

Agenda
Sacramento Suburban Water District
Finance and Audit Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Thursday, August 8, 2013
3:00 p.m.

Public documents relating to any open session item listed on this agenda that are distributed to members of the Finance and Audit Committee less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Board's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Public Comment

This is the opportunity for the public to comment on non-agenda items within the Committee's jurisdiction. Comments are limited to 3 minutes.

Items for Discussion and Action

1. **Draft 2013 Compensation Study Request for Proposals**
Discuss and provide input on the draft 2013 Compensation Study Request for Proposals.

2. **Draft Auditing Services Request for Proposals**
Discuss, provide input and approve for release the draft Auditing Services Request for Proposals.

I certify that the foregoing agenda for the August 8, 2013, meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by August 2, 2013 at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: August 8, 2013

Subject: Draft - 2013 Compensation Study Request For Proposals

Staff Contact: Lynne Yost, Human Resources Coordinator
Daniel A. Bills, Finance Director

Recommended Committee Action:

As approved in the 2013 Human Resources Department Budget, provide direction to staff on a proposed Request for Proposals (RFP) for a 2013 Compensation Study.

Discussion:

Staff has prepared an RFP for a 2013 Compensation Study. The estimated cost of \$20,000 was included as a line item in the 2013 Human Resources Department Budget and approved by the Board in the 2013 budget approval process.

As stated in the RFP, the purpose of the study is to:

1. Collect and analyze base salary/pay and benefit survey data for selected survey classes;
2. Update the salary/pay plan for all classes in the District using market data and internal relationships to insure parity to the labor market and internal equity within the organization; and
3. Determine water industry standard practice for calculating overtime, caps and/or limits on time off benefits, and practices relating to compensatory time off.

In 2001, Arcade Water District and Northridge Water District participated in a joint compensation study with other local agencies; this study was conducted by CPS Human Resource Services. In 2007, Bryce Consulting was selected to conduct the District's next survey after a competitive bidding process with CPS Human Resource Services. In 2009, Bryce Consulting updated the 2007 study. The RFP for the 2013 study will be sent to Bryce Consulting, CPS Human Resource Services and Koff & Associates, a firm located in Emeryville, California, that advertises with CSDA.



CLEARLY REFRESHING SERVICE!

**Request for Proposals
for
2013 Compensation Study**

August 2013

Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346
(916) 972-7171
FAX: (916) 972-7639

I. PURPOSE

Through this Request for Proposals (RFP), the Sacramento Suburban Water District (“District”) is asking a select group of qualified consultants to submit a proposal to perform a compensation study and provide an “industry standard practice” for the calculation of overtime, caps and/or limits on time off benefits, and practices relating to compensatory time off. This project will be funded from the District’s Human Resources Budget for calendar year 2013.

The purpose of the study is to collect and analyze base salary/pay and benefit survey data for selected survey classes, update the salary/pay plan for all classes in the District using market data and internal relationships to insure parity to the labor market and internal equity within the organization, determine the water industry (see “Labor Market” below) standard practice for calculating overtime, caps and/or limits on time off benefits, and practices relating to compensatory time off.

II. SCOPE OF WORK

A list of anticipated project elements is provided below. The consultant is expected to provide a detailed scope of work with the proposal.

Project elements to be considered include:

1. Labor Market:

All Classes: Carmichael Water District, Citrus Heights Water District, City of Davis, City of Folsom, City of Roseville, City of Sacramento, City of West Sacramento, City of Woodland, El Dorado Irrigation District, Elk Grove Water District, Fair Oaks Water District, Placer County Water Agency, Sacramento County and San Juan Water District.

Management Classes: Amador Water Agency, San Luis and Delta Mendota Water, Stockton East Water District and Stockton Municipal Utility.

2. Survey Classes:

Accountant, Administrative Assistant II, Assistant Controller, Assistant General Manager, Associate Registered Engineer, Customer Service Representative II, Executive Assistant, Distribution Operator II, Electrical and Instrumentation Technician, Engineering Manager, Finance Director, GIS/IT Technician (GIS Technician), GIS/IT Technician (IT Technician), Human Resources Coordinator, IT Manager, Operations Manager, Production Operator II, Senior Inspector, Superintendent, Water Conservation Supervisor, Water Conservation Technician II.

3. Data to be collected:

- Maximum monthly base pay/salary
- Employee’s Portion of Retirement Paid by Employer (% & \$)
- Deferred Compensation Paid by Employer
- Longevity Pay Paid by Employer
- Health Plan Premium Paid by Employer
- Dental Plan Premium Paid by Employer
- Vision Plan Premium Paid by Employer

- Life Insurance/Disability Plan Premium Paid by Employer
 - Social Security Paid by Employer
 - COLA: Date of Last COLA, Amount of Last COLA, Date of Next COLA, Amount of Next COLA
 - Retirement Practices: Plan, Benefit, Formula, Employer's Portion of Cost (% & \$)
 - Retiree Medical Information: Employer Contribution for Retiree Only, for Retiree and Spouse, for Retiree and Family, and Vesting Policy
 - Retiree Dental Information: Employer Contribution for Retiree only, for Retiree and Spouse, for Retiree and Family
 - Retiree Vision Information: Employer Contribution for Retiree Only, Retiree and Spouse, for Retiree and Family
 - Management Position Paid Vacation
 - Management Position Sick Leave
 - Management Position Holiday and Administrative Leave
 - General Employee Paid Vacation
 - General Employee Sick Leave
 - General Employee Holiday and Administrative Leave
 - Components used in the calculation of overtime, such as the inclusion/exclusion of time off benefits
 - Hours per day and week after which overtime is paid, broken down between time-and-a-half versus double time
 - Awarding an in-lieu holiday, or not, when required to work on a legal holiday
 - Caps or limits on time off benefits
 - Compensatory time off practices
4. Recommendations. Based on the compensation analysis, make specific recommendations, including: Calculating 62.5th Percentile of Total Compensation and % Above or Below Market, Recommending Maximum, Calculating Difference (\$ and %) and Recommending Internal Relationship. Also, provide separate analysis and recommendation if the employee's portion of retirement currently paid by the District is reduced by 2% and that 2% is instead paid by the employee as a pre-tax deduction from gross wages.
 5. Prepare Draft and Final Reports. Prepare draft and final reports that document and describe the work performed and present specific recommendations as indicated above. With respect to the work performed on overtime, caps and limits on time off benefits and compensatory time off practices, provide a summary of findings only.
 6. Presentation of Draft Report to Human Resources and the General Manager. Prepare and conduct presentation of the draft report at a meeting with the Human Resources Coordinator and General Manager.
 7. Presentation at District Board Meeting. Prepare and conduct presentation at a District Board Meeting to describe study process and recommendations. Receive and address Board and public comments and input.

Work Products:

- Three (3) bound copies of Draft report describing the study process and recommendations.
- Three (3) bound copies of Final report describing the study process and recommendations. Also provide an electronic copy of the final report in .PDF file format.

The District welcomes and encourages thoughts and ideas on additional scope elements that may improve the efficiency of effort, increase the value and utility of the study, or make logical sense to include as part of the study.

