

CITY OF OLYMPIA
REQUEST FOR QUALIFICATIONS AND PROPOSAL (RFQ/P)FOR
FINANCIAL CONSULTANT
FOR THE
WATER SYSTEM PLAN UP-DATE, PROJECT NO. CW98

INTRODUCTION

The City of Olympia is currently preparing the six-year up-date of the Water System Plan, in accordance with Washington State Department of Health requirements. An essential component of the up-date, is the financial plan for funding the water system needs for the next six years, and longer. The purpose of this RFQ/P is to select a qualified consultant to prepare the financial component based on an analysis of historical data and the data currently being collected and generated. The consultant will prepare the necessary text and graphics to be included in the Water System Plan.

The following Scope of Work indicates the broad areas of consideration. A more detailed Scope of Work will be negotiated with the selected consultant.

SCOPE OF WORK

Consultant's will be asked to work closely with City staff to complete the following major elements in the Water System Plan Financial Study:

- I. **Revenue Needs** - Assess revenue needs for the next six year planning period, to include adequate coverage for: operations and maintenance, capital projects, and program activities. This assessment should address trends in operating costs, anticipated changes in regulatory requirements, as well as any program enhancements recommended in the updated Water System Plan.
- II. **Rate Structure & Finance Options** - Evaluate existing rate structure with regard to changing patterns of consumption, growth in customer base, annual revenues from rates, price elasticity of consumption, demands on rate revenue (from Item I.) and the effects of conservation on annual revenues. Identify options for adjusting or revising the current structure to assure the price of water during moderate and peak consumption periods covers the infrastructure costs of providing water during those periods. Evaluate growth in customer base relative to sustaining cost coverage through General Facility Charges for those infrastructure improvements and expansions planned to serve that growth.
- III. **Re-use Water Rates** - Evaluate the additional revenue needs for operations, the debt service (imbedded costs) for existing capital facilities in the potable water system, and additional capital needs for the re-use system to determine the rate at which re-use water could be offered to City customers.

- IV. **Billing Methods** - Evaluate the costs of monthly billing (currently bi-monthly) relative to the potential effects it may have on curbing peak consumption relative to proposed revisions to the rate structure and establishing parity between costs to serve peak customers vs. revenues generated by peak consumption.
- V. **Reserves** - Examine adequacy of reserves for operating revenues and capital projects to determine sufficient levels to offset low consumption/revenue years while also reducing spikes in annual rate increases.
- VI. **Model & Processes** - Develop a model that can be updated periodically by City staff that projects rate increases needed to avoid annual spikes and maintain fiscal solvency. Model should be commensurate in support time with the accuracy needed to maintain fiscal solvency at the recommended reserve levels established in Item V.
- VII. **Education & Involvement** - Educate and involve appropriate staff, the citizen Utility Advisory Committee, and City Council in key policy discussions and decisions on financial options/policies during the scoping phase of the financial study and once draft recommendations have been developed. Incorporate policy decisions of City Council in final products.

SCHEDULE

Work will begin immediately upon execution of an agreement with the selected consultant with major work to be completed by October 31, 2002.

BUDGET

The city has budgeted \$40,000 for the financial consultant work.

RESPONSE

Please provide five (5) copies of the following information:

1. Statement of Qualifications, including involvement in similar projects and references, for each professional participating in the project.
2. A description of the methodology proposed for use in response to each of the tasks outlined in the above scope of work.

Please limit the response to 8 to 12 pages, excluding any attachments.

The selection process will focus on the qualifications and experience of personnel in providing similar services, and on the relevance and of the proposed approach and solving methodology to address the city's analytical needs.

