabilization Reserve - \$100,000
A reserve fund set aside to absorb any unanticipated rate increases or water consumption decreases that will impact revenue required to operate the system.
- Operating Cash – \$200,000+
Remaining cash flow of the MWS at the time of the sale of the system.

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The City also owns 394 acre-feet of water rights which are separate from the MWS's 986 acre-feet of water rights. If the MWS is sold, the City may continue to annually lease its water rights. However, the City may also consider selling its water rights along with the entire MWS or to a separate buyer. It should be noted that the current value of water rights is at a premium as California continues to experience a historic drought.

➤ *Selling the MWS - Procedures*

Should the City Council decide to move forward with selling the MWS, the City must comply with the Public Utility Code's ("PUC") requirements as to disposition. PUC § 10061 provides a specific procedure for selling the MWS. Based upon California law, the City must take the following actions:

1. The City must establish a method for soliciting and evaluating proposals for the acquisition of the MWS. This is what is presently before the City Council for consideration, i.e., approving the RFP (including its contents which include an evaluation process) and directing that it be distributed.
2. After responsive proposals are received and evaluated by City staff, the City Council must schedule a public hearing. The draft RFP provides that all proposals must be submitted by May 31, 2016. A public hearing would be noticed for the June 27, 2016, City Council meeting.
3. During the public hearing the City Council must review the proposals and staff recommendations.
4. If, after the public hearing, the City Council seeks to sell the MWS, it must select the entity "best qualified to continue to provide equal or better service to the customers of the system."
5. The City Council may reject all proposals and take no action.
6. Should the City Council move forward with selling the MWS, it must adopt a resolution that:
 - a. Finds that the MWS is unnecessary for supplying water to the City's residents or that the City's residents will be provided equal or better service by the acquiring entity on just and reasonable terms that do not discriminate against existing customers; and
 - b. Orders the issue submitted to the qualified voters of the municipality at a special or general election held for that purpose.
7. The board of directors of the acquiring entity concurs with the sale or transfer of MWS by adopting a resolution.

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8. At least 30 days before the election, the acquiring entity must disclose to the existing customers a written statement that discloses the price and terms of the proposed acquisition, the applicable water charges, and other required information.
9. A majority of all voters voting on the issue must approve of the sale or transfer of MWS at a special or general election.

A question that is frequently asked is whether the ballot measure must be approved by a majority of the existing customers or by City-wide voters (who may or may not be customers). The PUC makes it plain that *all* eligible voters within the City must approve the sale of MWS.

➤ *Potential Policy Considerations*

During the past several City Council meetings individual Council Members expressed concern regarding how existing MWS customers would be affected by any potential sale. Accordingly, the City Council may wish to consider the following items:

1. Rates for existing users must remain in place for five (5) years. During the April 26, 2016, Special Meeting, Council Members asked that the RFP include clauses that would obligate any potential purchaser to ensure that existing water rates would remain static for a certain period of time. The draft RFP does include language that would implement such a policy, though the draft leaves the amount of time blank. When considering this item, however, the City Council should also remember that MWS customers currently pay a bi-monthly service charge that is just 40% of the maximum amount (60%) that water systems can recoup for their fixed costs. While the City can – if the buyer is willing – place limitations on when and by how much water fees may increase after selling the MWS, it is unclear how this type of limitation might affect the offered purchase price for the MWS;
2. Price for purchase must be guaranteed for twelve (12) months. As discussed during the April 26, 2016, Special Meeting, placing a long-term guarantee on the proposed purchase price would give the City Council an option to postpone a decision regarding whether to place the question on a ballot until after the November 2016 election. That would allow the Council to move forward with an election – if it chose – for a date in 2017 (for example). Note, however, that proposers would need to be willing to guarantee the purchase price for that length of time or, alternatively, agree that the offer in 2016 would not decrease by more than a certain percentage if the City Council considered the matter again in 2017;
3. Inclusion of water rights as part of the MWS assets offered. During the April 26, 2016, Special Meeting, there was some discussion whether the water rights should be part of the MWS assets offered. The MWS owns 986 acre feet of water rights; 700 used to meet our customer's service demand and the 286 balance leased to Bellflower Somerset Mutual Water Company (the City owns an additional 394 acre feet acquired separately from the Municipal Water System). The City could offer all of the water rights, none of them, or some portion. For example, the City could offer 700 acre feet, an amount sufficient to meet the current customer service demand. As the water rights are the most valuable part of the MWS, it is unknown how this reduction might

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affect the offered MWS purchase price. The staff recommendation is to retain a minimum of 300 acre feet of water rights.

4. Time period for response to the RFP will be not more than 3 weeks. This time period could be longer if the City Council does not wish to push for a November 2016 ballot measure; and/or
5. Other options the City Council may wish to consider.

PROPOSED TIMELINE¹

The next election that the measure can be voted upon is the consolidated November 8, 2016, Special Municipal Election (consolidated with the Statewide General Election). In order to ensure it is placed on the ballot, Council must approve a resolution and submit a request to the County by not later than August 12, 2016 (though the County Elections office prefers having everything submitted in June). Based upon the available time period between now and August 12, 2016, the City would utilize these deadlines:

May 10	D-94	Begin distribution of RFP
May 23	D-61	Regular City Council Meeting
May 31	D-73	Deadline for submission of proposals
June 13	D-60	Regular City Council Meeting. City Council sets a date for a public hearing to consider proposals received.
June 27	D-46	Regular City Council Meeting. City Council holds a public hearing and considers whether to adopt a resolution to sell the MWS to a specific buyer along with other actions necessary to place the matter on the consolidated November 8, 2016, ballot.
July 11	D-32	Regular City Council Meeting.
August 8	D-4	Regular City Council Meeting.
August 12	D-0	Last day for submission of ballot measures to Los Angeles County
October 9		Last day for acquiring entity to make required disclosure to existing customers
November 8		Election Day

POTENTIAL PROPOSERS

Attached is a list of potential proposers who will be mailed a copy of the RFP. City Council may wish to add other entities to the list. Copies will also be provided to any other interested entities upon request.

¹ "D-" numbers indicate days until last day for submission of ballot measures to Los Angeles County.

