

Fairfield-Suisun Sewer District

1010 Chadbourne Road
Fairfield, CA 94534



REQUEST FOR PROPOSAL

For Professional Auditing Services

Proposals Due By: 5:00 P.M.

March 22, 2023

Fairfield-Suisun Sewer District
Request for Proposal for Auditing Services

FAIRFIELD-SUISUN SEWER DISTRICT
REQUEST FOR PROPOSAL

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Fairfield-Suisun Sewer District

Request for Proposal for Auditing Services

I. INTRODUCTION

A. General Information

The Fairfield-Suisun Sewer District (District) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2023, 2024 and 2025, with the option to extend for an additional two years. These audits are to be performed in accordance with generally accepted auditing standards.

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

A PDF proposal must be emailed to Melanie Wildeman (mwildeman@fssd.com) and James Russell-Field (jfield@fssd.com) by 5:00 p.m. on March 22, 2023 to be considered. The District reserves the right to reject any or all proposals submitted.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarifications from proposals, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The District reserves the right to retain all proposals submitted regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

1. The District desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.
2. The District submits its Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. The auditor shall thoroughly review the

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ACFR and recommend ideas for improvement and ensure all the requirements of the programs are met.

3. The auditor shall provide professional advice and guidance on implementation of applicable GASB regulations in effect at the time of issuing the statements.
4. If necessary, the auditor shall also perform a single audit in accordance with Uniform Guidance for federal grants.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted accounting principles in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts.

If a single audit is required, the audit shall be performed in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.

The auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Irregularities and illegal acts. Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

Talyon Sortor, General Manager
Fairfield-Suisun Sewer District

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Reporting to the Board of Directors. Auditors agree to inform the District's Board of any and all of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

D. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the District of the need to extend the retention period. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE DISTRICT

A. Contact Persons

The auditor's principal contact with the District will be Melanie Wildeman, Accountant, at mwildeman@fssd.com, or (707) 428-9113, who will coordinate the assistance to be provided by the District to the auditors.

B. Background Information

The District is a special district, which serves all territory within the cities of

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Fairfield and Suisun City. The District is located in central Solano County, California, midway between San Francisco and Sacramento, the state capital. The District currently has sixty-one regular full-time employees, and serves a population of approximately 148,793.

The District was incorporated by an act of the California State Legislature in 1951. The District has broad powers to finance, construct, and operate systems for the treatment, collection, and disposal of sewage and storm water within the District jurisdiction. Its Board of Directors is a ten-member body consisting of the members of the city councils of the two cities.

Wastewater

The District operates a single sewage treatment plant, which was completed in 1976. It also owns and operates 85 miles of 12-inch to 48-inch diameter sewers and 13 wastewater pump stations. The day-to-day operations and maintenance of the treatment plant and collection system is performed by District staff. All construction management of capital expansion and most major maintenance projects are also performed by District staff.

Drainage Maintenance

Pursuant to an agreement entered into in March 1988 with the cities of Fairfield and Suisun City, the District collects drainage fees to be used as supplemental funding to maintain the regional and local drainage facilities within the District's jurisdiction, including those constructed by the U.S. Army Corps of Engineers as part of the Fairfield Vicinity Streams Project.

Drainage fees, as established by the governing board, are collected on the Solano County tax roll pursuant to an agreement with Solano County.

The District's operating and capital budget for all funding sources is approximately \$56 million for FY 2022/23.

The Administrative Services Department

Administrative Services handles the District's finance and accounting, human resources, payroll, office support, and information technology functions. The department consists of 7 FTE including the Director of Administrative Services, Accountant, Finance Technician, HR Manager, HR Technician, and IT Manager.

The Accountant and Finance Technician are fully allocated to finance-related functions.

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Financial System

General ledger, accounts receivable, and accounts payable are processed using MIP Fund Accounting Software. The District utilizes Ascentis, recently acquired by UKG, for human resources and payroll processing.

