

Stanislaus Regional Water Authority (SRWA) Request For Proposals Professional Auditing Services

I. INTRODUCTION

A. General Information

The Stanislaus Regional Water Authority (SRWA), a joint powers authority formed in 2015 by the City of Turlock and City of Ceres is requesting proposals from qualified certified public accounting firms to audit its financial statements for the two consecutive fiscal years ending June 30, 2021, and June 30, 2022. These audits are to be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards (most current version)* issued by the Comptroller General of the United States, and requirements of Title 2 *U.S. Code of Federal Regulations (CRR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

SRWA makes no representation that any contract will be awarded to any firm responding to this request. Nothing in this request for proposals shall be construed to obligate the SRWA to negotiate or enter into a contract with any particular firm. This request for proposals is not an offer to contract.

SRWA reserves the right to conduct contract negotiations with any firm, whether or not it has submitted a proposal, to verify the information in any proposal, to waive any informality in the process, to alter the selection process in any way, to request additional information or clarifications, to allow corrections of errors or omissions, to accept or reject any items or combination of items, to revise the scope of services and work, to extend the deadline for submission, to withdraw this request for proposals at any time without prior notice, to reject any and all proposals, and to decide whether or not to contract with any firm. At the discretion of the SRWA, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

There is no expressed or implied obligation for the SRWA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. All costs of response and proposal preparation shall be borne by the proposer.

All submitted proposals shall become the property of SRWA. SRWA reserves the right to copy, publicly review and discuss, retain and dispose of each proposal. The SRWA further reserves the right to use any ideas in a proposal regardless of whether the proposal was selected. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et seq.), unless exempt. Any language purporting to render the entire proposal confidential or proprietary will be ineffective and will be disregarded.

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the SRWA and the firm selected.

If SRWA selects a firm to contract for the work described in the request for proposals, it is anticipated that selection of a firm will take place at the November 18, 2021 SRWA Board of Directors (Board) meeting. If a firm is selected, following the notification of the selected firm it is expected a contract will be executed between both parties within 15 days of award by the SRWA Board.

B. Term of Engagement

It is the intent of the SRWA to contract for the services presented herein for a term of two (2) years.

The SRWA also intends to structure the contract such that the SRWA has the option as to whether the SRWA or the auditor shall print and bind the Financial Statements noted herein.

The proposal package shall present all-inclusive audit fees for both options for each year of the contract term.

II. NATURE OF SERVICES REQUIRED

A. Scope of the Work to be Performed

The SRWA's goal is to provide the member cities with a financial statement that gives complete, accurate and understandable information about the SRWA's financial condition. The selected independent auditor will be required to perform the following tasks:

1. Audit of the Basic Financial Statements of the SRWA in conformity with generally accepted accounting principles and issue an opinion thereon. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements.
2. The audit firm will perform a single audit on the expenditures of federal funds in accordance with Uniform Guidance and render the appropriate audit reports on Internal Control over Financial Reporting based upon the audit of the SRWA's financial statements in accordance with *Government Auditing Standards* and the appropriate reports on Compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with Uniform Guidance. The single audit report will include appropriate schedule of expenditures of federal awards, footnotes, findings and questioned costs, including reportable conditions and material weaknesses, and follow up on prior audit findings where required.

3. Prepare auditor's *Memorandum on Internal Control*.
4. Prepare auditor's report on *Required Communications*.
5. Prepare any other reports as may be required under GAAP for governmental agencies and/or Government Auditing Standards
6. The firm selected may also be asked to examine other reports or perform other services as required.

B. Auditing Standards to be Followed

To meet the requirements of this request for proposal, the audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants
2. The standards applicable to financial audits contained in *Government Auditing Standards* (most current version), issued by the Comptroller General of the United States:
3. The provisions of the Single Audit Act, as amended and
4. The provisions of *Title 2 U.S. Code of Federal Regulations (CRR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*..

C. Reports to be Issued

Following completion of the audit and preparation of the fiscal year's financial statements, the auditor shall issue:

1. Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below (SRWA's Basic Financial Statements):
2. A Single Audit report; and
3. A report based on the auditor's understanding of the internal control structure and assessment of control risk.