ATTACHMENTS

List of Potential Proposers..... 8
Request for Proposals 9

Doc 339403

ⁱ Grant funded capital improvement projects include: Mapledale Van Ruiten Interconnect (\$209,207, EPA STAG Grant), High Capacity Well (\$987,323, EPA STAG Grant), 2008 Water Master Plan (\$37,770, EPA STAG Grant), System 1 Partial Reconstruction (\$311,096, CDBG-R)

Bellflower Municipal Water System Request for Proposals List of Potential Proposers

Bellflower Somerset Mutual Water Company

Attn: Ken Deck, Executive Director
10016 Flower Street
Bellflower, CA 90706
(562) 866-9980

Cal American Water Company

Attn: President
4701 Beloit Drive
Sacramento, CA 95838
[\(916\) 568—4233](tel:9165684233)

California Water Service Company

Attn: Paul Townsley, President
1720 North First Street
San Jose, CA 95125
[\(408\) 367-8223](tel:4083678223)

Golden State Water Company

Attn: Keith Switzer, Manager Tariffs and Special Projects
630 E. Foothill Blvd
San Dimas, CA 91773
[\(909\) 394-3600](tel:9093943600)

Liberty Utilities Company (Formerly Park Water Company)

Attn: Chris Alario, Finance Director
PO Box 7002
Downey, CA 90241
[\(562\) 299-5107](tel:5622995107)

San Gabriel Valley Water Company

Attn: Bob DiPrimio
11142 Garvey Avenue
El Monte, CA 91733
[\(626\) 448-6183](tel:6264486183)

Southwest Suburban Water Company

Attn: Bob Kelly, Vice President
1325 North Grand Avenue, Suite 100
Covina, CA 91724
[\(626\) 543-2590](tel:6265432590)

REQUEST FOR PROPOSALS
For The Purchase of The

City of Bellflower
Municipal Water System

CITY OF BELLFLOWER
CALIFORNIA

May 2, 2016

May 10, 2016

Dear Interested Parties:

The City of Bellflower is now accepting Proposals for the purchase of the Bellflower Municipal Water System (MWS). The requirements for submitting a Proposal are stated in the attached Request for Proposal (the "RFP"). Please review them carefully. Any questions must be sent in writing to:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: 562-804-1424, Extension 2222
Email: mochiqui@bellflower.org

The City will also conduct at least one informal telephone conference call to all acknowledged bidders. The date and time will be sent via e-mail approximately two weeks after the RFP is distributed.

All Proposals are due to the City Clerk's Office at City Hall, 16600 Civic Center Drive, Bellflower, CA 90706, no later than **May 31, 2016, at 2:00 PM PST**. One (1) original and ten (10) copies of your Proposal response should be submitted in a sealed envelope or box plainly marked with the Proposal name and service description, as follows:

Request for Proposals
Attention: City Clerk
Name of Purchaser Submitting
RE: Proposal for Purchase of
Bellflower MWS

We thank you for your time and attention in reviewing this RFP.

Sincerely,

Jeffrey L. Stewart
City Manager

Enclosures: Request for Proposal Package
Exhibit A – Description of Facilities
Exhibit B – Existing Financial Accounting of MWS
Exhibit C – Municipal Water System Boundary Map

Section 1 Introduction and General

REQUEST FOR PROPOSALS Purchase of the Bellflower Municipal Water System

1. INTRODUCTION

1.1. Objective.

The objective of this RFP is to solicit Proposals that will enable the City to determine which water agency/company will acquire the municipal water system (MWS) to best meet the City's needs. The purpose and intent of this RFP is to establish a Contract (Agreement) with a qualified water system operator (Purchaser) who will own and furnish all labor, equipment, materials, tools, insurance, supervision and all other items necessary and specified in the operation and maintenance of all MWS services. The City may award the Agreement(s) based upon the best interests of the City, notwithstanding price. Several Exhibits are attached to this RFP and are included in the request:

- Exhibit A: Description of Facilities
- Exhibit B: Existing Financial Accounting of MWS
- Exhibit C: Municipal Water System Boundary Map

1.2. Description of Requested Services.

The City of Bellflower intends on selling the MWS assets to a qualified water agency/company. The successful water Purchaser will be required to enter into an Agreement with the City to continue to deliver water to its customers. As part of purchase, the City is selling its fixed assets which include the delivery system pipelines, water appurtenances, meters, and high capacity groundwater well as described in Exhibit A attached to this RFP.

The purchase includes the City's Water System Net Assets which include Cash, Accounts Receivable and the above mentioned Fixed Assets. The description and value of these assets are included in Exhibit B attached to this RFP.

The City desires to transfer the water system billing and customer service functions to the successful Purchaser. Accordingly, this should be considered in pricing and planning for the transition of the Water Division to the successful bidder.

If the City Council determines that the sale of the MWS is in the best interest of the City once the proposals are received and evaluated, the sale of the MWS will be conditional on several subsequent processes/procedures including Council meetings and voter approval by ballot measure which will take place on November 8, 2016.

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1.3. Accuracy of RFP and Related Documents.

The City assumes no responsibility for conclusions or interpretations derived from the information presented in this RFP, or otherwise distributed or made available during this procurement process. In addition, the City is not bound or responsible for any explanation, interpretation or conclusions of this RFP or any documents provided by the City other than those provided by the City by issuing addenda. In no event can a bidder rely on any oral statement by the City or its agents, advisors or consultants. Should a bidder find discrepancies or omissions in this RFP or any other documents provided by the City, the bidder should immediately notify the City of such potential discrepancy in writing, and a written addendum may be made available to each bidder, via email, if the City determines clarification to be necessary. Each bidder requesting an interpretation will be responsible for delivering such requests to the City's designated representative as indicated in [Section 2.3](#).

1.4. City Rights and Options.

The City at its sole discretion reserves the following rights:

- To cancel this RFP with or without the substitution of another RFP;
- To take any action affecting this RFP, this RFP process, or the Services or facilities subject to this RFP that would be in the best interests of the City;
- To issue additional requests for information;
- To require one or more bidders to supplement, clarify or provide additional information in order for the City to evaluate the Proposals submitted;
- To conduct investigations with respect to the qualifications and experience of each bidder;
- To waive any defect, formality or irregularity in any Proposal received;
- To reject any or all Proposals;
- To award all, none, or any part of the Services that are in the best interests of the City, with one or more of the bidders responding, which may be done with or without re-solicitation.
- To discuss and negotiate with selected Purchasers any terms and conditions in the Proposals including without limitation, financial terms; and,
- To enter into any Agreement, in a form approved by the City Attorney, deemed by the City to be in the best interests of the City with one of the Purchasers responding.

Section 1 Introduction and General

1.5. Expense of Submittal Preparation.

The City accepts no liability for the costs and expenses incurred by the bidder in responding to this RFP, in preparing responses for clarification, in attendance at interviews, participating in contract development sessions, or in meetings and presentations required for the contract approval process. Each bidder that enters into the proposal process must prepare the required materials and submittals at its own expense and with the express understanding that the bidder cannot make any claims whatsoever for reimbursement from the City for the costs and expenses associated with the procurement process.

1.6 Proposal Conditions.

The following terms are applicable to this RFP and the Purchaser's Proposal.

1.6.1. *RFP Not an Offer.*

This RFP does not constitute an offer by the City, and does not commit the City of Bellflower to accept a proposal. No binding contract, obligation to negotiate, or any other obligation is created on the part of the City unless the City and the Purchaser execute an Agreement. No recommendations or conclusions from this RFP process concerning the Purchaser constitutes a right (of property or otherwise) under the Constitution of the United States or under the Constitution, case law or statutory law of California.

