



City of Cleveland

Frank G. Jackson, Mayor

Department of Public Utilities
Division of Water
1201 Lakeside Avenue
Cleveland, Ohio 44114-1175
(216) 664-2444
www.clevelandwater.com



July 8, 2009

RE: COMPREHENSIVE FINANCIAL PLANS RFP

Dear Prospective Consultant,

The City of Cleveland Divisions of Water and Water Pollution Control are soliciting proposals from financial services consultants to perform separate Comprehensive Financial Plans including Water and Sewer Rate Studies for their respective divisions for the years 2011 through 2015. Specific details of the required scope of work can be found in the Scope of Services of the enclosed Request for Proposal. If your firm is interested in responding to this RFP, please submit your proposal in accordance with the Proposal Submission Requirements as outlined within the enclosed document by the deadline of August 14, 2009.

Prospective consultants should note that a pre-proposal meeting has been scheduled for Wednesday, July 29, 2009 at 2:00 p.m. in the 1st floor auditorium of the Public Utilities Building, 1201 Lakeside Avenue, Cleveland, Ohio 44114. This meeting has been scheduled to allow prospective consultants the opportunity to ask any questions which they may have in regard to this RFP, and for them to be addressed fairly and in detail in an open forum. Accordingly, if your firm is interested in responding to this RFP, please attend this meeting and be prepared with any questions so they may be answered at that time.

Thank you for your consideration of responding to this RFP for these important studies.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Christopher Nielson".

J. Christopher Nielson
Commissioner of Water

A handwritten signature in black ink, appearing to read "Ollie Shaw".

Ollie Shaw
Commissioner of Water Pollution Control

Attachments

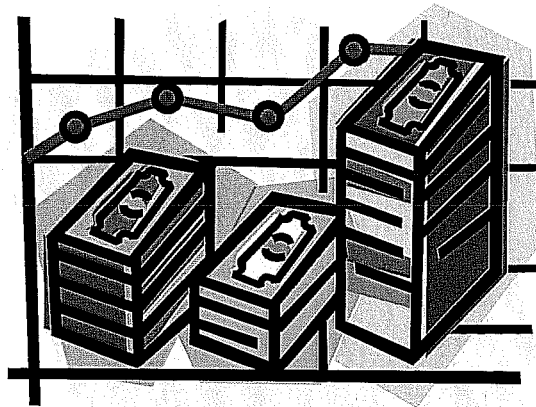
cc: Barry A. Withers, Interim Director of Public Utilities

City of Cleveland

**DIVISION OF WATER
and
DIVISION OF WATER POLLUTION CONTROL**

Request for Proposals

**Development of Comprehensive Financial Plans,
including Cost of Service Studies and Rate & Fee Analyses
for
Water and Sewer
2011 through 2015**



Issue Date: July 8, 2009

City of Cleveland
DIVISIONS OF WATER AND WATER POLLUTION CONTROL

**REQUEST FOR PROPOSALS FOR COMPREHENSIVE FINANCIAL PLANS
(2011 – 2015) FOR WATER & SEWER**

Table of Contents

<u>Section</u>	<u>Page</u>
INTRODUCTION.....	1
BACKGROUND INFORMATION	2
Division of Water	2
Division of Water Pollution Control	3
MAJOR WATER ISSUES TO BE ADDRESSED	4
MAJOR SEWER ISSUES TO BE ADDRESSED.....	13
SCOPE OF SERVICES.....	14
A. Water and Sewer Rate Studies (including Miscellaneous Fee Schedules)	14
B. Cost of Service Studies for Water and Sewer	23
C. Water System Expansion Opportunities Study (CWD Only)	24
D. Un-metered Water Audit Report and Calculations (CWD Only)	25
AVAILABLE MATERIALS.....	25
STUDY, ANALYSIS AND ASSESSMENT	26
RECOMMENDATIONS, REPORT PREPARATION AND IMPLEMENTATION PROCESSES.....	26
PROGRESS MEETINGS AND REPORTS	28
PROPOSAL SUBMISSION REQUIREMENTS.....	28
OFFICE OF EQUAL OPPORTUNITY SCHEDULES AND CSB PARTICIPATION.....	32
ITEMIZED FEE PROPOSAL.....	32
REIMBURSABLE EXPENSES	34
ADDITIONAL WORK.....	34
EXCEPTIONS TO THE SCOPE OF SERVICES	34
SELECTION CRITERIA.....	35
RESERVED RIGHTS	35
INTERVIEWS AND PRESENTATIONS.....	35
INSURANCE AND INDEMNIFICATION REQUIREMENTS.....	36
Indemnification Provisions.....	36
Insurance Provisions.....	36
CORRECTION OF MATHEMATICAL ERRORS	38
AUTHORIZING ORDINANCE	38
MISCELLANEOUS REQUIREMENTS.....	38
PRE-PROPOSAL MEETING	39
DEADLINE FOR SUBMISSION	39
TENTATIVE SCHEDULE	40

INTRODUCTION

The Division of Water (CWD) and the Division of Water Pollution Control (WPC) are municipal utilities operating as Enterprise Funds of the City of Cleveland's Department of Public Utilities. As part of their strategic planning processes, Comprehensive Financial Plans for both entities were developed and completed during 2005 by a professional financial management consultant covering the period from 2006 through 2010. These financial plans included the development of the Schedule of Rates, Fees and Charges that were and are presently being invoiced by these Divisions to their various types of customers and clients during the years 2007 through 2010.

Accordingly, in order to continue these sound financial management practices which have led to several bond rating upgrades, the Cleveland Division of Water intends to develop a new comprehensive financial plan, including studies to determine both the actual cost of service and the Schedule of Rates, Fees and Charges, that the Division will institute for the years 2011 through 2015. Similarly, the Division of Water Pollution Control will also need to undertake the same type of financial study and analyses in order to develop its schedule of Rates, Fees and Charges covering the same time period. In addition, while the Comprehensive Financial Plans to be developed for each Division will specifically cover the time period from 2011 through 2015, the selected consultant will also be required to study and consider the long term impacts that any recommendations implemented as a result of these studies will have upon the financial well being of the affected Division(s). For the purpose of these studies, this long term period shall be defined as the period from 2011 through 2025.

In accordance with Ordinance #753-09, which is presently being considered for adoption by Cleveland City Council, and as outlined within this Request for Proposal (RFP), the Divisions of Water and Water Pollution Control intend to hire a financial services consultant(s) to perform these detailed studies covering the period from 2011 through 2015. These studies will also determine the setting of the rates for un-metered private fire line service provided by the Division of Water to many commercial properties for the same time period. The selected consultant will also be required to perform a complete cost justification for and a recommendation for the setting of all fees and charges for the various specialized services provided to specific customers by both Divisions.

In order to effectively complete the detailed scope of services, the selected consultant will be required to complete several major study components for both CWD and WPC. The completion of each of these study components will require the preparation of a stand-alone report, complete with results and recommendations for each phase of work completed. In addition, at the conclusion of the project, the consultant will also be required to prepare

billing period, and a subsequently higher additional charge for each incremental MCF of water or any part thereof used during that same billing period.

The direct service water rate schedule also includes reduced rates (Homestead Rates) for low income homeowners who are either senior citizens (65 years of age or over) or who permanently disabled. Homestead Rates do not have an incremental increase for each additional MCF consumed per quarterly billing period. The CWD Water Rate Schedule also includes uniform MCF charges for the volumes of water purchased by Master Meter Communities on a wholesale basis. Master Meter Communities are invoiced on a monthly billing cycle.

When a series of water rate increases was adopted in 1996, Cleveland City Council also passed Ordinance #566-96 which stipulates that notice must be given to the Council and published in the City Record at least six months in advance of future rate increase requests. In addition, the Water Service Agreements that have been executed between the City of Cleveland and the various suburban communities which CWD serves also contains a clause that requires the City to give written notice of proposed rate changes 60 days prior to implementation. Therefore, in order for the Division of Water to have future rates in place for the years 2011 and beyond, it is imperative that CWD begin the planning process now.

Division of Water Pollution Control

WPC provides sewage services and maintains the local collector sewer system within the City of Cleveland. The Division of Water Pollution Control is responsible for the network of sewers in the City which convey sewage and industrial waste from their point of origin to the major sewage treatment facilities that are owned and operated by the Northeast Ohio Regional Sewer District (NEORS). NEORS owns and operates the three large sewage treatment plants that are located in the City of Cleveland, as well as the intercepting sewers and the large trunk sewers which are tributary to those plants.

The City of Cleveland's Division of Water Pollution Control has been maintaining and improving the City's sewage and storm water infrastructure for almost a century. The Division's main purpose is to make sure that used wastewater and surface water runoff flow freely and remain separate from clean usable water. This is accomplished by cleaning and maintaining a network that encompasses over 1,200 miles of sewer lines, approximately 127,000 attendant catch basins and adjoining laterals and 18 lift/pump stations. The Division of Water Pollution Control is also responsible for removing debris in right-of-ways, flushing potential blockages, and cleaning catch basins, main sewer lines and other parts of the system. Other tasks for which WPC is responsible include managing and supervising matters relating to the elimination, control or regulation of pollution

held steady at that rate of 1.1% per year during the past 5 years. Commercial consumption has declined by an average of 2.2% per year during the past 20 years, decreasing to a rate of 1.1% per year during the last 5 years. In addition, consumption levels within CWD Master Meter service areas have declined at the rate of 0.9% per year for the past 20 years.

This issue of declining consumption trends needs to be studied in great detail, as an understanding of these trends needs to be developed in order for the selected consultant to be able to accurately forecast future system consumption patterns. The ability of the selected consultant to accurately forecast future consumption levels will have a significant impact upon both future water rates to be enacted and the level of metered sales revenue to be generated by those rates. Therefore, the perceived ability of a consultant to both develop and to accurately and scientifically project future system consumption levels via a computerized water consumption demand model, both on a system wide basis and on an individualized service district/rate district basis, will be of extreme importance in the evaluation process. (See the enclosed CWD 2007 Annual Report for further information regarding historical consumption.)

B. Rising O & M Expenses

As with other major water utilities, CWD is facing rising operation and maintenance expenses, which needs to be factored into the development of any long range financial plan and subsequent rate analyses and recommendations. CWD operation and maintenance expenses have increased by an average 3.4% per year over the last five years and the rate of increase from 2007 to 2008 was 3.3%. (See the enclosed CWD 2007 Annual Report for further information regarding historical operations and maintenance expenses.)

C. Continued Support of a Multi-Year CIP

Since 1980, CWD has spent in excess of \$1.5 billion for capital improvements. The Division is committed to continuing its major multi-year capital improvement program, and the Division is forecasting that it will require additional capital improvement funding of approximately \$350 million during the 2011 through 2015 rate period. These new required capital funds will be above and beyond the capital funds that the Division currently has on hand to fund current capital projects.

During this last 5 year rate period, the Division has concentrated on the successful completion of its multi-year Plant Enhancement Program (PEP). This \$750 million program is a major planning, engineering and construction effort, which when completed, will modernize and rehabilitate three of the Division's four water treatment plants. Currently, PEP is on schedule, with Phase II

cubic feet (MCF) of water, or any part thereof, actually consumed in a three-month period. The second block represents the charges for all additional MCFs, or any part thereof actually consumed, in excess of the first MCF consumed in a billing period.

There are four separate direct service rate schedules – one for the City of Cleveland, and one each for the three suburban direct service districts – Low and First High, Second High and Third High. For the master meter (wholesale) and emergency standby customers, the rate schedule is a uniform block rate structure. Master meter customers are billed on a monthly basis. See Appendix A for CWD's most recent (2006-2010) water rate schedule and Appendix C for the methodology to be used for determining the maximum allowable suburban water rate increases per the Water Service Agreements.

The most recent water rates adopted by the City's Board of Control and approved by Cleveland City Council in the year 2006 includes annual rate increases over a four-year period covering the years 2007 through 2010. The water rates to be effective January 1, 2010, will remain in effect until modified by future Council action. It is assumed that CWD will continue to use the same type of rate structure described in the preceding paragraph. However, the selected consultant will be required to complete a cursory review of all types of rate structures and will be expected to make recommendations in regard to the type of rate structure to be utilized during this five year period. Also, please be aware that CWD may wish to consider further sub-divisions of the existing suburban rate districts, based upon the results of the Cost of Service study, for competitive reasons and the selected consultant will be asked to perform analyses and make recommendations to CWD management in this regard.

F. Future Rate Levels

The City of Cleveland and the Cleveland Water Division have a documented history of enacting timely water rates that have provided substantial financial resources to operate and maintain the agency and which have also insured the long term financial health of the Division. Commencing in 1993, this has been accomplished via a strategy of implementing nominal annual rate increases in every calendar year except 2006. These annual rate increases were all components of a series of 4 and 5 year rate schedules that were enacted and this is the strategy that we assume will be pursued as a result of this Comprehensive Financial Plan.

However, CWD does not believe that the approval of future rate increases can be considered to be a given. In today's economic climate, it will be crucial for CWD to present a strong case to the City's Board of Control and ultimately to Cleveland City Council supporting and justifying any rate increases that are

In accordance with the Cleveland Division of Water's most recent Comprehensive Financial Plan, the City enacted a new water rate schedule for the years 2007 through 2010. Within this new schedule of rates, the City voluntarily reduced the percentage of mark up between the City and the suburban direct service consumption charges as well as instituting a uniform customer service charge that is applicable to all retail service accounts. Due to the fact that the master meter consumption rates are based upon a percentage of the applicable direct service consumption rates, this caused a reduction in the percentage of mark for the Master Meter consumption charges as well.

This voluntary percentage in mark up is being phased in over the four year period in equal increments. The percentage of the suburban mark up over the Cleveland consumption charges at the end of this rate period in the year 2010 will be 55% for Low Service and First High Service, 80% for Second High Service, and 106% for Third High Service. This reduction was based in part on the findings of the Division's most recent Cost of Service Study that was also completed as part of its most recent Comprehensive Financial Plan.

Although the Division's most current suburban rate schedule is not completely cost of service based, there has been substantial movement in that direction. As part of the Division's upcoming Comprehensive Financial Plan, the selected consultant will be required to complete a thorough Cost of Service Study, in part to help CWD determine its actual cost of service within each of its rate districts and to provide information that may impact future rate making decisions.

