

PALMDALE RECYCLED WATER AUTHORITY (PRWA)
HELD AT CITY OF PALMDALE
CITY HALL COUNCIL CHAMBERS
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
REGULAR MEETING AGENDA NO. 26
AUGUST 17, 2016
7:00 P.M.
www.cityofpalmdale.org
www.palmdalewater.org

WELCOME

NOTE: Materials related to an item on this Agenda submitted to the Palmdale Recycled Water Authority Board of Directors, or after distribution of the agenda packet, are available for public inspection at the City of Palmdale City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California, and at the Palmdale Water District, 2029 East Avenue Q, Palmdale, California during normal business hours and will also be available at the meeting. Those items provided by others at the meeting will be available at City Hall during normal business hours.

A **three-minute time limit** will be imposed on all speakers other than staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Palmdale Water District at least 48 hours prior to the meeting.

Your courtesy is requested to help our meeting run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of your time and ours:

- Please refrain from public displays or outbursts such as unsolicited applause, comments, cheering, foul language, or obscenities.
- Any disruptive activities that substantially interfere with the ability of the Board of Directors to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Please turn off or mute your cell phones and mobile devices.

1. CALL TO ORDER.

2. **PLEDGE OF ALLEGIANCE.**

3. **ROLL CALL: DIRECTORS JAMES C. LEDFORD, JR., KATHY MAC LAREN, ROBERT ALVARADO, FRED THOMPSON, AND HELEN VELADOR**

4. **WAIVER OF FULL READING OF RESOLUTION(S).**

Motion: Move to waive full reading of the Resolution(s) to be considered and voted on at this meeting. (Voice Vote - Requires a majority to waive.)

5. **CONSENT CALENDAR – PUBLIC COMMENTS ONLY:** If you wish to comment on any item(s) listed on the Consent Calendar on this agenda, please come forward to the podium and state the item number(s) and your comments. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

6. **CONSENT CALENDAR:**

NOTICE: All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by the Board, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

6.1 Approve Receipt and Filing of the Treasurer's Report for the 3 months ending through June 30, 2016. (Staff Reference: Treasurer/Auditor Williams)

6.2 Approve the Minutes from the previous meeting held on July 20, 2016. (Staff Reference: Secretary Smith)

Staff Recommendation: Move to approve the recommendations and findings on all items listed under this Consent Calendar. (Voice Vote - Requires a majority to approve.)

7. ACTION CALENDAR:

- 7.1 Discussion regarding a resolution to revise Resolution No. PRWA 2016-005, (Budget Adoption) to include authorization and meeting stipend of \$150.00, pursuant to Resolution 2016-006 which authorizes compensation from the funds received from recycled water sales for the Public Member and reimbursement of expenses for training incurred by the Directors, effective May 18, 2016, and in accordance with Resolution No. PRWA 2015-003 (Expense Reimbursement Policy). (Staff Reference: Executive Director LaMoreaux)

Call for Public Comments

Staff Recommendation: Develop a Board consensus and direct Authority Counsel to prepare a resolution for consideration and adoption by the Board at a future meeting. (Voice Vote - Requires a majority to approve.)

- 7.2 Discussion regarding developing a policy to add items to future agendas. (Staff Reference: Executive Director LaMoreaux)

Call for Public Comments

Staff Recommendation: Develop a Board consensus and direct Authority Counsel to prepare a resolution for consideration and adoption by the Board at a future meeting. (Voice Vote - Requires a majority to approve.)

8. SPECIAL REPORTS:

- 8.1 Oral Report of City of Palmdale Attorney and Palmdale Water Attorney regarding timing of Board Officer Elections. (Staff Reference: Authority Counsel Dunn and City Attorney Ditzhazy)
- 8.2 Presentation regarding Auditor Final Request for Proposal (RFP). (Staff Reference: Treasurer/Auditor Williams)

Staff Recommendation: Receive and file for informational purposes only. (Voice Vote - Requires a majority to approve.)

9. **NON-AGENDA ITEMS - PUBLIC COMMENTS:** This portion of the Agenda allows an individual the opportunity to address the Board of Directors on any subject regarding Palmdale Recycled Water Authority business. Under state legislation, no action can be taken on items not specifically referenced on the Agenda. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.
10. **INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.**
11. **ADJOURNMENT to September 21, 2016 at 7:00 p.m.** at the City of Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California.

