

**NORTH BEACH WATER DISTRICT
PACIFIC COUNTY**

RESOLUTION 07-2013

**A RESOLUTION OF THE NORTH BEACH WATER DISTRICT OF
PACIFIC COUNTY, WASHINGTON, APPROVING ENGINEERING
CONTRACTS WITH GRAY AND OSBORNE**

WHEREAS, North Beach Water District applied for and received two State Revolving Fund loans to make improvements to its infrastructure, and

WHEREAS, North Beach Water District requires the services of a professional engineer to design said improvements to its infrastructure; and

WHEREAS, North Beach Water District, in accordance with Chapter 39.80 RCW, advertised for engineering firms to submit statements of qualifications and performance data for the purpose of selecting a qualified firm to design said improvements to its infrastructure; and

WHEREAS, The general manager conducted discussion with submitting firms regarding anticipated concepts and the utility of alternative methods of approach for designing said improvements to its infrastructure; and

WHEREAS, The general manager, after the above mentioned discussions, determined that Gray and Osborne, Inc. is the most qualified engineering firm to design said improvements to its infrastructure, and

WHEREAS, The general manager successfully negotiated contracts for engineering services at a price that is fair and reasonable with Gray and Osborne, Inc.; now, therefore

Be It Resolved, by the Board of Commissioners of North Beach Water District, Pacific County, Washington, as follows:

Section 1. To approve the Proposal and Contracts for Professional Engineering Services between North Beach Water District and Gray and Osborne, Inc. attached to this resolution and identified as Exhibit A

Section 2. To authorize the general manager to sign the Proposal and Contract for Professional Engineering Services between North Beach Water District and Gray and Osborne, Inc.

Adopted by the Board of Commissioners of North Beach Water District, Pacific County, Washington at its regular meeting held on the 18nd day of March, 2013.

Brian Sheldon, Commissioner
Position #1

Gwen Brake, Commissioner
Position #2

RD Williams, Commissioner
Position #3

Official Seal of North Beach
Water District

EXHIBIT A

PROPOSAL AND CONTRACT
FOR
PROFESSIONAL ENGINEERING SERVICES

NORTH BEACH WATER DISTRICT
WASHINGTON

MARCH 2013

G&O Job. No. 20122.24

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

**CONTRACT FOR
PROFESSIONAL ENGINEERING SERVICES**

THIS Contract, entered into this ____ day of _____ 2013, between NORTH BEACH WATER DISTRICT, PACIFIC COUNTY, 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 the DWSRF WATER SUPPLY AND TREATMENT PROJECT, 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.

Any information or work obtained or created by such professionals 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 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 DISTRICT MANAGER, 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:

NORTH BEACH WATER DISTRICT
P.O. BOX 618
OCEAN PARK, WASHINGTON 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

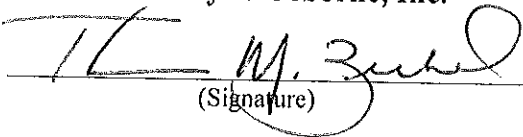
The parties agree that in the event a civil action is instituted by either party to enforce any of the terms and conditions of this Contract, or to obtain damages or other redress for any breach hereof, the prevailing party shall be entitled to recover from the other party, in addition to its other remedies,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

AGENCY: North Beach Water District

By: _____


(Signature)

By: _____

(Signature)

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

Name/Title: _____

(Print)

Date: _____

3/11/13

Date: _____

"Equal Opportunity/Affirmative Action Employer"

EXHIBIT "A"

SCOPE OF WORK

NORTH BEACH WATER DISTRICT WATER SUPPLY AND TREATMENT PROJECT

PROJECT OVERVIEW

The North Beach Water District (NBWD) has received a Drinking Water State Revolving Fund Loan to complete water supply and treatment improvements at its two wellfields. Anticipated project components include the following:

South Wellfield

1. Drill, test, and equip up to four new wells each with a capacity of approximately 125 gallons per minute. (The template for the bid package for the first well will be developed by NBWD and its hydrogeologist.)
2. Install associated electrical conduit and site piping to connect the new wells to the WTP building.
3. Install a new treatment system to remove iron/manganese/arsenic from the raw water from the new wells.
4. Rehabilitate and potentially extend the existing treatment building. Rehabilitation of the existing building would include HVAC, insulation, and electrical improvements.
5. Install a new control system to control the new wells and treatment system. Install a new telemetry system to communicate data and controls from the South Wellfield to the North Wellfield. Install a new flow meter on the discharge of the existing booster pump station.
6. Complete associated site work (including fencing) and restoration of disturbed areas.
7. Decommission existing wells that will no longer be used or convert them to monitoring wells.

