

SOQUEL CREEK WATER DISTRICT

REQUEST FOR PROPOSALS

WATER RATE STUDY

&

WATER CAPACITY CHARGE STUDY

March 2, 2015

Proposals Due By: 5:00 p.m. on April 2, 2015

at

Soquel Creek Water District

Finance Department

Attn: Michelle Boisen

5180 Soquel Drive

Soquel, CA 95073

michelleb@soquelcreekwater.org



NOTICE IS HEREBY GIVEN THAT Soquel Creek Water District (SqCWD) is requesting proposals from qualified financial consultants for the preparation of Water Rate and Water Capacity Charge studies. The intent of the studies is to independently assess and evaluate the District's existing water rates and water capacity charges and provide recommendations. The broad objective of the Water Rate study is to adequately fund operations and capital and debt service costs while enabling the District to implement robust conservation measures designed to reduce pumping and minimizing rates to the greatest degree possible. The objective of the Water Capacity Charge study is to sufficiently capture new development's proportional share of the costs necessary to serve that development based on public policy that demonstrates a nexus between new development and the need to replace, expand, or build facilities to accommodate it; including recovery of the incremental cost of developing one or more supplemental supply alternatives.

In order to submit a proposal, please read and comply with Proposal Requirements (Section F) and submit an original, and three (3) copies in a sealed envelope marked – **Technical Proposal for Water Rate and Water Capacity Charge Studies** and an original, and three (3) copies in a sealed envelope marked **Cost Proposal for Water Rate and Water Capacity Charge Studies**. Also please provide one (1) digital copy of both the technical and cost proposal in PDF format to the following:

Soquel Creek Water District
Finance Department
Atten: Michelle Boisen
5180 Soquel Drive
Soquel, CA 95073
michelleb@soquelcreekwater.org

Deadline: April 2, 2015 – 5:00 p.m.

Proposals will not be accepted after the date and time designated above. It is the sole responsibility of the proposer to see that his/her proposal is delivered and received by the deadline. Any proposal received after said designated date and time shall be returned to the proposer unopened.

Proposals will not be opened publicly, and the District will endeavor to keep such confidential until a preferred service provider is recommended to the Board of Directors. Proposal must bear original signatures and figures.

Proposals shall be prepared and submitted at the respondent's sole expense. All proposals will become the property of SqCWD and will not be returned. Cost Proposals shall be binding for a period of ninety (90) days after submission deadline.

SqCWD reserves the right to negotiate mutually acceptable project-related conditions, including cost. Furthermore, SqCWD reserves the right to accept or reject any or all proposals or to waive any defects or irregularities in the proposals or the selection process.

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Introduction and Background

The Soquel Creek Water District (SqCWD) invites the submittal of proposals from professional consultants for the preparation of a multi-year Water Rate and Water Capacity Charge study to be initiated in May 2015. SqCWD is a special district that provides water service to a 17-square-mile service area along the California coast in Santa Cruz County. The District serves a population of over 38,000 through approximately 14,400 predominantly residential accounts (excluding fire service accounts). The District is entirely dependent on local groundwater for its water supply. The Soquel-Aptos Basin includes the Purisima Aquifer Formation which provides two-thirds of the District's annual production and the Aromas Red Sands Aquifer which provides the remaining one-third. The groundwater basin is shared with other pumpers throughout the area including City of Santa Cruz, Central Water District, small mutual water companies, and private well owners. The shared groundwater basin is currently in a state of overdraft. This condition has led to the detection of seawater intrusion at the coastline. The District's long-term strategic vision for a sustainable water supply includes all of the following elements:

- Maximizing conservation
- Proactive groundwater management which includes working towards reducing groundwater pumping by approximately 35% to allow the basin to naturally recover
- Redistributing well pumping away from the coast and supporting groundwater recharge protection and
- Diversifying the water portfolio with a new supplemental supply project(s).