III. PROPOSAL REQUIREMENTS AND CONTENTS

In anticipation of your interest in this project, proposals submitted for this project are to follow the outline described below and must address all requested information.

Please submit one (1) original signed version and two (2) copies of the Proposal (three (3) copies in total).

Section 1 Project Overview

Provide a narrative description of the project based on the Scope of Work presented above. District staff will assess the Consultant's understanding of all aspects of the project based on the overview.

Section 2 Detailed Work Plan

Provide a description of the required tasks and duties for the compensation study. The description shall include details as described in the Scope of Work and any recommended additions. Include any assumptions used in development of the work tasks including assistance expected from District staff. Also identify any unique approaches or strengths that your firm may have related to this project.

Section 3 Project Team

The project team shall be identified with key tasks and the associated responsible personnel should be identified. A project team organization diagram and summary resume of pertinent experience for each team member shall be included.

Section 4 Project Schedule

District staff anticipates roughly 1-2 months to complete the study including the Board presentation. A project schedule shall be included in the proposal. Show all key project milestones and deliverables. Assumptions used in developing the schedule and other potentially driving factors shall be identified.

Section 5 Cost Estimate

Provide an estimate of the total project cost and identify any particular work elements that are considered beyond the Scope of Work as proposed.

Section 6 Conflicts of Interest

Firms submitting a proposal must disclose any actual, apparent, direct or indirect, or potential conflicts of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be provided. If a firm has no conflicts of interest, a statement to that effect shall be included in the proposal.

Section 7 Proprietary Information

Firms submitting a proposal must provide a statement that nothing contained in the submitted proposal will be proprietary. All proposals shall become the property of the District once submitted.

Section 8 Insurance

A copy of the District’s standard agreement is attached which sets forth the standard insurance coverage amounts for this type of work. Suggested modifications to the standard insurance coverage amounts must be detailed in the proposal.

Section 9 Signature

The proposal shall be signed by an official authorized to bind the consulting firm and shall expressly state that the proposal is valid for 90 days.

IV. SELECTION OF CONSULTANT

Qualification-based selection methods will be used for award of this project. The proposals will be screened by a selection committee and rated on:

- Quality and adequacy of the proposal
- Understanding of the project
- Experience and qualifications of the project manager and key personnel
- Scope of Work/Schedule

In addition, the cost estimate may be used to distinguish between similarly qualified firms.

Following successful contract negotiations, a recommendation will be made to the District’s General Manager to award the contract. In the event that negotiations with the top ranked firm are not successful, the District reserves the right to enter into negotiations with other ranked firms.

V. PROPOSAL SCHEDULE

The following is the anticipated schedule for awarding this project. If a change in this schedule becomes necessary, all recipients of the RFP will be notified.

RFP Approved for Release	August 9, 2013
Proposals Due (4:00 p.m.)	August 23, 2013
Screening and Ranking Completed	August 28, 2013
Contract Approved by General Manager	August 29, 2013
Notice to Proceed	August 30, 2013

No pre-proposal meeting will be held. Questions regarding this project **must** be received **in writing** at least one (1) week prior to the proposal due date. This is to allow sufficient time to distribute questions and answers to all prospective firms. No questions will be answered by telephone. However, e-mailed or faxed questions are acceptable. Address written or e-mailed questions to:

Attn: Lynne Yost, HR Coordinator
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

E-mail: lyost@sswd.org
Fax: (916) 972-7194
Phone: (916) 679-3972

VI. PROPOSAL TERMS AND CONDITIONS

The District will not pay any costs incurred by the firm in preparing or submitting the proposal. The District reserves the right to modify or cancel, in part or in its entirety, this RFP. The District reserves the right to reject any or all proposals, to waive defects or informalities, and to offer the contract with any firm in response to any RFP. This RFP does not constitute any form of offer to contract.

VII. CERTIFICATE OF INSURANCE

The Consultant shall submit a certificate evidencing such coverage in a form satisfactory to the District's legal counsel. Said certificate shall provide at least thirty (30) days written notice to the District prior to cancellation or modification of any insurance required for this project. Any insurance written on claims made basis is subject to approval of the District's legal counsel. Insurance coverage in the minimum amounts set forth shall not be construed to relieve the Consultant of liability in excess of such coverage, nor shall it preclude the District from taking such other actions as are available to it under any other provisions of the law.

VIII. STANDARD HOLD HARMLESS AGREEMENT

The Consultant shall defend, indemnify and save and hold harmless the District, its officers, agents and employees from any claims, suits or actions of every name, kind and description brought forth, or an account of, injuries to or death of any persons, including, but not limited to, works and the public or damage to property, resulting from or arising out of the Consultant's negligence or willful misconduct in the performance of this project.

IX. CONTRACT FORMS

A District standard contract form will be used as the agreement between Consultant and District. A copy of the District's standard agreement is attached as Exhibit 1. If a consultant is unable to execute the District's standard agreement, suggested modifications to the standard agreement must be detailed in the proposal. The District will consider any proposed deviations to the standard agreement in the evaluation of consultant qualifications.

Exhibit 1

**AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT
AND _____ FOR SERVICES RELATING TO
2013 COMPENSATION STUDY**

THIS AGREEMENT is made this _____, 2013, in Sacramento, California, between Sacramento Suburban Water District ("District"), a public agency, and _____, a _____ [Type of entity] ("Consultant"), for performing a 2013 compensation study (the "Work"). The parties agree as follows:

1. Scope of Work. Consultant shall perform the work described in Exhibit A attached hereto and incorporated herein, and generally described as follows: Collect and analyze base salary/pay and benefit survey data for selected survey classes, update the salary/pay plan for all classes in the District using market data and internal relationships to insure parity to the labor market and internal equity within the organization, determine the water industry standard practice for calculating overtime, caps and/or limits on time off benefits, and practices relating to compensatory time off (the "Work"). Consultant shall: (a) provide all labor, equipment, material and supplies required or necessary to properly, competently, and completely perform the Work under this Agreement; and (b) determine the method, details and means of doing the Work.

2. Compensation.

a. [(Either option 1:) In exchange for the Work, the District shall pay to Consultant a fee based on Consultant's actual time and expenses necessarily and actually expended on the Work in accordance with Consultant's fee schedule, attached hereto as Exhibit B and incorporated herein.] [(Or option 2:) In exchange for the Work, the District shall pay to Consultant a fee based on the fee arrangement described on Exhibit B attached hereto and incorporated herein.]

b. The total fee for the Work shall not exceed \$_____. There shall be no compensation for extra or additional work or services by Consultant unless approved in advance in writing by the District. Consultant's fee shall include all of Consultant's costs and expenses related to the Work.

c. At the end of each month, Consultant shall submit to the District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, the District shall pay the invoice within 30 days of its receipt.

3. Term and Termination.

a. This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. Consultant shall complete the Work no later than October 31, 2013. This deadline may be extended by the District for good cause shown by Consultant.

b. This Agreement may be terminated at any time by the District upon 10 days advance written notice to Consultant. In the event of such termination, Consultant shall be fairly compensated

for all work performed to the date of termination as calculated by the District 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 Work or other such similar payments relating to Consultant's claimed benefit of the bargain.