I. Ownership of Suburban Distribution Systems

Subject to certain conditions, CWD has offered to amend the terms of its existing Water Service Agreements with each of the individual Direct Service communities that it serves. The terms of these amendments include CWD assuming ownership of the distribution piping in the individual community at no cost to CWD. Subsequently, CWD assumes the responsibility for the capital investment required by that ownership, including cleaning and lining and/or water main replacement responsibilities. The cost of these responsibilities have been identified in the current CWD Capital Improvement Program and it is currently estimated to amount to \$10 million per year for the years 2008 through 2012, escalating to \$15 million per year or more in the years 2013 and beyond, and continuing at this rate of capital investment into the future for as long as can be determined. Obviously, these capital ownership costs need to be accounted for in any rate schedules established for the years 2011 through 2015.

To date, a total of 17 Direct Service municipalities have executed Water Service Agreement Amendments transferring the ownership of their distribution system to CWD. Two other communities have authorized their mayors to execute these

L. System Expansion Opportunities

One of the most logical sources for generating additional revenue for CWD to offset consumption decline is to increase the number of customers being served by the Cleveland Water System. New customers can be added by either an increase in the number of customers located within a community already being served by the CWD or by expanding the geographical area being served by the system. The latter method would be accomplished by expanding into areas which either do not have water service, or which are presently being supplied with water by another service provider.

As an element of its five year financial plan, CWD needs to identify potential sources of additional profitable revenue streams that can be tapped in order to offset declining consumption. One key issue in system expansion and acquiring new customers concerns how CWD's existing rates can negatively impact its ability to be competitive when pursuing the providing of service to new suburban communities as discussed previously. The detailed study of all system expansion opportunities and the development of strategies/implementation plans for these opportunities is a major component of this Comprehensive Financial Plan. Specifically, CWD would like the consultant to review the zoning and land use codes of each community that it currently serves, as well as potential communities which it may serve in the future, and provide zoning maps with industrial, commercial and residential areas depicted. In addition, CWD would like to identify all undeveloped land areas within each community and where future development is most likely to occur.

M. Customer Retention Strategies

At the time when our most recent series of water rate increases was being reviewed and discussed, a few of our direct service suburban municipalities expressed their dissatisfaction with our proposed rate schedule and openly contemplated switching their service to another water supplier. These communities are mostly located along the far western periphery of our service area and the consideration of this concept has not completely dissipated.

While we do not believe that such an action would be in the best interest of those communities and their customers, either in terms of service or cost, we do not want to take any customers for granted, and it is entirely possible that any future water rate increases could prompt discussions of this type again in either these or any of our other communities. Accordingly, it will be the responsibility of the selected consultant to develop a strategy for preventing and/or responding to these types of circumstances, including the determination of the methodologies to be used for communicating and explaining the need for and justification of these increases to these communities and our customers. In

impact that the conversion would have upon the Division's metered sales revenue stream during the year(s) in which the conversion takes place.

Following a very brief analysis period, it is envisioned that CWD will also move forward with the installation of AMR technology covering all of its 420,000 residential accounts. This installation will also include the routine replacement of all residential account meters, which should improve the measurement of consumption on those accounts. It is also probable that at some point in the future following the implementation of this AMR technology, CWD will make the decision to move forward with converting its residential accounts to a monthly billing cycle.

At this point in time, it is not known whether the residential account billing cycle conversion would occur during the five year study period in question. However, in order to be prepared should this event occur, the selected consultant will be required to determine equivalent residential water rates schedules for quarterly and monthly billing cycles and to determine the impact that the anticipated conversion of all residential and commercial accounts to a monthly billing cycle would have upon the Division's metered sales revenue stream during the year(s) in which the conversion occurs.

MAJOR SEWER ISSUES TO BE ADDRESSED

The Division of Water Pollution Control is facing similar issues as CWD, namely declining consumption, increasing levels of operation and maintenance expenses and the continued funding of its capital improvement program.

In order to develop a comprehensive financial plan covering the years 2011 through 2015 for the Division of Water Pollution Control, the following specific issues will need to be addressed, in addition to those issues that are typically addressed as part of a rate study initiative.

A. Declining Consumption

As mentioned previously, CWD has experienced a declining consumption pattern within its service area. Specifically, water consumption within the City of Cleveland has declined at the rate of 2.6% per year over the last twenty years, slightly decreasing to a rate of 1.9% per year over the last five year period. This decline in City of Cleveland water consumption directly affects the Division of Water Pollution Control because their quarterly billings are based on metered water consumption.

Operation and Maintenance Expenses

- ◆ Review past history of operation and maintenance expenses for both Divisions. Conduct a detailed review using the City's current chart of accounts and project future O & M costs on a detailed basis for the period of 2011 through 2015 for both CWD and WPC.

Capital Financing Plan

- ◆ Review capital improvement plans for both Divisions and project annual funding needs for capital projects, including both existing and future debt service and coverage, for the years 2011 through 2015.
- ◆ Review each Division's current 10-year CIP (2009-2018), including their capital plans for 2009 and 2010.
- ◆ In consultation with CWD and WPC staff, identify all capital outlay requirements and other future capital projects and major initiatives for the rate period.
- ◆ Establish all capital requirements and develop a 5-year CIP for each of the Divisions for the years 2011-2015 for rate making purposes.
- ◆ Identify the funding mix (debt vs. pay-as-you-go) and evaluate various types of financing available (fixed rate, variable rate, state revolving fund (SRF), OWDA, Issue 2 (for WPC) and others) to optimize funding needs.
- ◆ Develop financing plans with various options for consideration and make recommendations.
- ◆ Develop a schedule of annual debt service costs (existing plus new), as well as capital funded by operating revenue (pay-as-you-go) for the years 2011-2015.

Total Revenue Requirements

- ◆ Estimate the total income required annually from 2011 through 2015 to adequately support the Divisions of Water and Water Pollution Control.

- ◆ Perform a detailed cost analysis for each service and recommend the charges to be assessed. The cost justification for the service should include an estimate of direct labor costs, labor cost for any support services, material costs including mark-ups, equipment used, travel time and appropriate overhead factors.
- ◆ Make a recommendation of the fees and charges to be increased by CWD and WPC, complete with calculations, fee levels and comparisons with those at other comparable utilities. The consultant must also address any legal or legislative issues which would need to be considered regarding implementation of the recommended fees.
- ◆ Project revenues to be derived from implementing the various ancillary fees and charges for each Division as recommended above. Estimate the revenue to be generated from these fees and factor into the rate analysis.

Rates for Un-metered Fire Protection Service

In the same manner as the other Miscellaneous Fees and Services, commercial properties that are serviced by an un-metered private fire protection service line receive a separate and distinct service that is only provided to these specific customers. Accordingly, per AWWA recommendation, the costs that are generally allocated to the providing of this type of service should be borne directly by those customers who benefit from the service and who are responsible for the costs being incurred.

Therefore, the selected consultant will be required to complete a cost of service study to identify and calculate the actual costs of the providing of these services in accordance with the methodologies recommended by the American Water Works Association (AWWA). This study must also include a detailed projection of the costs for the providing these services during the years 2011 through 2015. The consultant will then be in a position to recommend fee levels to CWD that should be charged for those services directly to those customers who benefit from the services. Please see Appendix B which includes the current schedule of private fire protection charges.

This study should include the following elements.

- ◆ Perform a thorough cost of service analysis for providing un-metered fire line service by CWD through various size connections.
- ◆ Project the increase/decrease in number of accounts for each size connection.

- ◆ Review planned strategies for metering programs – meter right-sizing initiative and AMR implementation.
- ◆ Review past consumption trends and study current and projected demographic information in order to project in detail future water consumption within the service area.
- ◆ Project future consumption for the years 2011-2015 utilizing a water consumption demand model as described below.

Water Consumption Demand Model

The selected consultant will be required to develop and utilize a computerized Water Demand Model to aid in the projection of future water consumption for the years 2011 through 2015. These projections will need to be broken down in detail by service districts and by rate districts, by consumption per account and the number of accounts, and by other relevant statistical categories.

The water consumption demand model that is to be utilized in determining these projections must take into account many factors such as historical data, climatic conditions and weather, local economic conditions, and all other factors that are relevant to the scientific projection of future water consumption levels. Please understand that we are not looking for a simplistic approach to be used in making these projections based solely upon recent historical trends. Rather, we are looking for the development of a true demand model that takes into consideration all of the factors relative to the projection of future water consumption levels, all in accordance with any AWWA methodologies and guidance that are readily available. The following is a partial listing of items to be provided by the selected consultant.

- ◆ A detailed scope of work is to be suggested by proposal respondent within the proposal submission.
- ◆ Provide a water consumption demand model for projecting purposes for this study and provide training for future use by CWD and WPC personnel.

Metered Sales Revenue

- ◆ Based upon the forecasted consumption levels, project annual water sales revenue and sewer service charges that might be realized for the period of 2011 through 2015 with the water and sewer rates that are in effect for the year 2010.

- ◆ Perform impact/sensitivity analysis for various rate alternatives.
- ◆ Make recommendation of water and sewer rates for adoption by the Board of Control and approval by Cleveland City Council for the period of 2011 through 2015.
- ◆ Provide the Divisions of Water and Water Pollution Control with a computerized rate model for their use in the future as subsequently described.

Rate Schedule Goals and Objectives

- ◆ CWD and WPC desire to incorporate the following goals and objectives into the development of all new rate and fee schedules to the greatest extent possible.
 - cost of service recovery
 - minimizing customer impacts
 - legality
 - conservation/demand management
 - affordability to disadvantaged customers
 - revenue stability
 - equitable contributions from new customers
 - ease of understanding
 - ease of updating
 - ease of implementation
 - rate stability
 - economic development
- ◆ The selected consultant, in consultation with CWD and WPC staff, will categorize and prioritize objectives.
- ◆ Selected consultant will identify rate alternatives that meet the goals and objectives.
- ◆ CWD and WPC management will select preferred alternatives.

5-Year Pro-Forma Analysis

- ◆ For all the proposed rate and fee scenario combinations, compile the results of projected total revenues, projected O & M expenses, debt service requirements and capital requirements into a pro-forma

- ◆ Develop, implement, execute and assist in a rate increase public relations campaign as required.

Final Water and Sewer Rate Reports

- ◆ Compile final separate water and sewer rate reports for each Division including results, recommendations and implementation plans.

B. COST OF SERVICE STUDIES FOR WATER AND SEWER

The basic Scope of Services for performing separate water and sewer cost of service studies shall include but is not limited to the following:

- ◆ Determine the actual historical cost of service for the various customer classes (residential, commercial, industrial, etc) and the various rate and service districts in accordance with methodology endorsed by AWWA. These costs of service should be calculated utilizing data from recent years (2007 through 2009).
- ◆ Use the total revenue requirements (operation & maintenance expenses, debt service and capital expenditures for 2011 – 2015) as calculated for the general water and sewer rate studies. Project future cost of service for various service and rate districts, as well as by customer class, and utilize this information for making rate recommendations.
- ◆ Allocate the total revenue requirements to the basic functional cost components either by the base-extra capacity method or the commodity-demand method as determined to be appropriate in consultation with the management of CWD and WPC.
- ◆ Distribute these cost components to the various customer classes (residential, commercial, industrial and special) and rate service districts in accordance with their requirements for service.
- ◆ Prospective consultants are advised that not all historical cost data may be available in the format needed to perform a true cost of service study. In those cases, allocations and/or assumptions will have to be made and documented.
- ◆ Design a rate structure/schedule that will recover from each rate district and class of customer the cost to serve that class of customer to the greatest extent possible.

- ◆ Compile detailed report, including recommendations and implementation plan.

D. UN-METERED WATER AUDIT REPORT AND CALCULATIONS (CWD ONLY)

The basic Scope of Services for performing an Un-metered Water Audit Report, complete with calculations, for the Division of Water shall include but is not limited to the following:

- ◆ Calculate the Division's percentage and amount of un-metered water for the last three calendar years (2007 through 2009) using best practices. Specifically, this would entail utilizing the water audit format published and endorsed by both the International Water Association and the American Water Works Association (AWWA) and as outlined in AWWA's Manual M36 *Water Audits and Loss Control Programs*.
- ◆ Provide CWD with a computerized working model (spreadsheet format) for auditing and calculating the amount of un-metered water for future use. Provide training to CWD personnel for updating and populating the model in the future.
- ◆ Publish a final un-metered water audit report including calculations.

AVAILABLE MATERIALS

The Cleveland Division of Water has various materials available that can be utilized and incorporated by the selected consultant for their use in this project. These materials consist mainly of various reports and plans that are available for the Division relating to the financial nature of this project. The following is a partial listing of these materials that will be made available to the selected consultant.

- 10-year Capital Improvement Plan (2009-2018)
- Sales and Service reports (metered consumption & revenue)
- CWD's Annual Reports including audited financial statements
- Plant Operations annual reports
- Customer Account Services annual reports
- Recent Bond Issue Official Statements
- Water Service Agreements (direct service and master meter)
- Annual operating budgets for current and recent past years
- Strategic Business Plan (SBP) - master list of projects

previously, specific individual recommendations, as well as an overall recommendation plan as it relates to each Division, must be provided.

B. REPORT PREPARATION

The selected consultant will include the results of these individual studies, as well as their recommendations, in final reports to the Division of Water and the Division of Water Pollution Control. The final reports should be complete and include color graphs, charts, etc. as necessary, that may be used for future presentations to Cleveland City Council, other public entities or as required.

Prior to submitting its detailed reports in final form, the selected consultant will be required to submit its reports in draft form to the Management Staffs of the Divisions of Water and Water Pollution Control for review and approval. The Management Staffs of each Division may suggest subsequent revisions and/or alternatives to be studied. The selected consultant will be required to make every reasonable effort to accommodate the recommendations made by the Divisions' Management Staffs and to address the issues raised by the Divisions as a result of this review process.

The selected consultant will provide the Divisions of Water and Water Pollution Control with a series of complete detailed reports of all of its findings in regard to all issues identified and studied as outlined in the required Scope of Services. The selected consultant will also be required to make several presentations of its findings and study results to various City of Cleveland governmental entities, including the Management Staffs of both Divisions, the City Administration, Cleveland City Council and various other forums as required. The detailed final reports should provide the Divisions with complete, narrative descriptions of all of the issues studied. The reports should also contain detailed cost versus benefit analyses concerning individual issues studied by the consultant, as well as an overall global cost versus benefit analysis of the proposed issues. A total of at least 25 copies of each of the selected consultant's final detailed reports will be needed for the Divisions' purposes. The City will also require at least 25 copies of the final comprehensive reports/financial plans for both CWD and WPC.