1.6.2. *Right to Terminate Discussions.*

The Purchaser's participation in this process might result in the City selecting the Purchaser to engage in further discussions. The commencement of such discussions, however, does not signify a commitment by the City to execute an Agreement or to continue discussions. The City can terminate discussions at any time and for any reason.

1.6.3 *Requirement for Representation as to Accuracy and Completeness of Proposal.*

Each Purchaser must make the following representations and warranty in its Proposal Cover Letter, the material misrepresentation of which might result in rejection of its Proposal:

“The information contained in this Proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the City, are true, accurate, and complete to the Purchaser's knowledge. This Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.”

1.6.4. *Trade Secrets/Confidentiality.*

Section 1 Introduction and General

Upon receipt, Proposals may be considered a public record except for material which qualifies as “trade secret” information under California law. To properly designate material as trade secret under these circumstances, each Purchaser must take the following precautions:

- a. any trade secrets submitted by a Purchaser should be submitted in a separate, sealed envelope marked “**Trade Secret—Confidential and Proprietary Information—Do Not Disclose Except for the Purpose of Evaluating this Proposal,**” and
- b. the same trade secret/confidentiality designation should be stamped on each page of the trade secret materials contained in the envelope. Each original and copy of the Proposal must include all trade secret materials.

In submitting a Proposal, each Purchaser agrees that the City may reveal any trade secret materials contained in such response to all City staff and City officials involved in the selection process, and to any outside consultant or other third parties who serve on the Evaluation Committee or who are hired by the City to assist in the selection process. The City will use the same level of effort it takes as to its own confidential materials to ensure that trade secrets are not improperly disseminated. Furthermore, each Purchaser agrees to indemnify and hold harmless the City and each of its officers, employees, and agents from all costs, damages, and expenses incurred in connection with its refusal to disclose any material which the Purchaser has designated as a trade secret. **Any Purchaser that designates its entire Proposal as a trade secret may be disqualified.**

1.6.5. Statutory Requirements.

The Services performed by the Purchaser in accordance with an Agreement executed pursuant to this RFP must be in full conformance with all requirements, laws, rules and regulations of the State of California, all laws, rules, requirements and regulations of the Federal Government, and all local ordinances to the extent applicable.

1.6.6. Reservation of Right to Change Schedule.

It is the City’s right to determine the timing and sequence of events resulting from this RFP. The City reserves the right to delay the closing date and time for any phase if City staff believes that an extension would be in the best interests of the City.

1.6.7. Reservation of Right to Amend RFP.

The City reserves the right to amend this RFP at any time during the process, if it believes that doing so is in the best interests of the City. Any addenda will be

Section 1 Introduction and General

mailed to all qualified Purchasers. Purchasers are required to acknowledge their receipt of each addendum by using the Addenda Receipt Confirmation Form set forth in Section 7, Form Two, with their Proposal.

1.6.8. Additional Evidence of Ability.

Purchasers must be prepared to present additional evidence of experience, qualifications, abilities, equipment, facilities, and financial standing. The City reserves the right to request such information at any time during the Proposal evaluations for this RFP.

1.6.9. No Collusion or Conflict of Interest.

By responding to this RFP, the Purchasers are deemed to have represented and warranted that the Proposal is not made in connection with any competing Purchaser submitting a separate response to this RFP, and is in all respects fair and without collusion or fraud.

1.6.10. Proposal Terms Firm and Irreversible.

The signed Proposal constitutes a firm offer on the part of the Purchaser. The City can negotiate pricing and services. All Proposal responses (including all statements, claims, declarations, prices and specifications in the Proposals) are considered firm and irrevocable for purposes of future contract negotiations unless specifically waived in writing by the City. The Purchaser chosen for award should be prepared to have its Proposal and any relevant correspondence incorporated into an Agreement, either in part or in its entirety, at the City's election. Any false or misleading statements found in the Proposal may be grounds for disqualification.

1.6.11. Use of the City's Name.

No advertising, sales promotion or other materials of the Purchaser or its agents or representatives may identify or reference the City in any manner without the City's prior written consent.

1.6.12. Withdrawal for Modification of Proposals.

Purchasers may change or withdraw their Proposals at any time before Proposal submission deadline. Oral modifications, however, are not allowed. Only letters, mailed or hand-delivered, which are addressed in the same manner as the Proposal and received by the City before the Submission Date, will be accepted. The Proposal, when opened, will then be corrected in accordance with such written request[s], provided that the written request is contained in a sealed envelope, which is plainly marked "**Modifications to Proposal.**" Faxed or e-mailed modifications to any Proposal will not be accepted.

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1.6.13. *No Bribery.*

In submitting a response to this RFP, each Purchaser certifies that neither it, any of its affiliates or subcontractors, nor any employees of any of the foregoing has bribed, or attempted to bribe, a City elected or appointed officer employee, agent, or consultant in connection with the Agreement.

1.6.14. *Fair Trade Certifications.*

By submitting a Proposal, the Purchaser certifies that in connection with this solicitation:

- a. The prices have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with anyone;
- b. Unless otherwise required by law, the prices which have been quoted in its Proposal have not been knowingly disclosed by the Purchaser and will not knowingly be disclosed by the Purchaser before opening; and
- c. No attempt has been made or will be made by the Purchaser to induce any other person or firm to submit or not to submit a Proposal for the purpose of restricting competition.

1.6.15. *Proposal Binding for 220 Days.*

Each Proposal must contain a statement to the effect that the Proposal is a firm offer for 220 days from the Submission Date. This statement must be signed by an individual authorized to contractually bind the Purchaser, and must include his/her name, title, address, and telephone number. All prices quoted must be firm and fixed for the full contract period.

1.6.16. *Clarification of Ambiguities.*

Any Purchaser believing that there is any ambiguity, inconsistency or error in this RFP must promptly notify the City in writing of such apparent discrepancy. Failure to notify will constitute a waiver of claim of ambiguity, inconsistency or error. Any claim under this Section must be delivered to the City in accordance with the schedule set forth in Section 2 below.

1.6.17. *Purchasers' Obligation to Fully Inform Themselves.*

Purchasers or their authorized representatives are expected to fully inform themselves as to all conditions, requirements and specifications of this RFP before submitting Proposals. Failure to do so will be at the Purchaser's own risk.

Section 1 Introduction and General

The delivery of Services is subject to the Bellflower Municipal Code and the State of California Department of Drinking Water laws in effect at the time. In addition, Purchasers must be familiar with Public Utilities Code § 10061 which governs the procedures for selling the MWS.

1.6.18. Disclaimer.

Each Purchaser must perform its own evaluation and due diligence verification of all information and data provided by the City. The City makes no representations or warranties regarding any information or data provided by the City.