The District's rates and charges are established by its elected governing board and are not subject to review or approval by any other agency; however, the provisions of Proposition 218 do apply. Water rates and service charges are typically established based upon a recommendation by an independent rate consultant and input from District staff and the Board of Directors. The District last adopted a three-year schedule of rates effective March 1, 2013. The District wishes to have a new rate schedule in place on either January 1st or March 1st 2016. Revenue projections from the proposed rate structure must be sufficient to support the District's financing plan for an ambitious capital improvement program (that includes developing new water supply and major

infrastructure upgrades to replace aging wells and treatment plants and improve the distribution system) and robust conservation efforts.

District customers currently pay a fixed monthly service charge based on meter size, plus a quantity charge based on metered water use. Over 98 percent of the District's residential customers are served by 5/8-inch meters. In fiscal year 2014/15, the fixed monthly service charges are projected to account for approximately 33 percent of total water rate revenues and the metered quantity charges for about 67 percent of total rate revenues.

Since 2003, District policy has required individual meters on all units (both residential and commercial). The quantity charge for residential customers (single-family residential, two residential units served by a single meter, and individually metered multifamily residential units) is billed according to a four-tiered, inclining rate structure to encourage water conservation. The quantity charge for multi-family residential customers served by a single meter is billed according to a four-tiered, inclining rate structure based on the number of dwelling units. Non-residential customers (irrigation and commercial accounts) pay a uniform rate per unit for all water use; a rate roughly equal to the weighted average of the four residential rate tiers.

The SqCWD water capacity charge was developed using a combination of the buy-in cost method and the marginal cost method. The buy-in portion of the capacity charge recovers replacement cost of capacity in those portions of the existing system in which there is capacity available (for example, the transmission, distribution, storage, and pumping components).

The marginal cost portion of the water capacity charge is designed to cover the cost of capacity in development of a supplemental source of supply. The current water capacity charge is based on the District's share of costs for a proposed joint desalination project with the City of Santa Cruz. The District's partner; however, has since decided to place the project on an indefinite hold as it reexamines its options.

Because there is currently no source of supply capacity available; new applicants for service are required to offset two times the estimated water demand for the development. The offset requirements are currently satisfied by paying a Water Demand Offset (WDO) fee equivalent to \$55,000 per acre foot of offset. The District then uses the funds generated through this

program to develop projects that offset the projected usage of the proposed development. The WDO requirement may be discontinued in the future if offset projects can't be identified or if a sufficient supplemental supply is developed.

Scope of Services Requested

Water Rate Study

A. OBJECTIVES

SqCWD water rate objectives are to:

- Develop a rate structure that will allow the District to meet its financial obligations, ensuring long term financial stability;
- Discourage the wasteful use of water and support the District's reduced pumping goal;
- Develop a rate structure that is objective, fair, and equitable across customer classes;
- Be easy for District customers to understand; and
- Comply with all applicable laws.

The scope of work shall consist of working directly with representatives from SqCWD to establish a potential schedule of water rates and charges that will fulfill the above mentioned objectives. The proposed rate structure shall be based on the full cost of service and shall be sufficient to meet the short and long-term revenue requirements to maintain the water system.

B. REQUIREMENTS

The study is to be performed in conformance with the following directions:

1. Development of a potential rate structure shall be based on cost of service and shall be sufficient to meet the revenue requirements.
2. The recommended rate structure must consider and make provisions for the following factors:
 - a. Projected water demands;
 - b. Cash flow under reduced pumping scenarios;
 - c. Cost of providing water in accordance with standards and regulations both current and projected;
 - d. Funding requirements for current and projected long-term liabilities and debt obligations;

- e. Age and condition of the water system and the need to fully fund capital improvements, infrastructure replacement, and distribution infrastructure;
 - f. Impact of current and future environmental regulations; and
 - g. Conservation efforts.
3. The benefits of any proposed rate structure shall be weighed against the financial impacts on ratepayers.
 4. The recommended rate structure shall result in no decrease in the stability of the revenue stream.
 5. A proposed three-year rate schedule shall be developed along with a forecast of rates to 10 years.
 6. The recommended rate structure shall be easy for District customers to understand and reasonable to implement and administer. Consideration should be given to the existing SqCWD billing system capabilities.
 7. An easy to use electronic rate model shall be developed and training to allow staff to fully understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated shall be provided.