It is understood that the above reports will include the required auditor's opinion letters as well as the reports on compliance with internal controls, and state and federal regulations as they pertain to the report being issued.

D. Internal Controls and Compliance Reports

In the required reports on internal controls, the auditor shall communicate any reportable conditions, as defined in Government Auditing Standards issued by the Comptroller General of the United States, found during the audit.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report on internal controls.

Auditors shall assure themselves that the SRWA is informed of each of the following as well as any other items that auditing professional standards require to be reported:

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.

The independent auditor must be available to present the audit plan prior to beginning field work. In addition, the independent auditor must be available to present all final reports to SRWA management and the SRWA Board as requested.

E. 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: SRWA General Manager, SRWA Attorney, and Finance Director.

F. Working Paper Retention and Access to Working Papers

All work papers and reports must be retained, at the auditor's expense, for the minimum of five years (or the retention timeframe established by the professional standards, whichever is longer) unless the firm is notified in writing by the SRWA of the need to extend the retention period. The work papers are subject to review by federal and state agencies and other individuals designated by the SRWA. Accordingly, the work papers shall be made available upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

G. Journal Entries

All adjusting journal entries made by the independent auditors must be discussed and explained to the designated Finance Department personnel prior to recording. They should be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

H. Rights to Work Product

All property rights, including publication rights, of all reports produced by independent auditors in connection with services performed under agreement with the SRWA, shall be vested in the SRWA. The independent auditors shall not publish or release any of the results of their examination without the express written permission of the SRWA

III. DESCRIPTION OF THE SRWA

A. Name and Telephone Number of Contact Person

Any questions regarding this proposal or additional information required by the respondents should be directed to:

Marie Lorenzi, Finance Director
SRWA
156 South Broadway, Suite 270
Turlock, California 95380
mlorenzi@turlock.ca.us (preferred method)
(209) 668-5333

B. Background Information

The SRWA is a joint powers authority formed in 2011 pursuant to the provisions of Article I, Chapter 5, Division 7 of Title 1 of the California Government Code. The governing body is a four-member Board comprised of the two Councilmembers of each of the member cities and two alternates, one from each member city, all of whom are selected by their respective Councils and serve two-year terms. The Board members could also include the mayors of each of the cities.

The SRWA was formed for the purpose of developing the Regional Surface Water Supply Project in partnership with the Turlock Irrigation District to provide a supplemental source of drinking water to the cities. SRWA's adopted fiscal year 2021/22 is \$116 million. Pursuant to its governing documents, the SRWA uses the City of Turlock's financial accounting systems for receipting and disbursing funds and all other financial reporting. Currently the SRWA does not have any employees.

In July 2020, the SRWA awarded a design/build contract to CH2M Hill Engineers, Inc. for the regional surface water plant project (Project). Primary funding for the Project's construction is anticipated to be from a Construction Installment Sales Agreement loan between the SRWA and the California State Water Resources Control Board (SRF loan). In addition to the loan proceeds, the Project has been awarded funding from the U.S. Bureau of Reclamation and the California State Department of Water Resources. Through June 30,

2021 all project funding has come from contributions from the project’s member agencies. During fiscal year 2021-22 it is anticipated that funding will start coming from the SRF loan. More information on the project can be found at <https://stanrwa.com>.

C. Basis of Accounting and Fund Structure

The reporting entity of the SRWA is the Board of Directors for the Authority and it is dependent on SRWA staff for record keeping and financial reporting activities. The SRWA uses the following fund types and account groups in its financial reporting:

Proprietary Fund Types
Enterprise Funds (1 fund)

The SRWA may make additions to and/or deletions from this list as deemed necessary.

D. Computer System

The City of Turlock uses Tyler Technologies Inc. for its general ledger system including accounts payable, payroll, cash receipting, utility billing and collections, business license issuance, miscellaneous accounts receivables and fixed assets. As noted above, the SRWA uses this same system for its financial reporting.