More detailed information on the District and its finances can be found in the ACFR, and the adopted Budget and Long-Term Financial Plan at <https://www.fssd.com/financial-information/>

C. Fund Structure

The District maintains seven Enterprise Funds to track transactions for funding sources related to Sewer Service Charges, Capacity Charges, Storm Drain Maintenance, and City Collection System Reserves. All funds are Enterprise Funds reported on the accrual basis of accounting,

D. Budgetary Basis of Accounting

The District prepares an annual Budget and Long-Term Financial plan on a cash basis for the Board's adoption every year. The 10-year Budget and Long-Term Financial Plan is reviewed and updated annually in conjunction with the District's Master Plan and the cities' growth projections.

E. Availability of Prior Audit Reports and Working Papers

Interested proposers who wish to review prior years' audit work papers should contact:

John Cropper
Cropper Accountancy Corporation
2700 Ygnacio Valley Road, Suite 270
Walnut Creek, CA 94598

The District will use its best efforts to make prior audit reports and supporting working papers available to proposers to aid their response to this request for proposal.

IV. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Staff and Clerical Assistance

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Finance staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the District.

B. Statements and Schedules to be Prepared by the District Staff

District staff will prepare the ACFR. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows will be provided to the auditors by September 30, 2023 and September 30 of each subsequent year for which the auditor's services are retained.

C. Work Area, Financial Data, Telephones and Photocopying

The District will provide the auditor with reasonable workspace. The auditor will also be provided with access to District's financial system data, telephone, and a photocopier.

D. Report Preparation

Final report preparation, editing, and printing shall be the responsibility of the District.

V. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

Request for proposal issued	February 22, 2023
Deadline for firms to submit questions	March 8, 2023
Due date for proposals	March 22, 2023
Review of proposals	March 23 - 31, 2023
Finalist interviews	April 3 - 11, 2023
Recommendation by staff to Board	April 24, 2023
Selected firm notified	April 25, 2023
Contract date	May 1, 2023

B. Date Audit May Commence

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The District will have all financial statements, schedules, and records prepared by September 30, 2023, therefore audit may commence as early as October 1, 2023

- C. Schedule for the 2022/23 Fiscal Year Audit (A similar time schedule will be developed for audits of future fiscal years).

Each of the following should be completed by the auditor no later than the dates indicated.

Commencement of interim field work	June 2023
Auditor to provide detailed audit plan (including dates), list of all schedules to be prepared by the District (PBC).	August 28, 2023
District to provide final TB to auditors	September 30, 2023
District to provide draft financial statements	September 30, 2023
Auditors to perform fieldwork	October/November 2023
District to provide draft ACFR to auditors	November 2023
Auditors to provide draft audit report(s) and ACFR comments	November 2023
Auditors to provide signed auditor's opinion	December 11, 2023
Auditor presentation to Board of Directors	January 2024

- D. Date Final Report is Due

District Accountant shall prepare a revised ACFR, including any changes or adjustments that might have been prepared as a result of the audit.

The Director of Administrative Services will complete the review of the revised report as expeditiously as possible. During that period, the auditor shall be available for any meetings that may be necessary to discuss the audit reports. Once all issues for discussion are resolved, the final signed auditor's opinion shall be delivered to the Director of Administrative Services within five working days. It is anticipated that this process will be completed, and the final report delivered by December 11, 2023

A partner of the audit firm who has a clear understanding of the audit and experience in presenting audit reports to public officials, is expected to make a brief presentation summarizing the team's findings to the District Board of Directors at the District's January Board of Directors meeting.

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VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the request for proposal and the subject of the request for proposal must be made to Melanie Wildeman (mwildeman@fssd.com) and James Russell-Field (jfield@fssd.com). All inquiries must be received by March 8, 2023. Inquiries and responses will be compiled and posted to the District's website after this date.

2. Submission of Proposals

The following material is required to be received by March 22, 2023 at 5:00 p.m. for a proposing firm to be considered:

a. Email a PDF proposal to Melanie Wildeman (mwildeman@fssd.com) and James Russell-Field (jfield@fssd.com). The email must be titled "FSSD RFP Auditing Services – *Your Company Name.*"

b. Proposal to include the following:

i. Title Page

Title page showing the proposal's subject; the firm's name; the name, address, and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for forty-five days.

iv. Detailed Proposal

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The detailed proposal should follow the order set forth in Section VI. B. of this request for proposal.