4. **Professional Ability of Consultant.** Consultant represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. The District has relied upon Consultant's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Consultant shall meet the standard of care and quality ordinarily to be expected of competent professionals in Consultant's field.

5. **Conflict of Interest.** Consultant (including its principals, associates and professional employees) represents and acknowledges that: (a) it does not now and shall not acquire any direct or indirect investment, interest in real property or source of income in the area covered by this Agreement or that would be affected in any manner or degree by the performance of Consultant's services under this Agreement; and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Consultant is not a designated employee within the meaning of the Political Reform Act and the District's conflict of interest code because Consultant will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Consultant possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel. Consultant shall not engage in any conduct or other employment or business that would be incompatible with or unreasonably interfere with its obligations under this Agreement, that would create a conflict of interest, or that would reflect unfavorably upon the interests of the District.

6. **Consultant Records.**

a. Consultant shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and charges for services, expenditures and disbursements for the Work for a minimum period of three years (or for any longer period required by law) from the date of final payment to Consultant under this Agreement. The District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

b. 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 State Auditor General for three years following final payment under the Agreement.

7. **Ownership of Documents.** Every report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, GIS data file, computer software and any other document or thing prepared by Consultant under this Agreement and provided to the District ("Work Product") shall be the sole and exclusive property of the District, and the District shall have the perpetual, world-wide right 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 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 the District’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, the District reserves a royalty-free, nonexclusive, world-wide, 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 the District reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then the District shall hold Consultant harmless against all claims, damages, losses and expenses arising from such reuse or modification. For Work Product provided to the District in paper format, upon request by the District, Consultant agrees to provide the Work Product to the District in an appropriate and usable electronic format (e.g., Word file, Excel spreadsheet, Adobe pdf, AutoCAD file).

8. Compliance with Laws. Consultant shall perform the Work in compliance with all applicable federal, California, and local laws and regulations, include applicable anti-discrimination and anti-harassment laws. Consultant also shall possess, maintain and comply with all federal, state and local permits, licenses, certificates, and approvals that may be required for it to perform the Work. In accordance with California Code of Regulations Title 13, section 2022.1(g), Consultant shall comply with all federal, state and local air pollution control laws and regulations applicable to the Consultant and its Work.

9. Confidentiality of Documents and Information. Consultant shall keep in strict confidence all Work Product and other documents and information provided to, shared with or created by Consultant in connection with the performance of the Consulting Services under this Agreement or during its time as a District consultant (collectively “Information”). Consultant shall not use any Information for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by the District. Consultant shall not disclose any Information to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in writing by the District.

10. General Insurance.

a. Consultant, at its sole cost and expense, shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<u>Type</u>	<u>Limits</u>	<u>Scope</u>
Commercial general liability	\$1,000,000 per occurrence & \$1,000,000 aggregate	at least as broad as ISO CG 0001
Automobile liability	\$1,000,000 per occurrence	at least as broad as ISO CA 0001 (Code 1, any auto)
Workers' compensation	Statutory limits	

b. The general liability, auto, and property and casualty policies will be endorsed to name the District, and its directors, officers, employees, authorized volunteers, and agents as additional insureds regarding liability arising out of this Agreement. Consultant shall provide all applicable certificates of insurance and additional insured endorsements to the District within five days after execution of this Agreement. The policies shall contain no special limitations on the scope of protection afforded to the District, and its directors, officers, employees, authorized volunteers, and agents. Each insurance policy will be endorsed to state that coverage will not be canceled, except after 30 days’ prior written notice to the District (10 days for non-payment of premium). The

worker's compensation policy will be endorsed to include a waiver of subrogation against the District and its directors, officers, employees, volunteers, and agents.

c. Consultant's coverage will be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The District's insurance or self-insurance, if any, will be excess and will not contribute with Consultant's insurance.

d. Insurance is to be written on policy forms acceptable to the District and be placed with insurers with a current A.M. Best's rating of A:VII or better and that are admitted to do business and in good standing in California, unless otherwise acceptable upon notice to and approval by the District.

e. Upon execution of this Agreement and annually thereafter, Consultant will provide to the District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf the insurer(s), and certifying the additional insured coverage.

f. The requirements as to the types, limits, and the District's approval of insurance coverage to be maintained by the Consultant are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Consultant under this Agreement. In addition, in the event any change is made in the insurance carrier, policies or nature of coverage required under this Agreement, Consultant shall notify the District prior to making such changes.

g. Consultant shall ensure that all required insurance coverages are maintained throughout the term of this Agreement. If any of the required coverages expire during the term of this Agreement, Consultant shall deliver renewal certificates and any required endorsements to the District at least 10 days before the expiration date.

h. Consultant must declare any deductible or self-insured retention and such must be approved by the District. At the District's sole option, Consultant may be required to either reduce or eliminate such deductibles or self-insured retentions.

11. Indemnification. To the fullest extent permitted by law, Consultant shall indemnify, defend (with counsel approved by District), protect, and hold harmless the District, and its directors, officers, employees, volunteers, and agents from and against any and all actions, judgments, legal or administrative proceedings, arbitrations, claims, demands, damages, liabilities, interest, and costs (including, without limitation, attorney's, expert witness and consultant fees and expenses, fines, penalties, and litigation costs and expenses) of every nature ("claims" or "claim"), arising out of, pertaining to or in any way connected with the negligence, recklessness or willful misconduct of Consultant or its employees', agents' or subcontractors' negligence, recklessness or willful misconduct, except where caused by the active negligence or willful misconduct of the District or as otherwise provided or limited by law. Consultant's obligations under this indemnification provision shall survive the completion of Work under, or the termination of, this Agreement. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in this Agreement does not relieve Consultant from liability under this provision. The obligations of this provision shall apply whether or not such insurance policies shall have been determined to be applicable to any claims.

12. **Subcontractors.** No subcontract shall be awarded nor any outside contractor engaged by Consultant without the District's prior written approval. Any approved subcontractor shall be covered by Consultant's insurance in accordance with the insurance requirements of Paragraphs 10 and 11 of this Agreement or such subcontractor services will be subject to a separate agreement between the District and the subcontractor.

13. **Independent Contractor.** It is expressly understood and agreed by the parties that Consultant's relationship to the District is that of an independent contractor. All persons hired by Consultant and performing the Work shall be Consultant's employees or agents. Consultant and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Consultant shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Consultant's employees. Consultant shall, to the fullest extent permitted by law, indemnify District, 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 or other federal or state agency concerning Consultant's independent contractor status.

14. **Entire Agreement.** This Agreement and the attached exhibits represent the sole, final, complete, exclusive, and integrated expression and statement of the terms of the agreement between the parties concerning the Work. There are no written or oral agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

15. **Successors and Assignment.** This Agreement shall be binding on, and inure to the benefit of, the heirs, successors, and assigns of the parties; however, Consultant agrees that it will not subcontract, assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of the District.

16. **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

17. **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by the District to Consultant shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

18. **Interpretation.** The District and Consultant each had the opportunity to consult independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, neither party will be deemed to have been its drafter.

19. **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The state superior or federal district court where the District's office is located shall be venue for any litigation concerning the enforcement or construction of this Agreement.