North Wellfield

1. Complete improvements to Wells 1 through 8 including the following:
 - a. Replace well houses with pitless well adapters to provide a more sanitary wellhead.
 - b. Complete piping improvements including replacement of drop pipes and flow meters.
 - c. Complete electrical improvements to Wells 1 through 8 to meet current electrical codes. Complete telemetry and control improvements to automate operation of these wells.
2. Complete the following improvements to the North Wellfield Water Treatment Plant (WTP):
 - a. Complete improvements to the electrical system including correcting electrical code issues, upgrading power distribution equipment, cleaning up, and replacing electrical wiring.
 - b. Install a new control system for the WTP to monitor operation of facility components and automate control of the facility. Install a new Human-Machine-Interface system to record data and provide set point control and alarms. Install new flow meters on the treatment system.
 - c. Complete improvements to the ozone feed system or remove ozone equipment to reduce bromate formation.
 - d. Complete modifications to the WTP piping to improve operational flexibility and simplicity.
 - e. Relocate the backwash basin to meet current standards.
 - f. Complete heating/ventilation (HVAC) and insulation improvements in the existing WTP building.
3. Fence the North Wellfield site to keep animals out of the sanitary control area.
4. Install a new level transducer at the North Wellfield Reservoirs and connect it to the WTP control system.

5. Complete electrical and control improvements at the North Wellfield Booster Station to automate control of the booster station and connect it to the WTP control system.
6. Complete associated site work and restoration of disturbed areas.

It is anticipated that two construction contracts will be used for this project. The first contract will be for drilling and testing the three additional production wells at the South Wellfield. The second contract will be for equipping the wells and constructing the new treatment facility at the South Wellfield and constructing improvements at the North Wellfield. Gray & Osborne proposes to provide the following engineering services to assist the NBWD with completion of this project.

TASK 1 – SOUTH WELLFIELD DRILLING AND TESTING

A. Provide Project Management

Provide project management services during the well drilling, development, and testing phase of the project. This task will include coordinating and managing the schedule and budget for the project team. The NBWD will be provided with budget updates on a monthly basis. This task will also include coordination with the contractor, hydrogeologist, NBWD, funding agencies, and regulatory agencies.

B. Prepare Well Drilling Specifications

Prepare well drilling specifications for drilling, developing, and testing three additional wells at the South Wellfield site. Specifications will be prepared in similar format to the specifications prepared for the first test well. Gray & Osborne will provide a courtesy review of the well specifications developed for Well 1 by NBWD and its hydrogeologist. Draft specifications will be submitted to the NBWD for review.

C. Complete QA/QC Review

Conduct quality assurance/quality control reviews of the well specifications.

D. Attend Meetings and Site Visits

Attend one meeting with NBWD staff to review draft well drilling specifications.

E. Provide Bid and Award Services

Provide bid and award services for the project. Services will include:

1. Distribution of bid documents to contractors and plan centers. A list of plan holders will be maintained.
2. Response to contractor inquiries and preparation of addenda as necessary.
3. Review of bids, preparation of bid tabulation, and preparation of an award recommendation letter.

F. Provide Construction Support During Well Drilling

Provide construction management services during well drilling, development, and testing. Services will include:

1. Coordination and participation in a preconstruction meeting and monthly construction meetings. Three meetings have been assumed.
2. Review of wage rate documentation supplied by the Contractor for compliance with Davis-Bacon Act requirements. Coordinate wage interviews with contractor personnel.
3. Review of screen design recommendations prepared by the NBWD hydrogeologist.
4. Preparation of progress pay estimates on a monthly basis.
5. Review of contractor material submittals, response to RFIs and evaluation/negotiation of change order requests.

TASK 2 – SOUTH WELLFIELD WELL AND TREATMENT DESIGN

A. Provide Project Management

Provide project management services during the design of the South Wellfield Well and Treatment project. This task will include coordinating and managing the schedule and budget for the project team. The NBWD will be provided with budget updates on a monthly basis. This task will also include coordination with the NBWD, regulatory agencies, and funding agencies.