C. IMPLEMENTATION PROCESSES

The prospective consultants are also advised that following the submission and acceptance of their detailed reports, the selected consultant will also be required to actively participate in the implementation processes for those recommendations which are deemed to be acceptable by the Divisions of Water and Water Pollution Control. These services will include developing a

All proposals should be in sufficient detail to verify that the consultant is fully qualified to perform the work described within this Request for Proposal. **Submitted technical proposals should not exceed 100 pages in length and they should be printed on both sides of recycled paper if possible.** CWD and WPC are organizations that support environmentally responsible actions and proposals that reflect that same commitment will be viewed favorably by these entities.

The submitted proposals should, at a minimum, contain the following information:

COMPANY HISTORY/EXECUTIVE SUMMARY

A summary of the firm's history, the firm's financial position and the firm's understanding of its role in the completion of this project should be submitted. In the case of a multiple firm project team (two or more firms) or the employment of subcontractors, this information should be included for all participating firms.

DESCRIPTION OF PROFESSIONAL SERVICES TO BE PROVIDED

A detailed description of the professional services to be provided by the consultant must be included within the proposal submitted. Based upon the Scope of Services, provide the technical approach describing how your team intends to carry out its work for the duration of the contract. **Please do not simply restate the requirements, actions, and Scope of Services defined within this RFP. Rather describe your implementation approach and actual methodologies for providing the required services.** The information submitted by the consultant in this regard will be thoroughly reviewed and will be of extreme importance during the selection process.

PROJECT TEAM

This section should describe in detail the project team that will be responsible for the completion of this study. An organizational chart depicting the relationships between the team members, as well as a written summary of the responsibilities and qualifications of the various team members should be included for review. Detailed resumes for all team members should also be included.

The inclusion of a strong local presence in the composition of the project team will be viewed favorably and will be given strong consideration during the evaluation process. Specifically, it must be documented within the proposal whether the primary project team members will or will not be based in Cleveland. For those primary team members who are not based in Cleveland, a

<u>Phase</u>	<u>Time Period</u>
Proposal Solicitation	July & August, 2009
Receive and Evaluate Proposals	August - October 2009
Consultant Selection and Contract(s) Awarded	October 2009
Scope of Services for Water Rate Study including Miscellaneous Fee Analyses Performed	November 2009 through April, 2010
Scope of Services for Sewer Rate Study including Miscellaneous Fee Analyses Performed	November 2009 through April, 2010
Cost of Services Studies for Water and Sewer Performed	November 2009 through April, 2010
Water System Expansion Study Performed	January – March, 2010
Un-metered Water Audit Report and Calculations Performed	January – March, 2010
Recommendations Made, Reports Completed, Plan Strategy and Public Relations	May, 2010
Introduce Rate Increase Legislation to Cleveland City Council	July, 2010

As can be seen from the time frame above, CWD and WPC are requiring a very aggressive schedule for the completion of these studies. This aggressive schedule is necessitated by the various notification requirements that must be met by CWD in order to have a new rate schedule in place that will become effective on January 1, 2011. **Accordingly, prospective consultants are advised that the maximum period of time which they will have available in order to complete all of their required scope of services will not exceed nine months from the date when they are issued a Notice to Proceed and they should plan their schedules and their man power assignments to this project accordingly.**

studies outline with the Scope of Services. The responding consultant's Fee Request must be presented in a separate sealed envelope, which shall be attached to the main proposal package. See Appendix E for sample fee proposal summary sheet. Fee information should not be contained anywhere else within the consultant's proposal other than within the referenced sealed envelope with the completed CSB schedules.

The proposal respondents are required to submit separate itemized fees for completing each of the phases/reports outlined within the preceding Scope of Services. The summation of all of these individual fees, together with fee allocations for preparing the comprehensive Divisional reports and for estimated reimbursable expenses, will form the basis for the firm's total fee compensation.

Prospective consultants are advised that their actual level of compensation received for the providing of services in regard to the various phases of these studies will be based upon the actual hourly salary cost of the participating employees of the prime and sub-consulting firms' times a multiplier associated with the firm's indirect salary costs, fringe benefits, overhead and profit. In order to fairly evaluate the submitted Fee Proposals, these hourly rates and multipliers must be submitted by the prospective consultants for review by the Divisions of Water and Water Pollution Control, and they must also be applied to the detailed man hour loading schedule submitted in conjunction with the prospective consultant's proposed schedule for completion of the Comprehensive Financial Plans.

Upon the execution of a written contract, these itemized fee allocations will become upper fee limits for each of the separate studies. These maximum fees for each phase or study are not to be exceeded without the prior written approval of the City, and the exceedance of any of these individual fees must be offset by the reduction of a fee or fees covering other areas of the financial plan development. Under no circumstances shall the selected consultant exceed the level of total compensation called for in the contract without a formal contract modification.

All Fee Proposals, including estimated reimbursable expenses, are subject to final negotiation and approval by the City of Cleveland. The prospective consultants should be aware that they will be paid for services rendered pursuant to this professional service contract on a monthly basis. All consultant invoices which will be submitted will be required to be in the level of detail described above. The selected consultant's invoice for services rendered during the previous month should be submitted for review by the Divisions no later than the 15th calendar day of the following month. Payment will be made in 30 days following approval of the consultant's invoices by the CWD and WPC Project Managers.

SELECTION CRITERIA

Proposals received in response to this request will be reviewed and evaluated by the Management Staffs of the City's Divisions of Water and Water Pollution Control. Several criteria will be used to evaluate these proposals. The following is a listing of many of these criteria. There is no significance regarding the order in which they are listed and they are not necessarily listed in order of importance.

- Level of services to be provided
- Proposed schedule and deliverables
- Project team organization and qualifications, including local presence
- Experience and references/firms and individuals
- Perceived level of CWD/WPC involvement required
- Meaningful and appropriate CSB participation
- Fee proposal

RESERVED RIGHTS

The Divisions of Water and Water Pollution Control reserve the right to evaluate the received proposals based upon any criteria which they determine is relevant to the successful completion of these studies. CWD and WPC also reserve the right to ask for additional information from any firm which submits a proposal in response to this RFP for any reason, including clarification of the contents of their proposal. In addition, these Divisions shall be the final authority in determining any interpretation of this RFP or its contents.

The City reserves the rights to accept or reject any proposals, either in whole or in part, in order to serve the best interests of the Divisions of Water and Water Pollution Control. The City also reserves the right to negotiate with any of the consultants who submit a proposal in response to this request in order to serve the best interest of the Divisions. Finally, the City reserves the right to waive any formalities in regard to the proposals submitted in order to serve its best interests.

INTERVIEWS AND PRESENTATIONS

It is envisioned that following a detailed review of the received proposals, it will be determined by the Divisions of Water and Water Pollution Control that one or more of the submitted proposals will be considered to be superior to the other respondents. Interviews and/or presentations may possibly be conducted with these consultants to determine which proposal will best serve the interest of the Divisions of Water and Water Pollution Control in completing these studies. Any

endorsement; and be primary with respect to selected consultant's general liability, notwithstanding any other insurance covering the City for claims arising from selected consultant's negligence. Prospective consultant's insurance policy shall include valuable papers coverage in the amount of One Hundred Thousand Dollars (\$100,000.00). The professional liability insurance shall have limits of not less than Five Million Dollars (\$5,000,000.00) for any one incident, and if not written on an occurrence basis, shall be maintained for a period of not less than two (2) years following the completion of the Work.

NOTICE OF CANCELLATION

The insurance policy or policies provided hereunder shall provide as follows:

"The Company agrees that ten (10) days prior to cancellation or reduction of the insurance afforded by this policy, with respect to the Agreement involved, written notice will be sent by certified mail to the Director of Law of the City of Cleveland."

In addition to the notification required of the selected consultant's insurance company, selected consultant shall notify the City, in writing, by certified mail to the Director of Law of the City of Cleveland, immediately upon learning of cancellation or reduction of the insurance afforded by its policy.

COPY OF INSURANCE POLICY

Upon the request of the Director of Law of the City of Cleveland, selected consultant shall forthwith provide the Director of Law with an exact copy of the insurance policy or policies required hereunder.

CERTIFICATE OF INSURANCE

Upon execution of this Agreement, selected consultant shall submit to the City a certificate(s) of insurance with respect to such policy or policies. Such certificate(s) shall contain the notification provision set forth. If the additional insured endorsement required above is not available at the Agreement execution date, selected consultant shall submit to the City a notation of the endorsement together with either a Binder or an Advice of Insurance with respect to such endorsement. Selected consultant shall also provide a copy of the endorsement naming the City as an additional insured under the selected consultant's comprehensive general liability

blue or black ink by an officer of the firm that is authorized to submit proposals on behalf of the firm as well as being authorized to enter into contracts on behalf of the vendor.

The potential consultant agrees, by responding to this request, that the City is not liable for any costs incurred by the prospective consultant for the preparation of their proposal. The potential consultant also agrees that the City is not liable for any cost incurred by the responding firm prior to the execution of a contract.

The prospective consultants are also advised that they must complete and submit the "Non-Competitive Bid Contract Statement for Calendar Year 2009", the "Northern Ireland Fair Endorsement Practices Disclosure", and IRS Form W-9, Request for Taxpayer Number and Certification. All of these forms have been enclosed with the Request for Proposal (see Appendix H). These statements must be submitted with your original proposal. Please note that the "Non-Competitive Bid Contract for Calendar Year 2009" must be notarized prior to submission.

PRE-PROPOSAL MEETING

It is envisioned that prospective consultants may have many questions relative to the information contained within this Request for Proposal. Accordingly, in order to address these questions fairly, in detail, and in an open forum, a pre-proposal meeting will be held on Wednesday July 29, 2009 at 2:00 p.m. in the 1st floor auditorium of the Public Utilities Building, 1201 Lakeside Avenue, Cleveland, Ohio 44114.

It is highly encouraged and recommended that representatives from prospective consultants and sub-consultants be in attendance at the pre-proposal meeting. Selected members of the Divisions of Water and Water Pollution Control Management Staffs will be present to answer pertinent questions as required. It is requested that prospective consultant's prepare questions and submit them in advance of this pre-proposal meeting so that the staffs can have adequate time to prepare responses to all questions. Questions should be submitted as soon as possible but no later than Friday July 24, 2009 to Ms. Karen Lisowski by fax (216) 420-7995 or via e-mail to klisowski@clevelandwater.com.

DEADLINE FOR SUBMISSION

Proposals submitted in response to this request must be received no later than 12:00 p.m. (Noon) on Friday August 14, 2009. Any proposals received after the deadline will be considered to be non-responsive and will be returned unopened. All proposals must be received at the previously referenced address prior to the deadline for submission. Submitted proposals may be withdrawn by an

APPENDIX A

Water and Sewer Rate Schedules

City of Cleveland - Division of Water
Water Rate Schedule *

*For the years 2006 through 2010
 In dollars per thousand cubic feet of water (MCF).
 1 MCF = 7,500 gallons.*

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CLEVELAND						
- Regular	1st MCF	8.71	9.62	10.63	11.59	12.58
	Additional MCFs	18.62	20.57	22.73	24.78	26.90
- Homestead	All MCFs	3.87	4.27	4.72	5.15	5.59
Quarterly Service Charge			7.00	7.00	7.00	7.00

DIRECT SERVICE SUBURBS

Low/1st High Service

- Regular	1st MCF	15.50	16.35	17.54	18.54	19.50
	Additional MCFs	33.08	34.97	37.50	39.65	41.70
- Homestead	All MCFs	6.77	7.26	7.79	8.24	8.66
Quarterly Service Charge			7.00	7.00	7.00	7.00

2nd High Service

- Regular	1st MCF	17.88	18.76	20.20	21.44	22.64
	Additional MCFs	38.96	40.11	43.19	45.84	48.42
- Homestead	All MCFs	8.76	8.33	8.97	9.53	10.06
Quarterly Service Charge			7.00	7.00	7.00	7.00

3rd High Service

- Regular	1st MCF	20.93	21.55	23.17	24.57	25.91
	Additional MCFs	44.73	46.08	49.55	52.53	55.41
- Homestead	All MCFs	11.09	9.56	10.29	10.92	11.52
Quarterly Service Charge			7.00	7.00	7.00	7.00

MASTER METER SUBURBS (All MCFs)

Bedford	25.58	26.06	28.09	29.84	31.54
Chagrin Falls	29.05	29.60	31.89	33.86	35.76
Cleveland Heights	25.18	26.00	28.04	29.79	31.50
East Cleveland	21.75	22.66	N/A	N/A	N/A
Lakewood	21.75	22.66	24.33	25.75	27.10
Geauga County	31.65	32.54	34.84	36.81	38.72

EMERGENCY STANDBY SUBURBS (All MCFs)

Berea	27.31	30.16	33.33	36.33	39.44
Lake County	26.56	29.33	32.41	35.34	38.36
Lorain County	27.31	30.16	33.33	36.33	39.44
North Ridgeville	21.75	24.02	26.54	28.94	31.41
Medina County	31.65	34.96	38.63	42.12	45.72
Summit County	31.65	34.96	38.63	42.12	45.72
Hudson Village	31.65	34.96	38.63	42.12	45.72
Portage County	31.65	34.96	38.63	42.12	45.72

** All rates are quarterly rates except Master Meter, which are billed monthly.*

City of Cleveland - Division of Water Pollution Control
Sewer Rate Schedule *

For the years 2006 through 2010

In dollars per thousand cubic feet of water (MCF). 1 MCF = 7,500 gallons.

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CLEVELAND						
- Regular	All MCFs	8.28	10.28	11.53	12.03	12.53
- Homestead	All MCFs	4.91	6.10	6.84	7.13	7.43

* All rates are quarterly rates.