C. ELEMENTS

In making its rate structure recommendations, the final report shall explicitly include the following elements and analysis:

1. **Current Rate Structure:** Assess the current rate structure's performance as a baseline for comparing recommended changes.
2. **Equity:** Assess the equity of recommended water and rates for all customer classes.
3. **Conservations Impacts:** Assess the interaction between the water conservation elements of the recommended rates and their impacts on the ability to fund water operations.
4. **Water Shortage Rate Structure:** Assess the impact on any proposed rate structure due to drought, mandatory rationing, or other water shortage factors. Evaluate and recommend a pricing program that mimics the different water stages of the District's emergency water supply shortage plan and continues to fund water operations and capital projects.
5. **Environmental Regulation:** The study shall include an assessment of the revenue stream generated by the recommended rates and their

ability to continue to fully fund water system costs under the impacts of future water quality and statutory regulations and standards.

6. **Water Budgets:** Assess the effectiveness of a rate structure constructed around water budgets based on household population, both standard and seasonal, with and without rolling credits.
7. **Performance Assessment:** Provide a comprehensive summary of recommended rate structure(s) and an assessment of the performance of the recommended structure(s) against the current rate structure.
8. **Electronic Rate Model:** Provided an easy-to-use electronic rate model for the District to utilize to analyze future rate setting proposals.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Conduct a detailed review of the existing water rates and status of SqCWD funds, and develop a general familiarity with the District's billing system.
2. Meet or confer with staff as needed and attend up to three evening meetings with the District Board of Directors to present and discuss results of the studies and obtain their input. Attend the public hearing where the water rates are considered for adoption.
3. Obtain all necessary records, data, and statistics from SqCWD.
4. Consider the existing water billing system's ability to implement the proposed rate structure.
5. Conduct analyses as required to address the scope of work.
6. Preliminary Reports
 - a. Prepare preliminary report of findings, and tentative rate structure recommendations; and
 - b. Present preliminary reports and tentative rates to the District's Board of Directors.
7. Draft Final Report
 - a. Incorporate changes pursuant to comments received from the District's Board; and
 - b. Present revised reports and rate recommendations to the District Board of Directors at a regularly scheduled Board meeting.
8. Final Reports
 - a. Incorporate changes pursuant to comments received at the Board meeting presentation;
 - b. Provide an electronic copy of the report, with spreadsheets in Excel format; and

- c. Present the final reports and recommended rates to the Board of Directors and members of the public at a regular District Board meeting formal public hearing.
9. Supply a time schedule for developing the preliminary and final reports.
10. Provide an easy-to-use electronic rate model for the District to utilize in future rate setting.

Scope of Services Requested

Water Capacity Charge Study

It is intended that the Consultant follow much the same process used in the Water Rate study for development of a recommended Water Capacity Charge. The Consultant shall include in the proposal a separate fee for the preparation of the Water Capacity Charge study.

A. OBJECTIVES

SqCWD water capacity charge objectives are to:

- Develop a charge that demonstrates a nexus between new development and the need to replace, expand, or build facilities, and develop a new source of water supply to accommodate it;
- Ensure that the charge sufficiently captures new development's proportional share of the cost of facilities needed to serve that development, after crediting it for other contributions that it has already made or will make toward that cost; and
- Demonstrate that the charge is not arbitrary or discriminatory in its application to individuals or customer classes.

The scope of work shall consist of working directly with representatives from SqCWD to establish a recommended schedule of water capacity charges that will fulfill the above mentioned objectives. The proposed water capacity charge shall sufficiently capture the cost of capacity necessary to serve new development and meet the regulatory requirements found in the State of California's Government Code Section 66013 and 66014 regarding the establishment of capacity charges.

B. REQUIREMENTS

The study is to be performed in conformance with the following directions:

1. Development of a potential water capacity charge shall be based on a nexus between new development and the cost to accommodate it.
2. The recommended water capacity charge must consider and make provisions for the following factors:
 - a. Water system value;
 - b. Water system capacity; and
 - c. Projected water demands.
3. A proposed five-year rate schedule shall be developed.
4. An easy-to-use electronic model shall be developed and training to allow staff to fully understand how the model operates and how the results of various future recommendations that may be proposed can be illustrated shall be provided.