20. **Notices.** Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to be properly given if delivered, mailed or sent by facsimile or e-mail in the manner provided in this paragraph, to the following persons:

District:
Sacramento Suburban Water District
Attn: Lynne Yost, HR Coordinator
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
Fax: (916) 679 -3972
E-mail: lyost@sswd.org

Consultant:

Attn: _____

Fax: () ____ - ____
E-mail: _____

If sent by mail, any notice, delivery or other communication will be effective or deemed to have been given three days after it has been deposited in the United States mail, with postage prepaid, and addressed as set forth above. If sent by facsimile or e-mail, any notice, delivery or other communication will be deemed to have been given only after it has been confirmed in writing as received. If delivered personally or by overnight delivery service, any such notice, delivery or other communication will be deemed to have been given on the date of delivery. Either party may change that party's address by giving written notice of the change to the other party in the manner provided in this paragraph.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

SACRAMENTO SUBURBAN WATER DISTRICT: _____:

By: _____
Robert S. Roscoe, P.E.
General Manager

By: _____

[Name]

[Title]



Agenda Item: 2

Date: August 8, 2012

Subject: Draft - Auditing Services Request For Proposals

Staff Contact: Daniel A. Bills, Finance Director

Recommended Committee Action:

Provide staff with direction and input on the draft RFP and recommend distribution on August 9, 2013.

Discussion:

Staff has prepared a draft RFP for professional auditing services to be distributed upon Committee acceptance. Per the District's "Engagement of Auditor Policy" (PL – Fin 001), "the Finance and Audit Committee is responsible for recommending the District's independent auditor to the full Board for appointment and compensation, and administering the relationship between the District and independent auditor during the course of the audit..." Therefore, the Finance and Audit Committee is asked to review the attached RFP and, at a later date, to select the firm from the proposals received, then recommend the selected firm to the full Board for approval.

Gilbert Associates, Inc. has served as the District's auditors the past four years. Prior to then, Charles Z. Fedak & Company served as the auditors for two years, with Richardson and Company serving as auditors the first five years after the District was formed. At the request of the Committee, the attached RFP has been prepared to solicit a new auditing firm to serve the District annually up to five years.



CLEARLY REFRESHING SERVICE!

DRAFT REQUEST FOR PROPOSALS

Professional Auditing Services

August 2013

Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346
(916) 972-7171
FAX: (916) 972-7639

I. PURPOSE

The Sacramento Suburban Water District (“District”) is requesting proposals (RFPs) from qualified certified public accounting firms to audit its annual financial statements (a component of the District’s comprehensive annual financial report or CAFR) for up to five years beginning with the calendar year ending December 31, 2013. The District is looking for a committed and qualified firm that has demonstrated experience with governmental audits as applied to the water industry and proprietary fund groups. Further, due to the District’s debt structure, the depth of understanding of the firm and its demonstrated experience with derivative financial instrument accounting, reporting and disclosures is paramount to the success of the audit.

II. DISTRICT BACKGROUND

District Background

The District was formed on February 1, 2002 under the State of California’s County Water District Law by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local Agency Formation Commission. The District is located in northern Sacramento County, California and includes portions of the unincorporated area of Sacramento County, Antelope, Carmichael, Citrus Heights, Foothill Farms, and North Highlands; small portions of the cities of Sacramento and Citrus Heights; and all of McClellan Business Park (formerly McClellan Air Force Base). The District, which serves water to approximately 171,000 people, generally is divided in two service areas. The North Service Area is comprised mainly of the former Northridge Water District’s territory, the Arcade Water District’s North Highlands service area and McClellan Business Park. The South Service Area is comprised mainly of the former Arcade Water District’s Town and Country territory.

The District is governed by a 5-member board of directors, each of which is elected to four-year terms from geographical divisions by the registered voters residing in each division of the District. The terms of the Directors are staggered, with the Directors from Divisions 1 and 2 elected at the same Statewide general election and the Directors from Divisions 3, 4 and 5 elected at the general election two years later.

The District’s service area covers approximately 36 square miles. The District’s territory is substantially built out. Based on Sacramento Area Council of Governments projections, the District’s population is expected to be 216,500 in 2035, when the District is expected to be fully built out. Other than residential and commercial in-fill projects, and industrial and commercial development at the McClellan Business Park, the District does not expect significant additional development within its territory.

The water supply of the District is a combination of both surface water and groundwater. Historically, the District had used groundwater as its water supply source; however, in 1998, the District initiated a conjunctive use program, supplementing its groundwater supply with surface water to address the declining groundwater table using in-lieu recharge. The District has made significant investments to put surface water supply and conjunctive use facilities in place.

The District's annual revenues come primarily from water sales. Operating revenues segregate water sales into three components used by the District in setting its water rate structure: consumption charges, service charges and capital facility charges. In addition, the District receives operating revenues from treated water passed through its conveyance system to neighboring water districts as well as from fees charged for certain District services, including penalty charges.

The District continues to be in a period of transition as water meters are installed on unmetered residential connections and customers are gradually converted from flat rate accounts to metered rate accounts. Presently, 67 percent of the District is metered, with all connections expected to be fully metered before the year 2025. Current flat rate accounts include a fixed monthly service charge with a "variable" charge varying based on parcel size. The fixed portion of the charge reflects the estimated fixed costs of service as well as a base water allotment considered sufficient for indoor usage. The portion of the service charge tied to parcel size is intended to reflect an estimate of water usage for irrigation purposes. A capital facility charge is applied based on connection size and is intended to cover pay-as-you-go capital improvements and debt service charges. The District offers a water meter and metered billing to any flat-rate customer on request.

Current residential metered rates include fixed service charges plus two-tier water usage rates as well as a capital facility charge based on connection size. The tier structure includes 10 CCF (CCF means 100 cubic feet) per month at a lower initial rate with usage in excess of 10 CCF at a higher rate. 10 CCF is equivalent to roughly 250 gallons per day, and is representative of typical indoor water usage for residential customers.

Non-residential customers are subject to fixed service charges plus a seasonal water usage rate structure as well as a capital facility charge based on connection size. Under the seasonal rates a higher rate applies to water usage during peak months (May through October) and a lower rate during non-peak months (November through April). All non-residential customers are on metered accounts.

The District's other sources of revenue comes from state and federal capital grants, developer contributions and investment income.

Prior Auditors

Gilbert Associates, Inc. has served as the District's auditors since 2009. Prior to that time, the District's auditors were Charles Z. Fedak & Company for the years 2007 and 2008 and Richardson and Company from 2002 to 2006.

