



**PROFESSIONAL SERVICES AGREEMENT
Utility Rate Revenue Requirement Model and Revenue Forecasting Tool**

The City of Kirkland, Washington, a municipal corporation ("City") and FCS, a Bowman Company, whose address is 7525 166th Ave NE, Ste D-215, Redmond, WA 98052 ("Consultant"), in consideration of the mutual benefits and conditions set forth below, agree and contract as follows.

I. SERVICES BY CONSULTANT

- A. The Consultant agrees to perform the services described in Attachment A to this Agreement ("Services"), which attachment is incorporated herein by reference.
- B. The Services shall be performed in accordance with the ordinary and reasonable care, skill, and diligence that a competent professional in the same field would exercise under similar circumstances.

II. COMPENSATION

- A. The total compensation to be paid to Consultant for these Services shall not exceed \$124,590, as detailed in Attachment A.
- B. Payment to Consultant by the City in accordance with the payment ceiling specified above shall be the total compensation for all Services performed under this Agreement and supporting documents hereto as well as all subcontractors' fees and expenses, supervision, labor, supplies, materials, equipment or the use thereof, reimbursable expenses, and other necessary incidentals.
- C. The Consultant shall be paid on the basis of invoices submitted. Invoicing will be on the basis of percentage complete or on the basis of time, whichever is applicable in accordance with the terms of this Agreement.
- D. If the City objects to any portion of an invoice, it will notify the Consultant. In the event of an invoice dispute, the City will timely pay any undisputed portion of the invoice, and the parties will promptly make reasonable efforts to resolve the disputed portion. The City shall have the right to withhold payment to the Consultant for any services not completed in a satisfactory manner until such time as the Consultant modifies such services to the satisfaction of the City.
- E. Unless otherwise specified in this Agreement, any payment shall be considered timely if a warrant is mailed or is available within 30 days of the date of actual receipt by the City of an invoice conforming in all respects to the terms of this Agreement.

III. GENERAL ADMINISTRATION AND MANAGEMENT

The Utility Policy & Community Relations Supervisor, or designated Project Manager, for the City of Kirkland shall review and approve the Consultant's invoices to the City under this Agreement, shall have primary responsibility for overseeing and approving the services, and shall coordinate all communications with the Consultant from the City.

IV. DURATION

The estimated completion date for the Consultant's performance of the services specified in Section I is December 31, 2027 with the option of up to four additional one-year extensions at the City's discretion. For purposes of paying final invoices and finalizing services, this contract expires three months after the last agreed upon extension.

Consultant will diligently proceed with the services contracted for, but Consultant shall not be held responsible for delays occasioned by factors beyond its control which could not reasonably have been foreseen at the time of the execution of this Agreement. If such a delay arises, Consultant shall forthwith notify the City.

V. OWNERSHIP OF WORK PRODUCT

- A. Ownership of the originals of any reports, data, studies, surveys, charts, maps, drawings, specifications, figures, photographs, memoranda, and any other documents which are developed, compiled or produced as a result of this Agreement, whether or not completed, shall be jointly vested in the City and Consultant. Any reuse of these materials by the City for projects or purposes other than those which fall within the scope of this Agreement or the project to which it relates, without written concurrence by the Consultant will be at the sole risk of the City.
- B. The City acknowledges the Consultant's plans and specifications as instruments of professional service. Nevertheless, the plans and specifications prepared under this Agreement shall become the joint property of the City and Consultant upon completion of the services. The City agrees to hold harmless and indemnify consultant against all claims made against Consultant for damage or injury, including defense costs, arising out of any reuse of such plans and specifications by any third party without the written authorization of the Consultant.
- C. Methodology, materials, software, logic, and systems developed under this Agreement are the property of the Consultant and the City, and may be used as either the Consultant or the City sees fit, including the right to revise or publish the same without limitation. The City agrees to hold harmless and indemnify Consultant against all claims made against Consultant for damage or injury, including defense costs, arising out of any revision or publication of such methodology, materials, software, logic, and systems by any third party without the written authorization of the Consultant.
- D. The Consultant, at such times and in such forms as the City may require, shall furnish to the City such statements, records, reports, data, and information as the City may request pertaining to matters covered by this Agreement. All of the reports, information, data, and other related materials, prepared or assembled by the Consultant under this Agreement and any information relating to personal, medical, and financial data will be treated as confidential only as allowed by Washington State laws regarding disclosure of public information, including Chapter 42.56 RCW.