C. ELEMENTS

In making its water capacity charge recommendations, the final report shall explicitly include the following elements and analysis:

1. **Current Capacity Charge:** Assess the current water capacity charge's performance as a baseline for comparing recommended changes.
2. **Equity:** Assess the equity of recommended water capacity charges for new development and existing customers.
3. **Performance Assessment:** Provide a comprehensive summary of recommended water capacity charges and an assessment of the performance of the recommended charges against the current water capacity charge.
4. **Electronic Capacity Charge Model:** Provide an easy-to-use electronic model for the District to utilize to analyze changes to the components of the water capacity charges.

D. SERVICES TO BE PROVIDED BY CONSULTANT

1. Conduct a detailed review of the existing water capacity charges and status of SqCWD water system and water system capacity, and develop a general familiarity with the District's Integrated Resources Plan Update and the 2010 Urban Water Management Plan.
2. Meet or confer with staff as needed and attend up to three evening meetings with the District Board of Directors to present and discuss results of the studies and obtain their input. Attend the public hearing where the water capacity charges are considered for adoption.
3. Obtain all necessary records, data, and statistics from SqCWD.

4. Conduct analyses as required to address the scope of work.
5. Preliminary Reports
 - a. Prepare preliminary report of findings, and tentative water capacity charge recommendations; and
 - b. Present preliminary reports and tentative capacity charges to the District's Board of Directors.
6. Draft Final Report
 - a. Incorporate changes pursuant to comments received from the District's Board; and
 - b. Present revised reports and recommendations to the District Board of Directors at a regularly scheduled Board meeting.
7. Final Reports
 - a. Incorporate changes pursuant to comments received at the Board meeting presentation;
 - b. Provide an electronic copy of the report, with spreadsheets in Excel format;
 - c. Present the final reports and recommended water capacity charges to the Board of Directors and members of the public at a regular District Board meeting formal public hearing;
 - d. Supply a time schedule for developing the preliminary and final reports; and
 - e. Provide an easy-to-use electronic model for the District to utilize in future analysis of water capacity charges.

E. SERVICES TO BE PROVIDED BY DISTRICT

The services provided by SqCWD include but are not necessarily limited to the following:

1. Furnish all reasonable available data, records, reports, and information related to the scope of work; and
2. Provide staff support and assistance as required and agreed to in advance of the studies.

F. PROPOSAL REQUIREMENTS: FORMAT AND CONTENT

So that competing proposals can be compared equally, consultants must assemble their proposals in strict adherence to the layout requirements. Failure to follow all proposal layout requirements may result in disqualification of your proposal for being non-responsive. All questions should be in writing and directed to Michelle Boisen, Financial & Business Services Manager.

The signature of an authorized representative must appear on the cover sheet of the proposal. The signature shall be interpreted to indicate the firm's/consultant's willingness to comply with all the terms and conditions set forth in this solicitation, unless specific written exceptions are noted.

Proposals should be brief and concise, devoid of extraneous material and promotional information. They should be in sufficient detail to allow a thorough evaluation of the plan of work and its correlated costs. The proposal must be assembled in the following order, with tabs separating each section:

1. A description of the organization's professional qualifications.
2. A statement indicating the number of employees, by level, which will perform the study.
3. A resume for each employee who will be assigned to the District's rate study, including:
 - a. Name of individual;
 - b. Education/professional credentials;
 - c. Experience with utility rate studies and water capacity charges;
 - d. Hourly rates to be charged for each employee;
 - e. Amount of time each employee will dedicate to this study; and
 - f. Their position/role for this study.
4. A separate listing of current and prior water rate structure and water capacity charge clients indicating the following:
 - a. Types of services performed; and
 - b. Names, addresses and telephone numbers of persons who may be contacted by SqCWD staff as references.
5. Indicate availability to proceed with work on or about May 11, 2015 and include a tentative schedule for completing the studies.
6. A written work plan outlining in detail how the consultant proposes to perform the study requested and any information pertaining to any area of a water rate or water capacity charge study which is customarily reviewed during such a study which has not been mentioned in the "Scope of Services" section of the RFP.
7. In a separate sealed envelope, provide a not-to-exceed cost estimate adequate to cover the scope of the project. The cost estimate should be itemized by task and include a list of charge out rates related to the names of key personnel to be used by the firm during this project. Include time, materials, travel, and other expenses, which may be associated with the duties and obligations under this Request for

Proposal. All costs must be identified. This process is not considered a bid, nor will cost alone decide who is selected. Please note that SqCWD relies heavily on the not-to-exceed amount and is reluctant to grant further increases unless substantial reasons are made for any overage. A requested payment schedule should accompany the work schedule.