Section 2 Procurement Process

2.0. DESCRIPTION OF THE MWS PROCUREMENT PROCESS.

2.1. Schedule and Process.

The following table shows the schedule of events to assist in the preparation of the Purchaser's Proposal. The key events and deadlines for this process are as follows, some of which are set forth in more detail in the Sections that follow:

MWS Procurement Procedure Calendar	Date
Begin distribution of RFP	May 10
Regular City Council Meeting	May 23
Deadline for submission of proposals	May 31
Regular City Council Meeting. City Council sets a date for a public hearing to consider proposals received	June 13
Regular City Council Meeting. City Council holds a public hearing and considers whether to adopt a resolution to sell the MWS to a specific buyer along with other actions necessary to place the matter on the November 8 th ballot	June 27
Regular City Council Meeting	July 11
Regular City Council Meeting	August 8
Last day for submission of ballot measures to Los Angeles County	August 12
Last day for acquiring entity to make required disclosure to existing customers	October 9
Election Day	November 8

Issuance of the RFP. The City issues the RFP to a list of providers and others who expressed interest. **May 10, 2016** is the date of issuance.

Mandatory Pre-Proposal Conference. There will be a mandatory pre-proposal conference on **May 19, 2016 at 2:00pm** in the City Council Chambers at City Hall located at 16600 Civic Center Drive, Bellflower, CA 90706.

Submission of Written Questions. Purchasers are permitted to submit questions in

Section 2 Procurement Process

writing only to the City, but only for purposes of clarifying this RFP or to identify ambiguities, inconsistencies or errors. All such questions must be in writing and mailed, hand-delivered, faxed or, preferably, e-mailed to Mayra Ochiqui at the address and number listed in Section 2.3 and must include the name of the Purchaser contact person to receive the City's answers. Questions are due no later than **2:00 p.m. on May 25, 2016 (last day for all questions)**.

Proposal Submission. Proposals are due by **2:00 p.m. on May 31 2016** at the City Clerk's Office, City Hall, 16600 Civic Center Drive, Bellflower, CA 90706. All Proposals will be time-stamped upon receipt and held in a secure place until the evaluation team begins its evaluation.

Proposed Award Date. The Evaluation Team will review all submitted proposals and prepare a summary review for presentation to the City Manager and City Attorney. The review will then proceed to the preparation of a staff recommendation to the City Council at its regular meeting scheduled for June 27, 2016. If for any reason the evaluation period and report to the City Council are delayed, all bidders whose proposals were evaluated will be advised of a revised schedule as soon as possible.

Proposed Start Date – This date is dependent on the outcome of the election ballots which are submitted on November 8, 2016.

2.2. Interpretations and Addenda.

No interpretation or clarification of the meaning of any part of this RFP will be made orally to any Purchaser with the exception of questions answered at the Pre-Proposal Conference. Otherwise, Purchasers must request such interpretations or clarifications in writing from the City. Requests for information or clarification of this RFP must be made in writing and addressed to Mayra Ochiqui at the address, fax, or e-mail address listed below, with e-mail being the preferred method. Questions should reference the RFP page and topic number.

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: 562-804-1424, Extension 2222
E-Mail: mochiqui@bellflower.org

When responding to Purchaser questions, the City will mail the answer or information to all Purchasers. You must submit your questions by **2:00 p.m. (Pacific Time) no later than May 25, 2016**.

The City reserves the right to disqualify any Purchaser who contacts a City employee, or agent concerning this RFP other than in accordance with this Section. Nothing in this Section prohibits the City from conducting discussions with Purchasers after the

Section 2 Procurement Process

Proposal opening.

2.3. Submission of Proposals.

Each Purchaser must submit one (1) original Proposal signed in ink by a Purchaser official authorized to make a legal and binding offer, along with the corporate seal, plus ten (10) copies to the address listed in 2.2 above by **May 31, 2016, at 2:00 p.m. (Pacific Time)**. The "original" Proposal and each of the ten (10) copies must be complete and unabridged, with all copies including, if applicable, trade secret information, and cannot refer to any other copy or the signed/sealed original for any references, clarifications, or additional information. Proposals may also include a compact disc (cd) setting forth the entire Proposal in searchable format such as Adobe Acrobat. When received, all Proposals and supporting materials, as well as correspondence relating to this RFP, become the City's property. **Proposals sent by facsimile or e-mail will not be accepted. Proposals, or any part thereof, received after the deadline are not considered.**

2.4. Correction of Errors.

The person signing the Proposal must initial erasures or other corrections in the Proposal. The Purchaser further agrees that in the event of any obvious errors, the City reserves the right to waive such errors in its sole discretion. The City, however, has no obligation under any circumstances to waive such errors.

2.5. Evaluation.

The evaluation of proposals will be conducted by the Evaluation Committee, which will be selected by the City. All members of the Evaluation Committee will agree to hold the information in all Proposals confidential during the evaluation process and until the results are made available to the public by the City. The evaluation may include activities as follows:

- a. As part of the evaluation process, the Evaluation Committee may engage in discussions with any bidding Purchaser. Discussions might be held with individual Purchasers to determine in greater detail the Purchaser's qualifications, to explore with the Purchaser the scope and nature of the required contractual Services, to learn the Purchaser's proposed method of performance and the relative utility of alternative methods, and to facilitate arriving at an Agreement that will be satisfactory to the City.
- b. The City may at its discretion require one or more Purchasers to make presentations to the Evaluation Committee or appear before the City and/or its representatives for an interview. During such interview, the Purchaser may be required to orally and otherwise present its Proposal and to respond in

Section 2 Procurement Process

detail to any questions posed. Additional meetings may be held to clarify issues or to address comments, as the City deems appropriate. Purchasers will be notified in advance of the time and format of such meetings.

- c. Because the City may choose to award an Agreement without engaging in discussions or negotiations, the Proposals submitted must define the Purchaser's best offer for purchasing the MWS and providing the services described in this RFP.

2.6. Conditional Award by City Council.

As soon as practical after the opening of the Proposals and their evaluation (as set forth above), the name of the apparent successful Purchaser(s) will be submitted to the City Council for consideration. Unless otherwise provided, the evaluation process will not be more than 3 weeks. If the Purchaser is approved by City Council, the City Council must place the question of selling the MWS on the ballot for voter ratification. An Agreement will only be provided, and negotiated, should a sale be ratified by a majority of voters. All eligible voters within the City's jurisdictional boundary may vote on the ballot measure. The final terms of the Agreement requires approval of the City Attorney as to form and substance.

2.7. Post-Award Conference.

A Post-Award Conference, if an Agreement is awarded, will be held at a date after the November 2016 election once the ballot count is completed.