- b. Completed proposal should be addressed to the following:

James Russell-Field, CPA
Director of Administrative Services
Fairfield-Suisun Sewer District
1010 Chadbourne Road
Fairfield, CA 94534

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal's requirements.

The Technical Proposal should address all the points outlined in the request for proposals. The Technical Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items Nos. 2 through 9, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the District as defined by generally accepted auditing standards.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned

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key professional staff are properly licensed to practice as Certified Public Accountants in California.

4. Firm Qualifications and Experience

The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a Certified Public Accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned

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to another office. These personnel may also be changed for other reasons with the express prior written permission of the District. In all instances, the District retains the right to approve or reject replacements.

6. Similar Engagements with Other Government Entities and References

For the firm's office that will be assigned responsibility for the audit, please provide the names of all cities, counties, and special districts for which the firm has audited basic financial statements during the past three years. These engagements should be ranked first for special district based on total staff hours, followed by a ranking for all cities and counties based on total staff hours. Indicate the scope of work, date, engagement partner, and total hours.

Please include reference contact information for at least three of the special districts, including the principal client contact's name, telephone number, and email address. The District reserves the right to contact any or all of the listed references.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as District's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.
- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Type and extent of use of software in the engagement.
- e. Type and extent of analytical procedures to be used in the

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engagement.

- f. Approach to be taken to gain and document an understanding of the District's internal control structure.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The proposer should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the District.

9. Standard Professional Services Agreement and Insurance Requirements

The District's Standard Professional Services Agreement and Insurance Requirements are included in Attachment B. Proposers must note any objections or changes to the Professional Services Agreement and Insurance Requirements in the proposal, or affirmatively state they have no changes.

C. Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The District is not responsible for expenses incurred in preparing and submitting the proposal. Such costs should not be included in the proposal.

The dollar cost bid should include a time-and-materials breakdown with a total All-Inclusive Maximum Price for the fiscal years 2022/23, 2023/24 and 2024/25 engagement, the All-Inclusive Maximum Price for the optional extensions for fiscal years 2025/26 and 2026/27, as well as the following information:

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- a. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each.

The second page of the dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in Attachment A, that supports the total all-inclusive maximum price.

- b. Out-of-pocket Expense Included in the Total All-inclusive Maximum Price and Reimbursement Rates.
- c. Rates for Additional Professional Services.

If it should become necessary for the District to request the auditor to render any additional services to either supplement services requested in this request for proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between District and the firm. Any such additional work agreed to between District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the proposal.

- d. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

- A. Review Committee

Proposals submitted will be evaluated by a Review Committee selected by the District.

- B. Evaluation Criteria

Proposals will be evaluated using the following sets of criteria:

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1. Mandatory Elements:
 - a. The audit firm is independent and licensed to practice in California.
 - b. The firm has no conflict of interest with regard to any other work performed by the firm for the District.
 - c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
 - d. The firm submits a copy of its most recent external quality control review report, and the firm has a record of quality audit work.

2. Technical Quality:
 - a. Expertise and Experience
 - (1) The firm's past experience and performance on comparable government engagements.
 - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
 - (3) Size and structure of the firm.
 - b. Audit Approach
 - (1) Adequacy of proposed staffing plan for various segments of the engagement.
 - (2) Adequacy of sampling techniques.
 - (3) Adequacy of analytical procedures.

3. Price:
 - a. The proposed cost reflects an understanding of the scope of the audit.

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C. Oral Presentations

During the evaluation process, the Review Committee reserves the right to request additional information or clarifications from proposers. As part of the evaluation process, firms submitting proposals may be invited to an interview to answer any questions the Review Committee may have on the firm's proposal.

D. Final Selection

The District will select a firm based upon the recommendation of the Review Committee.

It is anticipated that a firm will be selected by April 24, 2023. Following notification of the firm selected, it is expected a contract will be executed between both parties by May 1, 2023.

E. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal and the Standard Agreement for Professional Services (Attached) unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The District reserves the right without prejudice to reject any or all proposals.

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ATTACHMENTS

- A. Cost Proposal
- B. Standard Agreement for Professional Services and Insurance Requirement

Cost Proposal

						Option to extend	Option to extend
	Hourly Rate	Total Hours	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025-26	FY 2026/27
Partner							
Senior Accountant							
Staff Accountant							
Staff							
Other (specify)							
Subtotal							
Out of Pocket Expenses (Transportation, lodging, other)							
Total All-inclusive Maximum Price for Services							

AGREEMENT FOR PROFESSIONAL SERVICES

THIS Agreement (“Agreement”) is made as of _____, 20____, between the FAIRFIELD-SUISUN SEWER DISTRICT, hereinafter referred to as “DISTRICT” and **CONTRACTOR NAME**, hereinafter referred to as “CONTRACTOR.”

W I T N E S S E T H:

WHEREAS, DISTRICT desires to contract for Professional Auditing Services which for the purposes of this Agreement shall be called “PROJECT,” and,

WHEREAS, CONTRACTOR is willing and qualified to do said professional services;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which is acknowledged, the parties agree as follows:

I. DUTIES OF CONTRACTOR

- A. The CONTRACTOR shall provide services required for the PROJECT as described in the Scope of Work, Exhibit “A,” which is incorporated in by reference.
- B. CONTRACTOR agrees that CONTRACTOR and all of said CONTRACTOR’s employees and subcontractors hold, have obtained, and shall continue to maintain during the course of this Agreement, all licenses or other statutorily mandated certifications requisite to the performance of the work set forth in the Scope of Work, Exhibit “A,” as may be required in the State of California, if any. Failure of CONTRACTOR, its employees and subcontractors to obtain and/or maintain in good standing such licenses or certification shall constitute a breach of this Agreement and shall provide grounds for immediate termination thereof.
- C. CONTRACTOR shall perform the PROJECT work in such a manner as to fully comply with typical professional standards of care, including professional quality, technical accuracy, timely completion, and the coordination of designs, drawings, specifications, reports, and other services furnished and/or work undertaken by CONTRACTOR pursuant to this Agreement.
- D. The DISTRICT’s approval of drawings, designs, specifications, reports, and incidental engineering work or other services or materials furnished hereunder shall not relieve CONTRACTOR of responsibility for the technical adequacy of its work. Neither the DISTRICT’s review, approval or acceptance of, nor payment for, any of the services shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.
- E. CONTRACTOR shall not be relieved of any of the obligations or covenants contained in this Agreement until the tasks as set forth in Exhibit “A” have been completed. It is agreed between CONTRACTOR and DISTRICT that those provisions of this Agreement which by their nature continue beyond termination of the Agreement, including but not limited to Sections VIII, IX, X, and XI, shall continue beyond such termination.

II. DUTIES OF DISTRICT

The DISTRICT, without cost to CONTRACTOR, will provide pertinent information reasonably available to it, which is necessary for performance by CONTRACTOR under this Agreement, including previous reports and data relative to the PROJECT. The DISTRICT does not guarantee or ensure the accuracy of any reports, information, and/or data so provided. CONTRACTOR will use its professional judgment in the review and use of data so provided. However, CONTRACTOR will not be liable for any error or omission in any data furnished by DISTRICT and used by CONTRACTOR which could not reasonably be discovered by CONTRACTOR. To this extent CONTRACTOR is entitled to rely on data provided by DISTRICT.

III. MISCELLANEOUS PROVISIONS

- A. CONTRACTOR shall not assign any rights or duties under this Agreement to a third party without the prior written consent of DISTRICT.
- B. It is understood by the parties that CONTRACTOR, in the performance of this Agreement, shall act as, and be, an independent contractor and not an agent or employee of DISTRICT.
- C. The DISTRICT does not authorize the impermissible use of any patent or the impermissible reproduction of any copyrighted material by CONTRACTOR in the performance of this Agreement. CONTRACTOR is solely responsible for any such use.

