



Report to Board of Trustees

Date: 9/23/2013

Re: TTHM Reduction Project

The Surfside Homeowners Association Board of Trustees approved a contract¹ with Gray and Osborne to conduct a pilot study with the goal of reducing the disinfection byproduct residuals to a point that is below the Department of Health action levels.

The water system manager and Russ Porter, the Gray and Osborne engineer assigned to perform the pilot study, recommended two methods of reducing the disinfection byproducts.

The preferred method, activated carbon was chosen for two reasons. First, removing the precursor to the disinfection byproducts may be the low maintenance method compared to the alternative method (aeration). The cost of replacing activated carbon will be the largest maintenance cost issue that the pilot study will identify. Second, activated carbon would greatly improve water quality. Activated carbon will reduce color and improve taste and odor issues.

The alternative method, aeration, will remove most of the Trihalomethanes but will not remove Haloacetic acids. The Haloacetic acid residuals are well below the maximum contaminate level at this time. Aeration also has the potential to increase color in the finished water. The aeration equipment will be high maintenance infrastructure requiring regular and frequent attention.

There is a possibility that it may require both activated carbon and aeration to get the disinfection byproducts under control.

Gray and Osborne scope of work includes:

1. Prepare a technical memorandum identifying potential treatment alternatives and evaluating these alternatives based upon criteria that includes capital construction costs and ongoing operating costs. The memorandum will document existing facilities and the implementing of different treatment options.

¹ See Attached

The primary treatment option will be activated carbon to remove total organic carbons, the precursor for disinfection byproducts, from the raw water prior to chlorine injection used in the iron and manganese filtration process.

The memorandum will also provide an alternative recommended design criteria protocol, aeration, in the event the activated carbon treatment option proves to be impractical. The cost of pilot testing an aeration protocol will be identified in the technical memorandum.

Pilot Study Phase two in the capital improvement budget request is the aeration pilot study. This pilot study may or may not need to be conducted based on the results of the activated carbon study.

The budget request of \$55,000 is a best guess from the Water System Manager until the technical memorandum is complete. If the memorandum is complete prior the final budget approval the budget request number can be adjusted.

2. A Pilot Study Protocol will be prepared for the activated carbon study and submitted to the Department of Health for review and approval prior to conducting the pilot study.
3. Conducting the pilot study. The pilot study could take between 6 to 12 months to complete.
4. Prepare a report on the pilot study that will include recommendations, design parameters for full scale facility including both capital and operations and maintenance costs.

PROPOSAL AND CONTRACT
FOR
PROFESSIONAL ENGINEERING SERVICES

SURFSIDE HOMEOWNERS ASSOCIATION

WASHINGTON

AUGUST 2013

G&O Job. No. 20132.43

GRAY & OSBORNE, INC.
CONSULTING ENGINEERS
SEATTLE, OLYMPIA, YAKIMA,
VANCOUVER & ARLINGTON

**CONTRACT FOR
PROFESSIONAL ENGINEERING SERVICES**

THIS Contract, entered into this _____ day of _____ 20_____, between the SURFSIDE HOMEOWNERS ASSOCIATION, Washington, hereinafter called the "Agency"; and GRAY & OSBORNE, INC., Consulting Engineers, Seattle, Washington, hereinafter called the "Engineer".

WITNESSETH:

WITNESSETH THAT, the Agency now finds that it is in need for the engagement of professional engineering services. The purpose of this Contract it to define the scope of work to be performed, the conditions under which it shall be performed, and method of payment for professional engineering services authorized by the Agency.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do mutually agree as follows:

ARTICLE 1

EMPLOYMENT OF THE ENGINEER

The Agency, acting pursuant to its vested authority, does hereby engage the Engineer and the Engineer agrees to furnish the engineering services as requested by the Agency in connection with water system engineering, hereinafter also called the "Project." These services are outlined in this Contract and shall be undertaken upon request by the Agency to the Engineer.

ARTICLE 2

CHARACTER & EXTENT OF ENGINEERING SERVICES

Upon execution of this Contract, and authorization of the Agency to proceed, the Engineer shall provide engineering services more fully described in Exhibit "A."

SPECIAL SERVICES

The Engineer may employ competent professionals to assist in the completion of the work as described as scope of work and budget herein.

The information so secured shall be made available to the Agency and the Engineer for the use and development of the Agency's projects.

ARTICLE 3

SCOPE OF OWNER SERVICES

The AGENCY shall provide or perform the following:

Provide full information as to the Agency's requirements for the Project. Assist the Engineer by placing at his disposal all available information pertinent to the site of the Project, including previous reports, drawings, plats, surveys, utility records, and any other data relative to the Project. Absent specific written direction to the contrary, the Engineer shall be entitled to rely upon the completeness and accuracy of such documentation.