The Consultant will, at any time during normal business hours and as often as the City may deem necessary, make available for examination all of its records

and data with respect to all matters covered, directly or indirectly, by this Agreement and shall permit the City or its designated authorized representative to audit and inspect other data relating to all matters covered by this Agreement. The City shall receive a copy of all audit reports made by the agency or firm as to the Consultant's activities. The City may, at its discretion, conduct an audit, at its expense, using its own or outside auditors, of the Consultant's activities which relate, directly or indirectly, to the Agreement.

Consultant will provide all original operation and maintenance manuals, along with all warranties, from the manufacturer for any equipment or items installed or supplied to the City has part of this contracted project.

The Consultant shall maintain accounts and records, including personnel, property, financial, and programmatic records, which sufficiently and properly reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. The Consultant shall also maintain such other records as may be deemed necessary by the City to ensure proper accounting of all funds contributed by the City to the performance of this Agreement.

The foregoing records shall be maintained for a period of six years after termination of this Agreement unless permission to destroy them is granted by the Office of the Archivist in accordance with Chapter 40.14 RCW and by the City.

VI. TERMINATION OF AGREEMENT

The City or the Consultant may terminate or suspend this Agreement at any time, with or without cause, by giving ten (10) days' notice to the other in writing. In the event of termination, all finished or unfinished reports, or other material prepared by the Consultant pursuant to this Agreement, shall be provided to the City. In the event the City terminates prior to completion without cause, Consultant may complete such analyses and records as may be necessary to place its files in order. Consultant shall be entitled to receive just and equitable compensation for any satisfactory services completed on the project prior to the date of termination, not to exceed the payment ceiling set forth above.

VII. SUCCESSORS AND ASSIGNS

The Consultant shall not assign, subcontract, transfer, convey, pledge, or otherwise dispose of this Agreement or any part of this Agreement without prior written consent of the City.

VIII. NONDISCRIMINATION

Consultant shall, in employment made possible or resulting from this Agreement, ensure that there shall be no unlawful discrimination against any employee or applicant for employment in violation of RCW 49.60.180, as currently written or hereafter amended, or other applicable law prohibiting discrimination, unless based upon a bona fide occupational qualification as provided in RCW 49.60.180 or as otherwise permitted by other applicable law. Further, no person shall be denied or subjected to discrimination in receipt of the benefit of any services or activities made

possible by or resulting from this Agreement in violation of RCW 49.60.215 or other applicable law prohibiting discrimination.

IX. HOLD HARMLESS/INDEMNIFICATION

- A. To the greatest extent allowed by law the Consultant shall defend, indemnify, and hold the City, and its officers, officials, employees, and volunteers (together "Indemnified Parties") harmless from any and all claims, injuries, damages, losses or suits (including reasonable attorney fees and costs), arising out of or in connection with performance of this Agreement, except for injuries and damages caused by the sole negligence of the Indemnified Parties.
- B. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of the Services or bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of Consultant and the Indemnified Parties, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence.
- C. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Title 51 RCW, Washington's industrial insurance law, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the parties.
- D. The provisions of this section shall survive the expiration or termination of this Agreement.

X. LIABILITY INSURANCE COVERAGE

The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of the work hereunder by the Consultant and/or its agents, representatives, or employees. A failure to obtain and maintain such insurance or to file required certificates and endorsements shall be a material breach of this Agreement.

Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or to otherwise limit the City's recourse to any remedy available at law or in equity.

- A. **Minimum Scope and Amounts of Insurance.** Consultant shall obtain and maintain insurance of the types and limits described below:
 - 1. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent contractors and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.