DUE DATE

The five (5) copies of the RFQ/P response must be received no later than 5:00 p.m., Friday, March 22, 2002. Mailed responses must be addressed as follows:

Tom Meade, Project Manager
City of Olympia
P.O. Box 1967
Olympia, WA 98507-1967

Hand delivered responses must be delivered to the following address:

Tom Meade, Project Manager
520 Pear Street
Olympia, Washington

QUESTIONS

If you have questions, please contact Tom Meade at (360) 753-8762, fax number: (360) 753-8771, e-mail: tmeade@ci.olympia.wa.us

SCOPE OF SERVICES

City of Olympia Water Financial Study

The *City of Olympia* is completing its six-year update of the Water System Plan. To comply with all Department of Health requirements for a water system plan, a necessary component is the financial element, for which the City has identified a list of objectives requiring a comprehensive financial study. *Financial Consulting Solutions Group, Inc. (FCS Group)* understands the requested consulting services to be as follows:

- The City must forecast water revenues, costs, and rate requirements to fund its capital and operating programs.
- The City needs to define and document fiscal policies related to the management of the water utility.
- The City wants to develop alternatives for a water rate structure that continues to reflect underlying system costs and advances program goals for conservation.
- The City needs to develop a financial model that can be used by staff in the future to forecast water rate revenues and corresponding rate structures.

FCS Group performed a cost-of-service rate study for the City water and sewer utilities in 1996, which provided guidance on fiscal policies such as reserve and capital funding, established conservation-based rates, and increased General Facilities Charges commensurate with the cost of the existing system and planned improvements. Two primary focuses of the study were: financial sustainability, as evidenced by the City's capital funding and re-investment strategies; and the cost of infrastructure as it related to peak demands on the water system. This effort will build on that prior work, both analytically and in policy development.

The task plan below describes FCS Group's approach to providing these services for the City.

Task Plan

1. REVENUE FORECAST MODEL

This task will incorporate the City's objectives of forecasting costs and the revenue necessary to meet annual needs, evaluating reserve levels, and revising the financial model. The financial planning model will be structured in the Microsoft Excel platform to provide for immediate needs related to the 6-year and 20-year planning horizons, and to accommodate ongoing City update and use.

1.1. Project Kick-Off and Brainstorming Session – FCS Group will meet with City staff to review the intended ongoing use of the water rate model and preferred structure, format, and

content. This meeting will also serve as the project kick-off and initial data collection session, in which lines of communication, schedule, and public education strategy will be established.

1.2. Data Evaluation – FCS Group will collect and review information provided by City staff describing actual and budgeted financial performance, scheduled capital needs, and customer information. (An information request will be sent to the City in a separate document.)

1.3. Develop Financial Forecast Model – FCS Group will develop a refined financial forecasting model, which incorporates a capital funding analysis and operating forecast to test the sufficiency of water rate revenue in meeting annual obligations (ongoing expenses, debt service, reserve funding, etc.) and fiscal policies. The GFC analysis will also be updated to correspond with planned capital investments and growth projections identified in planning documents and from the TRPC.

1.4. Review Draft and Final Findings with Staff – FCS Group will meet with City staff and use the model to develop refined financial forecasts. Using a computer projection, consultants will work with staff to evaluate and select key variables and assumptions and to develop a “consensus” forecast result. Input from this session will be used to further refine the model format for subsequent City use. One additional session will be held with staff to review final revenue forecasts.

Deliverables:

- Forecasts of water revenue needs by year
- Evaluation of related fiscal policies and recommendations
- Delivery of the financial planning model to the City

2. RATE STRUCTURE ANALYSIS

The rate structure analysis will include a review and evaluation of the existing rate structure and possible revisions to ensure prices fully reflect seasonal peaking costs. Further, the City wishes to examine the sensitivity of the rate structure to changing consumption levels and patterns, economic and weather cycles, and the effects of both pricing and conservation. Finally, a pricing policy and structure will be developed for the sale of re-use water as a substitute for potable water use.

2.1. Validate Customer Data – FCS Group will work from one-year’s set of detailed customer billing information and will validate statistics generated from that data set against actual rate revenue recorded during the same period. Statistics developed from this exercise will serve as the foundation for cost allocation and rate design.