Complete packets can be viewed at City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California; Palmdale Water District, 2029 East Avenue Q, Palmdale, California, and the Main Library, located at 700 East Palmdale Boulevard, Palmdale, California. You can also view the Agenda for the Palmdale Recycled Water Authority on the City's website at www.cityofpalmdale.org or the Palmdale Water District website at www.palmdalewater.org.

Thank you for attending your Palmdale Recycled Water Authority meeting. If you have any further questions, please contact the Secretary's Office at (661) 267-5151, Monday through Thursday, 7:30 a.m. to 6:00 p.m., closed every Friday.

PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

DATE: August 9, 2016 August 17, 2016
TO: BOARD OF DIRECTORS Board Meeting
FROM: Mr. Dennis LaMoreaux, Executive Director, PRWA

RE: AGENDA ITEM NO 7.1 – DISCUSSION REGARDING A RESOLUTION TO REVISE RESOLUTION NO. PRWA 2016-005, (BUDGET ADOPTION) TO INCLUDE AUTHORIZATION AND MEETING STIPEND OF \$150.00, PURSUANT TO RESOLUTION 2016-006 WHICH AUTHORIZES COMPENSATION FROM THE FUNDS RECEIVED FROM RECYCLED WATER SALES FOR THE PUBLIC MEMBER AND REIMBURSEMENT OF EXPENSES FOR TRAINING INCURRED BY THE DIRECTORS, EFFECTIVE MAY 18, 2016, AND IN ACCORDANCE WITH RESOLUTION NO. PRWA 2015-003

Recommendation:

Develop a Board consensus and direct Authority Counsel to prepare a resolution for consideration and adoption by the Board at a future meeting.

Background:

Over the last several months the Board and Member Agencies have discussed compensation for the appointed Public Member (Director) of the Board. On May 18, 2016 the Board adopted Resolution No. 2016-006 authorizing compensation for the Public Director from the revenues of the Authority has determined by the adopted Budget. Implementing Resolution No. 2016-006 will require setting a meeting compensation amount, incorporating the compensation amount into the 2016 Budget, and establishing a procedure to process and pay authorized compensation.

Attached are copies of Resolution No. 2016-006 and a draft "Director Meeting Compensation" form. This meeting's discussion is to develop a consensus on the meeting compensation amount and the compensation form. \$150.00 is recommended as a starting point for the discussion. The recommended procedure is to use a final version of the attached draft form for the Public Director to request compensation. The form would be submitted to the Authority Secretary for verification. After being verified, it would be forwarded to the Treasurer/Auditor for payment.

**PALMDALE RECYCLED WATER AUTHORITY
RESOLUTION NO. PRWA 2016-006**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PALMDALE RECYCLED WATER AUTHORITY
AUTHORIZING COMPENSATION AND REIMBURSEMENT FOR TRAINING
FOR THE PUBLIC MEMBER OF THE PALMDALE RECYCLED WATER
AUTHORITY BOARD FROM REVENUE RECEIVED FROM RECYCLED WATER SALES**

WHEREAS, on September 26, 2012, the City of Palmdale and the Palmdale Water District both approved a Joint Powers Agreement (JPA) creating the Palmdale Recycled Water Authority (Authority); and

WHEREAS, on February 20, 2013, the Authority appointed the Public Member from a public advertisement for volunteers; and

WHEREAS, Section 4.11 of the JPA states that compensation for work performed by the Directors on behalf of the Authority shall be borne by the Member Agency that appointed the Director.

WHEREAS, the Section 4.11 of the JPA also states the Authority may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors and that the City and District may provide for compensation and/or reimbursement of expenses to the Public Member, as allowed by law; and

WHEREAS, the Authority adopted Resolution PRWA [2015-006] authorizing the sale of recycled water to any person or entity other than the Palmdale Water District or the City of Palmdale upon application and payment of fees; and

WHEREAS, the Authority has set aside funds from the sale of recycled water for compensation and training expenses; and

WHEREAS, on April 6, 2016, the City adopted Resolution No. CC 2016-045 authorizing compensation and reimbursement for training for the Public Member from revenue received from recycled water sales; and

WHEREAS, on April 13, 2016, the District adopted Resolution No 16-06 authorizing compensation and reimbursement for training for the Public Member from revenue received from recycled water sales.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1: The Board of Directors of the Palmdale Recycled Water Authority hereby approves compensation for the Public Member of the Palmdale Recycled Water Authority from the funds received from recycled water sales and pursuant to the adopted budget.