APPENDIX B

List of Ancillary Fees and Charges for CWD and WPC including Firelines

Division of Water
Miscellaneous Fees and Charges
 (2006-2010)

	Existing 2006	2007	2008	2009	2010
New Connections (taps, fire supply) (ductile iron prices)					
1"	\$160	\$256	\$265	\$274	\$284
1 1/2"	\$765	\$1,224	\$1,267	\$1,311	\$1,357
2"	\$830	\$1,328	\$1,374	\$1,423	\$1,472
3"	\$835	\$1,336	\$1,383	\$1,431	\$1,481
4"	\$1,065	\$1,704	\$1,764	\$1,825	\$1,889
6"	\$1,120	\$1,792	\$1,855	\$1,920	\$1,987
8"	\$1,260	\$2,016	\$2,087	\$2,160	\$2,235
10"	\$1,500	\$2,400	\$2,484	\$2,571	\$2,661
12"	\$2,100	\$3,360	\$3,478	\$3,599	\$3,725
for concrete pipe add 55% surcharge					
Curb Valves (Flat Rate Labor only)					
1 1/2"	\$100	\$120	\$124	\$129	\$133
2"	\$100	\$120	\$124	\$129	\$133
3"	\$200	\$240	\$248	\$257	\$266
4"	\$200	\$240	\$248	\$257	\$266
6"	\$200	\$240	\$248	\$257	\$266
8"	\$200	\$240	\$248	\$257	\$266
10"	\$300	\$360	\$373	\$386	\$399
12"	\$300	\$360	\$373	\$386	\$399
Tapping Sleeve and Valve (for tying new main to existing main)					
6" or less	\$700	\$1,120	\$1,159	\$1,200	\$1,242
8"	\$710	\$1,136	\$1,176	\$1,217	\$1,260
10"	\$730	\$1,168	\$1,209	\$1,251	\$1,295
12"	\$760	\$1,216	\$1,259	\$1,303	\$1,348
16"	\$890	\$1,424	\$1,474	\$1,525	\$1,579
16" or greater (deposit + cost)	\$2,700	\$4,320	\$4,471	\$4,628	\$4,790
for concrete pipe add 55% surcharge					
Plugging connections					
<2"	\$900	\$1,440	\$1,490	\$1,543	\$1,597
2" - 12"	\$1,200	\$1,920	\$1,987	\$2,057	\$2,129
>12"	\$1,500	\$2,400	\$2,484	\$2,571	\$2,661
Meter Settings					
1" or smaller	\$70	\$84	\$101	\$121	\$145
1 1/2"	\$325	\$390	\$404	\$418	\$432
2"	\$325	\$390	\$404	\$418	\$432
3"	\$325	\$390	\$404	\$418	\$432
4"	\$430	\$516	\$534	\$553	\$572
6"	\$565	\$678	\$702	\$726	\$752
8"	\$715	\$858	\$888	\$919	\$951
10"	\$900	\$1,080	\$1,118	\$1,157	\$1,197
12"	\$1,100	\$1,320	\$1,366	\$1,414	\$1,464

Quarterly Flat Rate Schedule for Unmetered Fire Line Service

For the years 2006 through 2010

In dollars per connection

<u>Connection Size</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1-1/2"	36.23	37.50	38.81	40.17	41.57
2"	36.23	37.50	38.81	40.17	41.57
3"	36.23	37.50	38.81	40.17	41.57
4"	98.54	101.99	105.56	109.25	113.08
6"	142.01	146.98	152.12	157.45	162.96
8"	253.59	262.47	271.65	281.16	291.00
10"	397.05	410.95	425.33	440.22	455.62
12"	541.96	560.93	580.56	600.88	621.91

City of Cleveland
Division of Water Pollution Control
Ancillary Fee & Charges

<u>Category</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Lay Permit	\$ 265.00	\$ 365.00	\$ 465.00	\$ 565.00	\$ 665.00
Extend Permit	\$ 130.00	\$ 255.00	\$ 380.00	\$ 505.00	\$ 630.00
Repair Permit	\$ 70.00	\$ 110.00	\$ 150.00	\$ 190.00	\$ 230.00
Bulkhead Permit	\$ 35.00	\$ 50.00	\$ 65.00	\$ 80.00	\$ 95.00
General Copies	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.30
Engineering Plan Copies	\$ 1.00	\$ 1.05	\$ 1.10	\$ 1.15	\$ 1.20
Miscellaneous Sewer Permit		\$ 100.00	\$ 104.00	\$ 108.00	\$ 112.00
Re-inspection Fee		\$ 250.00	\$ 259.00	\$ 268.00	\$ 277.00
Plan Review Fees					
New Main Sewer (\$/foot)		\$ 1.50	\$ 1.55	\$ 1.60	\$ 1.65
Residential Parcel (\$/parcel)		\$ 50.00	\$ 52.00	\$ 54.00	\$ 56.00
Commercial Parcel (\$/parcel)		\$ 100.00	\$ 104.00	\$ 108.00	\$ 112.00
Stormwater (capacity, Hydraulics & SWPP)					
Less than 1 Acre		\$ 200.00	\$ 207.00	\$ 214.00	\$ 221.00
1 - 5 Acres		\$ 300.00	\$ 311.00	\$ 322.00	\$ 333.00
6 - 10 Acres		\$ 600.00	\$ 621.00	\$ 643.00	\$ 666.00
More than 10 Acres		\$ 800.00	\$ 828.00	\$ 857.00	\$ 887.00
New Main Sewer Inspection Fee (\$/hour)		\$ 75.00	\$ 78.00	\$ 81.00	\$ 84.00

APPENDIX C

Methodology for Water Rate Calculation

City of Cleveland – Division of Water

**CALCULATION OF MAXIMUM REGULAR DIRECT SERVICE RATES FOR
SUBURBAN MUNICIPALITIES**

The formula for rate adjustments involving the suburban customers was derived in 1981 as a result of litigation between the City and a coalition of Direct Service Suburbs and Master Meter Communities. The formula provides that rate increases to customers outside of Cleveland in the various Direct Service Suburb service districts are not to exceed the following ratios compared to rate increases for City users:

Low & First High Service District	1.75
Second High Service District	2.00
Third High Service District	2.30

The above ratios are applied to the dollar amount of rate increases. A \$1.00 increase in the Cleveland rate would apply as follows to customers located outside of Cleveland:

Low & First High Service District	$\$1.00 \times 1.75 = \1.75
Second High Service District	$\$1.00 \times 2.00 = \2.00
Third High Service District	$\$1.00 \times 2.30 = \2.30

Example:

For the year 2004, the first MCF incremental increase in the Cleveland rate from the 2003 rate was \$0.28 (\$8.41-\$8.13). The first MCF incremental increase for customers located outside of Cleveland were:

Low & First High Service District	$\$0.28 \times 1.75 = \0.50
Second High Service District	$\$0.28 \times 2.00 = \0.57
Third High Service District	$\$0.28 \times 2.30 = \0.66

The additional MCF incremental increase in the Cleveland rate from the 2003 rate was \$0.61 (\$17.99-\$17.38). The incremental increase in the additional MCF rate for customers located outside of Cleveland were:

Low & First High Service District	$\$0.61 \times 1.75 = \1.07
Second High Service District	$\$0.61 \times 2.00 = \1.22
Third High Service District	$\$0.61 \times 2.30 = \1.40

Therefore the maximum water rates for 2004 for customers located in the Low and First High, Second High and Third High Service District were as follows:

		<u>2003</u>	<u>Incremental Increase</u>	<u>2004</u>
Low & First High Service District	1 st MCF	\$14.48	\$0.50	\$14.98
	Addl. MCF	\$30.91	\$1.07	\$31.98
Second High Service District	1 st MCF	\$16.72	\$0.57	\$17.29
	Addl. MCF	\$36.48	\$1.22	\$37.70
Third High Service District	1 st MCF	\$19.60	\$0.66	\$20.26
	Addl. MCF	\$41.88	\$1.40	\$43.28

Also, please note that since the incremental increases are subject to the effects of rounding to two decimals, the corresponding rates may be subject to the same influences as well.

APPENDIX D

OEO Forms



**MAYOR'S OFFICE OF EQUAL OPPORTUNITY
PARTICIPATION INFORMATION FORM**

The Subcontractor Participation Goals for this contract are:

10% CSB Participation



MAYOR'S OFFICE OF EQUAL OPPORTUNITY

**CLEVELAND AREA BUSINESS CODE
NOTICE TO BIDDERS
&
SCHEDULES**

City of Cleveland

Frank G. Jackson, Mayor

**Natoya J. Walker, Interim Director
Office of Equal Opportunity**

March 30, 2009

EQUAL OPPORTUNITY CLAUSE
(Section 187.22(b))

Each Contract also shall contain the following equal opportunity clause:

"During the performance of this contract, the contractor agrees as follows:

- (1) The contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, age, disability, ethnic group or Vietnam-era or disabled veteran status. The contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to race, religion, color, sex, sexual orientation, national origin, age, disability, ethnic group, or Vietnam-era or disabled veteran status. As used in this chapter, "treated" means and includes without limitation the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship, promoted, upgraded, demoted, downgraded, transferred, laid off and terminated. The contractor agrees to and shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the hiring representatives of the contractor setting forth the provisions of this nondiscrimination clause.
- (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that the contractor is an equal opportunity employer.
- (3) The contractor shall send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract, or understanding, a notice advising the labor union or worker's representative of the contractor's commitments under the equal opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) It is the policy of the City that local businesses, minority-owned businesses and female-owned businesses shall have every practicable opportunity to participate in the performance of contracts awarded by the City subject to the applicable provisions of the Cleveland Area Business Code.
- (5) The contractor shall permit access by the Director or his or her designated representative to any relevant and pertinent reports and documents to verify compliance with the Cleveland Area Business Code, and with the Regulations. All such materials provided to the Director or designee by the contractor shall be considered confidential.
- (6) The contractor will not obstruct or hinder the Director or designee in the fulfillment of the duties and responsibilities imposed by the Cleveland Area Business Code.
- (7) The contractor agrees that each subcontract will include this Equal Opportunity Clause, and the contractor will notify each subcontractor, material supplier and supplier that the subcontractor must agree to comply with and be subject to all applicable provisions of the Cleveland Area Business Code. The contractor shall take any appropriate action with respect to any subcontractor as a means of enforcing the provisions of the Code."

**City of Cleveland
OFFICE OF EQUAL OPPORTUNITY**

NOTICE TO BIDDERS

1. Introduction:

The Cleveland Area Business Code contained in Chapter 187 of the Codified Ordinances, of Cleveland Ohio 1976 (C.O.) was enacted to increase the participation of local small business enterprises in City of Cleveland contracts. The Code also promotes the participation of Minority and Female Business Enterprises in City of Cleveland contracts, and works to ensure that Contractors doing business with the City do not use discriminatory employment practices. Failure to comply with the Cleveland Area Business Code or with representations made on the attached Schedules may result in rejection of part or all of the bid, and/or cancellation of the contract.

2. Definitions:

As used in this Notice to Bidders and Schedules, the following words, phrases, and terms shall be defined as set forth below:

- (a) "Bidder" means a Person offering to contract with the City in response to an invitation to bid.
- (b) "Bid Discount" means the application of a percentage discount to the total amount of a bid submitted by a Bidder for a Contract solely for the purpose of bid comparisons when evaluating the lowest and best bid, or lowest responsible bid. The use of a Bid Discount for Bid Comparison does not alter the total amount of the bid submitted by a Bidder or the Contract executed based on a bid.
- (c) "Business Enterprise" means a firm, sole proprietorship, partnership, association, corporation, company, or other business entity of any kind including, but not limited to, a limited liability corporation, incorporated professional association, joint venture, estate, or trust.
- (d) "City" means the City of Cleveland, Ohio.
- (e) "City of Cleveland Small Business" or "CCSB" means a CSB that has its principal office located physically within the municipal boundaries of the City.
- (f) "Cleveland Area Small Business" or "CSB" means a Business Enterprise certified under division (a) of Section 187.03.
- (g) "Cleveland Contracting Market" or "Contracting Market" means the geographic market area consisting of Cuyahoga County, Ohio, or the geographic market area identified in a disparity study or otherwise as provided in Section 187.28.
- (h) "Contract" means a binding agreement executed on or after the effective date of this Cleveland Area Business Code by which the City either grants a privilege or is committed to expend or does expend its funds or other resources, or confers a benefit having monetary value including, but not limited to, a grant, loan, interest in real or personal property, or tax incentive in any form for or in connection with any work, project, or public purpose.
- (i) "Contracting Department" includes any administrative department under charge of the Mayor or any office, board, or commission treated or construed as a department of City government for

any purpose under the Charter or ordinances of the City for the benefit or program of which the City enters into a particular Contract.

- (j) "Contractor" means a separate or distinguishable Business Enterprise employing one or more persons and participating in the performance of a Contract, including but not limited to CSBs, MBEs and FBEs where applicable, and shall include a party in privity with a Contractor for implementation of a Contract.
- (k) "Director" means the Director of the Office of Equal Opportunity.
- (l) "Evaluation Credit" means a predetermined number of points in the evaluation of proposals submitted by a Bidder for a Contract to be added solely for the purpose of proposal comparison when evaluating competing proposals. The use of Evaluation Credits does not alter the amount of the proposal submitted by a Bidder or the Contract executed based on the proposal.
- (m) "Female" includes only a United States citizen or lawful, permanent resident who is a member of the female gender.
- (n) "Female Business Enterprise" or "FBE" means a Business Enterprise owned, operated, and controlled by one or more Females who have 51% ownership. The one or more Females must have operational and managerial Control, interest in capital, and earnings commensurate with the percentage of Female ownership. To qualify as a Female Business Enterprise, the Business Enterprise shall be located and doing business in the Cleveland Contracting Market.
- (o) "Minority Business Enterprise" or "MBE" means a Business Enterprise owned, operated and controlled by one or more Minority Persons who have at least 51% ownership. The Minority Person(s) must have operational and managerial Control, interest in capital, and earnings commensurate with the percentage of ownership. To qualify as a Minority Business Enterprise, the enterprise shall be located and doing business in the Cleveland Contracting Market.
- (p) "OEO" means the Office of Equal Opportunity of the City of Cleveland.
- (q) "Proposer" means any Person proposing to contract with the City in response to a request for proposals or other similar solicitation.
- (q) "Regional Cleveland Area Small Business" or "RCSB" means a CSB that has its principal office located physically within the territorial boundaries of Cuyahoga County but outside the municipal boundaries of the City.
- (r) "Regulation" or "Regulations" means and includes the regulations implementing this Code and promulgated by the Director of Equal Opportunity under division (b)(6) of Section 123.08 of these Codified Ordinances.
- (s) "Small Business Enterprise" or "SBE" means a Business Enterprise that meets the established economic criteria for a SBE and is owned, operated and controlled by one or more persons who meet the economic criteria for SBE ownership established by the Director in the Regulations.

3. Required OEO Schedules:

The following documents must be completed, signed and submitted as part of the Contractor's bid or proposal for any City of Cleveland contract over \$10,000.

Schedule 1: PROJECT CONTACT INFORMATION FORM

Each Bidder or Proposer must complete, sign and submit Schedule 1, the PROJECT CONTACT INFORMATION FORM. Schedule 1 provides the Office of Equal Opportunity with the necessary contact information to conduct its monitoring responsibilities.