III. SCOPE OF WORK

The selected auditor will be required to provide the following services: **(Note: this may not be a complete list of all services required to complete the annual audit. The auditor is expected to provide a more detailed scope of work with their RFP.)**

- a. Audit the District's basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts.
- b. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position and cash flows in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
- c. Test internal controls over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with Government Auditing Standards and those issue by the Comptroller General of the United States, and issue an independent auditors' report on their consideration.
- d. Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A) and the Supplementary Information contained in the CAFR, which is prepared by District staff.
- e. Perform additional procedures by expanding the scope of your expense testing to include additional sample sizes for general cash disbursements, payroll disbursements, wire and ACH transfers, petty cash, and purchasing card payments. This testing will include verifying payments to District employees and Board members on a sample basis. Payment verification will include verifying the pay rates for at least one period of senior management, finance staff, anyone involved in the payroll processing function and a sample of 10 other employees.
- f. Prepare a "Single Audit" Report and issue a related audit opinion, if necessary, for federal grant monies received and expenses made.
- g. Prepare a Report to the Board of Directors which identifies significant audit findings, difficulties encountered in performing the audit, identify any corrected and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
- h. Present and discuss the results of the audit and the annual financial statements to the Finance and Audit Committee of the Board in early April and the full Board of Directors during its regularly scheduled April meeting.

- i. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which the auditor becomes aware, to the appropriate level of management and/or Directors of the District.
- j. Provide general consultation as required, during the year, on financial accounting and reporting matters.
- k. Retain at auditor's expense audit working papers for three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. In addition, the firm shall respond to reasonable inquiries of the District and successor auditors and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance.

IV. TIMING AND OTHER REQUIREMENTS

1. Key Dates for Proposal Evaluation and Selection:

Time Table – Summary	
Distribution of RFP	August 9, 2013
Deadline for submission of questions	August 23, 2013
Proposal submission date	August 30, 2013
Proposal review	September 9, 2013
Notification to all proposers	September 11, 2013
Oral presentations, if necessary	September 16, 2013
Finance and Audit Committee approval	September 16, 2013
Notification of selected firm	September 18, 2013
Expected signing of contract	September 30, 2013

Details of the timing of the proposal process are as follows:

- a. **Distribution of RFPs:** August 9, 2013.
- b. **Questions:** Inquiries concerning this RFP should be addressed to Dan Bills, Finance Director, at dbills@sswd.org. A copy of the District's most recent audited financial statements and the Board adopted 2013 budgets are available on the District's website at www.sswd.org, click Departments, then Finance.
- c. **Proposal submission:** Proposals must be delivered in person or mailed directly to:

Sacramento Suburban Water District
Attn: Finance Director
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Late submissions after the deadline or proposals delivered via fax will not be accepted. A total of six (1 original and 5 copies) labeled "AUDIT SERVICES PROPOSAL" are requested.

- d. **Proposal review:** The Finance and Audit Committee of the Board and District senior management will constitute the review committee. The committee will evaluate each proposal submitted. It is anticipated that the review process will be completed by September 9, 2013.
- e. **Notification to all proposers:** The District anticipates sending written notification to all proposers regarding the outcome of the review process by September 11, 2013.
- f. **Oral presentations, if necessary:** Included with the notification to all proposers, the selected finalists will be informed if the review committee feels oral presentations will be necessary. Oral presentations will take place at the Districts Administrative Office at 3701 Marconi Avenue, Suite 100 on or about September 16, 2013.
- g. **Notification of selected firm:** The review committee is expected to select the audit firm on September 16, 2013. All finalists will be notified of the final decision by September 18, 2013. Upon written request, the District will provide an electronic copy of the winning proposal once the contract is executed.
- h. **Contract term:** The Audit Services contract will become effective upon the execution of the contract for one (1) year with the option to extend the contract for up to four (4) additional one-year periods, at the District's sole discretion.

The District will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, the District reserves the right to modify the proposal process and dates as deemed necessary, and reserves the right to not award a contract. The District assumes no obligation for any costs incurred by any proposer in preparing the response to this request, attending an interview, or any other activity prior to awarding the contract to the selected firm.

2. Schedule for Calendar Year 2013 Audit:

- a. The auditor shall provide the District with an audit plan plus a list of schedules and other work requested for the interim audit no later than December 20, 2013.
- b. District facilities and staff will be available for inventory testing on January 6, 2014 and interim field work the week of February 3, 2014.
- c. The auditor shall provide the District with a list of schedules and other work requested for year-end field work at the end of the interim audit.
- d. The District expects to have the CAFR, all records, prepared by client lists and other schedules ready for the year-end audit by February 28, 2014. Accordingly, District

facilities and staff will be available for year-end field work the two week period beginning March 3, 2014.

- e. The auditor shall complete field work in time to allow for preparation and discussion of the draft CAFR and Single Audit, if necessary, with the Finance and Audit Committee by April 1, 2014.
- f. A draft of the required communication letter(s) shall also be provided by April 1, 2014. District staff shall have the opportunity to discuss and comment upon any findings and recommendations noted in the required communication letter(s) prior to April 1, 2014.
- g. Final CAFR, Single Audit and required communication letter(s) will be presented by the auditor and District staff to the Board of Directors at its April 21, 2014 meeting. After Board acceptance, the District will make bound and electronic copies for distribution to Directors, the public, other interested parties, regulatory agencies, and made available in electronic format on the District's website.

A similar schedule will be developed for audits in subsequent calendar years.

3. Assistance Provided to the Auditor

Finance Department staff will be available during interim and audit field work to assist the firm by providing access and direction to information, documentation, and be available for explanations of all inquiries. District staff will provide clerical assistance for preparation of confirmations and other routine correspondence. The District will be responsible for the preparation of the CAFR and all its components with the exception of the audit opinion(s). The auditor will be responsible for the Single Audit report and all of its contents.

The District will provide the auditors with reasonable and secure workspace, phone, wireless internet and copy machine access.

4. Additional Services

If it should become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the auditor. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal. An example of such services would be review work necessary to consent to the inclusion of the CAFR to accompany debt and/or derivative issuances.

5. Payment

Progress payments will be made on work completed during the course of the engagement. Interim billings shall be at the discretion of the auditor, but only for work performed up to the time of invoice preparation.

V. Proposal Requirements and Contents

Please submit one (1) original signed version and five (5) copies of the Proposal (six (6) copies in total).

A. Format of Technical Proposal

1. Title page

- a) The RFP subject,
- b) The proposing firm's name,
- c) Contact person's name, address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to the District, and
- d) The date of submission.

2. Table of Contents

- a) Identification of material submitted, by section and page number,
- b) Where appropriate, cross reference to section and page number of RFP.

3. Transmittal Letter

- a) General introduction stating the proposer's understanding of the services to be provided,
- b) A statement why the firm believes itself to be best qualified to perform the engagement both in terms of audit ability for water districts and derivative financial instruments,
- d) A statement of how long the firm has been in business and how many financial audits were performed by the firm for public agencies, water districts and proprietary fund groups during the past five (5) years,
- e) A statement that the attached pro forma contract (Exhibit C) is acceptable as is or includes proposed changes that, if acceptable to the District, are acceptable to the proposing firm,
- f) Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address, and
- g) Signature.

4. Detailed Proposal Following the Order Set Forth in Section B below.

B. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake the independent audit of the District in conformity with the requirements of this RFP. The Technical Proposal should demonstrate the qualifications of the firm and of the staff intended to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

The Technical Proposal should address all the points in the order outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of this RFP. 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 or supervised by certified public accountants in good standing duly authorized to practice in California.

2. Independence

The firm should provide an affirmative statement that it is independent of the Sacramento Suburban Water District as defined by generally accepted auditing standards, Government Auditing Standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and those issued by the Comptroller General of the United States.