SECTION 2: The Board of Directors of the Palmdale Recycled Water Authority hereby approves the reimbursement of expenses for training incurred by the Directors of the Authority pursuant to the adopted budget.

PASSED, APPROVED and ADOPTED this 18th day of May, 2016, by the following vote:

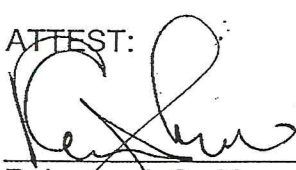
AYES: Ledford, Alvarado, Thompson, Velador, Dino

NOES: None

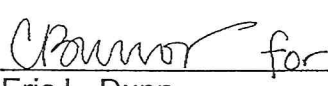
ABSTAIN: None ABSENT: None


James C. Ledford, Jr.,
Chair

ATTEST:


Rebecca J. Smith,
Authority Secretary

APPROVED AS TO FORM:

 for
Eric L. Dunn
Authority Counsel

PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

DATE: August 9, 2016 **August 17, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis LaMoreaux, Executive Director, PRWA

**RE: AGENDA ITEM NO 7.2 – DISCUSSION REGARDING DEVELOPING A POLICY TO
ADD ITEMS TO FUTURE AGENDAS.**

Recommendation:

Develop a Board consensus and direct Authority Counsel to prepare a resolution for consideration and adoption by the Board at a future meeting.

Background:

The City of Palmdale and Palmdale Water District formed the Authority to cooperatively provide the community with a variety of beneficial uses of recycled water. To date, the Authority has developed only the essential policies needed to operate effectively with the available resources. It is anticipated that the Authority will finally have sufficient recycled water rights within six months to a year to provide the service planned in the Recycled Water Facilities Master Plan. This will increase the Authority's activities and the need for additional policies and procedures to ensure its mission is carried out effectively and transparently.

The need for a policy regarding the Authority's Board meeting agendas came to light at the July, 2016 Board meeting. The development of a policy of how items are requested and added to a meeting agenda is needed to ensure all items of importance to the Authority are adequately discussed and addressed. The main issue for a policy to address is the full Board's knowledge of upcoming issues for discussion. Starting points for this discussion can be a standing agenda item to request future agenda items or a requirement that any such requests be made during the information report item that is currently on the Authority agenda.

ORAL REPORT

PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

DATE: August 4, 2016 **August 17, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Michael Williams, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

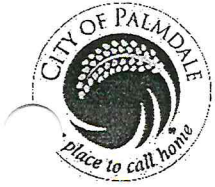
**RE: AGENDA ITEM NO 8.2 – PRESENTATION REGARDING AUDITOR FINAL REQUEST
FOR PROPOSAL (RFP)**

Recommendation:

Receive and file for informational purposes only.

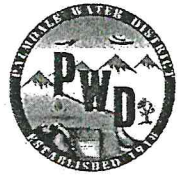
Background:

The Board authorized the release of the RFP on July 20, 2016. The RFP was mailed out to auditing firms that have previously requested to be placed on the Districts bid list for auditing services. The list of firms is attached as exhibit A.



PALMDALE RECYCLED WATER AUTHORITY

c/o 38300 Sierra Hwy, Palmdale, CA 93550 661-456-1017



Board of Directors

James C. Ledford, Jr., Chair
Kathy Mac Laren, Vice Chair
Fred Thompson, Director
Robert Alvarado, Director
Helen Velador, Director

Executive Director

Dennis D. LaMoreaux

PALMDALE RECYCLED WATER AUTHORITY

REQUEST FOR PROPOSALS

FOR

AUDIT SERVICES

Proposal Issue Date

July 21, 2016

Proposal Submittal Due Date

5:00 P.M August 25, 2016

Documents available online at:
www.palmdalewater.org

PROFESSIONAL AUDITING SERVICES

The Palmdale Recycled Water Authority (PRWA) is requesting proposals from qualified Certified Public Accounting firms (herein "Auditor") to perform an audit and issue opinions on the PRWA's financial statements. This request is for a three (3) year contract term beginning with the fiscal year ending December 31, 2016.