Schedule 2: SCHEDULE OF SUBCONTRACTOR PARTICIPATION

Each Bidder or Proposer must complete, sign and submit Schedule 2, the SCHEDULE OF SUBCONTRACTOR PARTICIPATION. List all prospective subcontractors, including all CSB, MBE, and/or FBE subcontractors, that will participate on the contract. **Be sure to use the full legal name of each subcontractor.** Also include the contract specification item number(s) on which the subcontractor will participate (Part 1), the work or supplies/materials the subcontractor will provide (Part 2), and the total dollar amount of the subcontract (Part 3). The total dollar amount in Part 3 must be an actual dollar amount, and may not be a range of values or a percentage of the contract.

Schedule 3: STATEMENT OF INTENT TO PERFORM AS A SUBCONTRACTOR

Each prospective subcontractor must complete, sign and submit Schedule 3, the STATEMENT OF INTENT TO PERFORM AS A SUBCONTRACTOR. Parts 1 through 3 on each Schedule 3 must correspond with Parts 1 through 4 on Schedule 2 for the appropriate subcontractor. No CSB, MBE, or FBE participation credit will be considered for any subcontractor listed on Schedule 2 that does not have a corresponding, accurate Schedule 3. Schedule 3 should be completed by the subcontractor, returned to the Bidder or Proposer, and submitted as part of the bid or proposal.

Schedule 4: CSB/MBE/FBE UNAVAILABILITY/IMPRACTICALITY CERTIFICATION

Each Bidder or Proposer must make a good faith effort to achieve the CSB, MBE, and/or FBE subcontracting goals that are established in the bid documents. These subcontracting goals are not quotas, and no bid will be disqualified simply because the Bidder or Proposer fails to meet the goals. If a Bidder or Proposer does not meet the CSB, MBE and/or FBE subcontracting goals, the Bidder or Proposer **must provide an explanation for the failure to meet the goals in Schedule 4**, the Subcontractor Unavailability/Impracticality Certification.

Schedule 4 allows Bidders and Proposers to demonstrate their good faith efforts in finding and soliciting CSBs, MBEs and FBEs to work on City of Cleveland contracts. Failure to complete this schedule fully and completely may impact the evaluation of the bid or proposal.

Failure to submit and accurately complete each OEO Schedule 1-4 may result in the rejection of all or part of the bid or proposal. If a Schedule is not applicable, the Bidder or Proposer should indicate "NA" on the schedule, and **still must sign and submit** the Schedule. Submission of incomplete, inaccurate, or inconsistent data in the Schedules may lead to a formal investigation, decertification of the Bidder or Proposer, decertification of the subcontractor, and a rejection of all or part of the bid. The City of Cleveland reserves the right to waive any informality or immaterial irregularity, and reserves the right to reject any or all bids.

4. Equal Employment Certification:

No Contractor shall discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, age, disability, ethnic group or Vietnam-era or disabled veteran status. Contractors shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to race, religion, color, sex, sexual orientation, national origin, age, disability, ethnic group or Vietnam-era or disabled veteran status. As used in this chapter, "treated" means and includes without limitation the following: recruited whether by

advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship, promoted, upgraded, demoted, transferred, laid off and terminated. Contractors shall post in conspicuous places available to employees and applicants for employment, notices to be provided by the hiring representative of contractors setting forth the provisions of this nondiscrimination clause.

Within 60 days after entering into a Contract, each Contractor shall file a written affirmative action program containing standards and procedures ensuring that the contractor affords all qualified employees and applicants for employment equal opportunities in the contractor's recruitment, selection, and advancement processes.

Each contractor's affirmative action program shall contain the following components:

- (1) A diagnostic component that includes quantitative analyses comparing the composition of the Contractor's workforce to the composition of the Cleveland Contracting Market employment pool according to the most current census data available, grouped by EEO occupations.
- (2) Each affirmative action program shall contain placement goals as follows:
 - (i) For each non-construction contract, placement goals equal to the availability percentage for women or minorities where the percentage of women or minorities employed by the contractor in a particular job group is less than would reasonably be expected given their percentage availabilities in the corresponding Cleveland Contracting Market employment pool. Placement goals are objective targets reasonably attainable by applying a good-faith effort to implement all aspects of the affirmative action program; they are not inflexible quotas. Placement goals do not authorize or require a Contractor to grant a preference to any individual or adversely affect an individual's employment status for an unlawful discriminatory reason.
 - (ii) For each construction contract, establish placement goals for minorities and women for each trade involved in the performance of the contract equal to the goals established by the Director. Placement goals are objective targets reasonably attainable by applying a good-faith effort to implement all aspects of the affirmative action program; they are not inflexible quotas. Placement goals do not authorize or require a contractor to grant a preference to any individual or adversely affect an individual's employment status for an unlawful discriminatory reason.
- (3) Identification of problem areas through analysis of the contractor's employment process to determine if it affords or incorporates, or contains impediments to, equal employment opportunities.
- (4) Action-oriented programs consisting of practical steps the contractor will implement to address any identified problem areas or the underutilization of women or minorities in relation to their availability in the relevant labor pool.
- (5) Internal auditing and reporting systems that monitor and examine the impact the contractor's employment decisions and compensation systems have on women and minorities and their progress toward achieving a workforce that would be expected in the absence of discrimination.
- (6) Policies, practices, and procedures that the contractor will implement to ensure that all qualified applicants and employees enjoy equal opportunity in recruitment, selection, advancement, and every other term and privilege associated with employment.
- (7) Any additional requirements the Administrator may require through the Regulations or on a case-by-case review of a contractor's proposed affirmative action program.

If, 60 days after entering into a Contract, a contractor has not filed an affirmative action program, has deviated substantially from an approved affirmative action program, or has discriminated against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, age, disability, ethnic group or Vietnam-era or disabled veteran status, the Office of Equal Opportunity may take immediate enforcement action.

5. CSB Certification:

Each Bidder, Proposer or subcontractor representing itself as a Cleveland Area Small Business (CSB) within the OEO Schedules must be certified with the Office of Equal Opportunity as a CSB prior to the bid opening.

Certification applications are available through the Office of Equal Opportunity, and at

<http://www.city.cleveland.oh.us/government/departments/oao/oaoind.html>.

There are two classifications of CSBs:

A City of Cleveland Small Business (CCSB) is a CSB located within the City of Cleveland.

A Regional Cleveland Small Business (RCSB) is a CSB located within Cuyahoga County, but not within the City itself.

A business is eligible for certification as a Cleveland Area Small Business (CSB) if it meets the following criteria:

- (1) It is a Small Business Enterprise;
- (2) It has its principal office located physically in the Cleveland Contracting Market; and
- (3) Its chief executive officer and highest level managers maintain their offices and perform their managerial functions in the Cleveland Contracting Market.

A business qualifies as a Small Business Enterprise if it meets size requirements of the US Small Business Administration, which are as follows:

- 500 employees for manufacturing industries
- 100 employees for wholesale trade industries
- \$6 million for retail and service industries
- \$28.5 million for most general and heavy construction industries
- \$12 million for special trade contractors
- \$0.75 million for agriculture industries
- \$4 million for architectural/engineering firms
- \$6 million for law firms and consultants

6. CSB Contract Participation

In an effort to promote the participation of Cleveland-area Small Businesses (CSBs) in City contracts, each Contracting Department of the City will use its best efforts to contract with CSB Bidders and Proposers, and Bidders and Proposers that have committed to subcontracting with certified CSBs.

The CSB subcontractor participation goals are:

Construction Contracts:
Professional Services Contracts:
All Other Contracts:

30% CSB Subcontractor Participation
10% CSB Subcontractor Participation
20% CSB Subcontractor Participation

The Contracting Departments may, in consultation with the Director, increase or decrease these participation goals for a particular contract. When the goals are changed, the change will be noted in the bid or proposal documents.

Each Bidder or Proposer is expected to make a good faith effort to subcontract with certified CSBs in accord with the goals prescribed above. If the goals are not met, the Bidder or Proposer must demonstrate its good faith effort to meet the goals on Schedule 4, the Subcontractor Unavailability/Impracticality Certification. The CSB participation goals are goals, not mandates, but the good faith effort to meet the CSB goals will be considered in awarding the contract.

7. MBE/FBE Certification:

Each Bidder, Proposer or subcontractor representing itself as a Minority Business Enterprise (MBE) or Female Business Enterprise (FBE) within the OEO Schedules must be certified with the Office of Equal Opportunity as an MBE and/or FBE prior to the bid opening.

A business is eligible for certification as a Minority Business Enterprise (MBE) if:

- (1) The Business Enterprise is owned, operated and controlled by one or more Minority Persons who have at least 51% ownership;
- (2) The Minority Persons who own the Business Enterprise have operational and managerial control, interest in capital, and earnings commensurate with the percentage of ownership; and
- (3) The Business Enterprise is located and doing business in the Cleveland Contracting Market.

A business is eligible for certification as a Female Business Enterprise (FBE) if:

- (1) The Business Enterprise is owned, operated and controlled by one or more Females who have at least 51% ownership;
- (2) The Female owners have operational and managerial control, interest in capital, and earnings commensurate with the percentage of ownership; and
- (3) The Business Enterprise is located and doing business in the Cleveland Contracting Market.

8. MBE and FBE Contract Participation

The City of Cleveland is firmly committed to assisting Minority Business Enterprises (MBEs) and Female Business Enterprises (FBEs) through its contracting activities, and the City intends to Contract with firms that shares that commitment. Under this policy, each Contracting Department will use its best efforts to promote the participation of MBEs and FBEs as both prime contractors and subcontractors in all City Contracts. In turn, Bidders and Proposers shall make every effort to use MBEs and FBEs as subcontractors where available and practical.

Some City contracts will have specific MBE and/or FBE subcontractor participation goals. **These goals will be expressly stated in the Invitation to Bid (ITB) or Request for Proposal (RFP) in each contract where the goals are applicable.** When specific MBE and/or FBE goals are set forth in the ITB or RFP, the Bidder or Proposer must make a good faith effort to meet them. If the goals are not met, the Bidder or Proposer must demonstrate its good faith efforts in Schedule 4, the Subcontractor Unavailability/Impracticality Certification. Specific MBE and/or FBE participation goals are goals, not mandates, but the City will consider the contractor's good faith effort to meet the MBE and/or FBE goals in approving a contract.

Only those Certified MBEs and/or FBEs that have been designated as eligible to provide participation credit by the Office of Equal Opportunity for a particular type of contract will be counted towards meeting a Bidder

or Proposer's MBE and/or FBE Subcontractor participation goal. The Office of Equal Opportunity establishes eligibility for participation credit where the City has developed or obtained a legally sufficient basis in evidence to demonstrate past or present discrimination. The CSB/MBE/FBE Registry identifies which MBEs and FBEs are eligible for subcontractor participation credit. In some circumstances, the participation credit MBE and/or FBE subcontractors will be limited to those MBEs and FBEs that are identified on this list. Bidders or Proposers should carefully examine the ITB or RFP to determine the appropriate subcontracting goals, and the eligible MBE and FBEs.

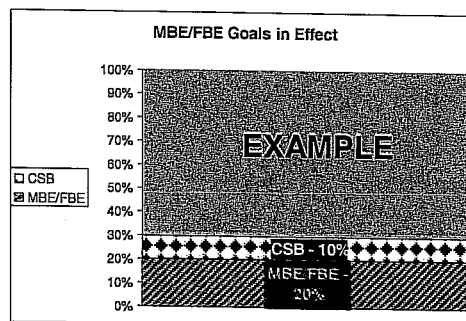
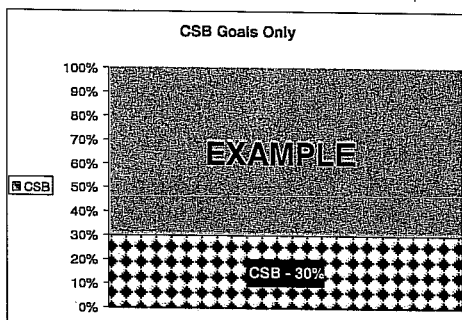
If an MBE or FBE plans to re-subcontract any of its work, it must indicate that on Schedule 3, the Statement of Intent to Perform as a Subcontractor. Any work re-subcontracted to a non-MBE/non-FBE will reduce the Bidder or Proposer's participation credit to the extent of the re-subcontracting.

9. CSB Participation Goals When MBE/FBE Goals Are in Effect:

When there are specific MBE and/or FBE goals on a City contract, those goals will be considered in lieu of an equivalent portion of the CSB goals for the contract.

For example, public improvement contracts have a standard 30% CSB subcontractor participation goal. If, however, a public improvement contract also has a goal of 20% MBE subcontractor participation, the CSB goal for the contract will be reduced by an equal amount, going down from 30% to 10%.

Standard CSB Goal	30%
MBE/FBE Goal	- 20%
New CSB Goal	10%



In this example, the final subcontracting goals would be 20% MBE/FBE subcontractor participation, and 10% CSB subcontractor participation, equaling the standard 30% overall subcontractor participation goal for public improvement contracts.

10. MBE/FBE Bid Discounts:

Contracting Departments may apply a Bid Discount of five percent (5%) for bids received from certified MBE and FBE Bidders to remediate past or present discrimination, where the City has developed or obtained a legally sufficient basis in evidence to demonstrate past or present discrimination. The CSB/MBE/FBE Registry denotes which MBEs and FBEs are eligible for Bid Discounts.

11. MBE/FBE Evaluation Credits:

Contracting Departments may apply an Evaluation Credit of five percent (5%) of the total points awarded for proposals received from MBE and FBE Proposers to remediate past or present discrimination, where evidence of contracting disparity has been adequately demonstrated. The CSB/MBE/FBE Registry denotes which MBEs and FBEs are eligible for Evaluation Credits.

12. MBE/FBE Subcontracting Bid Discounts and Additional Retainage:

Contracting departments may apply a bid discount for bids received for public improvement contracts in the amount of five percent (5%) of the portion of the total amount of the goods, labor, and materials that the bidder represents it will subcontract to one or more MBEs and FBEs, where the City has developed or obtained a legally sufficient basis in evidence to demonstrate past or present discrimination.

(1) If a Contracting Department applies the MBE/FBE subcontracting Bid Discount to the bid of a Bidder that would not have otherwise been the lowest and the Bidder is awarded the Public Improvement Contract, the City shall retain as Additional Retainage an amount equal to the total dollar amount by which the bid was adjusted for bid comparison in addition to the contract retainage required under Section 185.41C.O.