E. Availability of Prior Reports and Work Papers

The SRWA’s most recent audit was conducted by Maze & Associates of Pleasant Hill, California. The work papers of the previous audits are the property of the previous auditor and can be reviewed by the successful proposer. Prior year audit reports can be found on the SRWA’s website.

IV. TIME REQUIREMENTS

A. Proposal Calendar

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

<u>Date</u>	<u>Activity</u>
Week of August 23, 2021	Request for Proposal issued
September 3, 2021	Last Day for questions (due by 5 p.m.)
September 10, 2021	Responses to questions on SRWA website
September 24, 2021	Due date for technical & cost proposals (due by 5:00 p.m.)
Week of October 11, 2021	Oral Interviews (conducted at SRWA’s discretion)
Week of October 18, 2021	Selected firm notified
November 18, 2021	Contract awarded by SRWA Board

B. Date Audit May Commence

Audit planning, including all necessary planning for the implementation of new GASB pronouncements, documentation of systems of internal control and compliance and transaction testing should be completed during interim stage. During the initial year of the audit, the auditor and SRWA Finance Director will work together to determine the audit schedule. For the 2nd year, It is anticipated that interim audit would take place in May or June of each year. It is expected the SRWA will close its books and be ready for the final audit by the end of November.

C. Date Report is Due

The final reports are due by January 31st of each year (7 months following the fiscal year end). The SRWA does not currently prepare a CAFR.

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

A. Finance Department and Clerical Assistance

The City of Turlock Finance Department staff and the SRWA Finance Director will be available during the audit to assist the firm by providing information, documentation, and explanations. Marie Lorenzi, SRWA Finance Director, will be responsible for acting as the liaison between the audit firm and the accounting personnel. Consideration must be given to the on-going tasks of the finance department.

B. Work Area, Telephone, Photocopying, and Fax Machine

The SRWA will provide the auditor with a reasonable workspace, access to telephone lines, photocopying facilities and a fax machine.

C. Report Preparation

Audit personnel are currently responsible for preparing the financial statements, including footnotes, from data provided to the Auditor by SRWA staff. SRWA staff reviews and is responsible for the financial statements.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries concerning the Request for Proposals and the subject of the Request for Proposals must be made via e-mail to Marie Lorenzi, SRWA Finance Director at mlorenzi@turlock.ca.us

Bidders must register at the above e-mail address to receive any addendum or clarifications. It is the potential bidder's responsibility to ensure they receive any amendments to the original RFP.

No pre-proposal conference will be held. Instead, all inquiries/questions regarding the RFP can be submitted via e-mail as noted above. Responses to the inquiries/questions will be placed on the SRWA's website adjoining the RFP no later than September 10, 2021.

2. Submission of Technical Proposal. An original and six (6) copies of the Technical Proposal shall be received **by 5:00 p.m. on September 24, 2021** for a proposal to be considered. The Technical Proposal should address the items listed in section C below.
3. Submission of Cost Proposal. An original and six (6) copies of the Cost Proposal shall be received **by 5:00 p.m. on September 24, 2021 under separate cover in a sealed envelope** to be considered. The requirements of the cost proposal are described below.

Both the Technical Proposal and the Cost Proposal should be sent to the attention of Marie Lorenzi at the address noted in Section III (A).

B. Format for Technical Proposal

The format of the Technical Proposal shall be as follows:

1. *Title Page*
Show the RFP subject, name of the audit firm, local address, telephone number, name and title of contact person, and date of submission.
2. *Table of Contents*
Include a clear and complete identification of the materials submitted by section and page number. Cross-referencing to section and page number in the RFP would be helpful.
3. *Transmittal Letter*
General introduction and briefly stating the proposer's understanding of the audit services to be performed; a positive commitment to perform the service within the time period specified; the name(s) of the person(s) authorized to represent the proposer, title, address, and telephone number.
4. *Detailed Proposal*
The detailed proposal should follow the format set out in Section C below.

C. Contents of Technical Proposal

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 SRWA in conformity with the requirements of this Request for Proposal. 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 requirements.

**THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED
IN THE TECHNICAL PROPOSAL DOCUMENT**

The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the sealed dollar cost bid). The 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 proposal. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

1. *License to Practice in California.*
An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.
2. *Independence*
The firm should provide an affirmative statement that it is independent of the SRWA as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards*.
3. *Business License*
The independent auditor selected must possess a City of Turlock Business License while conducting any work under this contract.
4. *Insurance*
Attached to the RFP is a draft copy of the SRWA's Agreement for Professional Services (Agreement) which contains insurance requirements for a firm selected to perform auditing services. The selected firm will maintain the minimum insurance requirements during the entire term of the engagement. To confirm this requirement, within 15 days from the execution of the Agreement, the selected firm shall furnish the SRWA satisfactory evidence of the insurance requirement and evidence that each carrier is required to give at least 30 days prior written notice of the cancellation of any policy during the effective period of the Agreement. The SRWA shall be named as an additional named insured under the selected firm's policies as noted in the Agreement.
5. *Firm Qualifications and Experience*
 - a) ***To qualify the firm must have extensive experience in audits of local governments.*** The proposer 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.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

If the proposer will be subcontracting any portion of the audit to another individual or firm, the proposal must include a list of all subcontractors to be used. No substitutions of subcontractors may be made without prior written consent of the SRWA.

- b) The proposer is also required to submit a copy of the report on its most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by *Government Audit Standards (1994)*).
 - c) The proposer shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
6. *Partner, Supervisory and Staff Qualifications and Experience*
- a) Identify the principal supervisory and management staff, including engagement partners, managers, and other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in California. Also, provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.
 - b) 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 will be assured over the term of the agreement.
 - c) Principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists may be changed during the course of the agreement, however, the SRWA reserves the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.
7. *Similar Engagements with Other Government Entities*
- For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum 5) performed in the last three years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact. Also, please indicate whether the audit was part of a Comprehensive Annual Financial Report.

Please provide a list of not less than three client references for whom services similar to those outlined in this RFP are currently being provided. For each reference listed provide

the name of the organization, approximate gross cost of the contract, dates for which the service(s) are being provided, type of service(s) being provided and the name, address and telephone number of the responsible person within the reference's organization. The SRWA reserves the right to contact any or all of the listed references regarding the audit services performed by the proposer.

8. *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 SRWA'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 segment of this engagement;
- c) Sample sizes and extent of the use of statistical sampling techniques in this engagement;
- d) Extent of use of EDP software in the engagement;
- e) Type and extent of analytical procedures to be used in the engagement;
- f) Approach to be taken in determining laws and regulations that will be subject to audit test work;
- g) Approach to be taken to gain and document an understanding of the SRWA's and the City of Turlock's internal control structure; and
- h) Approach to be taken in drawing audit samples for purposes of tests of compliance.

9. *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 SRWA.

10. *Report Format*

The proposer should include sample formats for required reports.

NO COST PROPOSALS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL.

D. Contents of Cost Proposal

1. *Total All-Inclusive Maximum Price*

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in the 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. See Attachment A for the required format.

The SRWA will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information: (a) name of firm; (b) certification that the person signing the proposal is authorized to represent the firm, empowered to submit the bid, and authorized to sign a contract with the SRWA; and (c) a total all-inclusive maximum price for the first year of the engagement plus the optional two (2) additional years (3-year total proposal).

2. *Rates by Partner, Supervisory and Staff*

The cost proposal should include detailed information regarding the estimated number of hours to be dedicated to the SRWA's engagement, delineated by staffing level. Attachment B provides a guideline for this response. This guideline should be detailed for the proposer. In addition, provide the hourly rate for each staff position included in the hourly summary.

3. *Manner of Payment*

Progress payments will be made on the basis of pro-rated audit work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's proposal. Final payment will be made after delivery of the final reports.

VII. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals submitted will be evaluated by an Evaluation Committee made up of SRWA staff.