I. Background Information

The Palmdale Recycled Water Authority (the "PRWA") was established by a Joint Powers Agreement created between the City of Palmdale (City) and the Palmdale Water District (District) under the Joint Exercise of Powers Act, California Government Code sections 6500 *et seq* on September 26, 2012, to jointly study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems.

The PRWA's accounting records are maintained on the accrual basis, and the accounting policies and procedures conform to generally accepted accounting principles. The financial statements are presented as required for enterprise funds – a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The PRWA is under the direction and leadership of a five-member Board. The Board is comprised of two council members from the City and two board members from the District and one member from the public. The PRWA has no employees.

Additional information is available by request. The PRWA will be more than happy to assist you in obtaining any information you may need. It is the proposing firm's responsibility to obtain a thorough understanding of the PRWA, the scope of the audit(s), and the work to be performed in order to successfully complete the audit(s) prior to submitting your proposal and maximum price bid.

II. Scope of Services

- A. Financial Audit – Examine the basic financial statements, notes to the financial statements, and required supplemental information, if applicable.
- B. Single Audit – Examine the schedule of expenditures of federal awards related to the PRWA's federal grant programs if any occur over the three (3) year period.

The auditor's reports will include the auditor's opinion on the basic financial statements; the auditor's opinion on the schedule of expenditures of federal awards; the auditor's report on internal control over financial reporting and on compliance in accordance with *government auditing standards*; and the auditor's report on the entity's compliance with requirements applicable to each major program and internal control over compliance in accordance with *OMB Circular A-133*.

- C. If necessary, the auditor shall assist the PRWA in preparing and filing all related reports required by state and federal agencies, including the State Controller's Report.
- D. The auditor will evaluate the adequacy of the internal control system and, where weaknesses are noted, make appropriate recommendations for improvements.
- E. The auditor will prepare a report to the Board of Directors and Management which identifies control

deficiencies, significant deficiencies and material weaknesses, if any, and recommendations for improvements in accounting and administrative controls.

F. The auditor shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:

- Board of Directors, Chairman
- Palmdale Recycled Water Authority, Executive Director

G. The auditing firm shall provide five (5) bound copies, one (1) unbound copy and one (1) electronic version of the auditor's report, the financial statements, supporting schedules, and management letters, if any. The partner in charge shall be available to attend the following meetings to discuss the audit and other reports required by this RFP:

- Meeting of the PRWA's Board of Directors.

H. The auditing firm shall submit a draft of the financial statements to management no later than April 30. If necessary, the auditor shall file the State Controller's Report no later than the date prescribed by law.

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

III. Accounting and Auditing Standards

The audit shall be performed in accordance with generally accepted auditing standards; the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as issued by the OMB (the "UAR"); the State Controllers' Minimum Audit Requirements for California Special Districts; and applicable laws and regulations.

IV. Assistance Available to Auditor

The auditor will be given access to the records of the PRWA and reasonable access to staff for the purpose of interviews and the verification of items within the terms of the audit. Sufficient help will be made available to the auditor for such items as the pulling and re-filing of accounting records and the preparation and mailing of all confirmations. It is expected that the auditor will organize work in such a way as to minimize disruption of work of the staff.

V. Proposal Provisions

Proposals must be received at Palmdale Recycled Water Authority, 2029 East Avenue Q, Palmdale, California, 93550, by 5:00 p.m., August 25, 2016.

Proposals received after the above date and time will not be considered.

Proposals must be emailed to mawilliams@palmdalewater.org or delivered in person or mailed directly to Palmdale Recycled Water Authority. **Email is preferred.**

The PRWA is under no obligation to return proposals and will not be responsible for submittals that are delinquent, lost, mismarked, or sent to an address other than that given, or sent by mail or courier service.

Any unauthorized contact with any other official or employee in connection with this RFP is prohibited and shall be cause for disqualification of the Proposer.

Proposals shall be signed by an authorized representative and shall be as thorough and detailed as possible so that the PRWA may properly evaluate the auditor's capabilities to provide the required services.

Submission of a proposal constitutes acceptance by the firm of the conditions contained in this request for proposals unless clearly and specially noted in the proposal submitted and confirmed in the contract between the PRWA and the firm selected.