3. SCOPE OF PURCHASE OF BELLFLOWER MUNICIPAL WATER SYSTEM (MWS) SERVICES.

3.1. General Scope.

The MWS currently provides water service to 1,824 customers within its service area, or approximately 10% of the City of Bellflower. The service area being sold is divided into seven geographically separate service areas. The existing system consists of 78,488 feet of pipes ranging in size from 2- to 12 inch diameter and one high capacity water well. The system includes approximately 1,823 meters and 79 fire hydrants. The Purchaser is responsible for providing Services for all the potable water deliveries, system operation and maintenance, capital improvements, rate establishment, billing/collections/customer service and compliance reporting to the State of California DDW as well as being accountable to the community being served. The boundaries of the water system are approximately 10% of the City Limits and are shown in Exhibit C. The successful Purchaser must agree not to raise water service rates to the ratepayers included in the MWS service area for a minimum of 5 years.

3.2. Scope of Water System Services.

This section provides a framework for accomplishing the tasks that result in maintaining a safe potable water system for the residents of the City of Bellflower that are included in the MWS service areas (7 total areas). The intent of the work is to own, operate and maintain the existing potable water distribution system and high capacity groundwater well. This includes the management of the system, financial accounting and responsibilities, Department of Drinking Water (DDW) reporting and regulatory compliance, backflow prevention identification and compliance, customer service meter reading and invoicing, response to customer service complaints, capital improvement project identification and implementation and long range potable water system master planning as it relates to the MWS. The Contract will set forth the Services to be provided in detail including any modifications agreed to by the parties.

3.2.1.- *Municipal Water System (MWS) Specifications.*

The Purchaser should describe:

- How it will maintain and operate the existing MWS;
- How it will respond to water emergencies (line breaks, contamination, drought readiness, etc.) in order to continue to provide water to the affected community;
- How it will establish relationships with adjacent water purveyors to

Section 3 Scope of Services

provide emergency supplies and to develop a mutual aid response;
and

- How it will obtain information on the needed improvements to the water system, establish a rate structure after the initial rate set period described above and implement the proposed rate structure.

3.3. Care and Diligence.

The Purchaser is solely responsible for all water system damages resulting from the Purchaser's vehicles, employees, actions or omissions. Describe how this activity is controlled and reported.

3.4. Office Facilities.

The Purchaser is required to take over all MWS water system billing and customer service functions from the City. The Purchaser must maintain a local Bellflower telephone number and qualified attendants as may be necessary to ensure communication between the City and Purchaser and to receive and process bills, complaints and/or to receive instructions and directions from the City. The Purchaser must maintain bill payment and customer service functions with provision for a payment outlet within the City limits.

3.5. Public Education and Community Outreach.

The Purchaser must develop Public Education and Community Outreach Programs in partnership with the City and other appropriate parties as they relate to drought awareness and conservation. The public education program must include information on water use reduction, in support of the City, County, and State water conservation programs and goals. The City intends to partner with the successful Purchaser and take reasonable steps to make available to the Purchaser its own means of publicizing citywide public information. All education information must be reviewed and approved by the City in advance of publication and distribution to residents and businesses. Material must have at least a one week review period.

Section 3 Scope of Services

3.6. Reporting.

The Purchaser is responsible for maintaining and submitting all regulatory and outside agency reports on a daily, monthly, and annual basis as required by the various agencies. The Purchaser will indemnify the City from any fines or penalties that may result from incomplete, tardy or rejected reports.

3.6.1 Annual Report.

The obligation to submit an annual report will survive the termination or expiration of the Agreement. The annual water system report must be submitted in draft form to the City Public Works Director, or designee, a minimum of 30 calendar days before public distribution.

3.6.2 Coordination.

The Purchaser must have regular (monthly) contact with the City Public Works Director and provide a report on water system activities in the MWS as well as upcoming coordination items that will affect or have the potential to affect the City functions.

3.7. Pricing.

All pricing related to the Proposed Services must be included on a separate and detailed Proposal package. Current rates for the water system must remain in place without increase for a period of 5 years after the implementation date.

3.8. Current Water System Data.

For current water system data, see Exhibit A attached hereto.

3.9. Labor Force.

Purchaser's approach should reflect industry best practices with regard to employment levels, staff training, education, and experience of management personnel.

The Proposal should include the following information:

- a. The description of the Purchaser's staff to be employed and the role of each member, identifying all key personnel, in performing the proposed service(s). Attach resumes of all managers and senior-level supervisors who will be involved in the management and delivery of the services. Include all information as requested in RFP Section 4;

Section 3 Scope of Services

- b. Proposed organizational structure, interrelationships, and interactions and specific plan describing how Purchaser will work with the City;

Section 4 Proposal Format

4. PROPOSAL FORMAT.

Each Proposal should be in the format described below: Maximum number of pages is 50 total pages

- a. Cover Letter;
- b. Executive Summary;
- c. Proposed Solution;
- d. The "Requests for Proposals Acknowledgement Form" Section 7, Form 1;
- e. The "Addenda Receipt Confirmation Form" set forth in Section 7, Form 2;
- f. Exceptions to the Remainder of the RFP; and
- g. Statement of Qualifications
- h. All Proposals must be 8 1/2" x 11" format with all standard text no smaller than eleven (11) points. All submissions should use two-sided copying and be bound in a left-hand spine or three-ring binder with tab dividers corresponding to the content requirements specified below. Proposals may also include a compact disk including the entire Proposal in a searchable format such as Adobe Acrobat.

Purchasers are required to organize the information requested in this RFP in accordance with the format outlined. Failure of the Purchaser to organize the information required by this RFP as outlined may result in the City, at its sole discretion, deeming the Proposal non-responsive to the requirements of this RFP. The Purchaser, however, may reduce the repetition of identical information within several sections of the Proposal by making the appropriate cross-references to other sections of the Proposal. Appendices for certain technical or financial information may be used to facilitate Proposal preparation.

4.1. Proposal Content.

4.1.1. Cover Letter

The Proposal must include a letter of transmittal attesting to its accuracy, signed by an individual authorized to execute binding legal documents on behalf of the Purchaser. This cover letter must provide the name, address, telephone, email address and facsimile numbers of the Purchaser along with the name, title, address, telephone, email address and facsimile numbers of the executive who has the authority to Agreement with the City. The cover letter must present the Purchaser's understanding of the Project, a summary of the approach to be undertaken to perform the Services, as well as a summary of the costs to provide the Services.

Section 4 Proposal Format

4.1.2. Executive Summary

The Purchaser must submit an executive summary, which outlines its Proposal, including the proposed general management philosophy. The executive summary must, at a minimum, include an identification of the proposed management team, assign a Purchaser point of contact for the project, give the responsibilities of the management team, and a summary of the proposed Services.

This section should also highlight aspects of the Purchaser's Proposal, which make it superior or unique in addressing the City's needs.