G. EVALUATION PROCESS AND SELECTION CRITERIA

The District will review all submittals and make a recommendation based upon the established evaluation criteria. After the proposals have been evaluated, the highest ranked Firms will be interviewed. All firms submitting a proposal will be notified in writing as to their status in the selection process.

The criteria for selection will be based on, but not limited to, the following:

- The firm's experience and capability to complete all aspects of the work, stability, and past performance on similar projects;
- Experience and qualifications of personnel assigned to this project and their availability;
- References from clients with similar projects;
- The quality of the proposed project approach, scope, manner and thoroughness in which it is presented in the proposal;
- The availability of the firm/consultant during the project period; and
- Price proposal (including expenses) that assumes up to five meetings with District staff and three meetings with the Board (two during conceptual development and one with final recommendation) and participation in a public hearing.

Final selection will be made based upon both the written proposals and the interview. Information contained in the cost envelope will be secondary and will be opened after the proposals have been reviewed; how that information is used is at the discretion of the District.

Selection is contingent upon final negotiation of a mutually agreed upon Professional Services Agreement approved by the Board of Directors of the Soquel Creek Water District.

H. GENERAL REQUIREMENTS

The General Requirements are terms and conditions to be included in the Professional Services Agreement that the District expects the chosen Proposer to meet. By proposing, the Proposer agrees to be bound by these requirements unless otherwise noted in the Proposal. The Proposer may suggest alternative language to any section. Some negotiation is possible to accommodate Proposer's suggestions.

I. DISCRETION AND LIABILITY WAIVER

The District reserves the right to reject all proposals or to request and obtain from one or more of the firms submitting proposals, supplementary information as may be necessary for District staff to analyze the proposals pursuant to the consultant selection criteria.

The District is not liable for costs incurred by the firm for the cost of the proposal. The firm, by submitting a response to this RFP, waives all rights to protest or seek any legal remedies whatsoever regarding any aspect of this RFP.

All cost proposals shall be binding for a period of 90 days after the submission deadline. The District also reserves the following rights and options with respect to this RFP:

- To re-issue this RFP with or without change or modification, at any time prior to the District's execution of a Professional Services Agreement pursuant to this RFP;
- To cancel this RFP with or without issuing another request for proposals;
- To supplement, amend, substitute or otherwise modify this RFP at any time prior to the District's execution of a Professional Services Agreement pursuant to this RFP;
- To waive informality, defect, non-responsiveness and/or deviation from this RFP that is not, in the District's sole judgment, material to the proposal;
- To request modification of some or all of the proposals following evaluation by the District;
- To request clarifications of any proposals;
- To negotiate simultaneously, or otherwise, with one or more Respondents; and
- To discontinue and resume negotiations with one or more Respondents.

J. INSURANCE REQUIREMENTS

The chosen firm/consultant will be required to maintain insurance coverage throughout the course of the Professional Services Agreement and shall provide SqCWD with evidence of said coverage as set forth in the Professional Services Agreement. Please review contract language and insurance requirements prior to submitting proposal and note any proposed exceptions to the Agreement tenets in your proposal. The Professional Services Agreement is attached.

K. SCHEDULE

**This is a tentative schedule and may be modified at the District's discretion.

Notice Inviting Proposals for Water Rate And Water Capacity Charge Study	March 2, 2015
Proposals Due	April 2, 2015
Evaluation & Interviews	April 20-30, 2015
Board of Directors Approval	May 5, 2015

L. DIRECTIONS FOR SUBMITTING THE PROPOSAL

Closing Date: All proposals must be received by **5:00 PM on April 2, 2015.**

Proposals: Please submit an original, and three (3) copies in a sealed envelope marked – **Technical Proposal for Water Rate and Water Capacity Charge Studies** and one (1) digital copy in PDF format to the address below.