The following material in the prescribed format outlined below **is required to be received by 5:00 p.m. on August 25, 2016, for a proposing firm to be considered:**

1. Title Page

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

2. Table of Contents

3. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes itself to be best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for period not less than 180 days.

4. Detailed Proposal

a. Firm Qualifications and Experience

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 and the number and nature of the professional staff to be employed in this engagement.

The firm is also required to submit information on the report of its most recent peer review, with a statement whether the peer review included a review of specific government engagements.

The firm shall also provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with any regulatory or professional organizations.

b. Partner, Supervisory, and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners,

managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California.

Provide as much information as possible regarding the number, qualifications and experience of the specific staff to be assigned to this engagement.

Engagement partners, managers, or other supervisory staff may be changed only with the express prior written permission of the PRWA.

c. **Similar Engagements With Other Government Entities**

For the firm's office that will be assigned responsibility for the audit, list the significant engagements (maximum 5) performed in the last three years that are similar to the engagement described in the request for proposal. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

5. **Affirmative Statements**

a. **Independence**

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

b. **License to Practice**

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

6. **Audit Approach**

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, as well as a schedule (by date and hours) of the work to be performed to meet the requirements of this request for proposals.

7. **Fee Proposal**

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

The fee proposal should include the following information:

- a. **Name of the Firm.**
- b. **Certification that the person signing the proposal is entitled to represent the firm and authorized to sign a contract with the PRWA.**
- c. **A Total All-Inclusive Maximum Price for each fiscal year.**
- d. **Rates for Additional Professional Services.**

Please provide a schedule of rates by partner, specialist, supervisory, and staff level.

If it should become necessary for the PRWA 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 agreed to between the PRWA and the firm shall be performed at the rates included.

VI. Evaluation and Award Criteria

- A. Proposals submitted will be evaluated by the Executive Director, Auditor/Treasurer, and Assistant Treasurer herein referred to as the evaluation team.
- B. During the evaluation process, the evaluating team may, at its discretion, request any or all firms to make oral presentations and personal introduction of the proposed managing accountant and/or senior staff to be involved in the audit. Such presentations will provide firms with an opportunity to answer any questions the evaluation team may have on a firm's proposal. Not all firms may be selected to make such oral presentations.
- C. The PRWA's Board of Directors will make a decision based on the evaluation team's recommendations. Final selection will be based on the firm's qualifications, experience, audit approach, and fee. Proposing firms should note that the lowest fee may not be the deciding factor in the final selection.
- D. It is anticipated that a firm will be selected by September 30, 2016. Following notification of the firm selected, it is expected that a professional services agreement will be executed between both parties by October 19, 2016.
- E. Request for Clarification

All requests for clarification concerning the RFP shall be made in writing (e-mail is preferable) by August 18, 2016. All requests for clarification shall be directed by E-Mail, Mail, or Fax to:

Mr. Michael Williams
Auditor/Treasurer
2029 East Avenue Q
Palmdale, CA 93550
(661) 456-1047 - telephone
(661) 947-8604 - fax
mawilliams@palmdalewater.org

F. Effective period of Proposals

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 180 days.

G. Proposal Reservations

The PRWA reserves the right to:

- Reject any or all proposals received in response to this RFP;

- Request clarification from any Proposer on any or all aspects of its proposal;
- Cancel and/or reissue the RFP at any time;
- Retain all proposals submitted in response to this RFP; and,
- Invite some, all, or none of proposers for interviews and further discussion.

H. Award of Contract

The selected firm shall be required to enter into a written professional services agreement with the PRWA for auditing services in a form approved by PRWA legal counsel following formal approval by the Board of Directors of the PRWA. This RFP and the proposal, or any part thereof, may be incorporated into and made a part of the final contract. The PRWA reserves the right to negotiate the terms and conditions of the contract with the selected firm.

I. Contract Term

It is the intent of the PRWA to award the contract for an initial three year (3) period commencing with the fiscal year ending December 31, 2016, with the option to extend for two additional one-year periods, at PRWA's sole discretion.

J. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings shall cover a period of not less than one (1) calendar month.

K. Termination of Agreement

The PRWA may terminate the agreement, with or without cause, by providing written notice of termination to proposer not less than thirty (30) working days prior to the effective termination date. The PRWA's only obligation in the event of termination will be payment of fees and expenses incurred up to and including the date of termination as specified in the notice of termination.