4.1.3. Proposed Solution/Scope of Services

Each Proposal should outline in detail how the Services are to be performed and the time frame associated with each aspect of the project.

This section should include the following:

- I. Understanding of Scope-of-Services and Plan of Action
 - a. This section should explain, to a sufficient level of detail, the range of services that the Purchaser is offering to the City of Bellflower and how this range of services will be provided to the City, both immediately and in the longer term.
 - i. Purchasers should explain how they will provide service in the Agreement area
 - o What type/number of personnel, how many hours per day personnel will work
 - o What type/number of vehicles (or other equipment)
 - o Any other relevant and descriptive information
 - o Description and location of facilities
 - o Supervisory approach and structure
 - ii. Purchasers should provide a detailed description of an implementation plan that will allow for a transition from the existing City provided service delivery system to the service system they will provide.
 - o What are the core elements of the transition plan
 - o Who will be responsible for executing the plan
 - o How long will plan execution take
 - iii. Identify Key Personnel and provide descriptions of the role of each in providing potable water services to the City. Also, provide descriptions of the background and experience of

Section 4 Proposal Format

each.

II. Pricing

- a. Price or Rate per Household--provide a price proposal for all proposed options. Current rates must remain in effect for a period of 5 years with no increase.
- b. Pricing proposal explanation – Please explain how you would structure the water rate levels. For example, explain how the residential, commercial and industrial rate structures would be established.

III. Customer Service.

Purchasers should include in their proposals – to the extent applicable – the following:

- a. Describe the Purchaser's customer service philosophy and describe how it is communicated and reinforced throughout the organization;
- b. Describe the Purchaser's approach to total quality management, and how your current customers benefit from your service improvements;
- c. Describe the Purchaser's complaint resolution procedures;
- d. Describe the nature of service improvements and increase in customer satisfaction that the Purchaser has been able to achieve in environments comparable to the City's in size and complexity;
- e. Describe the methodology the Purchaser uses to handle a client's unhappy customer. How does the Purchaser regain that customer's confidence?
- f. Describe the emergency plan in place that the Purchaser will take to deal with emergency situations such as extreme cold temperatures, fire, or natural disaster which may require a deviation from the normal operating procedures. The emergency plan should address customer notification procedures and include emergency contact information.

IV. Personnel Management.

Describe the following items in your Proposal in the proposed solution section:

- a. Explain how the Purchaser ensures that personnel performing the Services are qualified and proficient.
- b. Describe the Purchaser's training programs and policies for

Section 4 Proposal Format

individuals who are involved in providing services. How frequently are these programs and policies reinforced?

- o Drug Policy
 - o Anti-Discrimination Policies and Procedures
- c. Describing the approach that the Purchaser will use to provide employment opportunities to any displaced City employees resulting from this procurement.
- d. Describe how the Purchaser handles additional staffing needs for vacations, illnesses, resignations, etc.
- e. Has the Purchaser had significant workers compensation issues within the last five (5) years? Describe the circumstances and the resolution of the issue(s).
- f. Has the Purchaser been the subject of a dispute or strike by organized labor within the last five (5) years? Describe the circumstances and the resolution of the dispute.
- g. Has purchaser been convicted of a felony or misdemeanor, had claims from jurisdictions where they currently operate or been cited by local, state or federal agency.

V. Customer Relationship Management.

Describe the following items in your Proposal in the proposed solution section:

- a. Describe how the Purchaser will inform customers of their potable water usage, State mandated conservation programs, invoice balance, water rate structure; and
- b. Describe the Purchaser's record keeping procedures in detail.

Section 4 Proposal Format

VI. *Exceptions to the RFP.*

An “exception” is defined as the Purchaser’s inability or unwillingness to meet a term, condition, specification, or requirement in the manner specified in the RFP. All exceptions taken must be identified and explained in writing in the Proposal and must specifically reference the relevant section(s) of this RFP. Other than exceptions that are stated in compliance with this Section, each Proposal is deemed to agree to comply with all terms, conditions, specifications, and requirements of this RFP and any contract that may result from it. If the Purchaser provides an alternate solution when taking an exception to a requirement, the benefits of this alternate solution and impact, if any, on any part of the remainder of the Purchaser’s solution, must be described in detail.

Section 6 Contract Requirements

5. PROPOSAL EVALUATION CRITERIA.

Proposals will be evaluated based on the Purchaser's ability to meet the performance requirements of this RFP. This section provides a description of the evaluation criteria that will be used to evaluate the Proposals. To be deemed responsive, it is important for the Purchaser to provide appropriate detail to demonstrate satisfaction of each criterion and compliance with the performance provisions outlined in this RFP. Proposals must contain information specifically related to the proposed Services and specifically requested herein. Failure of any Purchaser to submit information requested may result in the elimination of the Proposal from further evaluation. Proposals will be evaluated on the following major categories:

- o Overall Solution;
- o Cost Effectiveness and Value;
- o Historical Managed Water System Compliance Record; and
- o Mandatory Elements.

5.1. Evaluation Procedures.

5.1.1 *Review of Proposals*

The proposals will be evaluated and scored during the review process by the Evaluation Committee. The technical section of each proposal will be evaluated before the pricing section. Purchasers with an unacceptably low score after the technical review part of the evaluation will be eliminated from further consideration.

After the composite score for each firm has been established, the dollar price section will be scored based on the price quote. The maximum score for price will be assigned to the Purchaser offering the lowest total all-inclusive maximum rate. Appropriate fractional scores will be assigned to other proposers.

The City of Bellflower reserves the right to retain all proposals submitted and to use any idea in a proposal regardless of whether that proposal is selected.

5.1.2 *Evaluation Criteria*

Proposals will be evaluated using three sets of criteria. Purchasers meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria that will be considered during the evaluation process:

1. Mandatory Elements

Section 5 Evaluation Criteria

- a. The Purchaser is licensed to do business in the State of California.
- b. The Purchaser has staff that are licensed to perform the operation and maintenance of the potable water system.
- c. The firm adheres to the instructions in this Request for Proposal on preparing and submitting the proposal.
- d. The firm submitted a copy of its last quality control review report and the firm has a record of compliance with the DDW regulations and no current or recent DDW violations.

2. Technical Quality

a. Expertise and Experience

The Purchaser's past experience and performance on comparable government Agreements.

The quality of the firm's supervisory personnel to be assigned to the "Project"

b. Approach of the Collection Services to be provided

Adequacy of proposed staffing and equipment plan for performance of the Services.

3. Price

PRICE WILL NOT BE THE SOLE FACTOR IN THE SELECTION OF A PURCHASER

5.2. Overall Solution.

Purchasers will be evaluated based upon their understanding, experience and qualifications in performing the same or substantially similar Services, as reflected by their experience in performing such Services. The evaluation will include other communities where the Purchaser currently owns, operates and maintains a potable water system, and the feasibility of the Purchaser's approach for the provision of the Services.