B. Complete Environmental Review

Complete environmental review to meet DWSRF requirements for the project. Review will include review of federal cross-cutters, preparation of SERP documentation, preparation of biological assessment, and coordination of Executive Order 05/05 and Section 106 cultural resources review. If required by

DWSRF, a field cultural resources assessment will be completed using a subconsultant.

C. Complete Topographic Survey

Complete a site topographic survey of the proposed well and treatment facility site. Identify existing utilities and aboveground facilities and features.

D. Prepare a Predesign Report and Source Approval Documentation

Prepare a Predesign Report and Source Approval documentation for the project including the following tasks:

1. Evaluate project alternatives.
2. Develop preliminary design criteria for the well pumps and treatment facility.
3. Develop preliminary site and building layouts and water main alignment.
4. Develop preliminary cost estimates for the project.
5. Prepare a Predesign Report for the project meeting the requirements of WAC 246-290-110.
6. Include in the Predesign Report documentation for Washington State Department of Health source approval including well log, pump test results, water quality data, susceptibility assessment, and wellhead protection plan update.

E. Complete Pilot Study

It has been assumed that water from the South Wellfield will have water quality similar to that of the North Wellfield and will require a pilot test for an iron/manganese treatment facility. It has been assumed that air will be used as an oxidant followed by filtration with MPM media similar to the North Wellfield using the existing South Wellfield facilities. Gray & Osborne will set up pilot facilities and NBWD staff will collect data.

F. Complete Wellfield and Treatment Design

Complete civil, structural, electrical, and mechanical engineering design of the wellfield and treatment facility. This task includes completing the engineering analysis and calculations necessary to complete the design. This task also includes preparation of detailed plans, specifications, and cost estimates to

adequately describe the work for a public works contractor. Gray & Osborne will provide the following services to complete this task:

1. Prepare 50 Percent Submittal

Prepare 50 percent plans, specifications, and construction cost estimates for the South Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Fifty percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment. Gray & Osborne will meet with the NBWD to review any comments.

2. Prepare 90 Percent Submittal

Prepare 90 percent plans, specifications, and construction cost estimates for the South Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Ninety percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment. Gray & Osborne will meet with the NBWD to review any comments.

3. Prepare Final Submittal

Prepare final plans, specifications, and construction cost estimates for the South Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Final plans, specifications, and cost estimates will be submitted to the Agencies for regulatory approval and will be distributed to contractors.

G. Prepare Permit Applications

Coordinate with the various permitting agencies and prepare the required permit applications for the project. Anticipated permit applications include the following:

- Department of Health Project Approval and Source Approval
- Pacific County Building Permit
- Pacific County Fill and Grade Permit
- Construction Stormwater NPDES Permit

Permit application and review fees have not been included in this scope of work. It has been assumed that these will be paid directly by the NBWD.

H. Complete QA/QC Review

Conduct quality assurance/quality control reviews of the Predesign Report, 50 percent submittal, 90 percent submittal, and final submittal for the project.

I. Attend Meetings and Site Visits

Attend meetings with NBWD staff during development of the plans and specifications to discuss project issues and review draft deliverables. Complete site visits to verify site conditions.

- 50 Percent Design Review Meeting
- 90 Percent Design Review Meeting
- Final Design Review Meeting
- Prebid Walkthrough

J. Provide Bid and Award Services

Provide bid and award services for the project. Services will include:

1. Distribution of bid documents to contractors and plan centers. A list of plan holders will be maintained.
2. Response to contractor inquiries and preparation of addenda as necessary.
3. Conducting a prebid walkthrough with prospective contractors.
4. Review of bids, preparation of bid tabulation, and preparation of an award recommendation letter.

TASK 3 – NORTH WELLFIELD IMPROVEMENTS DESIGN

A. Provide Project Management

Provide project management services during the design of the North Wellfield Improvement project. This task will include coordinating and managing the schedule and budget for the project team. The NBWD will be provided with budget updates on a monthly basis. This task will also include coordination with the NBWD, regulatory agencies, and funding agencies.