IV. COMPENSATION OF CONTRACTOR

- A. Basis of Compensation: For and in consideration of the professional services to be provided by CONTRACTOR hereunder, DISTRICT agrees to pay CONTRACTOR, and CONTRACTOR agrees to accept from DISTRICT compensation for said services on a time and material basis with a maximum fee not to exceed Enter Dollar Amount in Words DOLLARS (\$Enter Dollar Amount in Numbers) in accordance with the Fee Schedule, included with Exhibit "A" which is incorporated herein by reference.
- B. Change in Scope of Work: Adjustment in compensation for changes in scope of work authorized in writing by the General Manager of the DISTRICT shall be based on the Fee Schedule included with Exhibit "A." Changes in scope of work so authorized shall not exceed twenty percent of the total maximum fee. No payment shall be made for changes unless authorized in writing by the DISTRICT.
- C. Monthly Payment: Payment will be made by the DISTRICT within thirty (30) calendar days after receipt of an invoice from CONTRACTOR, provided that all invoices are accompanied by cost documentation determined to be sufficient by the DISTRICT to allow the determination of the reasonableness and accuracy of said invoice. In the event that a payment dispute arises between the parties, CONTRACTOR shall provide to the DISTRICT full and complete access to CONTRACTOR's project labor cost records and other direct project related cost data, and copies thereof if requested by the DISTRICT.
- D. Notification at 75% of Maximum Fee: CONTRACTOR is to notify the DISTRICT when the costs incurred for the PROJECT work total approximately seventy-five percent (75%) of the maximum fee. With the notification, CONTRACTOR shall indicate whether the sum of the current costs incurred plus the estimated total cost to complete the task or tasks set forth in the Scope of Work, Exhibit "A," shall be greater or less than the maximum fee. Receipt by the DISTRICT of said notification that the cost for completion of all tasks shall exceed the established maximum fee, will not constitute an approval or authorization to increase the established maximum fee or a waiver of any rights which the District may have under this Agreement.
- E. Cost of Rework: CONTRACTOR shall, at no cost to the DISTRICT, prepare any necessary rework occasioned by CONTRACTOR's failure to provide services required for the PROJECT as described in Exhibit "A" in a satisfactory manner, due to any act or omission attributable to the CONTRACTOR, or its agents, including subcontractors. Nothing in this paragraph is intended to limit the liability of the CONTRACTOR for damages which might arise from the CONTRACTOR's negligence, willful misconduct, or breach of the covenants set forth in this Agreement.

V. TIME OF COMPLETION

- A. Work described in Section I shall be completed in accordance with Project Schedule, described in Exhibit "A," which is incorporated in by reference.
- B. Failure of the CONTRACTOR to perform any of the required services in a timely manner, or to meet any completion schedule made a part of this Agreement, including any interim milestone set forth, shall constitute a basis for termination for cause as set forth in subsection VII.A. The parties agree to

immediately and diligently proceed with their respective duties to the end that the PROJECT will be completed satisfactorily within the prescribed time.

VI. CONTRACTOR'S ASSIGNED PERSONNEL

CONTRACTOR designates **Contractor Project Manager Name** to act as Project Manager for the performance of the work and for all matters relating to performance under this Agreement.

Substitution of these assigned personnel will require the prior written approval of the DISTRICT. If the DISTRICT determines that a proposed substitution is not acceptable, then, at the request of the DISTRICT, CONTRACTOR shall substitute with a person acceptable to the DISTRICT.

No subcontract shall be awarded, or an outside CONTRACTOR engaged, by the CONTRACTOR, unless the CONTRACTOR has made written request to use such subcontractor or outside CONTRACTOR and its request has been approved in writing by the DISTRICT. No additional approval shall be required for subcontracting with or engagement of an outside CONTRACTOR identified in Exhibit "A." The written approval of the DISTRICT resulting in the use of or engagement of a subcontractor or outside CONTRACTOR does not relieve the CONTRACTOR of the obligations or covenants set forth in this Agreement.