- a. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate.
2. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
 - a. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.
4. Professional Liability insurance appropriate to the Consultant's profession.
 - a. Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.

B. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance:

1. The Consultant's insurance coverage shall be primary insurance as respects the City. Any insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.
2. The Consultant shall provide the City and all Additional Insureds for the Services with written notice of any policy cancellation, within two business days of Consultant's receipt of such notice.

C. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

D. Verification of Coverage

Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the Services.

E. Failure to Maintain Insurance

Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of this agreement, upon which the City may, after giving five business days' notice to the Consultant to correct the breach,

immediately terminate the Agreement or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

F. City Full Availability of Consultant Limits

If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

XI. COMPLIANCE WITH LAWS/BUSINESS LICENSE

The Consultant shall comply with all applicable state, federal, and local laws, ordinances, regulations, and codes. Consultant must obtain a City of Kirkland business license or otherwise comply with Chapter 7.02 of the Kirkland Municipal Code.

XII. FUTURE SUPPORT

The City makes no commitment and assumes no obligations for the support of Consultant activities except as set forth in this Agreement.

XIII. INDEPENDENT CONTRACTOR

Consultant is and shall be at all times during the term of this Agreement an independent contractor and not an employee of the City. Consultant agrees that they are solely responsible for the payment of taxes applicable to the Services and agrees to comply with all federal, state, and local laws regarding the reporting of taxes, maintenance of insurance and records, and all other requirements and obligations imposed on them as a result of their status as an independent contractor. Consultant is responsible for providing the office space and clerical support necessary for the performance of the Services. The City shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state industrial insurance of unemployment compensation programs or otherwise assuming the duties of an employer with respect to the Consultant or any employee of Consultant.

XIV. EXTENT OF AGREEMENT/MODIFICATION

This Agreement, together with all attachments and addenda, represents the final and completely integrated Agreement between the parties regarding its subject matter and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument properly signed by both parties. The terms of this Agreement supersede any conflicting provisions contained in any attachments and/or addenda.

XV. ADDITIONAL WORK

The City may desire to have the Consultant perform work or render services in connection with the project other than provided for by the express intent of this

Agreement. Any such work or services shall be considered as additional work, supplemental to this Agreement.

XVI. NON-ENDORSEMENT

As a result of the selection of a consultant to supply services to the City, the Consultant agrees to make no reference to the City in any literature, promotional material, brochures, sales presentation, or the like without the express written consent of the City. However, notwithstanding the foregoing, the City consents to the Consultant including information describing the Consultant's participation in this project in bids, statements of qualifications, or other similar proposals submitted to other municipal, governmental, or similar project sponsor, so long as the information included is factually accurate.

XVII. NON-COLLUSION

By signature below, the Consultant acknowledges that the person, firm, association, co-partnership or corporation herein named, has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation or submission of a proposal to the City for consideration in the award of a contract on the specifications contained in this Agreement.

XVIII. WAIVER

Waiver by the City of any breach of any term or condition of this Agreement shall not be construed as a waiver of any other breach.

XIX. DEBARMENT

Recipient certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds.

XX. GOVERNING LAW AND VENUE

This Agreement shall be interpreted in accordance with the laws of the State of Washington. The Superior Court of King County, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement.

XXI. DISPUTE RESOLUTION

All claims, counterclaims, disputes, and other matters in question between City and Consultant arising out of or relating to this Agreement shall be referred to the City Manager or a designee for determination, together with all pertinent facts, documents, data, contentions, and other information. The City Manager or designee shall consult with Consultant's representative and make a determination within thirty (30) calendar days of such referral. No civil action on any claim, counterclaim, or dispute may be commenced until thirty (30) days following such determination. Nothing herein waives any requirements of Chapter 4.96 RCW, if applicable.