Examine all studies, reports, sketches, estimates, specifications, drawings, proposals, and other documents presented by the Engineer.

ARTICLE 4

COMPENSATION

It is mutually agreed that the Agency will compensate the Engineer for services furnished based on the cost reimbursement method.

The total cost of these services shall not exceed the amount shown in Exhibit "B" without further written authorization by the Agency.

Total compensation is based on the following:

- (a) Cost Ceiling: The total amount of compensation for engineering services as described herein, and as further defined in letters or exhibits to this Contract including profit (fee), out-of-pocket expenses, direct labor costs, direct overhead and indirect overhead shall not exceed the total dollar cost agreed upon, without a formal amendment to this Contract.
- (b) Compensation Determination: Payment for work accomplished is on the basis of the Engineer's fully burdened labor cost plus direct non-salary costs.
 1. Fully burdened labor costs are determined by multiplying the hours spent by employees on the project, times the employee's fully burdened billing rate. The fully burdened billing rates are identified on Exhibit "C" and include direct salary cost, overhead, and profit. Overhead includes federal, state, and local taxes; insurance and medical; professional development and education;

vacations and holidays; secretarial and clerical work; GIS, CADD, and computer equipment; owned survey equipment and tools; attendance at non-project-specific public meetings for the purpose of keeping the public informed in regard to infrastructure improvements in the community and how the public will be affected; rent, utilities, and depreciation; office expenses; recruiting; professional services; incentive and retirement; and facilities cost of capital.

2. The direct non-salary costs are those costs directly incurred in fulfilling the terms of this Contract including, but not limited to travel, reproduction, supplies and fees for special professional services of outside consultants. If the Engineer is directed to employ special, professional expertise, the Agency will be billed by the Engineer for the special service invoiced amount plus ten percent (10%) for administrative overhead.

Payment of compensation shall be upon submittal to the Agency of a bill by the Engineer at approximate monthly intervals for services rendered during the preceding time period, plus a proportionate percentage of the fee amount stipulated above.

The cost records and accounts pertaining to this Contract are to be kept available for inspection by representatives of the Agency for a period of three (3) years after final payment. In the event any audit or inspection identifies any discrepancy in the financial records, the Engineer shall provide clarification and/or make adjustments accordingly.

ARTICLE 5

ADDITIONAL WORK

If during the performance of this contract, or subsequent to completion of the work under this contract, other or additional services other than those previously specified, including but not limited to additions or revisions by the Agency are ordered in writing by the Agency, the Engineer agrees to provide the services and the Agency agrees to compensate the Engineer under the same method of Compensation Determination described herein, to be determined at the time the additional services are ordered. The Engineer agrees not to proceed with the additional services until such time as the costs for the additional services have been approved by the Agency.

ARTICLE 6

MAJOR REVISIONS

If, after the design has been approved by the Agency, and the Engineer has proceeded with the final design, and has performed work in processing same and the Agency

authorizes new or substantially alters the design, the Agency will pay the Engineer a just and equitable compensation as mutually agreed upon by the Agency and the Engineer, or if an agreement cannot be reached within thirty (30) days, the equitable compensation shall be determined by mediators.

ARTICLE 7

COST ESTIMATE

The Agency is herewith advised that the Engineer has no control over the cost of labor, material, and equipment, including the contractors' and suppliers' methods of producing and delivering such goods and services; or over the methods and styles of competitive bidding or market conditions; and, accordingly, the Engineer's cost estimates are made and furnished on the basis of his experience and qualifications and represent only his best judgment as a design professional and within his familiarity with the construction industry, and, as such, the Engineer cannot and does not warrant, in any other manner or style, the accuracy of the cost estimates, nor that the estimates will or will not vary significantly with bids received by or construction costs realized by the Agency.

ARTICLE 8

FACILITIES TO BE FURNISHED BY THE ENGINEER

The Engineer shall furnish and maintain a central office, work space and equipment suitable and adequate for the prosecution of the work that is normal to the functioning of an established operating engineering practice.

ARTICLE 9

OWNERSHIP OF PLANS

All reports, designs, drawings and specifications prepared by the Engineer, as provided under this Contract shall be and do become the property of the Agency upon payment to the Engineer of his compensation as set forth in this Contract. Reuse of any of the instruments of services of the Engineer by the Agency on extensions of this project or on any other project without the written permission of the Engineer shall be at the Agency's risk and the Agency agrees to defend, indemnify and hold harmless the Engineer from all claims, damages and expenses including attorney's fees arising out of such unauthorized reuse of the Engineer's instruments of service by the Agency or by others acting through the Agency.