B. Complete Environmental Review

Complete environmental review to meet DWSRF requirements for the project. Review will include review of federal cross cutters, preparation of SERP documentation, preparation of biological assessment, and coordination of

Executive Order 05/05 and Section 106 cultural resources review. If required by DWSRF, a field cultural resources assessment will be completed using a subconsultant.

C. Complete Topographic Survey

Complete a site topographic survey of the North Wellfield site and proposed backwash basin site. Identify existing utilities, property boundaries, and right-of-way.

D. Prepare a Project Report

Prepare a Project Report including the following tasks:

1. Evaluate project alternatives.
2. Complete the following preliminary investigations by subcontract. Include a summary of findings in the Predesign Report:
 - a. Complete a geotechnical investigation of the proposed backwash basin site.
 - b. Complete a wetland delineation at the proposed backwash basin site.
3. Develop preliminary design criteria for the improvements.
4. Develop preliminary cost estimates for the project.
5. Prepare a Predesign Report for the project meeting the requirements of WAC 246-290-110.

E. Complete Follow-Up Pilot Study

Based on the results of preliminary pilot study work, it appears that air can be successfully used as an oxidant to remove iron and manganese from all wells except Well 3. The pilot study results for Wells 4 and 5 show that additional treatment may be required for effective arsenic removal. It has been assumed that ferric chloride will be used in addition to air oxidation and filtration with MPM media similar. Gray & Osborne will set up pilot facilities and NBWD staff will collect data.

F. Complete Wellfield and Treatment Design

Complete civil, structural, electrical, and mechanical engineering design of the North Wellfield Improvements. This task includes completing the engineering

analysis and calculations necessary to complete the design. This task also includes preparation of detailed plans, specifications, and cost estimates to adequately describe the work for a public works contractor. Gray & Osborne will provide the following services to complete this task:

1. Prepare 50 Percent Submittal

Prepare 50 percent plans, specifications, and construction cost estimates for the North Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Fifty percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment. Gray & Osborne will meet with the NBWD to review any comments.

2. Prepare 90 Percent Submittal

Prepare 90 percent plans, specifications, and construction cost estimates for the North Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Ninety percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment. Gray & Osborne will meet with the NBWD to review any comments.

3. Prepare Final Submittal

Prepare final plans, specifications, and construction cost estimates for the North Wellfield Improvement project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Final plans, specifications, and cost estimates will be submitted to the Agencies for regulatory approval and will be distributed to contractors.

G. Prepare Permit Applications

Coordinate with the various permitting agencies and prepare the required permit applications for the project. Anticipated permit applications include the following:

- Department of Health Project Approval and Source Approval
- Pacific County Building Permit
- Pacific County Fill and Grade Permit
- Pacific County Critical Area Permit (if required)
- Construction Stormwater NPDES Permit

Permit application and review fees have not been included in this scope of work. It has been assumed that these will be paid directly by the NBWD.

H. Complete QA/QC Review

Conduct quality assurance/quality control reviews of the Predesign Report, 50 percent submittal, 90 percent submittal, and final submittal for the project.

I. Attend Meetings and Site Visits

Attend meetings with NBWD staff during development of the plans and specifications to discuss project issues and review draft deliverables. Complete site visits to verify site conditions.

- 50 Percent Design Review Meeting
- 90 Percent Design Review Meeting
- Final Design Review Meeting
- Prebid Walkthrough

J. Provide Bid and Award Services

Provide bid and award services for the project. Services will include:

1. Distribution of bid documents to contractors and plan centers. A list of plan holders will be maintained.
2. Response to contractor inquiries and preparation of addenda as necessary.
3. Conducting a prebid walkthrough with prospective contractors.
4. Review of bids, preparation of bid tabulation, and preparation of an award recommendation letter.

BUDGET

Based on the Scope of Work described above, the total estimated cost for engineering services is \$276,058 as shown in the attached Exhibits B-1, B-2, and B-3.