2.2. Allocate System Costs to Functions and Classes of Service – FCS Group will allocate the annual capital and operating cost drivers of the water system to functions of service (e.g., customer service, annual demand, peak/seasonal demand, and fire protection) and to individual customer classes. Allocation factors used for this task will be gathered from the comprehensive plan, customer statistics, industry practice, and staff input. Additionally, consultants will explore alternative methods of cost allocation, including using marginal cost correlations to apportion

system costs to customer classes. The cost pools associated with each customer class will be used as the basis for establishing rate structures.

2.3. Design Rate Structure Alternatives – FCS Group will generate up to three rate structure alternatives that reflect the cost of service basis identified for each customer class. Rate structures recommended will incorporate pricing mechanisms that can help to enhance the City’s defined objectives, including altering the ranges of existing consumption blocks or adding consumption blocks to further the correlation between prices and system costs for peak usage.

2.4. Develop a Pricing Structure for Water Re-Use – FCS Group will develop a pricing structure to assist the City in its plans to market re-use water. This exercise will be completed based on analytical data from LOTT, policy guidance from the City, and known industry practices. In addition to the capital and operating costs of the re-use water system, costs embedded in the existing potable water system will be considered, both in terms of the near-term stranding of costs, which become a burden for remaining rate-payers, and the longer-term savings provided by reducing peak demands on the potable system.

2.5. Identify Impacts of Rate Structures to Customers and Utility Policies – FCS Group will compare and summarize the impacts to the utility’s customers of each rate structure alternative, identifying changes in the actual bill and possible effects on consumption patterns. Consultants can use the customer data set generated in 1997 to identify, as possible, reasonable bases for forecasting customer response to changes in pricing signals. FCS Group will also identify impacts of rate structure options on revenue variability to determine whether existing fiscal policies are adequate. If need be, the revenue forecast analysis can be modified to incorporate recommended changes to fiscal policies driven by the City’s selected pricing strategy. Finally, consultants will determine whether the City’s 50% surcharge on water customers outside the City is valid under recent court rulings and if not, identify financial and rate impacts of removing the surcharge.

2.6. Review Recommendations with City Staff – FCS Group will meet with City staff up to two times to work through customer billing information, identify pricing objectives, and review rate structure alternatives.

Deliverables:

- Alternative cost allocation methods and rate structures
- Cost of service allocation analysis separated from the revenue forecast model

3. UTILITY BILLING FREQUENCY

This task will address the potential costs and benefits of switching to monthly billing. Since it may affect projected revenue needs, this task will be conducted in the initial stages of the study. Based on findings and City direction, the costs can then be appropriately addressed in the final revenue forecast.

3.1. Estimate Monthly Billing Costs – FCS Group will work with the City to refine estimates of costs to convert to monthly billing. The documented costs will be portrayed in terms of direct costs and associated indirect (overhead) costs, and will be allocated between water and sewer.

3.2. Estimate Potential Savings and Benefits – FCS Group will document and, when possible, estimate potential savings and benefits from the conversion. A direct result is an increase in available cash flow, which translates into improved earnings or funds availability. Potential benefits in terms of rate revenue increases will be estimated by using representative results from in-house data and/or other utilities to evaluate potential changes in consumption. Finally, possible conservation from elasticity effects will be estimated based on the re-allocation of volumes among blocks.

3.3. Document Findings – Since this result may affect other study work, a technical memorandum will be developed to document findings and a preliminary recommendation. City direction can then be used as the basis for baseline financial forecasts.

Deliverable:

- Technical memorandum and supporting analysis related to monthly utility billing

4. DOCUMENTATION AND PUBLIC EDUCATION

The City’s Utility Advisory Committee (UAC) will be the primary point of contact for review and evaluation of issues and options during the study. Recognizing that the City Council establishes policy and enacts rates and charges, presentations will also be made to Council when appropriate to solicit policy guidance and finalize study work products.