ARTICLE 10

SEVERABILITY

If any provision of this Contract is held invalid, the remainder of this Contract shall not be affected thereby, if such remainder would then continue to conform to the terms and requirements of the applicable law.

ARTICLE 11

MEDIATION

All claims, disputes and other matters in question between Agency and Engineer shall, in the first instance, be subject to mediation. Either party may notify the other, by certified mail, of the existence of a claim or dispute. If such claim or dispute cannot promptly be resolved by the parties, the Engineer shall promptly contact the Judicial Arbitration and Mediation Service, Inc., or any other recognized mediation service agreed to by the parties, to arrange for the engagement and appointment of a mediator for the purpose of assisting the parties to amicably resolve the claim or dispute. The cost of the mediator shall be borne equally by the parties. The Agency and Engineer further agree to cooperate fully with the appointed mediator's attempt to resolve the claim or dispute, and also agree that litigation may not be commenced, by either party, for a period of ninety calendar days following the receipt by the other party of the written notice of claim or dispute. This mediation provision may be asserted by either party as grounds for staying such litigation.

ARTICLE 12

ASSIGNABILITY

The Engineer shall not assign nor transfer any interest in this Contract without the prior written consent of the Agency.

ARTICLE 13

EQUAL EMPLOYMENT OPPORTUNITY

The Engineer agrees that it will not discriminate against any employee or applicant for employment because of race, religion, color, sex, age or national origin.

ARTICLE 14

COVENANT AGAINST CONTINGENT FEES

The Engineer warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon an agreement or understanding for a commission,

percentage, brokerage or contingent fees, excepting bona fide employees. For breach or violation of this warranty, the Agency shall have the right to annul this Contract without liability or in its discretion to deduct from the Contract price or consideration or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

ARTICLE 15

SAFETY

The duty and/or Services furnished hereunder by the Engineer, does not include a review of the adequacy of any contractor's safety measures in, on, or near a project construction site. The contractor alone shall have the responsibility and liability thereof, and shall be insured accordingly. Neither the activities of the Engineer, nor the presence of the Engineer's employees at a site, shall relieve the contractor of their obligations, duties, and responsibilities with any health or safety precaution required to ensure the safety of the jobsite.

ARTICLE 16

INDEMNITY AGREEMENT

The Engineer shall hold the Agency harmless from, and shall indemnify the Agency against, any and all claims, demands, actions or liabilities caused by or occurring by reason of any negligent act or omission of the Engineer, its agents, employees or subcontractors, arising out of or in connection with the performance of this Contract.

The Engineer shall be required to indemnify the Agency in those cases where damages have been caused by the concurrent negligence of the Agency and Engineer, its agents, employees or subcontractors. In those cases, the liability of the Engineer for indemnifications shall be limited to that portion of the damages caused by the negligence of the Engineer, its agents, employees or subcontractors.

The Engineer has no duty to indemnify the Agency where damages were caused by the negligence of the Agency.

ARTICLE 17

INSURANCE

A. Public Liability

The Engineer shall provide evidence of comprehensive Public Liability and Property Damage Insurance which includes but is not limited to, operations of the Engineer, commercial general liability, and blanket limited contractual liability

with limits of not less than:

COMPREHENSIVE GENERAL LIABILITY

Bodily Injury & Property Damage: \$1,000,000 each person
\$1,000,000 each occurrence
\$1,000,000 each aggregate

AUTOMOBILE LIABILITY

Bodily Injury: \$1,000,000 each person
\$1,000,000 each occurrence

Property Damage: \$1,000,000 single limit

The Agency shall be named as an additional insured as respects this Contract. In conjunction therewith, the Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract.

B. Professional Liability

The Engineer shall provide Professional Errors and Omissions Liability Insurance which shall provide coverage for any negligent professional acts, errors or omissions for which the Engineer is legally responsible, with limits of not less than:

PROFESSIONAL ERRORS \$1,000,000 each occurrence
AND

OMISSIONS LIABILITY \$1,000,000 aggregate

The Engineer shall furnish a certificate of such insurance to the Agency at the time of execution of this Contract.

ARTICLE 18

STATUS OF ENGINEER

The Engineer is an independent contractor operating for its own account, and is in no way and to no extent an employee or agent of the Agency. The Engineer shall have the sole judgment of the means, mode or manner of the actual performance of this Contract. The Engineer, as an independent contractor, assumes the entire responsibility for carrying out and accomplishing this Contract.

ARTICLE 19

CERTIFICATION OF ENGINEER

Attached hereto is Exhibit "D" Certification Regarding Debarment, Suspension and Other Responsibility Matters.