VII. TERMINATION

- A. Either party may terminate this Agreement for cause, in whole or in part, if the other party fails to fulfill its obligations under this Agreement through no fault of the terminating party. However, no such termination for cause may be effected unless the other party is given: (1) not less than ten (10) calendar days' written notice (delivered by Certified Mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party before termination.
- B. If the DISTRICT terminates this Agreement pursuant to subsection VII.A., above, nothing set forth in this Agreement is intended to require the District to compensate CONTRACTOR for any services which may be claimed to have been provided or be in progress, if the DISTRICT reasonably concludes that further compensation is unwarranted.
- C. The DISTRICT may terminate this Agreement, in whole or in part, whether or not CONTRACTOR has failed to fulfill its obligations, if the DISTRICT has a reasonable basis for termination. CONTRACTOR will be given: (1) not less than ten (10) calendar days' written notice (delivered by Certified Mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the District before termination.
- D. Upon receipt of a termination notice, CONTRACTOR shall: (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) deliver or otherwise make available to the DISTRICT all data, information, and materials as CONTRACTOR may have prepared or developed in performing this Agreement, whether completed or in process, including, but not limited to, drawings, specifications, reports, estimates, summaries, software, and electronic files of all deliverables.
- E. Upon termination under subsection VII.C., the sole right and remedy of CONTRACTOR shall be to receive payment for all amounts due and not previously paid to CONTRACTOR for services completed or in progress in accordance with the Agreement prior to the date of receipt of notice of termination and for services thereafter completed at the request of the DISTRICT and any other reasonable cost incidental to such termination of services. Such payments available to CONTRACTOR under this paragraph shall not include costs related to lost profit associated with the expected completion of the work or other such payments relating to the benefit of the bargain.

VIII. INDEMNITY

CONTRACTOR shall indemnify, hold harmless and defend, in any actions at law or in equity, the DISTRICT, its officers, employees, agents, and elective and appointive boards, from all claims, losses, damage, including property damage, personal injury, including death, and liability of every kind, nature and description, including attorneys' fees to the extent arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONTRACTOR related to the provision of any professional services provided hereunder, but not including claims, losses, damage, injury, death, or other liabilities caused by the active negligence, or the willful misconduct of the DISTRICT. Notwithstanding anything in this Agreement to the contrary, this indemnification shall extend to such claims, losses, damage, injury, death, or other liabilities occurring after the completion of the CONTRACTOR's operations, arising out of, pertaining to, or relating to the negligence, recklessness, or willful misconduct of CONTRACTOR.

Submission of insurance certificates or submission of other proof of compliance with the insurance requirements does not relieve CONTRACTOR from liability under this indemnification Section. The obligations of this indemnification Section shall apply whether or not such insurance policies have been determined to be applicable to any of such damages or claims for damages.

IX. INSURANCE

CONTRACTOR shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise out of or in connection with the performance of the work hereunder by the CONTRACTOR, his agents, representatives, or employees.

A. MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (Form CG 00 01 on an "occurrence" basis). Coverage is to be endorsed to include contractual liability.
2. Insurance Services Office form number CA 00 01 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Professional Liability (Errors and Omissions) insurance appropriate to the CONTRACTOR's profession.

B. MINIMUM LIMITS OF INSURANCE

CONTRACTOR, throughout shall maintain limits no less than:

1. General Liability: \$2,000,000 per occurrence for bodily injury, personal and advertising injury, and property damage, including products and completed operations. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Professional Liability (Errors and Omissions): \$2,000,000 per claim, \$2,000,000 aggregate.

If CONTRACTOR maintains higher limits than the minimums shown above, DISTRICT is entitled to coverage for the higher limits maintained by CONTRACTOR.

C. DEDUCTIBLES AND SELF-INSURED RETENTIONS

Any deductible or self-insured retentions must not exceed \$50,000, unless authorized in writing by the DISTRICT.