Not to Exceed Cost Estimate: Please submit an original, and three (3) copies in a sealed envelope separate from the Technical Proposal marked **Cost Proposal for Water Rate and Water Capacity Charge Studies** and one (1) digital copy in PDF format to the following:

Soquel Creek Water District
Finance Department
Atten: Michelle Boisen
5180 Soquel Drive
Soquel, CA 95073
michelleb@soquelcreekwater.org

The proposal must be received at the specified address by the closing date and time indicated above. Firms mailing or shipping their proposals must allow sufficient delivery time to ensure timely receipt of their proposals. Late proposals will not be accepted.

Soquel Creek Water District reserves the right to reject any or all Proposals, to waive any informality or irregularity in any Proposal received, and to be the sole judge of the merits of the respective Proposal received.

M. DISTRICT'S CONSULTANT CONTRACT FOR SERVICES

A sample of the District's Consultant Contract for Services is provided for review. Submission of a Proposal indicates the Firm/Consultant's willingness to accept the terms of the agreement. **Please specifically identify each and every term of the agreement that the Firm/Consultant is unwilling to accept and the reason therefore.**

SOQUEL CREEK WATER DISTRICT CONSULTANT CONTRACT FOR SERVICES

THIS AGREEMENT is entered into on the _____ day of _____, 2015, by and between **SOQUEL CREEK WATER DISTRICT**, hereinafter called "District," and _____, hereinafter called "Consultant."

RECITALS

- (A) District desires certain services hereinafter described; and
- (B) Consultant is capable of providing and desires to provide such services.

NOW, THEREFORE, District and Consultant agree as follows:

SECTION I SCOPE OF SERVICES

The services to be performed under this Agreement are as described in Appendix One hereunto attached and made a part hereof.

SECTION II
DUTIES OF CONSULTANT

All work performed by Consultant or under its direction shall be sufficient to meet the purposes specified and shall be rendered in accordance with the accepted practices and to the standards of profession.

Consultant shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by District. The cost of such additional work shall be reimbursed to Consultant by District on the same basis as provided in Section IV.

Where services hereunder include preparation of Water Rate and Water Capacity Charge studies and other contract documents by Consultant and where, notwithstanding acceptance and approval by District thereof, in the opinion of the General Manager, components of the Water Rate and Water Capacity Charge studies and other contract documents so prepared are found during the course of work to require modifications due to omissions, error, or lack of detail, such modifications shall be made by Consultant without additional compensation.

Consultant shall meet with the General Manager, or other personnel of District, or third parties as necessary, on all matters connected with carrying out of Consultant's services described in Appendix One. Such meetings will be held at the request of either party hereto. Review and District approval of completed work shall be obtained monthly or at such intervals as may be mutually agreed upon, during the course of this work.

In accordance with the provisions of Section 3700 of the California Labor Code, Consultant is required to secure the payment of worker's compensation to its employees.

Consultant shall obtain and keep in full force and effect worker's compensation insurance necessary in connection with the performance of this Agreement to protect Consultant and its employees under the Worker's Compensation Insurance and Safety Act, including coverage under United States Longshoremen's and Harbor Worker Act, when applicable. Such insurance shall be in a standard form and shall relieve District of all responsibility therefore. Consultant shall, prior to undertaking the work contemplated herein, supply District with a certificate of insurance evidencing that said requirements hereinabove are fully in effect.

Every firm having ten or more employees, including principals, and all firms providing a professional service to District for compensation greater than \$10,000.00 shall provide equal opportunity to all persons regardless of race, creed, color, sex, age, national origin or physical handicap in conformance with applicable Fair Employment Practices Commission and Equal Employment Opportunity Commission guidelines.

The District requires the consultant to submit an electronic version of all data files and an electronic file of any and all reports.