4.1. UAC Meetings – FCS Group will meet with the UAC two times during the course of the study. The first UAC session will focus on an evaluation of utility financial policies to obtain the Committee’s input and direction which will influence analytical efforts. The second UAC session will present the project’s final results, recommendations, and rate implications. It is likely that these sessions would occur during the revenue forecasting efforts and at the end of the rate evaluation efforts. More frequent meetings or briefings may be appropriate, subject to City discretion, but will constitute additions to this scope of work.

4.2. Documentation – A draft report will be developed for City staff, UAC, and Council review. Based upon City feedback, a final report will be prepared. The report format is anticipated to be compatible with inclusion as a chapter of the Water System Plan, with an appendix containing the more detailed analytical worksheets.

4.3. City Council Presentations – FCS Group will present findings and recommendations at two City Council sessions. These include a Council work session or committee review session, and possibly a separate public hearing before the City Council, as directed by City staff.

Deliverables:

- Two presentations before the Utility Advisory Committee
- Two presentations before the City Council
- Final report compatible with the requirements of the Water System Plan

Project Schedule

The City has specified a schedule providing for completion of the study no later than October 31, 2002. Specific schedule milestones include:

- Project Start-up and Data Collection – April 15-30, 2002.
- Billing Analysis and Revenue Forecasts – May 1 to June 15, 2002.
- First UAC Review – July 2002.
- Cost Allocation and Rate Evaluation – June 1 to July 30, 2002.
- Documentation – completed by August 31, 2002.
- Second UAC Review – early September 2002.
- Council Presentation(s) – mid-September to mid-October, 2002.
- Finalize Study Products – no later than October 31, 2002.

Project Budget

The estimated cost for the scope of services outlined above is \$39,085. The distribution of consulting labor by task is shown in Table 1.

TABLE 1. PROJECT BUDGET

Labor Effort & Expense by Task	Workload by Consultant				Total
	PROJ MGR CEBRON \$150.00	LEAD HAHN \$115.00	ANALYST HANSEN \$90.00	ADMIN \$50.00	
Task 1. Revenue Forecast Model					
1.1. Project Kick-Off & Brainstorming Session (1)	5.0	8.0	8.0	-	\$ 2,390
1.2. Data Evaluation	-	1.0	4.0	-	475
1.3. Develop Financial Forecast Model	6.0	12.0	44.0	-	6,240
1.4. Review Findings with Staff (2)	8.0	8.0	10.0	-	3,020
<i>Subtotal: Task 1</i>	<u>19.0</u>	<u>29.0</u>	<u>66.0</u>	<u>-</u>	<u>12,125</u>
Task 2. Rate Structure Analysis					
2.1. Validate Customer Data	-	2.0	24.0	-	2,390
2.2. Allocate System Costs to Functions/Classes	2.0	2.0	12.0	-	1,610
2.3. Design Rate Structure Alternatives	4.0	4.0	18.0	-	2,680
2.4. Develop a Pricing Structure for Water Re-Use	2.0	4.0	12.0	-	1,840
2.5. Identify Impacts to Customers & Policies	2.0	2.0	6.0	-	1,070
2.6. Review Recommendations with Staff (2)	8.0	12.0	18.0	-	4,200
<i>Subtotal: Task 2</i>	<u>18.0</u>	<u>26.0</u>	<u>90.0</u>	<u>-</u>	<u>13,790</u>
Task 3. Utility Billing Frequency					
3.1. Estimate Monthly Billing Costs	1.0	2.0	6.0	-	920
3.2. Estimate Potential Savings & Benefits	2.0	2.0	6.0	-	1,070
3.3. Document Findings	1.0	2.0	8.0	-	1,100
<i>Subtotal: Task 3</i>	<u>4.0</u>	<u>6.0</u>	<u>20.0</u>	<u>-</u>	<u>3,090</u>
Task 4. Documentation & Public Education					
4.1. UAC Meetings (2)	8.0	8.0	12.0	2.0	3,300
4.2. Documentation	2.0	8.0	24.0	2.0	3,480
4.3. City Council Presentations (2)	8.0	8.0	12.0	2.0	3,300
<i>Subtotal: Task 4</i>	<u>18.0</u>	<u>24.0</u>	<u>48.0</u>	<u>6.0</u>	<u>10,080</u>
TOTAL STUDY BUDGET	<u>59.0</u>	<u>85.0</u>	<u>224.0</u>	<u>6.0</u>	<u>\$ 39,085</u>