D. OTHER INSURANCE PROVISIONS

1. The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions: The DISTRICT, its officers, officials, employees and volunteers are to be covered as additional insureds as respects: liability arising out of work or operations performed by or on behalf of the CONTRACTOR, including materials, parts, equipment furnished in connection with such work or operations; or automobiles owned, leased, hired or borrowed by or on behalf of the CONTRACTOR.
2. For any claims related to the Agreement, the CONTRACTOR's insurance coverage shall be primary insurance as respects the DISTRICT, its officers, officials, employees and volunteers, but only to the extent the claims arise out of CONTRACTOR's acts or omissions. Any insurance or self-insurance maintained by the DISTRICT, its officers, officials, employees and volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.
3. Should any of the above described policies be cancelled prior to the policies' expiration date, CONTRACTOR agrees that notice of cancellation will be delivered in accordance with the policy provisions.
4. If any of the required policies provide claims-made coverage: (1) The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work. (2) Insurance must be maintained, and evidence of insurance must be provided for at least five years after completion of the contract of work. (3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five years after completion of work.
5. CONTRACTOR hereby grants to the DISTRICT a waiver of any right to subrogation which any insurer of CONTRACTOR may acquire against the DISTRICT by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the DISTRICT has received a waiver of subrogation endorsement from the insurer.
6. CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and CONTRACTOR shall ensure that District is an additional insured on insurance required from subcontractors.

E. ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the DISTRICT.

F. VERIFICATION OF COVERAGE

CONTRACTOR shall furnish the DISTRICT with original certificates and amendatory endorsements effecting coverage required by this Section. All certificates and endorsements are to be received and approved by the DISTRICT before any work commences. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this Section at any time.

X. OWNERSHIP OF DOCUMENTS

All rights, title, royalties and interest to all work product of CONTRACTOR resulting from its performance under this Agreement, including, but not limited to, drawings, specifications, data, reports, estimates, software, summaries, electronic files of all deliverables, and any other such information and materials as may be prepared or developed by CONTRACTOR in performing work under this Agreement, whether complete or in progress, shall be vested in the DISTRICT, upon payment of amounts owing pursuant to this Agreement, and none shall be revealed, disseminated, or made available by CONTRACTOR to others without prior consent of the DISTRICT. If this Agreement is terminated in accordance with Section VII, CONTRACTOR shall deliver such documents within two weeks of receipt of a termination notice.

It is understood that CONTRACTOR's work product is prepared for this specific project. Any use of such work product by DISTRICT for a different project without CONTRACTOR's written approval shall be at the DISTRICT's risk. Any use by DISTRICT of an incomplete work product without CONTRACTOR's written approval shall be at DISTRICT's risk.

XI. EXAMINATION OF RECORDS

CONTRACTOR agrees that the DISTRICT will have access to and the right to examine any directly pertinent books, documents, papers, and records of any and all transactions relating to this Agreement at any time after the inception of the Agreement upon reasonable notice.

XII. SCOPE OF AGREEMENT

This writing constitutes the entire Agreement between the parties relative to CONTRACTOR's services on the PROJECT, and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

XIII. NOTICES

All notices from one Party to the other shall be in writing and delivered or mailed to such party at its designated address as follows, or sent via facsimile transmission to such telephone number indicated as follows. Such notices shall be deemed to have been made: (1) when hand delivered; (2) as indicated by certified mail receipt; (3) five days after mailing by first class mail; or (4) as indicated on facsimile transmission receipt, if facsimile transmission is followed by prompt certified or first class mailing or hand delivery.

To DISTRICT: Fairfield-Suisun Sewer District
 1010 Chadbourne Road
 Fairfield, CA 94534-9700
 Phone (707) 429-8930
 Fax (707) 429-1280

To CONTRACTOR: Contractor Name
 Contractor Address 1
 Contractor Address 2
 Phone Contractor Phone
 Fax Contractor Fax

XIV. APPLICABLE LAWS

CONTRACTOR shall perform this Agreement in accordance with all applicable federal, state, and local laws and regulations. This Agreement shall be construed in accordance with California law. Venue concerning any dispute shall be in Solano County.

XV. EXECUTION IN COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission (e.g., by e-mail delivery of a ".pdf" format data file), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original signature.

IN WITNESS the parties have executed this Agreement on the day first above-written.

FAIRFIELD-SUISUN SEWER DISTRICT:

Signature

Title

NAME OF CONTRACTOR FIRM:

Signature

Title