XXII. SEVERABILITY

Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken. Unless such stricken provision goes to the essence of the consideration bargained for by a party, all remaining provisions shall continue to be valid and binding upon the parties, and the parties agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

XXIII. EFFECTIVE DATE

This Agreement shall be deemed effective on the last date signed below.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates written below:

CONSULTANT:

CITY OF KIRKLAND:

Signature: *J. Ghilarducci*

Signature: *Tracey P. Dunlap*

Printed Name: John Ghilarducci

Printed Name: Tracey Dunlap

Title: Principal

Title: Deputy City Manager for Operations

Date: _____

Date: 02/10/2026

Exhibit A

City of Kirkland

Utility Rate Revenue Requirement Model and Revenue Forecasting Tool

TASK PLAN

Task 1 | Project Initiation Meeting

At the beginning of the project, FCS will attend an initial “kickoff” meeting with the City’s project team. Ideally, this meeting would include representatives from departments that address financial, engineering, customer service, and administrative issues.

Deliverables:

- Project schedule with task completion and key milestone review points.
- Identification of project team communication leads.

This meeting will establish a foundation for the project, focusing the efforts of the project team on the key issues to be addressed and resolved during the study process. It will cover the project scope, objectives, deliverables, schedule, and appropriate lines of communication.

Task 2 | Data Collection and Validation

FCS will provide a data needs list to the City outlining key financial information required to complete the tasks outlined in the proposed work plan and kickoff meeting and will review/validate data provided for inclusion in the study.

Deliverables:

- Validated financial, engineering, and customer billing data that serves as the primary inputs for the analysis.

Validating the data used in the study promotes analytical consistency and integrity throughout the rate study process. The process can uncover data anomalies that would otherwise impact the forecasts and allocations developed in the study.



Task 3 | Model Architecture – Updated Revenue Requirements and Revenue Forecasting

Task 3 consists of two main subtasks; the first subtask allows for development of streamlined financial planning models to form the framework and foundation for the rate study analysis. New models will be developed for all utilities that align with the City's current expense structure and incorporate the key performance and cost measures to monitor, track and improve the planning and delivery of City utility services. All models will be nimble enough to provide multiple scenarios to review impacts of changes to key variables while retaining transparency and usability to encourage ongoing use at the staff level.

The second subtask incorporated within task 3 is related to revenue forecasting for the water, sewer and solid waste utilities. Detailed customer billing statistics validations will be completed where individual customer data will be evaluated against actual revenue collections. This revenue reconciliation will identify anomalies to be corrected prior to developing future projections of customer counts and use/demand under "normal" conditions. The detailed customer data set becomes the foundation of conservative, yet realistic revenue projections and provides granularity in application of growth rates by class and by component (account vs. demand growth). Since surface water revenues are typically less volatile and are billed through County property taxes, the detailed customer statistics validation will be focused on the water, sewer and solid waste utilities.

Deliverables:

- New comprehensive utility rate models that are tailored to the specific needs of the City and allow for sensitivity analysis around various capital funding and rate strategy scenarios.
- Detailed revenue forecasts, tied to validated customer statistics, with growth rates by class and component available for ease of sensitivity analyses (water, sewer and solid waste only).

In collaboration with the City's finance and public works departments custom rate models will be developed that effectively communicate key drivers to stakeholders and allow for ease of use at the staff level.

Task 4 | Financial Plan – Scenarios and Recommendations

The initial technical component in the rate study process involves developing a multi-year financial plan that meets each utility's projected needs. Utilizing the newly developed rate models, this plan will focus primarily on a six-year planning period, from 2027-2032, but will consider longer-term projections (20 years) with the goal of promoting a long-term strategy of stable and moderate rate adjustments.

This task analyzes annual cash flow needs to operate and manage the systems (including cost increases resulting from changes in staffing and/or enhanced conservation programs or other initiatives), capital project needs, debt service, and policy-driven needs (e.g. capital funding through rates). FCS will work with staff to determine the appropriate number of scenarios to include based on changes in economic assumptions, growth rates, capital costs, or other factors of interest to the City.

Scenario development and communication can be key to the decision-making process to ensure stakeholders receive their desired level of involvement while ensuring an end result that is both financially viable and able to be implemented at the staff level.