CONSULTANT AGREEMENT FOR ENGINEERING SERVICES

THIS AGREEMENT, made and entered into this ____ day of _____, 20__, by and between the City of Olympia, a municipal corporation, hereinafter referred to as the "CITY," and Financial Consulting Solutions Group, Inc., hereinafter referred to as the "CONSULTANT," witnesseth:

WHEREAS, the CITY requires those services set forth below to be performed as part of that certain CITY project identified as;

WATER SYSTEM PLAN UP-DATE, PROJECT NO. CW98

and

WHEREAS, the CONSULTANT represents that the CONSULTANT is qualified and possesses the expertise, training, and skill necessary to perform such designated services; NOW, THEREFORE, it is hereby agreed between the parties as follows:

1. SCOPE OF SERVICE

The CONSULTANT shall perform such services and accomplish such tasks including all furnishings of all material, labor, and equipment necessary for full performance thereof, as are identified and designated as CONSULTANT responsibilities throughout this Agreement and as detailed in Exhibit A attached hereto and made a part hereof.

2. TERM

The official start date of the CONSULTANT'S duties shall be the same as the effective date of this contract. Whereas, the Scope of Services, attached to and made a part of this contract, projects a schedule of work activities, this Agreement shall remain in effect until July 31, 2003.

3. COMPENSATION AND METHOD OF PAYMENT

A. The CITY shall pay the CONSULTANT for the performance of services on the basis of a lump sum agreement or an hourly agreement, based upon the detailed tasks and cost estimate attached in the exhibits hereto and made a part hereof. The maximum amount payable for completion of all work under this Agreement, including salaries, overhead, direct non-salary costs, and profit, is Thirty-Nine Thousand, Eighty-Five Dollars (\$39,085). The CITY may, from time to time, require changes or modifications in the Scope of Services to be performed hereunder. Such changes, including any decrease or increase in the amount of compensation therefore, which are mutually agreed upon by the CITY and the CONSULTANT, shall be incorporated in written amendments to this contract.

- B. Payment by the CITY for services will only be made after the services have been performed, a voucher or invoice is submitted in the form specified by the CITY, and the same is approved by the appropriate CITY representative. Payment shall be monthly on the basis of invoices submitted. Payment is due within 30 days upon receipt of the approved invoice statement. These invoices will be for the costs incurred during the invoice period.
- C. An hourly agreement shall be paid at the actual hourly rates in accordance with the hourly rate schedule attached in the Exhibits. The CONSULTANTS shall include documentation with each invoice. The documentation shall clearly show what tasks were worked on and how the total invoice amount was derived. Said documentation to include:
- Identification of staff and a summary of each staff's labor hours tied to tasks.
 - All subconsultant charges.
 - Enumerated direct expenses.
 - Activities summary status report.

4. MAINTENANCE AND INSPECTION OF RECORDS

- A. The CONSULTANT agrees to maintain books, records, and documents that sufficiently and properly reflect all direct and indirect costs related to the performance of this Agreement and such accounting procedures and practices as may be deemed necessary by the CITY to assure proper accounting of all funds paid pursuant to this Agreement, for three years beyond completion of services under this Agreement. These records shall be subjected to reasonable inspection and review or audit by the CITY and its authorized representative.
- A. The CONSULTANT agrees that the CITY or its designee shall have full access and right to examine any of said materials at all reasonable times.