5.3. Cost Effectiveness and Value

Under this criterion, Proposals will be compared in terms of reasonable, and or most effective pricing option[s] for delivering potable water service. Purchasers should note that the City will be contemplating the proposed price in conjunction with the overall

Section 6 Contract Requirements

customer service as part of the evaluation.

5.4. Acceptance of the Terms of the Agreement.

The City will evaluate the Proposals for compliance with the terms, conditions, requirements, and specifications stated in this RFP.

5.5. Mandatory Elements.

The City considers the following elements mandatory to be able to sell the MWS to a Purchaser:

- a. The Purchaser will impose no rate increases for the first five years.
- b. The successful Purchaser will make an offer for the City's fixed assets as noted in Exhibit A.

Section 6 Contract Requirements

6. CITY CONTRACTING REQUIREMENTS.

The City will enter into an Agreement written by the City with the successful Purchaser that incorporates the terms of this RFP; contains the terms and conditions set forth in this Section; and includes such additional terms and conditions required by applicable law. Such Agreement will be provided (and may be negotiated) after (and if) voters approve of the MWS sale. Notwithstanding the foregoing, the City reserves the right to change the proposed Agreement terms and conditions before or during Agreement negotiations if it is in the City's best interest to do so. The terms and conditions set forth in this Section are not all-inclusive. The City will propose additional terms and conditions based on the responses to this RFP and the City's analysis of the successful Purchaser's Proposal. As used in this Section of the RFP, the term "Agreement" refers to the Agreement entered into between the City and the successful Purchaser, and the term "Purchaser" refers to the successful Purchaser.

6.1. Transition Plan

Within fifteen (15) days of receipt of Agreement Award notification, the Purchaser must prepare and submit to the City for approval a comprehensive and detailed Transition Plan, which describes in detail all tasks and resources associated with the transition from the City's current operations to the Purchaser by the Agreement Start date (the "Transition Plan"). The Transition Plan in the form approved by the City must be attached and incorporated into the Agreement as an exhibit. The Transition Plan must spell out in detail all steps, tasks, activities, events, and resources necessary for the Purchaser to provide for a smooth and efficient transition from the current potable water system operations and maintenance to the Purchaser, with minimum disruption to the City's operations. The Transition Plan will contain a timeline and completion date for all such tasks and activities. The Transition Plan must include a public awareness and education plan. The Purchaser will ensure that certain essential operations as set forth in the Transition Plan will not be interrupted by any part of the Project. The Purchaser must seek the City's input in developing the Transition Plan, and the Transition Plan is not deemed final until accepted in writing by the City. The Transition Plan must be maintained by the Purchaser, and updated and submitted to the Director of Public Works, or designee, on a weekly basis throughout the transition period, to reflect the current status of all work. Aside from updates to show tasks accomplished, no changes to the Transition Plan can be made without the City Manager's, or designee's, prior written approval. The City has the right to audit, on its own behalf or through agents, the Transition Plan and the progress of all work throughout the implementation of the Services. The City and/or its agents is entitled to conduct such audits on a regular weekly basis, and on a random periodic basis, as the City may elect.

6.2. Duty of the Purchaser to Identify and Request Information or Personnel.

Section 6 Contract Requirements

As part of the Transition Plan and throughout the duration of the Agreement, Purchaser must identify and request from the City: (i) all information reasonably required by the Purchaser to provide for a smooth and efficient migration to the Service Area; (ii) the City's personnel whose presence or assistance may be required by the Purchaser to perform each task required for the transition effort; and (iii) any other resource required by the Purchaser for the transition effort. The Purchaser will not be relieved of any failure to perform under the Agreement Documents by virtue of the City's failure to provide any information, personnel or resources: (a) that the Purchaser failed to identify and request in writing from the City pursuant to this Section; or (b) which the City is not required to provide pursuant to the Agreement.

6.3. Financial Security for Proposal (Bid Bonds).

Prospective Purchasers are required to file with their Proposals financial security equal to 10% percent of the total bid. This financial security must be in the form of a bid bond, certified check or letter of credit. In order to be acceptable as financial security, a bid bond must be issued by one or more surety companies legally authorized to do business in California which retain as capital no less than the amount of the issued bond and said bond must be in form approved by the City of Bellflower. If the bonding company executes the bond through an attorney-in-fact, a Power of Attorney showing authority to act must accompany the bond.

6.4. Execution of Proposal.

Proposals must be executed, by the following persons:

- I. CORPORATION - The President or Vice President, and one of the following: Secretary, Treasurer, Assistant Secretary or Assistant Treasurer. If a Proposal is executed by any other person, a power of attorney, a copy of the bylaws, or a resolution of the Board of Directors documenting the authority of that person to sign the Proposal must accompany the Proposal. The power of attorney, bylaw, or resolution must be certified by the Corporate Secretary as a true and correct copy, still in force as of the date of the execution of the Agreement
- II. PARTNERSHIP - At least one (1) of the partners.
- III. SOLE PROPRIETORSHIP - The individual owner.
- IV. BUSINESS OPERATING UNDER A FICTITIOUS NAME - Entities operating a business under a Fictitious Name must execute the Agreement in the name of the person or entity trading and doing business under the Fictitious Name.

6.5. Execution of Financial Security.

Section 6 Contract Requirements

Any financial security furnished must be an original, fully executed by both the prospective Purchaser and the surety or sureties in ink and be in a form acceptable to the City. Where the prospective Purchaser is a corporation, the security must be signed by two officers of the corporation who have been duly authorized to do so by appropriate action of the corporation, and the seal of the corporation must be affixed. Where the prospective Purchaser is an individual or individuals, the security must be signed by the individual or individuals affixing the signature to the bid. Changes or additions to bid security or to the signatures thereon are not permitted after the opening of Proposal.

6.5. Unused.

6.6. Anti-Discrimination.

Purchaser cannot discriminate in its employment on the basis of race, color, religion, ancestry, national origin, place of birth, sex, age, disability, non-job related handicap, or sexual orientation.

Purchaser must also comply with the applicable provisions of Title I and Title II of the Americans with Disabilities Act, any amendments thereto and any regulations issued thereunder. Purchaser must incorporate, in any sub-contracts which may be permitted under the terms of the Agreement, a requirement that said sub-contracts also comply with the provisions of this section.

6.7. Agreement not to be Awarded to Persons in Arrears to City.

No Agreement will be awarded to any corporation, firm or individual who is, for any reason, in arrears to the City or who has failed, in any former Agreement with the City, to perform work satisfactorily, either as to the character of the work or the time consumed in its completion.

6.8. Purchaser to Sustain All Losses.

It is agreed that all loss or damage arising out an Agreement, for any unforeseen obstruction or difficulties which may be encountered in the performance of the Services or from the action of the elements, or from any cause whatsoever, will be sustained and paid for by the Purchaser until final payment has been made under the Agreement.