(2) If a Contractor uses MBE and FBE subcontractors in the performance of a Public Improvement Contract in an amount equal to or greater than offered in the bid, the City shall pay the Contractor any Additional Retainage retained under division (1) of this section upon the Contracting Department director's acceptance of the contract work. If a Contractor uses MBE and FBE subcontractors in the performance of a Public Improvement Contract in an amount less than represented in its bid, the Contractor shall forfeit the amount of Additional Retainage equal to the amount of shortfall in its total MBE and FBE usage, in addition to any other sanctions or penalties applicable under the Contract or the Cleveland Area Business Code.

(3) If a Contracting Department applies the MBE/FBE subcontracting Bid Discount to a bid that would not have otherwise been the lowest and the Bidder is awarded the Public Improvement Contract, the Contract terms shall prohibit the Contractor from deducting the amount of the Additional Retainage from progress payments to the MBE and FBE subcontractors.

13. CSB Bid Discounts:

If a Contracting Department *does not apply an MBE or FBE Bid Discount* to one or more bids for the award of a Contract, the Contracting Department may apply a Bid Discount in the following amounts for bids received from CSB prime contractors:

A Bid Discount of five percent (5%) for bids received from CCSBs.

A Bid Discount of five percent (5%) for bids received from RCSBs, provided no bids are received from CCSB's.

14. CSB Evaluation Credits:

If a Contracting Department *does not apply an MBE or FBE Evaluation Credit* to one or more proposals for the award of a Contract, the Contracting Department may apply Evaluation Credits as follows for proposals received from CSB prime contractors:

(1) An Evaluation Credit of five percent (5%) of the total points awarded for proposals received from CCSBs.

(2) An Evaluation Credit of five percent (5%) of the total points awarded for proposals received from RCSBs, provided no proposals are received from CCSBs.

15. CSB Subcontracting Bid Discounts and Additional Retainage:

Contracting Departments may apply a Bid Discount to bids received for a Public Improvement Contract in the amount of five percent (5%) of the portion of the total amount of labor and materials that the Bidder represents it will subcontract to one or more CSBs. This provision does not apply, however, if a Bid Discount has been applied for MBE or FBE subcontractor participation,

If a Contracting Department applies the CSB subcontracting Bid Discount to the bid of a Bidder that would not have otherwise been the lowest and the Bidder is awarded the Public Improvement Contract, the City shall retain as Additional Retainage an amount equal to the total dollar amount by which the bid was adjusted for bid comparison in addition to the retainage required under Section 185.41 of the Codified Ordinances.

If a Contractor uses CSB subcontractors in the performance of the Public Improvement Contract in an amount equal to or greater than offered in the Contractor's bid, the City shall pay the Contractor any Additional Retainage retained under division (d)(1) of this section upon the Contracting Department director's acceptance of the contract work under division (d) of Section 185.41. If a Contractor uses CSB subcontractors in the performance of a Public Improvement Contract in an amount less than represented in its bid, the Contractor shall forfeit the amount of the Additional Retainage equal to the amount of shortfall in its CSB usage, in addition to any other sanctions or penalties applicable under this Chapter or the Contract.

If a Contracting Department applies the CSB subcontracting Bid Discount to the bid of a Bidder that would not have otherwise been the lowest and the Bidder is awarded the Public Improvement Contract, the Contract terms shall prohibit the Contractor from deducting the amount of the Additional Retainage from progress payments to the CSB subcontractors.

16. Maximum Annual Subcontracting Program Benefit:

In an effort to encourage wide participation in the CSB, MBE and FBE subcontracting programs, the City of Cleveland has adopted a policy which may limit the amount of subcontracting credit that a single CSB, MBE and/or FBE subcontractor can provide in a single year. When the CSB, MBE and/or FBE subcontractor has reached this maximum subcontracting dollar value, its participation in future contracts will not be counted towards a Bidder or Proposer's CSB, MBE and/or FBE participation goals.

The Director may apply credit toward the CSB, MBE and/or FBE subcontractor participation goals upon written request of a Bidder or Proposer attesting that no other certified CSBs, MBEs or FBEs are available to perform the work or supply the materials required for the Contract, or in an emergency, or for such other reasons that the Director determines require use of that CSB, MBE or FBE.

Nothing prohibits a Bidder or Proposer from subcontracting to a CSB, MBE or FBE that has reached the cap, or prohibits the CSB, MBE or FBE from performing work or supplying materials under any contract. But that participation will not count towards the Bidder or Proposer's subcontracting goals.

17. CSB/MBE/FBE Manufacturer and Supplier Participation:

Under the Cleveland Area Business Code, the entire amount of expenditures to certified CSB, MBE, or FBE manufacturers will be counted towards CSB, MBE or FBE participation goals on the contract. A manufacturer is an enterprise that produces goods from raw materials or adds value by substantially altering them before resale. In contrast, sixty percent (60%) of expenditures to certified CSB, MBE or FBE suppliers that are not manufacturers will be counted towards CSB, MBE or FBE participation goals on the contract, provided that the CSB, MBE or FBE supplier performs a "commercially useful function in the supply process." A business enterprise is a supplier performing a "commercially useful function in the supply process" when it:

- (1) Assumes the actual and contractual responsibility for furnishing the supplies or materials; and
- (2) Is recognized as a supplier, distributor or reseller by the manufacturer or producer of the contracted supplies and materials; and
- (3) Owns or leases a warehouse, yard, building or other facilities or uses such as means as are customary in the industry for the purpose of maintaining an inventory of or supplying such supplies or materials from which it supplies its customers; and
- (4) Distributes, delivers, and/or services products primarily with its own staff and/or equipment.

If a CSB, MBE or FBE supplier is not a manufacturer and is not performing a "commercially useful function" in the supply process, the supplier's participation will not be counted towards the CSB, MBE or FBE participation on the contract.

18. Joint Ventures:

Participation of CSBs, MBEs and FBEs in joint ventures is encouraged. To receive credit for CSB, MBE and/or FBE participation in a joint venture, the joint venture must be certified by the Office of Equal Opportunity. The CSB/MBE/FBE Joint Venture Certification Application is available from the Office of Equal Opportunity, and applications for joint venture certification must be received by the Office of Equal Opportunity no later than 10 days prior to the bid opening.

19. Use of General Contractors as Subcontractors for CSB/ MBE/FBE Prohibited:

Consistent with the U.S. Bureau of Census Standard Industrial Classifications, the City considers that a "general contractor" assumes responsibility for an entire construction contract, although it may subcontract part or all of the actual work to special trades or other contractors. The City does not consider that certification as a "general contractor" assumes or includes certification for any other trade or work. In order to qualify as a CSB, MBE or FBE Subcontractor, the CSB, MBE or FBE must be certified for the specific type of work indicated on Schedule 1, the Schedule of Subcontractor Participation.

For example:

	<u>Area of Certification</u>	<u>Type of Work Subcontracted</u>	<u>Credit Given</u>
Firm 1	General Contracting	Plumbing	None
Firm 2	General Contracting and Plumbing	Plumbing	Full

Questions about the certification process or the OEO Schedules should be directed to the Office of Equal Opportunity (OEO) at (216) 664-4152. Detailed Regulations and additional copies of these Schedules are available upon request.



**City of Cleveland
Office of Equal Opportunity
Schedules Checklist**

This checklist will guide you through the Office of Equal Opportunity Schedules that **MUST** be completed and submitted as part of your bid or proposal. If any Schedule 1 through 4 is not applicable, please mark the Schedule that is not applicable "N/A", and be sure to sign and submit the Schedule with the bid or proposal package.

Schedule 1: Project Contact Information Form

- ☐ Did you correctly calculate the subcontracting dollars and percentages for CSB, MBE and FBE subcontractors?
- ☐ Is the form complete and signed?

Schedule 2: Schedule of Subcontractor Participation

- ☐ Did you specify the total dollar amounts for each subcontract?
- ☐ Did you specify whether each subcontractor will be providing "work" or "supplies"?
- ☐ Did you verify that each subcontractor is certified for the type of work to be performed?
- ☐ Is the form complete and signed?

Schedule 3: Statement of Intent to Perform as a Subcontractor

- ☐ Did the subcontractor specify the total dollar amount of the subcontract?
- ☐ Did the subcontractor specify whether it is providing "work" or "supplies"?
- ☐ If applicable, has the re-subcontracting section been completed?
- ☐ Is the form complete and signed by the subcontractor?

Schedule 4: CSB/MBE/FBE Subcontractor Unavailability/Impracticality Certification

- ☐ Did you list all companies you have contacted? (If additional space is needed, attach a separate sheet)
- ☐ If you are claiming that subcontracting is not available or practical on this contract, have you provided an explanation on a separate, attached sheet?
- ☐ Is the form complete and signed?



SCHEDULE 1
PROJECT CONTACT INFORMATION FORM

Bidder/Proposer Name

Project Name

Part I: Bidder Information

Contractor's Full Legal Name:		Are you Certified with the Office of Equal Opportunity? Check all that apply:	
		☐ CSB	☐ MBE
Contractor's Address:		☐ FBE	
City:		State:	
Contractor's Principal Officer Name:		Phone Number:	
Contractor's Authorized OEO Representative Name:		Phone Number:	

Part II: Evaluation Summary

	Total Dollar Amount	% of Contract
CSB Participation:		
MBE Participation:		
FBE Participation:		
Other Participation:		

Signature: _____ Date: _____
Bidder/Proposer Representative

Title



SCHEDULE 2
SCHEDULE OF SUBCONTRACTOR PARTICIPATION

List ALL PROSPECTIVE SUBCONTRACTORS that will be participating on this contract. The Bidder or Proposer is responsible for verifying that each CSB, MBE and FBE Subcontractor listed is certified to perform the particular type of work they are expected to perform on the contract. If you need additional space, please attach a continuation page.

Bidder/Proposer Name					Project Name			
Subcontractor	C S B	M B E	F B E	O t h e r	Address	Part 1:	Part 2:	Part 3:
						SPEC ITEM #	TYPE OF WORK OR MATERIALS/SUPPLIES	TOTAL SUBCONTRACT AMOUNT IN DOLLARS
								\$
								\$
								\$
								\$
								\$
								\$
								\$
								\$

The prime contractor may not substitute subcontractors between the submission of bids and award of the contract. After the contract is awarded, the prime contractor may not substitute or shift subcontractors without written approval of the Director of OEO. When there are CSB, MBE and/or FBE goals established in the bid specifications, subcontractor substitutions must preserve the original bid MBE or FBE participation percentage, unless the Director waives the requirement. The undersigned agrees that if awarded a contract, it will enter into a written agreement with each subcontractor listed above. If the total contract amount increases, the contractor shall use its best efforts to preserve the original CSB, MBE and/or FBE participation percentages for that increased amount.

Signature: _____ Date: _____
Bidder/Proposer Representative

Title



SCHEDULE 3
STATEMENT OF INTENT TO PERFORM AS A SUBCONTRACTOR

To: _____
Bidder/Proposer Name **Project Name**

- ☐ CSB
☐ MBE
☐ FBE

Have you been notified by the Office of Equal Opportunity that you have met the annual subcontracting participation maximum for this calendar year?

- ☐ Yes
☐ No

The undersigned prospective subcontractor intends to perform work or furnish supplies/materials in connection with the contract as a (check all that apply):

- ☐ Individual
☐ Corporation organized and existing under the laws of the State of _____
☐ Proprietorship,
☐ Partnership, or
☐ Joint Venture consisting of _____

The CSB, MBE or FBE status of the undersigned contractor is confirmed in the Office of Equal Opportunity's registry of certified CSBs, MBEs and FBEs. The contractor is prepared to perform the following work items or parts thereof for the above contract.

Part 1: SPEC ITEM #s	Part 2: TYPE OF WORK OR SUPPLIES/MATERIALS	Part 3: TOTAL SUBCONTRACT AMOUNT IN DOLLARS
		\$

RE-SUBCONTRACTING

1. The undersigned prospective subcontractor will re-subcontract work on this contract:
☐ Yes (If Yes, fill out Sections A, and B)
☐ No

- A. _____
Name of Re-Subcontracted Company
☐ Majority-Owned Business
☐ CSB
☐ MBE
☐ FBE

- B. Description work or Supplies/Materials: _____ Dollar Amount: \$ _____

The undersigned prospective subcontractor will enter into a written agreement with the Bidder or Proposer for the above work items after the award, but prior to the execution of the contract with the City of Cleveland.

Prospective Subcontractor Name

Authorized Representative:

Signature:

Title:

Date:



SCHEDULE 4
CSB/MBE/FBE SUBCONTRACTOR
UNAVAILABILITY/IMPRACTICALITY CERTIFICATION

Bidder/Proposer Name

Project Name

Note: Prime contractors are expected to use good faith efforts in utilizing CSBs, MBEs and FBEs as subcontractors whenever there are CSB, MBE and/or FBE participation goals established in the bid specifications. There may be instances, however, where Prime Contractors will not be able to achieve the prescribed CSB, MBE and/or FBE participation goals for a particular contract. This Schedule 4 allows Prime Contractors to demonstrate their good faith efforts in finding and soliciting CSBs, MBEs and FBEs to work on the contract. If the subcontracting goals for this contract are not met, failure to complete this schedule fully and completely may impact the evaluation of this bid or proposal.

Section A:

Please check one of the following:

- ☐ 1. Prime Contractor has submitted Schedules 1 and 2 indicating CSB/MBE/FBE Subcontractor participation **MEETING OR EXCEEDING** the goals set forth in the bid documents.
- ☐ 2. Prime contractor has submitted Schedules 1 and 2 indicating CSB/MBE/FBE Subcontractor participation that **DOES NOT MEET** the goals set forth in the bid documents.

If Box 1 is checked, no further documentation is necessary. Where Box 2 is checked, the Prime Contractor must provide a detailed explanation in Section B.

Section B:

If you checked Box 2 on Section A, you must check one of the following:

The Prime Contractor **did not meet** the CSB, MBE and/or FBE subcontractor participation goals for this contract because:

- ☐ 1. The Prime Contractor has made an honest, purposeful attempt to solicit CSB, MBE and/or FBE subcontractor participation, but was unable to find subcontractors to perform the work for the reasons noted below. **Please use the unavailability letter codes found on the following page.**

CONTACTED CONTRACTOR	PROPOSED WORK/SUPPLIES	REASON FOR UNAVAILABILITY	DATE OF CONTACT	DATE RESPONSE RECEIVED
1.				
2.				
3.				
4.				
5.				