5. ASSIGNMENT/SUBCONTRACTING

- A. The CONSULTANT shall not assign any portion of this agreement not identified herein, without written consent of the CITY, and it is further agreed that said consent must be sought in writing by the CONSULTANT not less than thirty (30) days prior to the date of any proposed assignment.
- B. Any technical/professional service subcontract not listed in this Agreement that is to be charged to the CITY under this Agreement, must have express advance approval by the CITY.

6. INDEPENDENT CONSULTANT RELATIONSHIP

- A. The parties intend that an independent CONSULTANT/CITY relationship will be created by this Agreement. The CITY is interested primarily in the results to be achieved; the implementation of services will lie solely with the CONSULTANT. No agent, employee, servant, or representative of the CONSULTANT shall be deemed to be an employee, agent, servant, or representative of the CITY for any purpose, and the employees of the CONSULTANT are not entitled to any of the benefits the CITY provides its employees. The CONSULTANT will be responsible for its negligent acts and for the negligent acts of its agents, employees, and subcontractors during the performance of this Agreement.
- B. In the performance of the services herein contemplated, the CONSULTANT is an independent contractor with the authority to control and direct the performance of the details of the work according to the CONSULTANT'S scope of work; however, the results of the work contemplated herein must meet the approval of the CITY and shall be subject to the CITY's general rights of inspection and review to secure the satisfactory completion thereof.

7. HOLD HARMLESS AND INDEMNIFICATION

The CONSULTANT agrees to hold harmless and indemnify the CITY of all its officers, agents, and employees, from any and all liability, loss, or damage including reasonable costs of defense that they may suffer as a result of claims, demands, actions, or damages to any and all persons or property, costs or judgements to the extent resulting from the negligent acts, errors, or omissions of the CONSULTANT in performing services under this Agreement. Under such indemnity agreement, the CITY agrees to hold harmless and indemnify the CONSULTANT and all of its officers, agents, and employees, from any and all liability, loss, or damage including reasonable costs of defense that they may suffer as a result of claims, demands, actions, or damages to any and all persons or property, costs, or judgements that result from the negligent acts, errors, or omissions of the CITY. If the CITY and the CONSULTANT are concurrently negligent, the CONSULTANT shall be required to indemnify and defend only in proportion to negligence of the CONSULTANT.

8. INSURANCE

- A. The CONSULTANT shall provide the following insurance coverage to be in effect during the term of this contract that shall cover CONSULTANT'S performance under this contract:
 - 1. Statutory workers' compensation insurance to the statutory limits and employer's liability insurance in the amount of \$500,000; and

2. Commercial general liability, including business automobile insurance coverage, in the amount of \$1 million per occurrence and \$2 million annual aggregate, and naming the CITY, its officers, and employees as additional insureds. The policy shall be primary to any policy that the CITY may otherwise carry (primary coverage) and treat the employees of the CITY in the same manner as members of the general public are treated (cross liability coverage); and
3. Professional liability insurance covering damages resulting from errors and omissions of the CONSULTANT. The limit of liability shall not be less than the amount of \$1 million per claim and in annual aggregate.

The above policy shall be issued by companies that are approved by the City's Risk Manager. The policy shall not be canceled without at least thirty (30) days written notice to the CITY.

The CONSULTANT shall provide proof of insurance coverage prior to beginning performance of the contract by submitting a certificate of insurance and copies of policy endorsements to the City's Risk Manager, demonstrating the additional insured coverage and primary coverage. A certificate and policy endorsements shall be subject to the review and approval of the City's Risk Manager.