6.9. Each Party To Bear Its Own Negotiation Costs.

Each party will bear its own cost of negotiating an Agreement and developing the exhibits. The City cannot be charged for any Services or other work performed by the

Section 6 Contract Requirements

Purchaser before the Effective Date.

6.10. No Publicity.

No advertising sales promotion or other materials of the Purchaser or its agents or representations may identify or reference this Agreement or the City in any manner without the prior written consent of the City.

Section 7 Required Forms

REQUEST FOR PROPOSALS ACKNOWLEDGEMENT FORM

The Purchaser hereby certifies receipt of the Request for Proposals package for the City RFP "Municipal Water System Purchase." This form should be completed upon receipt of the City's Request for Proposals and faxed or mailed in time for the City to receive it by or before June 2, 2016. Include a copy with your Proposal submission. Please mail, fax or e-mail the completed Form to the attention of:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

Date: _____

Authorized Signature: _____

Title: _____

Purchaser Name:

Please check the appropriate space provided below and complete the requested information:

Yes. We plan to submit a Proposal in response to the RFP titled, "Municipal Water System Purchase".

Primary Contact Name: _____

Contact E-mail address: _____

Contact phone: _____ Fax number: _____

Secondary Contact Name: _____

Contact E-mail address: _____

Contact phone: _____ Fax number: _____

We **do not** plan to submit a Proposal in response to the RFP titled, "Municipal Water System Purchase".

Reason:

EXHIBIT A—CURRENT WATER SYSTEM DATA

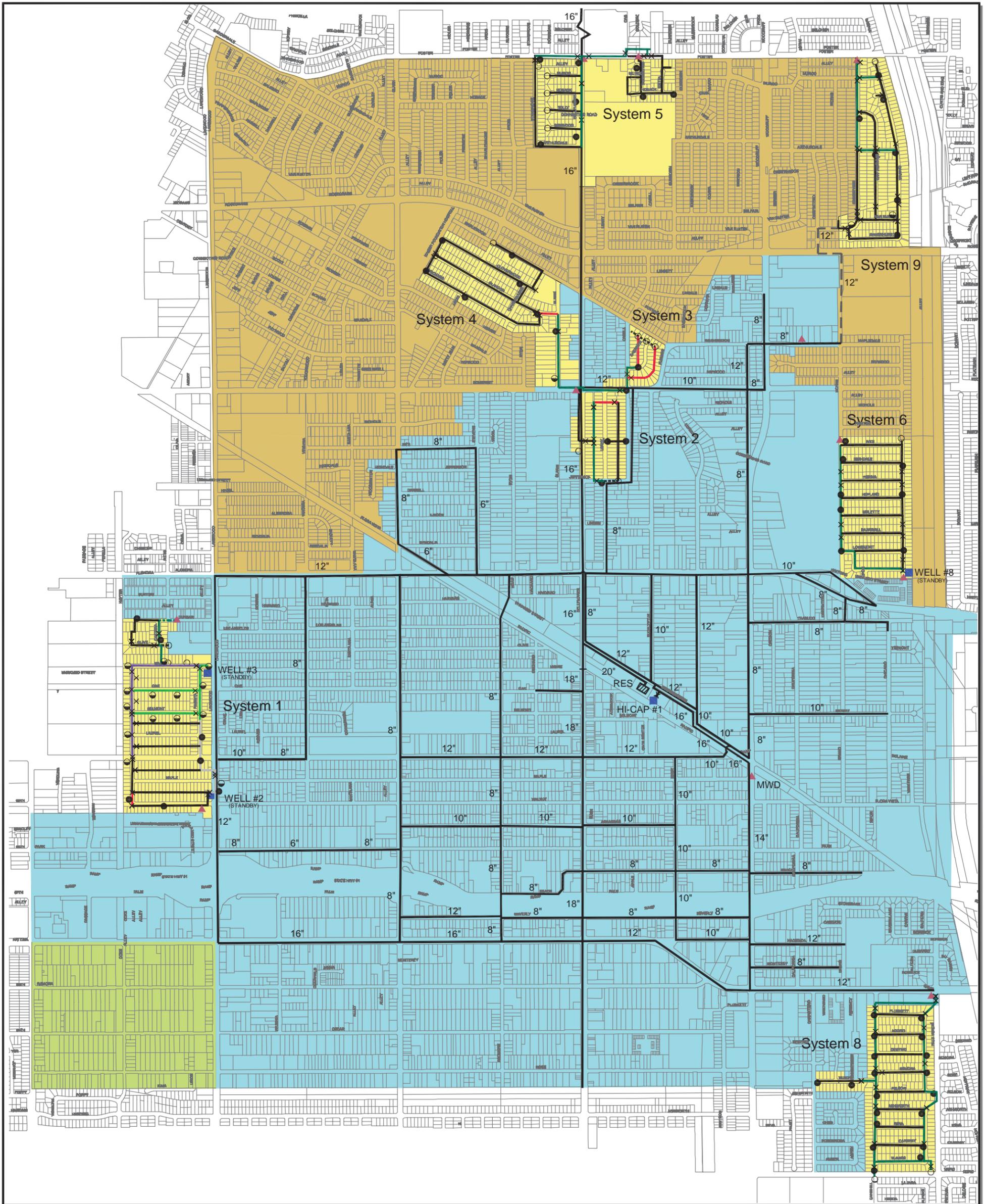
The City-owned Municipal Water System serves 1,824 customers representing approximately 10% of the City and located in seven geographically separate service areas. The MWS system's infrastructure includes one active high capacity water well, four abandoned water wells, 78,533 lineal feet of pipeline, 1,823 meters, and 79 fire hydrants.

EXHIBIT B

**ITEM NOT
AVAILABLE AT
TIME OF
POSTING.**



CITY OF BELLFLOWER



LEGEND

STRUCTURES

- ▲ INTERCONNECT
- BLOW OFF VALVE
- FIRE HYDRANT (6 x 4 x 2-1/2)
- FIRE HYDRANT (4 x 2-1/2)
- WELL
- × VALVE
- TRANSMISSION LINE

MAINS

- 2" WATER MAIN (STL)
- 3" WATER MAIN (STL)
- 4" WATER MAIN (STL)
- 4" WATER MAIN (ACP)
- 5" WATER MAIN (STL)
- 6" WATER MAIN (ACP)
- 6" WATER MAIN (DIP)
- 8" WATER MAIN (ACP)
- 8" WATER MAIN (PVC)
- 12" WATER MAIN (DIP)

WATER AGENCIES

- BELLFLOWER MUNICIPAL WATER SYSTEM
- PARK WATER
- BELLFLOWER SOMERSET MUTUAL
- BELLFLOWER HOME GARDEN

WATER SYSTEM MAP



June 2014