ARTICLE 20

CHOICE OF LAW/JURISDICTION/VENUE

This Contract shall be governed as to validity, interpretation, construction and effect, and in all other respects, by the laws of the State of Washington. Jurisdiction of any suit or action arising out of or in connection with this Contract shall be in the State of Washington, and the venue thereof be in the same County as the Agency.

ARTICLE 21

NOTICES

In every case where, under any of the provisions of this Contract or in the opinion of either the Agency or the Engineer or otherwise, it shall or may become necessary or desirable to make, give, or serve any declaration, demand, or notice of any kind or character or for any purpose whatsoever, the same shall be in writing, and it shall be sufficient to either (1) deliver the same or a copy thereof in person to the President, if given by the Engineer, or to the President or Secretary of the Engineer personally, if given by the Agency; or (2) mail the same or a copy thereof by registered or certified mail, postage prepaid, addressed to the other party at such address as may have theretofore been designated in writing by such party, by notice served in the manner herein provided, and until some other address shall have been so designated, the address of the Agency for the purpose of mailing such notices shall be as follows:

SURFSIDE HOMEOWNERS ASSOCIATION
31402 H Street
Ocean Park, WA 98640

and the address of the Engineer shall be as follows:

GRAY & OSBORNE, INC.
701 Dexter Ave. North
Suite 200
Seattle, Washington 98109-4339

ARTICLE 22

ATTORNEY'S FEES

The parties agree that in the event a civil action is instituted by either party to enforce any of the terms and conditions of this Contract, or to obtain damages or other redress for any breach hereof, the prevailing party shall be entitled to recover from the other party, in addition to its other remedies, its reasonable attorney's fees in such suit or action and upon any appeal therefrom.

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year written below.

ENGINEER: Gray & Osborne, Inc.

By: Thomas M. Zerkel
(Signature)

Name/Title: Thomas M. Zerkel, P.E., President

Date: August 9, 2013

AGENCY: Surfside
Homeowners Association

By: _____
(Signature)

Name/Title: Kirby Smith, President
(Print)

Date: _____

By: _____
(Signature)

Name/Title: John Williams, Secretary
(Print)

Date: _____

"Equal Opportunity/Affirmative Action Employer"

EXHIBIT “A”

SCOPE OF WORK

SURFSIDE HOMEOWNERS ASSOCIATION DISINFECTION BYPRODUCT CARBON PILOT STUDY

Task 1 – Pre-Pilot Study Technical Memorandum

Gray & Osborne will prepare a technical memorandum identifying potential treatment alternatives and evaluating these alternatives based upon a variety of criteria including both capital and operating costs. It is anticipated that both carbon and aeration treatment for disinfection by-products will be considered. The technical memorandum will document the existing HOA operations and outline potential options for implementing the treatment options. The memorandum will analyze the alternatives and recommend the best options for further evaluation in a pilot study. The memorandum will include recommended design criteria for carbon treatment in preparation for the carbon treatment pilot study proposed in this scope of work but will also include recommended design criteria for the preferred aeration alternative including potential pilot and full scale system costs to allow Surfside the ability to budget for future aeration, if desired.

Task 2 – Pilot Study Protocol

Gray & Osborne will prepare a pilot study protocol describing the proposed carbon pilot study. The protocol will describe the pilot process, the proposed pilot equipment, and the operations scheme. The protocol will also list the proposed sampling and monitoring schedule, as well as sampling methods. The monitoring schedule will clearly define any monitoring expectations of Surfside HOA staff, as well as the required equipment that the HOA will need to procure. The protocol will be submitted for review and approval by the Washington State Department of Health.

Task 3 – Pilot Study

Gray & Osborne will assist the HOA is setting up the pilot study. If it is determined that a column test is the preferred method of carbon testing, Gray & Osborne will procure the carbon and provide the carbon testing apparatus; otherwise the HOA will be responsible for obtaining the carbon pilot unit and media. Gray & Osborne, with HOA staff assistance, will install, test, and start-up the carbon pilot equipment. Gray & Osborne will train HOA staff in any ongoing sampling and monitoring requirements. It is anticipated that the pilot study may last 6 to 12 months depending upon the performance of the carbon.

Task 4 – Pilot Study Report

At the conclusion of the pilot study, Gray & Osborne will prepare a report documenting the findings of the pilot study. The report will contain a description of historical HOA water quality sampling and operation; a description of the pilot study; the pilot study results; and design parameters for a full-scale facility including both capital and operations and maintenance costs. The report will meet the requirements of an engineering report as specified WAC 246-290.