The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

3. Firm Qualification and Experience

To qualify, the firm must have extensive experience in audits of local governments, preferably water districts, as well as experience with derivative instrument accounting and reporting in compliance with generally accepted accounting principles, generally accepted auditing standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and Government Auditing Standards as issued by the Comptroller General of the United States.

The proposal should briefly introduce the firm, indicating whether the firm is local, regional, national, or international. 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 District has a strong preference to work with a firm with an office and assigned staff located in Northern California), and 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. Indicate the name of the person who will be authorized to answer questions, the person's title, address, email and telephone number.

If the firm participates in a peer review or quality review program, provide the year, month and result of the most recent review and submit a copy of the report on the firm's most recent external quality control (peer) review, along with a statement as to whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

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, 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.

4. Engagement Partner, Manager/Supervisor and Staff Qualifications and Experience

Identify the senior-level staff, including engagement partner and manager/supervisor, who would be assigned to this engagement on an on-going basis. Indicate whether these individuals have CPA licenses authorized to practice in California and their standing with the Board of Accountancy. Please provide information on the governmental auditing experience and derivative accounting and reporting experience of these individuals, 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. The District reserves the right to approve or reject any replacements in the senior level staff participating in the District's audit.

Identify junior-level staff who may be assigned to this engagement. Indicate the stability of this team of individuals in relation to being assigned to this engagement on an annual basis. Please indicate their experience as outlined above for senior level staff. Indicate how the quality of the junior-level staff will be assured to the District over the term of the agreement. The District reserves the right to approve or reject any replacements in the junior level staff participating in the District's audit.

Staff consistency is an important consideration in awarding the audit contract.

5. Prior Engagements with the District

Indicate prior engagements of the firm with the District or its predecessor districts, the scope of work, date, engagement partners, total hours, and the location of the firm's office from which the engagement was performed.

6. 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 III above.

1. Proposed segmentation of the audit work:
 - a. What will be accomplished during interim and what at year end?
 - b. What other contact can the District expect during the year related to the audit engagement?
2. Expectations of District staff:
 - a. What documents and working papers are expected to be provided by District staff during interim and year end work? Please provide a sample "Prepared by Client (PBC)" list and schedules for each section of the audit field work.
3. Proposed time frame for each segment of audit work:
 - a. What is the anticipated length of field work for interim and year end work?
 - b. What is the standard turnaround time from end of field work, to senior level review, to final draft, to partner review, to audit report issuance?
4. Planned number of hours on the engagement for each level of auditing staff.
5. Sample size and the extent to which statistical sampling is to be used in the engagement.
6. Type and extent of use of software in the engagement.
7. Type and extent of analytical procedures to be used in the engagement.
8. Approach to be taken to gain and document an understanding of the District's internal control structure.
9. Approach to be taken in determining laws and regulations that will be subject to audit test work.
10. Approach to be taken in drawing audit samples for purposes of tests of compliance.

7. Staff Estimate and Cost

Provide an estimate of staff time required for each scope item. Estimates shall be broken down by task to enable District staff to determine the level of detail and number of management, staff and support personnel hours envisioned for each task. Estimates of hours for each staff classification shall be provided for each task.

Provide an hourly rate schedule for those job classifications to be billed to the Study and identify all other costs to be billed to the Study. Include total Study cost and identify any adjustments, which are predicted to occur during the life of the Study.

8. References

Please provide a maximum of three (3) references for similar types of audits of water districts or similar government entities in the past 5 years. As a minimum, please include the client's

name, audit type, description, total fee, contact name and title, address, phone number, and e-mail address.

9. Conflicts of Interest

Firms submitting a proposal in response to this RFP must disclose any actual, apparent, direct or indirect, or potential conflicts of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be provided under the Agreement for auditing services to be awarded pursuant to this RFP. If a firm has no conflicts of interest, a statement to that effect shall be included in the Proposal.

10. Proprietary Information

Firms submitting a Proposal in response to this RFP must provide a statement that nothing contained in the submitted proposal will be proprietary. All proposals shall become the property of the District once submitted.

11. Insurance

Provide a summary of the firm's insurance coverage. Summary should include a statement that the firm's insurance meets or exceeds the District's requirements. Minimum limits and types of insurance that are required to be maintained throughout the term of the engagement are identified in Attachment B.

12. Signature

The proposal shall be signed by an official authorized to bind the consulting firm and shall expressly state that the proposal is valid for 90 days.

VI. Selection Process

Qualification-based selection methods will be used for award of this audit contract. Specifically, 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 represents the principal selection criteria, which will be considered during the evaluation process:

1. Mandatory Elements:

- a. The audit firm and its team anticipated to be assigned to the District audit are independent, insured, licensed and in good standing to practice in California.
- b. The firm has no conflict of interest with regard to any other work to be performed for the District.
- c. The firm adhered to the instructions in this RFP.
- d. The firm has experience with accounting and reporting derivative financial instruments.
- e. The firm submits a copy of its last external quality control review report and the firm has record of quality audit work.

2. Technical Quality (maximum 50 points):

a. Expertise and Experience

- i. The firm has substantial past experience in performing the required audits on government agencies comparable to the District.
- ii. The quality and stability of the firm's professional staff to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation is proficient and acceptable to the District..

b. Audit Approach:

- i. The firm provided proposed plans for the various segments of the engagement which are acceptable to the District.
- ii. The firm presented a thorough understanding of the objectives, scope and issues for this type of engagement.
- iii. Adequacy of proposed staffing plan.
- iv. Adequacy of sampling techniques.
- v. Adequacy of analytical procedures.
- vi. The firm is committed to the timeliness in the conduct and completion of the audit.
- vii. Location of firm managing and conducting audit.

c. References

3. Price (maximum 50 points):

Evaluation of the proposed fee to conduct the audit on a per annum basis.

4. Oral Presentation (if determined necessary)

During the evaluation process between selected finalists, the committee may, at its discretion, request the finalists to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the committee may have on a firm's proposal.

5. Final Decision

It is anticipated that the Board of Directors will select a firm on September 16, 2013. Following notification of the firm selected, it is expected a contract will be executed between both parties by September 30, 2013.

VII. Proposal Terms and Conditions

The District will not pay any costs incurred by the firm in preparing or submitting the proposal. The District reserves the right to modify or cancel, in part or in its entirety, this RFP. The District reserves the right to reject any or all proposals, to waive defects or informalities, and to offer the contract with any firm in response to any RFP. This RFP does not constitute any form of offer to contract.

VIII. Standard Hold Harmless Agreement

The Consultant shall defend, indemnify and save and hold harmless the District, its officers, agents and employees from any claims, suits or actions of every name, kind and description brought forth, or an account of, injuries to or death of any persons, including, but not limited to, works and the public or damage to property, resulting from or arising out of the Consultant's negligence or willful misconduct in the performance of this project.

IX. Contract Forms

The District's standard contract form will be used as the agreement between the auditor and District. A copy of the District's standard agreement is attached (Attachment C). If the firm is unable to execute the District's standard agreement, suggested modifications to the standard agreement must be detailed in the proposal. The District will consider any proposed deviations to the standard agreement in the evaluation of consultant qualifications.