- ☐ 2. The Prime Contractor made an honest, purposeful attempt to solicit CSB, MBE and/or FBE subcontractor participation, but due to the nature of the work, service, or product contracted, additional subcontracting with CSBs, MBEs or FBEs is either impossible or impractical. The Prime Contractor has provided a **detailed explanation** of the nature of the work and the reasons that additional subcontracting is not possible **on a separate, attached page.**

Signature: _____ Date: _____
Bidder/Proposer Representative

Title



SCHEDULE 4
CSB/MBE/FBE SUBCONTRACTOR
UNAVAILABILITY/IMPRACTICALITY CERTIFICATION

REASONS FOR MBE/FBE SUBCONTRACTOR UNAVAILABILITY

Instructions:

You may insert in Schedule 4, under the column *Reasons for Unavailability*, all letters identifying the reason why each prospective subcontractor listed on Schedule 4 was unable to prepare a bid or unavailable to participate on the City contract for which you are bidding.

Example Reasons for Unavailability

- A. Subcontractor did not respond to the Bidder's request for a quotation.
- B. Subcontractor responded to the Bidder's request but not as to the type of work or supplies for which requested.
- C. Subcontractor does not perform the specific work or furnish the specific supplies the Bidder requested, as part of the type(s) of work or supplies for which OEO has certified it as a CSB/MBE/FBE.
- D. Subcontractor is unavailable because its workforce is or will be fully employed on other work during time of contract performance.
- E. Subcontractor stated it had insufficient time or information on which to prepare a bid.
- F. Subcontractor's bid price(s) were too high to be competitive (Explain in detail).
- G. Other. (Explain in detail)

APPENDIX E

Sample Fee Format

City of Cleveland - Division of Water
Comprehensive Financial Plan - Summary of Fee Proposal
Breakdown of Fees Requested

Study Description	Prime	Sub-Consultant A	Sub-Consultant B	Sub-Consultant C	Total \$
-------------------	-------	------------------	------------------	------------------	----------

Water

A	Rate Study				0.00
B	Cost of Service				0.00
C	System Expansion				0.00
D	Water Audit Report				0.00
E	Final Comprehensive Report				0.00
	Reimbursables				

Total - CWD

0.00	0.00	0.00	0.00	0.00
------	------	------	------	------

Water Pollution Control

F	Rate Study				0.00
G	Cost of Service				0.00
H	Final Comprehensive Report				0.00
	Reimbursables				

Total - WPC

0.00	0.00	0.00	0.00	0.00
------	------	------	------	------

Grand Totals

0.00	0.00	0.00	0.00	0.00
------	------	------	------	------

City of Cleveland - Division of Water
Comprehensive Financial Plan - Summary of Fee Proposal
Breakdown of ManHours Allocated

<u>Study Description</u>	<u>Prime</u>	<u>Sub-Consultant A</u>	<u>Sub-Consultant B</u>	<u>Sub-Consultant C</u>	<u>Total Hours</u>
--------------------------	--------------	-------------------------	-------------------------	-------------------------	--------------------

Water

A	Rate Study				0
B	Cost of Service				0
C	System Expansion				0
D	Water Audit Report				0
E	Final Comprehensive Report				0

Total - CWD

0	0	0	0	0
---	---	---	---	---

Water Pollution Control

F	Rate Study				0
G	Cost of Service				0
H	Final Comprehensive Report				0

Total - WPC

0	0	0	0	0
---	---	---	---	---

Grand Totals

0	0	0	0	0
---	---	---	---	---

APPENDIX F

Professional Services Contracts
Reimbursables Policy

REIMBURSEABLE EXPENSE POLICY

City of Cleveland Professional Services Contracts Reimbursable Expense Policy 5/24/2002

The following constitutes the City of Cleveland's reimbursable expense policies to be used in the City's Professional Services Contracts.

1. Direct Labor vs. Reimbursable Expense

All expenditures in Professional Service Contracts shall fall into one of two categories: Direct Labor, and Reimbursable Expense. Direct Labor shall mean the hourly work (billed by the appropriate hourly rates and multipliers) of the Prime Consultant and all identified Professional Subconsultants. Any expenditure that is not the Direct Labor of the Prime Consultant or the Subconsultants shall be considered a reimbursable expenditure.

2. Labor Multipliers

In order to be considered responsive, the Prime Consultant and each Subconsultant shall submit with its proposal the labor multipliers to be used on this project. Each Prime Consultant and Subconsultant shall acknowledge that the following items are included in their multipliers:

2.1 Direct Labor

100.00%

2.2 Fringe Benefits:

- Vacation
- Holiday
- Sick Time
- Career Development
- Incentive Compensation
- Cap Contribution
- Social Security Taxes
- State Unemployment
- Federal Unemployment
- Health & Dental Insurance
- Worker's Compensation
- Retirement

2.3 Overhead Salaries

- Admin. & Office General
- Committees & Societies
- Bids & Proposals
- Technical Research
- Marketing
- Strategic Programs

2.4 Overhead Expenses

- Admin & Office General Travel
- Committees and Societies
- Bid & Proposal Costs
- Technical Research

- Marketing
- Strategic Programs
- * Rent Expense
- * Telephone & Telegraph
- * Engineering & Office Supplies
- * Engineering & Office Printing
- Depreciation
- * Furniture & Equipment Rental
- Subscriptions
- Dues to Professional Societies
- Repairs
- * Postage
- Library
- * Lease Car
- Temporary Help
- Recruiting
- * Computer Expense
- Audit & General Legal
- Consulting Fees
- General Insurance
- Professional Liability Insurance
- Misc. & Other
- Legal Expenses
- Home Office Allocations
- Real Estate/Property Tax
- Fringe Benefits on Overhead Salaries
- Profit

The portions of the items designated by an asterisk (*) above that are not dedicated to this project shall be included in the Consultant's multipliers. The Project portion of the asterisked items (*) shall be subject to the other conditions enumerated in this policy. The Consultant shall ensure that all portions of all other items listed above are included in its multipliers, and not include portions in the reimbursable expense submittal. The Consultant shall also ensure that all of the following indirect labor is included in the multiplier and not in the direct labor fees: executives; business development staff; accountants; overtime, except where required by law; and time devoted to contract preparation.

3. Reimbursable Expense List

The Consultant shall submit with its Proposal an extensive and detailed list of all expected reimbursable expense items, with estimated cost. This list shall be finalized, in a format approved by the City, during contract negotiation. No other reimbursable expense expenses will be allowed on the project, unless pre-authorized by the City in writing.

Each quarter, the Consultant shall submit, for the City's review and approval, an updated projection of the reimbursable expense list. This projection shall indicate each item in the reimbursable expense list, and for each item, the original budget amount, the most recently approved budget amount, the amount spent to date, the estimated amount still needing to be expended, and the new, requested budget amount, if needed. The Consultant will be allowed to recommend moving funds between items, but the City must grant such approval in writing. The Consultant shall not be allowed to expend funds on any line item in excess of the approved budget amount for that line item, until the City approves a modification to the budget amounts that would allow for such expenditures.

4. Invoicing

The Consultant shall submit monthly a separate invoice for reimbursable expense expenditures. Each invoice shall be delivered to the City in less than 30 calendar days after the end of the month being

billed for, and normally with the monthly labor invoice. Such reimbursable expense invoices shall be in a format approved by the City, and shall include all necessary supporting documentation as called for elsewhere in this policy. Such supporting documents shall be properly dated, legible and reproducible.

5. General Qualifications for Reimbursable Expense

In general, items procured that are not Direct Labor must be devoted at least 50% of the time to the project during the duration of the project in order to be considered for direct cost reimbursement. Expenses on items (including Class 2 travel) devoted more than 50% but less than 100% to this project shall be pro-rated, with only that portion devoted to the project being billed for. Items devoted less than 50% to this project shall be included in the Consultant's multiplier. Use of items previously owned or leased by the Consultant (such as computer or CAD workstations), regardless of how much devoted to this project, shall be included in the multiplier and not be billed as a direct cost reimbursable expense. Assets purchased as an reimbursable expense for this project shall be turned over to the City when the Consultant no longer has need for them on this project. All reimbursable expenses shall be paid on actual costs, supported by actual receipts, unless otherwise indicated. **Direct cost reimbursable expense items shall have no markup or multiplier applied to them.**

No expenditures for individual reimbursable expense items over \$10,000 shall be made without prior written approval of the City. The City reserves the right to direct the Consultant to terminate making reimbursable expense expenditures on any and all categories and expenses.

6. Office Expenses

In some cases the City will allow and even expects the Consultant to establish a Project Office dedicated solely to a project and from which no other business shall be conducted. In such cases, the Consultant can include the following expenses generated by the Project Office either in the multipliers, or as an reimbursable expense provided actual invoices are submitted:

- Equipment maintenance
- Recurring communication expenses (including leased lines, cellular phones, pagers, telephones)
- Office Supplies
- External reproduction/binding
- Film developing
- Postage
- Office rent

It must be clear in the Consultant's proposal whether all such and similar expenses are accounted for in the reimbursable expense or in the multipliers.

For a Consultant with a dedicated Project Office, those office expenses generated by other offices (the Prime's other offices, Subconsultants' offices) can be paid as a direct cost reimbursable expense only if the item is 100% devoted to this project (e.g. postage and long distance phone calls made on behalf of this project), and only if backed up by actual invoices. Otherwise, all non-Project Office expenses (e.g. rent for other offices) must be included in the Consultant's or Subconsultants' multipliers.

For projects in which there is no dedicated Project Office, the Consultant can include as reimbursable expense only those office expenses devoted 100% to this project (like postage and long distance calls made on behalf of this project,) and only when supported by actual invoices. Office expenses less than 100% devoted to this project (like rent, utilities, use of Consultant's computer workstations) must be included in the Consultant's multiplier. Smaller items, such as office supplies and hand calculators, even if 100% dedicated to the project, shall be included in the Consultant's multiplier.

It is anticipated that any necessary trailer space for the Consultant at the project/construction site will be provided by the construction contractor.

7. Equipment

Equipment to be purchased or leased that will be at least 50% dedicated to this project, and meeting the other qualifications above, including computer hardware and software, fax machines, copying equipment, plotters, printers, communication equipment, cameras/camcorders, overhead projectors, and walkie-talkies, can be included with the direct cost reimbursable expense for this project. It is expected that virtually all equipment needing to be acquired, especially computer hardware, shall be leased as opposed to purchased. Only in special cases (such as specialty software like Primavera) and only with the prior approval of the City, shall a Consultant be allowed to purchase equipment for this project. The Consultant shall provide copies of the lease agreements and shall include with its invoices copies of its invoices from the supplying vendor.

8. Vehicles and Local Travel

In some cases the City will allow the Consultant to obtain Project Vehicles, dedicated solely to this project. Project Vehicles shall be leased only, not purchased. Copies of the leasing agreement and vendor invoices must be submitted for direct cost reimbursement. Related Project Vehicle costs, such as fuel, parking, maintenance, and insurance shall be included in direct cost reimbursable expense, and shall be paid on actual costs, supported by actual invoices.

For the use of personal (i.e. non-Project) vehicles, the Consultant shall be paid at the per mile rate (in effect at the time of the travel, currently \$.325 per mile) that the City pays internally to its staff for mileage. For such vehicle use, the Consultant shall be paid out of direct cost reimbursable expense, but only if the travel is work related, outside of the Division of Water's Service area, and non-routine. Only that portion of the trip that is outside of the Division of Water's Service Area shall be eligible for reimbursement. The Consultant shall submit to the City an approved mileage log with its monthly invoices. Expenses related to all other use of personal vehicles (travel within the Division of Water's Service Area, parking, tolls, etc.) shall be included in the Consultant's multipliers.

9. Markup on Subconsultants

Indirect costs related to the Subconsultants, like the liability/risk of hiring Subconsultants, Subconsultant oversight, cost of negotiations/business procurement, and interest on cash flow, shall be included in the Consultant's multipliers. Any other actual direct cost shall be billed as an reimbursable expense supported by actual invoices. Effort expended on managing Subconsultants shall be billed as a direct labor charge. **The Consultant shall not include in the direct cost reimbursable expense any indirect costs or markups on Subconsultants' labor or Subconsultants' reimbursable expenses.**

10. Special Services

Special Services, used solely for the benefit of this project and not performed by the Prime Consultant or by the Subconsultants, such as electrical testing, hazardous material testing, training, deliveries, diving services, office and field office setups and maintenance, and telephone and network installations and maintenance, shall be included in the direct cost reimbursable expenses. All such services must receive prior written permission from the City. **No markups or other indirect handling costs on these Special Services shall be included in the direct cost reimbursable expenses.** The Consultant shall include any such indirect costs or markups in its multipliers. Any direct labor involvement by the Prime Consultant or Subconsultants in managing these services shall be billed in the labor charges.

11. Personal Allowances

Reimbursement on all items in this category shall be from the direct cost reimbursable expense, supported by actual receipts and invoices, except as noted. All regulations in this category shall apply to the Prime Consultant, all Subconsultants, and Special Services staff. Consultant's staff shall be classified into four classes:

Class 1. Staff Already Living in the Greater Cleveland Area.

- Class 2. Infrequent Travelers to Cleveland. Those staff coming to Cleveland for less than a two week stay. Staff hired by the Consultant after the Notice To Proceed has been issued and assigned to this project can only be classified as Class 1 or Class 2.
- Class 3. Staff with Extended Stays in Cleveland. Out of towners who will work in Cleveland for stretches longer than two weeks, but less than one year.
- Class 4. Relocated Staff. Key, full time project staff (e.g. project manager) who relocate from out of town to work full time for the duration of the project, and for a minimum of one year's time.

11.1 Class 1: Such staff qualify for no reimbursement expenses (travel, lodging, meal, per diem, etc...) whatsoever.

11.2 Class 2 Travel: Actually incurred expenses (air, bus, rail, car rental, taxi, etc...) shall be paid for Class 2 staff. However, the charges shall not exceed Federal guidelines (as the guidelines were at the time the expenditure was made; regular economy class fares for air travel.) Class 2 travel shall require prior City approval. Rental car optional insurance is not reimbursable expense.

11.3 Class 2 Per Diem Expenses: Class 2 daily expenses for meals, telephone, etc. shall be paid out of direct cost reimbursable expense, based on actual costs, with actual receipts submitted with invoices. Reimbursement shall not be made for alcohol, private phone calls, or for meals for guests or associates of Class 2 staff. Gratuities of up to 15% on meals shall be allowed, but no other gratuity of any type shall be allowed. If a weekend or other non-workday occurs in the middle (but not at either end) of a Class 2 person's stay, that person shall be entitled to per diem and lodging expenses for those non-work days.