Assumptions

1. Surfside HOA staff will assist with operation of the pilot and collection of water quality data.
2. Surfside HOA will pay for laboratory analysis of water quality samples.

EXHIBIT "B"

ENGINEERING SERVICES SCOPE AND ESTIMATED COST

Surfside Homeowners Association - Disinfection Byproduct Carbon Pilot Study

Tasks	Principal Hours	Project Manager Hours	Eng. I and II Hours	AutoCAD Technician Hours
Site Visit and Kickoff Meeting	8	8		
Task 1 - Pre-Pilot Memorandum	2	6	12	
Task 2 - Pilot Study Protocol	2	4	8	4
Task 3 - Pilot Study		16	48	
Task 4 - Pilot Study Report	4	12	24	4
QA/QC	3	3	3	
Hour Estimate:	19	49	95	8
Fully Burdened Billing Rate Range:*	\$112 to \$188	\$112 to \$188	\$75 to \$104	\$45 to \$85
Estimated Fully Burdened Billing Rate:*	\$150	\$140	\$95	\$65
Fully Burdened Labor Cost:	\$2,850	\$6,860	\$9,025	\$520

Total Fully Burdened Labor Cost:	\$ 19,255
Direct Non-Salary Cost:	
Mileage & Expenses (Mileage @ \$0.56/mile)	\$ 900
Printing	\$ -
TOTAL ESTIMATED COST:	\$ 20,155

* Actual labor cost will be based on each employee's actual rate. Estimated rates are for determining total estimated cost only. Fully burdened billing rates include direct salary cost, overhead, and profit.

EXHIBIT "C"

GRAY & OSBORNE

PROFESSIONAL ENGINEERING SERVICES CONTRACT FULLY BURDENED BILLING RATES* THROUGH JUNE 15, 2013**

<u>Employee Classification</u>	<u>Fully Burdened Billing Rates</u>		
AutoCAD/GIS Technician/Engineering Intern	\$ 45.00	to	\$ 85.00
AutoCAD/GIS Manager/Graphic Artist	\$ 92.00	to	\$115.00
Senior Electrical Engineer	\$140.00	to	\$169.00
Senior Structural Engineer	\$114.00	to	\$158.00
Electrical Engineer	\$102.00	to	\$138.00
Structural Engineer	\$ 98.00	to	\$128.00
Environmental Technician/Specialist	\$ 80.00	to	\$128.00
Engineers I and II	\$ 75.00	to	\$104.00
Engineer III	\$ 93.00	to	\$113.00
Engineer IV	\$106.00	to	\$130.00
Engineers V and VI	\$112.00	to	\$180.00
Principal-in-Charge/Project Manager	\$112.00	to	\$188.00
Resident Engineer	\$123.00	to	\$155.00
Field Inspector	\$ 74.00	to	\$118.00
Field Survey (2 Person)***	\$144.00	to	\$210.00
Field Survey (3 Person)***	\$219.00	to	\$274.00
Professional Land Surveyor	\$108.00	to	\$121.00
Secretary/Word Processor***	N/A		

* Fully Burdened Billing Rates include overhead and profit.

** Updated annually, together with the overhead.

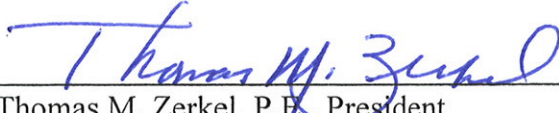
All actual out-of-pocket expenses incurred directly on the project are added to the billing. The billing is based on direct out-of-pocket expenses; meals, lodging, laboratory testing and transportation. The transportation rate is \$0.56 per mile or the current maximum IRS rate without receipt IRS Section 162(a).

*** Administration expenses include secretarial and clerical work; GIS, CADD, and computer equipment; owned survey equipment and tools (stakes, hubs, lath, etc. – Note: mileage billed separately at rate noted); miscellaneous administration tasks; facsimiles; telephone; and printing costs, which are less than \$150.

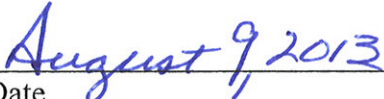
EXHIBIT "D"

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

- I. The Engineer, Gray & Osborne, Inc., certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - B. Have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission or fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - C. Are not presently indicated for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (I)(B) of this certification; and
 - D. Have not within a 3-year period preceding this application/proposal had one or more public transactions (federal, state, or local) terminated for cause or default.



Thomas M. Zerkel, P.E., President
Gray & Osborne, Inc.



Date

The Agency may confirm the Engineer's suspension or debarment status on General Services Administration Excluded Parties List System website: www.epls.gov.