B. Evaluation Methodology

The evaluation committee will use a point formula during the review process to score proposals. Each member of the Evaluation Committee will first score each technical proposal by each of the criteria described in Section C below. The full Evaluation Committee will then convene to review and discuss their evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

C. Evaluation Criteria

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

1. **Mandatory Elements**

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest with the SRWA

- c. The firm follows the instructions set forth in the RFP for preparing and submitting the proposal
- d. The firm submits a copy of its last external quality (peer) review report and the firm has a record of quality audit work.

2. Technical Quality

	<u>Point Range</u>
a. Responsiveness of the proposal in clearly stating and understanding of the work to be performed.	0 - 15
b. Technical experience of the firm and references responses.	0 - 35
c. Qualification of staff. Education, including continuing education courses taken during the past three years, position in the firm and years of experience will be considered. (Please include staff resumes).	0 - 35
d. Size and structure of firm and other considerations	0 - 15
TOTAL MAXIMUM POINTS	100

3. Price

Although price is an important factor, it is not the most important consideration.

D. Interviews

As part of the review process, the highest scoring firms, as determined by the Evaluation Committee, may be invited to participate in an interview with the Evaluation Committee. Firms will be requested to make a presentation of no longer than 20 minutes, and then have an opportunity to answer any questions the Evaluation Committee may have about the firm’s proposal.

E. Selection of Firm

Proposals will be considered by the SRWA Governing Board, based on the recommendation of the Evaluation Committee. Contract award, if any, will be on the basis of the selection criteria set forth above. Proposal price alone will not be the determinative criterion. If the Board decides to proceed with retaining a firm, SRWA will contract with the selected firm based on the attached Agreement. It is anticipated that a firm will be selected at the November 18, 2021, Board meeting. Following notification of the firm selected, it is expected a contract will be executed between both parties by within 15 days from notification.

VIII. Other

The audit firm selected may be required to attend the Finance Director's presentation of the financial statements to the SRWA Board at a regularly scheduled Board meeting.

ATTACHMENT A

AUDIT COST WORK PROPOSAL

Name of Firm: _____
 Address: _____
 SRWA, State, _____
 Zip: _____
 Contact Name: _____
 Contact Telephone Number(s): _____
 Contact E-mail Address: _____

I, the undersigned, certify I am duly authorized to represent the above-named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with the SRWA on behalf of the above-named firm.

 Signature Title Date

Name (print)

Service	2020-21	2021-22	
SRWA Audit and Related Reports			
Single Audit and Related Reports			
Total Cost			

ATTACHMENT B

**SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE
2020-21 FINANCIAL STATEMENTS**

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisor staff				
Clerical				
Other				
<i>Subtotal</i>				
Out of pocket expenses				
Meals and lodging				
Transportation				
Other (specify)				
Total for services described in Section II of RPF				
TOTAL ALL-INCLUSIVE MAXIMUM PRICE FOR 2021-2022 AUDIT				

ATTACHMENT C

Copy of the SRWA's Master Professional Services Agreement

ATTACHMENT C

AGREEMENT FOR SPECIAL SERVICES Professional Auditing Services

THIS AGREEMENT is made this _____, 20____, by and between Stanislaus Regional Water Authority, a joint powers authority ("SRWA"), and _____, a _____ ("CONSULTANT"), who agree as follows:

1. SCOPE OF WORK: CONSULTANT shall perform the work and render the special services described in the attached Exhibit A (the "Services"). CONSULTANT shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Services. CONSULTANT shall determine the method, details and means of doing the Services.

2. COMPENSATION: SRWA shall pay CONSULTANT in accordance with Exhibit ____ as full remuneration for performing all Services and furnishing all staffing and materials and for performance by CONSULTANT of all of its duties and obligations under this Agreement. In no event shall the total payment to CONSULTANT under this Agreement exceed \$_____. CONSULTANT shall be paid in the manner and at the times set forth below:

(a) Invoices: CONSULTANT shall submit dated invoices to SRWA on a monthly basis specifying the date, location and service rendered, and by whom, and the fee or charge.

(b) Payment:

(1) All payments by SRWA shall be made in arrears, after satisfactory service, as determined and approved by SRWA, has been provided. Payment shall be made by SRWA no more than 30 days from the SRWA's receipt of invoice, subject to availability of funds. SRWA reserves the right to only pay for such services rendered to the satisfaction of SRWA.