ATTACHMENT A
DISTRICT'S 2012 CAFR

Go to www.sswd.org, click on Departments, then Finance, then
Comprehensive Annual Financial Report.

ATTACHMENT B
STANDARD INSURANCE REQUIREMENTS

The selected Consultant shall provide, at its own expense, and maintain at all times, the following insurance with insurance companies licensed in the State of California.

COVERAGE	LIMITS OF LIABILITY
General Liability with the following endorsements: ➤ Comprehensive ➤ Premises – operations ➤ Explosive/Collapse & Underground Hazard ➤ Products/Completed Operations ➤ Broad form Property Damage ➤ Independent Contractors ➤ Personal Injury	Bodily Injury: ➤ \$2,000,000 each occurrence ➤ \$5,000,000 aggregate Property Damage: ➤ \$2,000,000 each occurrence Personal Injury: ➤ \$2,000,000 each occurrence ➤ \$5,000,000 aggregate
Automobile Liability with: ➤ Comprehensive ➤ Owned ➤ Hired ➤ Non-owned	Bodily Injury: ➤ \$2,000,000 each occurrence Property Damage: ➤ \$2,000,000 each occurrence
Worker's Compensation	Statutory
Professional Liability (Errors and Omissions)	\$1,000,000 each occurrence

ATTACHMENT C

DISTRICT'S STANDARD CONSULTING CONTRACT

**AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT
AND _____ FOR AUDITING SERVICES**

THIS AGREEMENT is made this _____, 2013, in Sacramento, California, between Sacramento Suburban Water District ("District"), a public agency, and _____ ("Consultant"), concerning auditing services (the "Work"). The parties agree as follows:

1. Scope of Work. Consultant shall perform the work described in Exhibit A attached hereto and incorporated herein, and described as follows: year-end 2013 auditing services (the "Work"). Consultant shall: (a) provide all labor, equipment, material and supplies required or necessary to properly, competently, and completely perform the Work under this Agreement; and (b) determine the method, details and means of doing the Work.

2. Compensation.

a. In exchange for the Work, the District shall pay to Consultant a fee based on Consultant's actual time and expenses necessarily and actually expended on the Work in accordance with Consultant's fee schedule, as described in Exhibit A.

b. The total fee for the Work shall not exceed \$_____. There shall be no compensation for extra or additional work or services by Consultant unless approved in advance in writing by the District. Consultant's fee shall include all of Consultant's costs and expenses related to the Work.

c. At the end of each month, Consultant shall submit to the District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, the District shall pay the invoice within 30 days of its receipt.

3. Term and Termination.

a. This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. Consultant shall complete the Work no later than April 30, 2014. This deadline may be extended by the District for good cause shown by Consultant.

b. This Agreement may be terminated at any time by the District upon 10 days advance written notice to Consultant. In the event of such termination, Consultant shall be fairly compensated for all work performed to the date of termination as calculated by the District 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 Work or other such similar payments relating to Consultant's claimed benefit of the bargain.

4. Professional Ability of Consultant. Consultant represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. The District has relied upon Consultant's training, experience,

skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Consultant shall meet the standard of care and quality ordinarily to be expected of competent professionals in Consultant's field.

5. **Conflict of Interest.** Consultant (including its principals, associates and professional employees) represents and acknowledges that: (a) it does not now and shall not acquire any direct or indirect investment, interest in real property or source of income in the area covered by this Agreement or that would be affected in any manner or degree by the performance of Consultant's services under this Agreement; and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Consultant is not a designated employee within the meaning of the Political Reform Act and the District's conflict of interest code because Consultant will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Consultant possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel. Consultant shall not engage in any conduct or other employment or business that would be incompatible with or unreasonably interfere with its obligations under this Agreement, that would create a conflict of interest, or that would reflect unfavorably upon the interests of the District.

6. **Consultant Records.**

a. Consultant shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and charges for services, expenditures and disbursements for the Work for a minimum period of three years (or for any longer period required by law) from the date of final payment to Consultant under this Agreement. The District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

b. 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 State Auditor General for three years following final payment under the Agreement.

7. **Ownership of Documents.** Every report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, GIS data file, computer software and any other document or thing prepared by Consultant under this Agreement and provided to the District ("Work Product") shall be the sole and exclusive property of the District, and the District shall have the perpetual, world-wide right 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 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 the District'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, the District reserves a royalty-free, nonexclusive, world-wide, 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 the District reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then the District shall hold Consultant harmless against all claims, damages, losses and expenses arising from such reuse or modification. For Work Product provided to the District in

paper format, upon request by the District, Consultant agrees to provide the Work Product to the District in an appropriate and usable electronic format (e.g., Word file, Excel spreadsheet, Adobe pdf, AutoCAD file).

8. Compliance with Laws. Consultant shall perform the Work in compliance with all applicable federal, California, and local laws and regulations, include applicable anti-discrimination and anti-harassment laws. Consultant also shall possess, maintain and comply with all federal, state and local permits, licenses, certificates, and approvals that may be required for it to perform the Work. In accordance with California Code of Regulations Title 13, section 2022.1(g), Consultant shall comply with all federal, state and local air pollution control laws and regulations applicable to the Consultant and its Work.

9. Confidentiality of Documents and Information. Consultant shall keep in strict confidence all Work Product and other documents and information provided to, shared with or created by Consultant in connection with the performance of the Consulting Services under this Agreement or during its time as a District consultant (collectively "Information"). Consultant shall not use any Information for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by the District. Consultant shall not disclose any Information to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in writing by the District.

10. Professional Liability Insurance. Consultant shall maintain professional liability insurance as shall protect against claims based on alleged errors or negligent acts or omissions which may arise from the Work or from Consultant's operations or performance under this Agreement, whether any such claim is made during or subsequent to the term of this Agreement, and whether such operations or performance be by Consultant or its employees, consultants, agents or anyone else employed by any of the foregoing. The amount of this insurance shall not be less than \$1,000,000. Said policy shall be continued in full force and effect during the term of this Agreement and for a period of five years following the completion of the Work. In the event of termination of said policy, new coverage shall be obtained for the required period to insure for the prior acts of Consultant during the course of performing services under the terms of this Agreement. Consultant shall provide to the District a certificate of insurance on a form acceptable to the District indicating the deductible or self-retention amounts and the expiration date of said policy, and shall provide renewal certificates within 10 days after expiration of each policy term. The insurance is to be placed with insurers licensed to do business by and in good standing with the California Department of Insurance, with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to District.