9. EQUAL EMPLOYMENT OPPORTUNITY

- A. The CITY is an equal opportunity employer.
- B. In the performance of this Agreement, the CONSULTANT will not discriminate against any employee or applicant for employment on the grounds of race, creed, color, national origin, sex, marital status, age, or the presence of any sensory, mental, or physical disability; provided that the prohibition against discrimination in employment because of disability shall not apply if the particular disability prevents the proper performance of the particular worker involved. The CONSULTANT shall ensure that applicants are employed and that employees are treated during employment without discrimination because of their race, creed, color, national origin, sex, marital status, age, or the presence of any sensory, mental, or physical disability. Such action shall include, but not be limited to: employment, upgrading, demotion or transfers, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation, and programs for training including apprenticeships. The CONSULTANT shall take such action with respect to this Agreement as may be required to ensure full compliance with Chapter 49.60 Revised Code of Washington, Law Against Discrimination.

- C. If any assignment and/or subcontracting has been authorized by the CITY, said assignment or subcontract shall include appropriate safeguards against discrimination. the CONSULTANT shall take such action as may be required to ensure full compliance with the provisions in the immediately preceding paragraph herein.
- D. The CONSULTANT SHALL COMPLY WITH Executive Order 11246, entitled “Equal Employment Opportunity” as amended by Executive Order 1375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

10. MINORITY BUSINESS ENTERPRISE

In connection with the CONSULTANT’S performance under this Agreement, the CONSULTANT will cooperate with the CITY in meeting the CITY’S commitments and goals with regard to the maximum utilization of minority business enterprises and will use its best efforts to ensure the minority business enterprises shall have the maximum practicable opportunity to compete for subcontract work under this Agreement.

11. TREATMENT OF ASSETS

Title to all property furnished by the CITY shall remain in the name of the CITY. All equipment purchased specifically for the project shall become the property of the CITY.

- A. Ownership of Instruments of Service: The CITY acknowledges that the CONSULTANT’S reports, boring logs, field data, field notes, laboratory test data, calculations, estimates, and other similar documents are instruments of professional services, not products. Although ownership of such documents is normally retained by the CONSULTANT, they nonetheless shall in this instance become the property of the CITY. The CITY recognizes that no such documents should be subject to unauthorized reuse or modification, that is, reuse or modification without written authorization of CONSULTANT to do so. Such authorization is essential because it requires the CONSULTANT to evaluate the documents’ applicability given new circumstances, not the least of which is passage of time. Accordingly, in return for the CONSULTANT’S relinquishment of ownership, the CITY agrees to waive any claim against the CONSULTANT, and defend, indemnify, and hold CONSULTANT harmless from any claim or liability for injury or loss allegedly arising from unauthorized reuse or modification of such documents. If released by the CITY, the CITY further agrees to compensate the CONSULTANT for any time spent or expenses incurred by the CONSULTANT in defense of any such claim, in accordance with CONSULTANT’S prevailing fee schedule and expense reimbursement policy.

12. TERMINATION

The CITY may terminate all or a portion of the work program in this Contract for its convenience. Either the CITY or the CONSULTANT may terminate the work in the event that the other party fails to perform in accordance with the provisions of this Contract. Termination of this Contract is accomplished by providing seven days written notice to the other party.

In the event of termination, the CONSULTANT shall perform such additional work as necessary for the orderly closure of the work program, as jointly agreed upon by both parties.

The CONSULTANT shall be compensated on the basis of the work performed prior to the date of termination, plus the work required for an orderly closure of the project.

13. ENTIRE CONTRACT

The parties agree that this Agreement is the complete expression of the terms hereto and any oral representations or understandings not incorporated herein are excluded. Further, any modification of this Agreement shall be in writing and signed by both parties. Failure to comply with any of the provisions stated herein shall constitute material breach of contract and performance of the provisions of this contract. It is also agreed by the parties that the forgiveness of the nonperformance of any provision of this Agreement does not constitute a waiver of the provisions of this Agreement.

14. ATTACHMENTS

The following attachments are part of and applicable to this Agreement:

Exhibit A: Scope of Services

Exhibit B: Schedule of Hourly Rates (for hourly only).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date above written.

CITY OF OLYMPIA

CONSULTANT

Karl Imlig, P.E., Acting City Engineer

Approved as to form:

Mark Erickson, City Attorney