(2) If SRWA disputes any item on an invoice for a reasonable cause, which includes, but is not limited to, unsatisfactory service, SRWA may deduct that disputed item from the payment, but shall not delay payment of the undisputed portions. The amounts and reasons for such deletions shall be documented to CONSULTANT within 15 working days after receipt of invoice by SRWA.

(3) If dispute is settled, payment shall be by check payable to and mailed to CONSULTANT within five working days of dispute settlement.

5. INSURANCE: CONSULTANT shall not commence Services under this Agreement until CONSULTANT has obtained SRWA's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall CONSULTANT allow any subcontractor to commence work or services on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved. CONSULTANT shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work or services hereunder by CONSULTANT, its agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal

constitutes a material breach of contract.

(a) Minimum Scope of Insurance: Coverage shall be at least as broad as:

(1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 for ongoing operations and 20 37 for products/completed operations), to be approved by the SRWA.

(2) Insurance Services Office Form 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) Errors and Omissions/Professional Liability Insurance.

(b) Minimum Limits of Insurance: CONSULTANT shall maintain limits no less than:

(1) General Liability (including operations, products and completed operations): \$2,000,000 per occurrence for bodily injury, personal injury and property damage. 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 occurrence for bodily injury and property damage.

(3) Workers' Compensation: as statutorily required by the State of California. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

(4) Errors and Omissions/Professional Liability: \$1,000,000 per claim.

(c) Deductibles and Self-Insured Retentions: Upon request of SRWA, any deductibles or self-insured retentions must be declared to and approved by SRWA. At the option of SRWA, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects SRWA, its elective and appointive boards, officers, agents, employees, and volunteers; or (2) CONSULTANT shall provide a financial guarantee satisfactory to SRWA guaranteeing payment of losses and related investigations, claim administration and defense expenses.

(d) Other Insurance Provisions: The commercial general liability policy shall contain, or be endorsed to contain, the following provisions:

(1) SRWA, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of CONSULTANT, including materials, parts or equipment furnished in connection with such work or operations, which coverage shall be maintained in effect for at least three years following the completion of the work specified in the contract. General liability coverage can be provided in the form of an endorsement to CONSULTANT's insurance (at least as broad as CG 20 10 for ongoing operations and CG 20 37 for products/completed operations), or as a separate Owners and Contractors Protective Liability policy providing both ongoing operations and completed operations coverage.

(2) For any claims related to this project, CONSULTANT's insurance coverage shall be primary insurance as respects SRWA and any insurance or self-insurance maintained by SRWA shall be excess of CONSULTANT's insurance and shall not contribute with it.

(3) In the event of cancellation, non-renewal, or material change that reduces or restricts the insurance coverage afforded to SRWA under this Agreement, the insurer, broker/producer, or CONSULTANT shall provide SRWA with 30 days' prior written notice of such cancellation, non-renewal, or material change.

(4) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Civil Code Section 2782(b).

(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.

(f) Verification of Coverage: CONSULTANT shall furnish SRWA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SRWA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive CONSULTANT'S obligation to provide them. SRWA reserves the right, at any time, to require complete, certified copies of all required insurance policies and endorsements.

(g) Waiver of Subrogation: With the exception of professional liability, CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss. The commercial general liability policy and workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of SRWA for all work performed by CONSULTANT, its agents, employees, independent contractors and subcontractors. CONSULTANT agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

(h) Subcontractors: CONSULTANT shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All insurance coverage for subcontractors shall be subject to all of the requirements stated herein.

6. INDEMNIFICATION: CONSULTANT shall indemnify, defend, and hold harmless SRWA and its officers, agents, employees, and volunteers from and against any and all claim, demand, cost, or liability that arises out of, pertains to, or relates to, the negligence, recklessness, or willful misconduct of CONSULTANT or its employees or agents in the performance of services under this contract, but this indemnity does not apply to liability for damages arising from the sole negligence, active negligence, or willful misconduct of SRWA.