Detailed rate forecasts will be developed for each utility that will show the projected rate schedule by class and rate component after rate increases are applied. This element will be tailored to the format of the current rate structure for ease of code updating.

Task 4 will include a forecast of the monthly and annual charges for an average residential customer bill for the rate setting period. In addition, a benchmarking analysis will be performed to compare current utility rates for the City to similar organizations, as identified by the City and FCS.

Deliverables:

- Financial plan that includes a strategy of rate revenue increases that will meet the City's goals and can serve as the basis for across-the-board adjustments to the City's existing rate structures.
- Development of financial dashboards for each model that provide a summary of rate and capital funding strategies, identify key performance indicators, as determined by staff, and support alternative scenario analysis.

Task 5 | Project Management, Coordination and Public Process

The success of a rate study relies on an open and involved method for informing and educating the City Council and ratepayers on the rate study process. This task includes our attendance and participation in periodic progress and technical review meetings with City staff and Executive Leadership as well as meetings with the City Council, including development of presentation materials. We propose that the staff-level review meetings will be conducted virtually, while the Council meetings will be conducted as in-person meetings.

We propose including check-in meetings as a part of the Phase 1 project management tasks to allow for timely responses to questions and review of data elements as well as more fluid forecasting review and changes to respond to emerging requests.

Deliverables:

- FCS's attendance at bi-weekly progress meetings, up to four (4) staff review meetings and three (3) Council meetings.
- Presentation (or other informational) materials developed for these meetings.

SCHEDULE

Completion of the analysis is based on a variety of issues. These issues include timeliness of receipt of requested data/information; quality of data; ability to schedule meetings in a timely manner; and the ability of the City to provide policy direction for the study to move forward at key study milestones. A specific project schedule that meets the City's needs will be developed during the initial project meeting.



BUDGET

The budget detailed below includes completing a water, sewer, stormwater and solid waste utilities revenue sufficiency study.

	Consultant Hours							Admin Support	Total Labor Hours	Budget
	All	Water / Wastewater / Storm			Solid Waste					
	Principal	Tech Advisor	Project Manager	Senior Analyst	Tech Advisor	Project Manager	Senior Analyst			
	Ghilarducci	Gonzalez	Tacia	Glahn	Sanchez Virnoche	Levine	Holland			
Phase 1										
Task 1 Project Initiation Meeting	1	1	1	2	1	1	2	6	15	\$ 2,930
Task 2 Data Collection and Validation	1	4	5	60	4	25	20	0	119	26,150
Task 3 Model Architecture - Revenue Requirement	6	8	20	45	4	20	25	0	128	29,500
Task 4 Financial Plan - Scenarios and Recommendations	6	10	35	6	10	25	0	0	92	24,090
Task 5 Project Management, Coordination and Public Process										
<i>Monthly Check-Ins</i>	12	6	12	12	6	12	12	0	72	\$ 18,300
<i>Four (4) Project Review Meetings</i>	6	6	10	6	6	10	6	0	50	12,960
<i>Three (3) Council Meetings</i>	6	0	12	4	4	12	4	0	42	10,660
Total Budget	38	35	95	135	35	105	69	6	518	\$ 124,590



FCS, a Bowman Company

2026 STANDARD FEE SCHEDULE

Effective January 1, 2026

LABOR¹

<i>Position/Title</i>		<i>Billing Rate</i>
Principals	Standard Rates	\$300-\$330
Project Managers	Standard Rates	\$225-\$255
Consultants	Standard Rates	\$175-\$210
Administrative and Technical Support		
Public Relations		\$190
Technical Writer/Graphic Artist		\$165
Administrative Support		\$115

DIRECT EXPENSES

Major direct expenses, such as travel, mileage, and lodging, will be charged at cost. Other expenses will not be directly charged unless by mutual agreement of the client and FCS and specific terms will be established in advance prior to expenditure and billing.

SUBCONSULTANTS

When applicable, subconsultants will be charged at invoiced cost plus 10%.

¹ *Litigation rates are 150% of standard hourly rates for services in support of direct litigation, settlement negotiations, arbitration and/or mediation processes.*