11. General Insurance.

a. Consultant, at its sole cost and expense, shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<u>Type</u>	<u>Limits</u>	<u>Scope</u>
Commercial general liability	\$2,000,000 per occurrence & \$5,000,000 aggregate	at least as broad as ISO CG 0001
Automobile liability	\$2,000,000 per occurrence	at least as broad as ISO CA

Workers' compensation	Statutory limits
Employer's Liability	\$1,000,000 per accident

b. The general liability, auto, and property and casualty policies will be endorsed to name the District, and its directors, officers, employees, authorized volunteers, and agents as additional insureds regarding liability arising out of this Agreement. Consultant shall provide all applicable certificates of insurance and additional insured endorsements to the District within five days after execution of this Agreement. The policies shall contain no special limitations on the scope of protection afforded to the District, and its directors, officers, employees, authorized volunteers, and agents. Each insurance policy will be endorsed to state that coverage will not be canceled, except after 30 days' prior written notice to the District (10 days for non-payment of premium). The worker's compensation policy will be endorsed to include a waiver of subrogation against the District and its directors, officers, employees, volunteers, and agents.

c. Consultant's coverage will be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. The District's insurance or self-insurance, if any, will be excess and will not contribute with Consultant's insurance.

d. Insurance is to be written on policy forms acceptable to the District and be placed with insurers with a current A.M. Best's rating of A:VII or better and that are admitted to do business and in good standing in California, unless otherwise acceptable upon notice to and approval by the District.

e. Upon execution of this Agreement and annually thereafter, Consultant will provide to the District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf the insurer(s), and certifying the additional insured coverage.

f. The requirements as to the types, limits, and the District's approval of insurance coverage to be maintained by the Consultant are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Consultant under this Agreement. In addition, in the event any change is made in the insurance carrier, policies or nature of coverage required under this Agreement, Consultant shall notify the District prior to making such changes.

g. Consultant shall ensure that all required insurance coverages are maintained throughout the term of this Agreement. If any of the required coverages expire during the term of this Agreement, Consultant shall deliver renewal certificates and any required endorsements to the District at least 10 days before the expiration date.

h. Consultant must declare any deductible or self-insured retention and such must be approved by the District. At the District's sole option, Consultant may be required to either reduce or eliminate such deductibles or self-insured retentions.

12. Indemnification. To the fullest extent permitted by law, Consultant shall indemnify, defend (with counsel approved by District), protect, and hold harmless the District, and its directors, officers, employees, volunteers, and agents from and against any and all actions, judgments, legal or

administrative proceedings, arbitrations, claims, demands, damages, liabilities, interest, and costs (including, without limitation, attorney's, expert witness and consultant fees and expenses, fines, penalties, and litigation costs and expenses) of every nature ("claims" or "claim"), arising out of, pertaining to or in any way connected with the negligence, recklessness or willful misconduct of Consultant or its employees', agents' or subcontractors' negligence, recklessness or willful misconduct, except where caused by the active negligence or willful misconduct of the District or as otherwise provided or limited by law. Consultant's obligations under this indemnification provision shall survive the completion of Work under, or the termination of, this Agreement. Submission of insurance certificates or submission of other proof of compliance with the insurance requirements in this Agreement does not relieve Consultant from liability under this provision. The obligations of this provision shall apply whether or not such insurance policies shall have been determined to be applicable to any claims.

13. Subcontractors. No subcontract shall be awarded nor any outside contractor engaged by Consultant without the District's prior written approval. Any approved subcontractor shall be covered by Consultant's insurance in accordance with the insurance requirements of Paragraphs 10 and 11 of this Agreement or such subcontractor services will be subject to a separate agreement between the District and the subcontractor.

14. Independent Contractor. It is expressly understood and agreed by the parties that Consultant's relationship to the District is that of an independent contractor. All persons hired by Consultant and performing the Work shall be Consultant's employees or agents. Consultant and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Consultant shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Consultant's employees. Consultant shall, to the fullest extent permitted by law, indemnify District, 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 or other federal or state agency concerning Consultant's independent contractor status.

15. Entire Agreement. This Agreement and the attached exhibits represent the sole, final, complete, exclusive, and integrated expression and statement of the terms of the agreement between the parties concerning the Work. There are no written or oral agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

16. Successors and Assignment. This Agreement shall be binding on, and inure to the benefit of, the heirs, successors, and assigns of the parties; however, Consultant agrees that it will not subcontract, assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, or its power to execute the same without the prior written consent of the District.

17. Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

18. **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by the District to Consultant shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

19. **Interpretation.** The District and Consultant each had the opportunity to consult independent counsel in the negotiation and execution of this Agreement. For the purposes of interpretation of this Agreement, neither party will be deemed to have been its drafter.

20. **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The state superior or federal district court where the District's office is located shall be venue for any litigation concerning the enforcement or construction of this Agreement.

21. **Notices.** Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to be properly given if delivered, mailed or sent by facsimile or e-mail in the manner provided in this paragraph, to the following persons:

District:
Sacramento Suburban Water District
Attn: Daniel A. Bills, Finance Director
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
Fax: (916) 972 - 7639
E-mail: dbills@sswd.org

Consultant:

Attn: _____

Fax: _____
E-mail: _____

If sent by mail, any notice, delivery or other communication will be effective or deemed to have been given three days after it has been deposited in the United States mail, with postage prepaid, and addressed as set forth above. If sent by facsimile or e-mail, any notice, delivery or other communication will be deemed to have been given only after it has been confirmed in writing as received. If delivered personally or by overnight delivery service, any such notice, delivery or other communication will be deemed to have been given on the date of delivery. Either party may change that party's address by giving written notice of the change to the other party in the manner provided in this paragraph.

22. **Licensing.** Consultant represents that it is licensed by the California Board of Accountancy, and that Consultant's license is in good standing and will be kept in good standing during the term of this Agreement.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

SACRAMENTO SUBURBAN WATER
DISTRICT:

_____:

By: _____
Neil W. Schild, Director
Chair, Finance and Audit Committee

By: _____

_____ [Name]
_____ [Title]

RFP DISTRIBUTION LIST

**AUDITING FIRMS
RFP DISTRIBUTION LIST
August 2013**

Michael J. Zizzi
Leaf & Cole LLP
2810 Camino Del Rio South,
Suite 200
San Diego, CA 92108-3820

Timothy Krisch
Maze & Associates
Accountancy Corporation
3478 Bushkirk Avenue, Ste 215
Pleasant Hill, CA 94523

Jason Russell
Fritz Russell, CPAs
5530 Birdcage Street, Suite 105
Citrus Heights, CA 95610

Sara Friedman
Macias, Gini & O'Connell, LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Ingrid M. Shepline
Richardson & Company
550 Howe Avenue, Suite 210
Sacramento, CA 95825

Justin Williams
Mann, Urrutia, Nelson CPAs &
Associates, LLP
2515 Venture Oaks Way, Ste 135
Sacramento, CA 95833

Craig R. Fechter
Fechter & Company
1870 Avondale Avenue, Suite 4
Sacramento, CA 95825

Thomas Young
Brown Armstrong Accountancy
Corporation
4200 Truxton Avenue, Suite 300
Bakersfield, CA 93309

Stephen L. Larson
Georger & Larson
4910 Campus Drive
Newport Beach, CA 92660

Richard Kikuchi
LSL Certified Public
Accountants
203 North Brea Blvd, Suite 203
Brea, CA 92821

Ann Crazens
Deloitte & Touche
980 9th Street, Suite 1800
Sacramento, CA 95670

Scott Manno
Rogers, Anderson, Malody &
Scott, LLP
735 E. Carnegie Drive, Suite 100
San Bernardino, CA 92408