7. INDEPENDENT CONTRACTOR RELATIONSHIP:

(a) All acts of CONSULTANT, its agents, officers, and employees and all others acting on behalf of CONSULTANT relating to the performance of this Agreement, shall be performed as an independent contractor and not as agents, officers, or employees of SRWA. CONSULTANT, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of SRWA. CONSULTANT has no authority or responsibility to exercise any rights or

power vested in the SRWA. No agent, officer, or employee of the SRWA is to be considered an employee or agent of CONSULTANT. It is understood by both CONSULTANT and SRWA that this Agreement shall not under any circumstances be construed or considered to create an employer-employee relationship or a joint venture.

(b) CONSULTANT shall determine the method, details and means of performing the work and services to be provided by CONSULTANT under this Agreement. CONSULTANT shall be responsible to SRWA only for the requirements and results specified in this Agreement, and, except as expressly provided in this Agreement, shall not be subjected to SRWA's control with respect to the physical action or activities of the CONSULTANT in fulfillment of this Agreement. CONSULTANT has control over the manner and means of performing the services under this Agreement. CONSULTANT is permitted to provide services to others during the same period service is provided to SRWA under this Agreement. If necessary, CONSULTANT has the responsibility for employing other persons or firms to assist CONSULTANT in fulfilling the terms and obligations under this Agreement.

(c) As an independent contractor, CONSULTANT shall indemnify and hold SRWA harmless from any and all claims that may be made against SRWA based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement. CONSULTANT shall, to the fullest extent permitted by law, indemnify SRWA, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning CONSULTANT's independent contractor status or employment-related liability.

8. TERM; TERMINATION BY SRWA: This Agreement shall become effective _____, 2021 and end _____, 2023. However, SRWA may terminate this Agreement at any time without cause or legal excuse by providing 30-days' written notice to CONSULTANT.

9. TERMINATION BY CONSULTANT: Should SRWA materially breach any of its obligations under this Agreement, CONSULTANT may initiate termination of this Agreement by providing 30-days' written notice to SRWA. For the purposes of this section, material breach of this Agreement shall include the failure to timely pay CONSULTANT in accordance with the payment provisions above. If SRWA does not remedy the breach within the 30-day period after CONSULTANT notifies SRWA, then the Agreement will terminate at the end of the 30-day period.

10. POST-TERMINATION. In the event of termination under section 8 or 9, CONSULTANT shall cease all its Services as of the termination date and shall see to it that its employees, subcontractors and agents are notified of such termination and cease their work. CONSULTANT shall be fairly compensated for all Services performed to the date of termination as calculated by SRWA based on the above fee and payment provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Services or other such similar payments relating to CONSULTANT's claimed benefit of the bargain. If SRWA so requests, and at SRWA's cost, CONSULTANT shall provide sufficient oral or written status reports to make SRWA reasonably aware of the status of CONSULTANT'S work on the Services. Further, if SRWA so requests, and at SRWA's cost, CONSULTANT shall deliver to SRWA any work products whether in draft or final form which have been produced to date.

11. CONFORMANCE WITH FEDERAL AND STATE LAW: CONSULTANT shall perform the Services in compliance with all applicable federal, state and local laws and regulations, including any applicable federal or state safety-related statutes, regulations, and safety orders.

CONSULTANT shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Services. CONSULTANT shall comply with all federal, state and local air pollution control laws and regulations applicable to CONSULTANT and the Services (as required by California Code of Regulations title 13, section 2022.1).

12. NONDISCRIMINATION: CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. CONSULTANT also shall comply with applicable federal and state statutes and regulations concerning civil rights and nondiscrimination.

13. TIME: Time is of the essence in this Agreement.

14. ENTIRE AGREEMENT AND MODIFICATION: The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Services. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Services, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

15. PROFESSIONAL ABILITY OF CONSULTANT: CONSULTANT represents that it has all of the necessary professional capabilities and experience, as well as all tools, instrumentalities, facilities, training, personnel, and other resources necessary to competently perform the Services contemplated by this Agreement. CONSULTANT further represents that it will follow the best current, generally accepted, and professional practices to make findings, render opinions, prepare factual presentations, and provide professional advice and recommendations regarding this project. SRWA has relied upon CONSULTANT's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Services performed by CONSULTANT shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in CONSULTANT's field.