11.4 Class 2 Lodgings and Related Services: Direct cost reimbursement shall be made, based on actual expenses, for apartments or hotels. The charges shall not exceed Federal guidelines (as the guidelines were at the time the expenditure was made - currently \$86/day for Cleveland area hotels), and shall be supported by actual receipts. The City shall also reimburse for any City/County Hotel Taxes over and above the Federal guideline.

11.5 Class 2 Commute Time: Class 2 travelers shall be allowed to bill their time commuting between Cleveland and home as a labor expense, if such travel occurs during normal working hours. No other Class shall be allowed to bill any commute time as a labor expense.

11.6 Class 3 Travel: Class 3 staff shall be allowed intermittent travel back home. Consultant shall remain within the initial contract budget for this item. Additionally, the City will only pay actual invoiced amounts, and in no case more than a cap of \$800.00 per month for such travel for each Class 3 staff member. Only Class 3 staff shall qualify for this allowance. Travel expenses for Class 3 staff's initial trip to and final trip from Cleveland shall be paid on an actual basis, and shall not apply against any month's cap. These expenses shall be included in the direct cost reimbursable expense.

11.7 Class 3 Per Diem Expenses: Class 3 staff shall be given an allowance for each full calendar day (including non-working days) spent in the Cleveland area, to be included in the direct cost reimbursable expense. The Consultant shall submit with its monthly invoices a log for each Class 3 person, indicating the date in town and the allowance being requested. In no case shall the allowance exceed Federal guidelines (as the guidelines were at the time the expenditure was - currently \$42/day per individual in the Cleveland area.) This allowance shall cover daily meals, telephone, television, laundry, local travel, etc. Actual receipts for this particular item are not required.

11.8 Class 3 Lodgings: Class 3 staff are expected to secure apartments in the Cleveland area. Direct cost reimbursements shall be made for actual rental costs, supported by actual receipts. Rental for weekend and other non-working days shall be reimbursable expense. In no case shall rent exceed a cap of \$ 1,000/month per person.

11.9 Class 3 Inflation: Inflation shall be measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the Midwest Region, as tracked by the Federal Bureau of Labor Statistics. The amount of inflation shall be determined each year, beginning one year after Notice to Proceed, and shall be re-determined on each anniversary of Notice to Proceed. The \$800 per month cap for Class 3 Travel, and the \$1000 per month cap for Class 3 Lodgings, will be allowed to increase annually by the amount of inflation so determined.

11.10 Class 4 Relocation Expenses: Reasonable relocation to Cleveland expenses (including transportation of household items and two cars, incidentals, temporary lodging and meals for family [not to exceed one month in duration], and one, 3-day spousal trip to Cleveland) shall be allowed based on actual expenditure, with an upper limit of \$20,000 per individual. Only Class 4 staff qualify for relocation expenses. Class 4 staffs qualify for relocation expenses, but for no other Personal Allowance expenses.

11.11 Travel to a Work Site Other than Cleveland: Travel to a site outside of Cuyahoga County and outside of the Division of Water's Service Area that is for a project related purpose (such as witnessing a pump test) shall be allowed. Consultants shall propose such travel in their project proposal. Each specific trip must be approved in advance by the City. Class 2 regulations as listed above shall govern this type of travel. The time spent traveling, and the time spent at the alternate site, are billable as a labor expense, provided such time occurs during normal business hours.

12. Taxes

Purchases for this project are exempt from state and local sales taxes. The Consultant shall use the City's tax exempt number (available as necessary) for such purposes.

APPENDIX G

Ordinance #753-09

Ordinance No. 753-09

**Council Members Zone and Sweeney
by departmental request)**

AN EMERGENCY ORDINANCE

Authorizing the Director of Public Utilities to employ one or more professional consultants to prepare a comprehensive financial plan including a cost of service, and rate and fee analysis for the years 2011 through 2015, for the Divisions of Water and Water Pollution Control, Department of Public Utilities.

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the Director of Public Utilities is authorized to employ by contract or contracts one or more consultants or one or more firms of consultants for the purpose of supplementing the regularly employed staff of the several departments of the City of Cleveland in order to provide professional services necessary to prepare a comprehensive financial plan including a cost of service, and rate and fee analysis for the years 2011 through 2015, for the Divisions of Water and Water Pollution Control, Department of Public Utilities.

The selection of the consultants for the services shall be made by the Board of Control on the nomination of the Director of Public Utilities from a list of qualified consultants available for employment as may be determined after a full and complete canvass by the Director of Public Utilities for the purpose of compiling a list. The compensation to be paid for the services shall be fixed by the Board of Control. The contract or contracts authorized shall be prepared by the Director of Law, approved by the Director of Public Utilities, and certified by the Director of Finance.

Section 2. That the cost of the contract or contracts authorized shall be paid from Fund Nos. 52 SF 001 and 54 SF 001, Request No. 189823.

Section 3. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

RC:nl
6-1-09

FOR: Interim Director Withers

APPENDIX H

Forms

**NON-COMPETITIVE BID CONTRACT
STATEMENT FOR CALENDAR YEAR 2009
(ALL DEPARTMENTS/OFFICES)**

This statement, properly executed and containing all required information must be completed. **IF YOU FAIL TO COMPLY, YOUR PROPOSAL WILL NOT BE CONSIDERED.**

Entity Name: _____
Entity's Mailing Address: _____

COMPLETE SECTION I, II, OR III BELOW, WHICHEVER IS APPROPRIATE, AND SECTION IV.

NOTE: For purposes of this Statement, the "Mayor" and "Mayor's Committee" means Frank G. Jackson and the Frank G. Jackson For A Better Cleveland Committee, respectively.

SECTION II: TO BE COMPLETED BY NON-PROFIT CORPORATIONS AND GOVERNMENTAL ENTITIES

If you are recognized by the IRS as a non-profit corporation or are a governmental entity, mark the appropriate designation below and proceed to the indicated section(s).

- ☐ NON-PROFIT CORPORATION **GO TO SECTIONS III and IV.**
☐ GOVERNMENTAL ENTITY **GO TO SECTION IV.**

SECTION II: TO BE COMPLETED BY INDIVIDUALS, SOLE PROPRIETORSHIPS, PARTNERSHIPS, INCORPORATED PROFESSIONAL ASSOCIATIONS, UNINCORPORATED ASSOCIATIONS, ESTATES AND TRUSTS.

The above-named entity is a (Please mark appropriate designation):

- | | |
|--|--|
| ☐ SOLE PROPRIETORSHIP | ☐ TRUST |
| ☐ INCORPORATED PROFESSIONAL ASSOCIATION | ☐ ESTATE |
| ☐ UNINCORPORATED ASSOCIATION | ☐ PARTNERSHIP |
| ☐ LIMITED LIABILITY COMPANY | ☐ JOINT VENTURE |

For purposes of Section II, a "principal" means an individual, an owner, a partner, a shareholder, a member, an administrator, an executive or trustee connected with the above-named entity, or the spouse of any of them.

PLEASE READ PARAGRAPHS (A) and (B) and mark the appropriate paragraph. If paragraph (B) is checked, the City of Cleveland is prohibited by Section 3517.13 of the Revised Code from awarding a non-competitively bid contract over \$500.00 to the entity during calendar year 2009 unless Council makes the award.

- ☐ (A) NO ONE PRINCIPAL of the above named entity made one or more contributions to the Mayor or the Mayor's Committee between January 1, 2007 and December 31, 2008 that totaled in excess of \$1,000.00 per individual. (This paragraph also applies if no principal of the above-named entity made any contributions to the Mayor or the Mayor's Committee).
- ☐ (B) ONE OR MORE PRINCIPALS of the above named entity made, as an individual, one or more contributions to the Mayor or the Mayor's Committee between January 1, 2007 and December 31, 2008 that totaled in excess of \$1,000.00.

SECTION III TO BE COMPLETED BY NON-PROFIT AND FOR-PROFIT CORPORATIONS AND BUSINESS TRUSTS

- ☐ NON-PROFIT CORPORATION ☐ FOR-PROFIT CORPORATION
- ☐ BUSINESS TRUST (OTHER THAN INCORPORATED PROFESSIONAL ASSOCIATIONS)

For purposes of Section III, a "principal" means an individual or an entity owning more than 20% of the corporation or business trust or the spouse of any such individual.

PLEASE READ PARAGRAPHS (A) (B) (C) and (D) and mark the appropriate paragraph. If paragraph (C) is checked, the City of Cleveland is prohibited by Section 3517.13 of the Revised Code from awarding a non-competitively bid contract over \$500.00 to the entity during calendar year 2009 unless Council makes the award. If paragraph (D) is checked, the City of Cleveland is prohibited by Section 3599.03 from awarding a contract to the non-profit corporation.

- ☐ (A) NO INDIVIDUAL or entity owned more than 20% of the corporation or business trust between January 1, 2007 and December 31, 2008.
- ☐ (B) NO PRINCIPAL of the above named entity made, as an individual, one or more contributions to the Mayor or the Mayor's Committee between January 1, 2007 and December 31, 2008 that totaled in excess of \$1,000.00. (This paragraph also applies if no principal of the above-named entity made any contributions to the Mayor or the Mayor's Committee).
- ☐ (C) ONE OR MORE PRINCIPALS of the above named entity made one or more contributions to the Mayor or the Mayor's Committee between January 1, 2007 and December 31, 2008 that totaled in excess of \$1,000.00 individual.
- ☐ (D) FUNDS OF THE NON-PROFIT CORPORATION were contributed to the Mayor or the Mayor's Committee at any time.

GO TO SECTION IV.

SECTION IV TO BE COMPLETED BY ALL ENTITIES

I do hereby state that I have legal authority to complete this statement on behalf of the above-named entity and to the best of my knowledge and belief the answers herein are true and complete.

Print Name _____ Print Title _____
Signature _____ Date _____
Telephone No. _____
(Area Code)

STATE OF _____)
COUNTY OF _____) SS:

Before me, a Notary Public in and for said County and State, personally appeared the above-named _____, who acknowledged that (he/she) did sign the foregoing statement and that the same is (his/her) free act deed, personally and as duly authorized representative of _____, and the free act and deed of the entity on whose behalf (he/she) signed.

Notary Public _____
Date _____

FOR MAYOR'S OFFICE USE ONLY

_____ ELIGIBLE _____
_____ INELIGIBLE _____
DATE _____

**SUPPLEMENTAL
NOTICE TO BIDDERS**

Subject: Submission of NORTHERN IRELAND FAIR EMPLOYMENT PRACTICES
DISCLOSURE

Each bidder and/or appropriate parties should complete the DISCLOSURE and submit it with the bid, if possible. If not submitted with the bid, it must be completed and submitted to the Commissioner of Purchases and Supplies prior to any contract being awarded by the City. If a bidder or appropriate parties fail to complete and submit it, they shall not be eligible for a contract award.

NORTHERN IRELAND FAIR EMPLOYMENT PRACTICES DISCLOSURE

INSTRUCTIONS: Pursuant to Codified Ordinance Sec. 181.36, the information requested on this page must be supplied by all contractors and any subcontractors having more than a fifty percent (50%) interest in the proposed contract prior to any contract being awarded by the City of Cleveland. Any contractor or subcontractor who is deemed to have made a false statement shall be declared to have acted in default of its contract and shall be subject to the remedies for default contained in its contract. For failure to cure such a default, the contractor or subcontractor shall be automatically excluded from bidding for the supply of any goods or services for use by the City for a period of two years.

CHECK WHICHEVER IS APPLICABLE:

A. () The undersigned or any controlling shareholder,* subsidiary, or parent corporation of the undersigned is NOT ENGAGED IN ANY BUSINESS OR TRADING FOR PROFIT IN NORTHERN IRELAND. (If paragraph A. is checked, proceed to the signature line.)

B. () The undersigned or any controlling shareholder,* subsidiary, or parent corporation IS ENGAGED IN ANY BUSINESS OR TRADING FOR PROFIT IN NORTHERN IRELAND. (If paragraph B. is checked, please either check the stipulation contained in paragraph C. or attach documentation that shows that the undersigned has complied with the stipulation contained in paragraph C.

C. () The undersigned and all enterprises identified in paragraph B. are TAKING LAWFUL AND GOOD FAITH STEPS TO ENGAGE IN FAIR EMPLOYMENT PRACTICES WHICH ARE RELEVANT TO THE STANDARDS EMBODIED IN THE "MacBRIDE PRINCIPALS FOR FAIR EMPLOYMENT IN NORTHERN IRELAND." A copy of the MacBride Principles can be obtained from the Office of the Commissioner of Purchases and Supplies. In lieu of checking this paragraph, the undersigned must attach documentation which the undersigned believes shows compliance with the stipulation contained in this paragraph C.

Name of Contractor or Subcontractor

By: _____

Title: _____

*"Controlling shareholder" means any shareholder owning more than fifty percent (50%) of the stock in the corporation or more than twenty-five percent (25%) of the stock in the corporation if no other shareholder owns a larger share of stock in the corporation.

**Request for Taxpayer
Identification Number and Certification**

Give form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	Name	
	Business name, if different from above	
	Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶	☐ Exempt from backup withholding
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN).
However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
			+		+			
or								
Employer identification number								
			+					

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

**Sign
Here** Signature of
U.S. person ▶

Date ▶

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a **nonresident alien or a foreign entity** not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments (29% after December 31, 2003; 28% after December 31, 2005). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will **not** be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under **4** above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your **individual** name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, **enter the owner's name on the "Name" line.** Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: *You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).*

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: *If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.*

Exempt payees. Backup withholding is **not required** on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

6. A corporation;
7. A foreign central bank of issue;
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

9. A futures commission merchant registered with the Commodity Futures Trading Commission;

10. A real estate investment trust;

11. An entity registered at all times during the tax year under the Investment Company Act of 1940;

12. A common trust fund operated by a bank under section 584(a);

13. A financial institution;

14. A middleman known in the investment community as a nominee or custodian; or

15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, **1** through **15**.

If the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13 . Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7 ²

¹ See **Form 1099-MISC**, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are **not exempt** from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a **resident alien** and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a **sole proprietor** and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner **LLC** that is disregarded as an entity separate from its owner (see **Limited liability company (LLC)** on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5**, Application for a Social Security Card, from your local Social Security Administration office or get this form on-line at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN **or** that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see **Exempt from backup withholding** on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or single-owner LLC	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