SECTION III

DUTIES OF DISTRICT

District shall make available to Consultant all data and information in the possession of District, which District deems necessary to the preparation of the work, and District shall actively aid and assist Consultant in obtaining such information deemed necessary as aforesaid from other agencies and individuals. Consultant has the right to rely on the information so supplied by the District.

The General Manager of the District may authorize a staff person as his or her representative to confer with Consultant relative to Consultant services hereunder. The work in progress hereunder shall be reviewed and inspected from time to time by District at the discretion of District or upon the request of Consultant. If the work is satisfactory, it will be approved. If the work is not satisfactory, District will inform Consultant of the changes or revisions necessary to secure approval.

The District reserves the right to cancel the contract with the Consultant with 30 days advance written notice.

SECTION IV

FEES AND PAYMENT

Payment for the services hereinabove described shall be made upon a schedule and with the limit or limits shown upon Appendix Two hereunto attached and made a part hereof, and such payment shall be considered as full compensation for all personnel, materials, supplies and equipment used in carrying out the work.

Unless otherwise specified in said Appendix Two, Consultant's fees shall be payable on monthly statements; such statements shall give a detail of time worked by each class of employee and the expenses incurred for which billing is made and shall contain the following form of affidavit signed by a principal of the firm of Consultant:

"I hereby certify as principal of the firm
_____ that the charge of
\$_____ as summarized above and
shown in detail on the attachments is fair and
reasonable, is in accordance with the terms of the
Agreement dated _____, and
has not been previously paid."

It is understood and agreed that payment is not to exceed the total amount in Appendix Two without prior District approval.

SECTION V

TIME OF BEGINNING AND SCHEDULE FOR COMPLETION

Consultant shall begin work upon notification that this Agreement has been approved and authorized by District's governing body.

The schedule for completion of the work shall be as shown upon Appendix Three hereunto attached and made a part hereof.

SECTION VI

CHANGES IN WORK

District may order changes in scope of character of work, either, decreasing or increasing the amount of Consultant's services. Increased compensation, if any, for changes shall be determined in accordance with Appendix Two hereof; provided, however, that in the event major changes are ordered, the Scope of Services, Fees and Schedule of Completion, as stated in the Appendices, will be adjusted by negotiation between Consultant and District.

In the event work is terminated, District shall pay all compensation earned prior thereto.

SECTION VII

MISCELLANEOUS PROVISIONS

This Agreement shall not be assigned without first obtaining the express written consent of the District.

Consultant is employed to render a service only and any payments made to Consultant are compensation solely for such services as Consultant may render.

Any discretion or right to approve given to any party herein shall be exercised in a reasonable manner.

All work performance pursuant hereto shall, upon completion, become the property of District. In the event the work is not completed, the completed portion thereof shall become the property of the District. However, District agrees that any reuse of any materials so furnished by Consultant shall be at District's own risk unless prior written approval has been given by Consultant for such reuse.

Note: No representative of District is authorized to obligate District to pay the cost or value of services beyond the scope thereof as herein described; such authority is retained solely by District's Board of Directors.

SECTION VIII

CERTIFICATION

Pursuant to Section 1861 California Labor Code, Consultant certifies:

"I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

SECTION IX

INDEMNIFICATION

Consultant shall be responsible for any injury or damage to any person or property howsoever occasioned by or arising out of Consultant's willful misconduct or negligent performance of the work hereunder. The Consultant

shall assume the defense of, and indemnify and save harmless the District, the Board, each member of the Board, and their officers, agents, and employees from all liability and claims of any kind arising from the negligence or willful misconduct of the Consultant or its agents to the proportion that said liability and claims result from Consultant's negligence or misconduct.

SECTION X

LIMITATION OF LIABILITY

To the maximum extent permitted by law, the Client agrees to limit the Consultant's liability for the Client's damages to the sum of \$ 1,000,000 or the Consultant's fee shown in Appendix Two, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pled or asserted.

SECTION XI

INSURANCE

Insurance requirements, if any, shall be as set forth in Appendix Four hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement the day first hereinabove written.

DISTRICT

SOQUEL CREEK WATER

President
ATTEST:

By _____
Dr. Bruce Daniels, Board

Secretary of Said Board

Firm Address:

By _____

Federal I.D. Number