16. OWNERSHIP OF DOCUMENTS: All works of authorship and every report, work paper, study, spreadsheet, worksheet, plan, computer model, computer software and any other document or thing prepared, developed or created by CONSULTANT under this Agreement and provided to SRWA ("Work Product") shall be the property of SRWA, and SRWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to CONSULTANT or any other party. CONSULTANT may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that CONSULTANT shall not provide any Work Product to any third party without SRWA's prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, CONSULTANT may copyright the same, except that, as to any Work Product that is copyrighted by CONSULTANT, SRWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If SRWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of Services under this Agreement, then SRWA shall hold CONSULTANT harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to SRWA in paper format, upon

request by SRWA at any time (including, but not limited to, at or after expiration or termination of this Agreement), CONSULTANT agrees to provide the Work Product to SRWA in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file).

17. NEWS AND INFORMATION RELEASE: CONSULTANT shall not issue any news releases in connection with either the award of this Agreement, or any subsequent amendment of or efforts under this Agreement, without first obtaining review and approval of the news release from SRWA.

18. INTEREST OF CONSULTANT: CONSULTANT warrants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, that would conflict in any manner or degree with the performance of the Services. CONSULTANT warrants that, in performance of this Agreement, CONSULTANT shall not employ any person having any such financial interest. If so directed in writing by SRWA, CONSULTANT shall file a FPPC Form 700 Statement of Economic Interests with SRWA at the start and end of the Services and annually during the term of the Agreement.

19. AMENDMENTS: It may become desirable or necessary during the execution of this Agreement, for SRWA or CONSULTANT to modify the scope of services provided for under this Agreement or to otherwise amend the Agreement. Any change in the Agreement requires a written amendment approved and signed by both parties. Any Agreement amendment by SRWA requires approval by its Board of Directors. Until an amendment is so approved and signed, SRWA will not be responsible to pay any charges CONSULTANT may incur in performing such additional services, and CONSULTANT shall not be required to perform any such additional services.

20. PARTIAL INVALIDITY: If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

21. WAIVER: The waiver by any party to this Agreement of a breach of any provision hereof shall be in writing and shall not operate or be construed as a waiver of any other or subsequent breach hereof unless specifically stated in writing.

22. CONSULTANT RECORDS AND AUDIT: CONSULTANT shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, work papers, reports, and other records and documents evidencing or relating to the Services and invoice preparation and support for a minimum period of five years (or for any longer period required by law) from the date of final payment to CONSULTANT under this Agreement, unless CONSULTANT is notified in writing by the SWRA of the need to extend the retention period. SRWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement. In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

23. GOVERNING LAW: This Agreement shall be governed according to the laws of the State of California.

24. ASSIGNMENT: This Agreement and all rights and obligations under it are personal to the

parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement. SRWA consents to CONSULTANT's use of a subcontractor if that use is described in Exhibit A.

25. NOTICE: Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

SRWA: Secretary Stanislaus Regional Water Authority 156 South Broadway, Suite 270 Turlock, CA 95380-5454 Angelica.Gonsalves@ci.ceres.ca.us	CONSULTANT:
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Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

26. AGENCY CONTRACT ADMINISTRATOR: The SRWA's contract administrator and contact person for this Agreement is:

Robert L. Granberg
General Manager
Stanislaus Regional Water Authority
156 S. Broadway, Suite 270
Turlock, CA 95380-5456
Telephone: (209) 668-4142
E-mail: granbergassociates@gmail.com

SRWA, a Joint Powers Authority

By: _____
Board Chair

Date: _____

APPROVED AS TO SUFFICIENCY:

By: _____
Robert L. Granberg
General Manager

APPROVED AS TO FORM:

By: _____
Richard Shanahan, SRWA Attorney

ATTEST:

By: _____
Angelica Gonsalves, Board Secretary

Consultant

By: _____

Title: _____

Print name: _____

Date: _____