L. Use of Sub-Contractors

The intent to use sub-contractors to perform any portion of the work described in this RFP must be clearly stated in proposer's response. The response must include a description of the work that will be sub-contracted out, cost of fees and services, and the names and addresses of potential sub-contractors.

Proposer shall be responsible for all services performed under the Agreement with the PRWA by sub-contractors. The selected firm shall not assign or transfer its interest in any contract or sub-contract for sub-contractor services without the prior written consent of the PRWA.

M. Indemnity

Proposer assumes all risk of injury to its employees, agents, and sub-contractors, including loss of or damage to property, and shall defend, indemnify, and hold harmless the PRWA, its Board of Directors, officers, and agents from and against all claims, suits, or causes of action for injury to any person or damage to any property arising out of, or connected with, performance of work under the Agreement that does not result from the gross negligence or intentional misconduct of the PRWA, its Board of Directors, officers, or agents.

N. Insurance

Proposer shall maintain such insurance as will protect it from claims under Workers' Compensation laws, and such liability insurance as will protect against claims for damages for bodily injury, including death, and damages to property in accordance with the terms of the Agreement. Coverage of which is to be no less than \$1,000,000/\$2,000,000 per occurrence/aggregate, with the PRWA named as an additional insured.

The proposing firm must be willing and able to obtain an errors and omissions insurance policy for coverage of no less than \$1,000,000 per occurrence for the willful or negligent acts of the firm and its officers, employees and agents.

Proposer shall maintain evidence of coverage in an updated form during the term of the Agreement.

O. Non-Discrimination Practices

Proposer shall not discriminate against any employee or applicant for employment because of race, sex (including pregnancy, childbirth, or related medical condition), creed, national origin, color, disability as defined by law, disabled veteran status, Vietnam veteran status, religion, age, medical condition, marital status, ancestry, or sexual orientation.

P. Right to Audit

Proposer shall be responsible for ensuring the accuracy and propriety of all billings and shall maintain all supporting documentation for the period of three (3) years following completion of performance of the services.

The PRWA will have the right to audit firm's and sub-contractors' invoices and all supporting documentation for purposes of compliance with the Agreement.

Proposer shall cooperate fully with any audit of its billings conducted by the PRWA and permit access to its books, records, and accounts as may be necessary to conduct such audits.

Q. Release of Information

Proposer shall not make public information releases or otherwise publish any information obtained or produced by it as a result of, or in connection with, the performance of services under the Agreement without prior written consent of the PRWA.

R. Use of the PRWA's Name

Proposer shall not publish or use any advertising, sales promotion, or publicity in matters relating to services, equipment, products, reports, and material furnished by proposer in which the PRWA's name is used, or its identity is implied, without prior written approval of the PRWA.

S. Conflict of Interest

Proposers shall identify any existing or potential conflict of interest in its proposal that is related to or arises from this RFP or the work contemplated to be performed herein or under the Agreement. Proposer shall agree not to accept any employment from or perform services with or for any other person, firm, or corporation where such employment is a conflict of interest or where such employment or service is likely to lead to a conflict between the PRWA's interests and the interests

of such person, firm, corporation, or any other third party.

When submitting any existing or potential conflict of interest information, such information shall be submitted on a colored paper different from the rest of the proposal and shall be clearly marked "Conflict of Interest."

Palmdale Recycled Water Authority

Michael Williams
Auditor/Treasurer

EXHIBIT A

Fechter & Company
1870 Avondale Avenue
Suite 4
Sacramento, CA 95825
916-333-5360

Lance, Soll & Lunghard
203 North Brea Blvd.
Suite 203
Brea, CA 92821
714-672-0022

Teaman, Ramirez & Smith, Inc.
4201 Brockton Avenue
Suite 100
Riverside, CA 92501
951-274-9500

Wallace, Rowe & Associates
430 Verbena Court
Pleasant Hill, CA 94523
925-229-1950

Brown Armstrong
4200 Truxtun Avenue
Suite 300
Bakersfield, CA 93309
661-324-4971

Marcia Fritz & Company
5530 Birdcage Street
Suite 105
Citrus Heights, CA 95610
916-966-9366

Vavrinek, Trine, Day & Company
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