SCHEDULE

The anticipated schedule of work is as follows:

Notice to Proceed	January 14, 2013
Advertise for Bids on Well Drilling (Wells 2 to 4)	April 1, 2013
Drill Wells	May 2013 to August 2013
Advertise for Bids on Wellfield Construction	February 2014

Construct South Wellfield Improvements
Construct North Wellfield Improvements

April 2014 to October 2014
November 2014 to May 2015

DELIVERABLES

Deliverables will be provided in the following format:

Well Drilling and Testing

- Draft Well Drilling and Testing Specifications – Three copies
- Final Well Drilling and Testing Specifications – Three copies
- Bid Tabulation and Award Recommendation – Two copies
- Submittals – One reviewed copy
- RFIs/Change Orders – One copy
- Progress Pay Estimates – Two copies

Wellfield Improvements

- Draft Predesign Report – Three copies
- Final Predesign Report – Three copies
- Pilot Study Report – Three copies
- 50 Percent Plans, Specifications, and Cost Estimate – Three copies
- 90 Percent Plans, Specifications, and Cost Estimate – Three copies
- Final Plans, Specifications, and Cost Estimate – Three copies
- Permit Applications – Two copies

ASSUMPTIONS

1. NBWD will provide daily field oversight of the well drilling process and will assist with completion of Davis-Bacon Wage rate interviews.
2. Boundary survey of the South Wellfield has not been included. We understand that NBWD is having this completed separately.
3. Costs for Investment Grade Energy Audit have not been included. It has been assumed that this can be completed through the Energy Smart Industrial Program through Pacific County PUD.
4. For pilot testing of the South Wellfield and North Wellfield treatment facilities, it has been assumed that existing treatment facilities can be used with modifications as described by Gray & Osborne. It has been assumed that Gray & Osborne would assist with setup of the pilot testing and NBWD would collect data. Water quality testing costs have not been included in this proposal.

5. Costs of permit and application fees have not been included. It has been assumed that these fees will be paid directly by NBWD.
6. Construction management and inspections services during the wellfield improvement projects are not included in this scope of work. If desired, a separate scope of work for these services can be prepared upon completion of design.

EXHIBIT "B-1"

**ENGINEERING SERVICES
SCOPE AND ESTIMATED COST**

*North Beach Water District - Water Supply and Treatment Project
South Wellfield Drilling and Testing*

Tasks	Principal Hours	Project Manager Hours	Civil Engineer Hours	Engineer in Training Hours	AutoCAD Tech. Hours
1. Provide Project Management		4			
2. Prepare Well Drilling Specifications	1	4	12		8
3. Complete QA/QC Review	2	2	2		
4. Attend Meetings and Site Visits		8			
5. Provide Bid and Award Services	1	4	8		
6. Provide Construction Support During Well Drilling					
a. Participate in Construction Meetings		24			
b. Review Davis Bacon Wage Rate Data				40	
c. Review Screen Design Recommendations	2	4	8		
d. Prepare Progress Pay Estimates	1	4	12		
e. Review Submittals and Respond to RFIs/Changes	1	4	12		
Hour Estimate:	8	58	54	40	8
Estimated Fully Burdened Billing Rate:*	\$160	\$145	\$110	\$110	\$65
Fully Burdened Labor Cost:	\$1,280	\$8,410	\$5,940	\$4,400	\$520

Total Fully Burdened Labor Cost: \$ 20,550

Direct Non-Salary Cost: \$ 600
Mileage & Expenses (Mileage @ \$0.56/mile)

TOTAL ESTIMATED COST: \$ 21,150

* 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 "B-2"

ENGINEERING SERVICES
SCOPE AND ESTIMATED COST

North Beach Water District - Water Supply and Treatment Project
South Wellfield Well and Treatment Design

Tasks	Principal Hours	Project Manager Hours	Civil Engineer Hours	Structural Eng. Hours	Electrical Eng. Hours	AutoCAD Tech. Hours	Professional Land Surveyor Hours	Field Survey Hours (2 person)
1. Provide Project Management		12						
2. Complete Environmental Review		1	20					
3. Complete Topographic Survey		1	2			4	8	32
4. Prepare Pre-design Report	2	16	40	4	4	16		
5. Complete Pilot Study	2	16	20			8		
6. Complete Wellfield and Treatment Design								
a. Prepare 50% Submittal	2	20	80	8	16	104		
b. Prepare 90% Submittal	2	20	80	40	80	200		
c. Prepare Final Submittal	2	16	64	8	80	152		
7. Prepare Permit Applications		2	8	8				
8. Complete QA/QC Review	6	6	6	6	6			
9. Attend Meetings and Site Visits		16	16		8			
10. Provide Bid & Award Services	1	4	8	2	4			
Hour Estimate:	17	130	344	76	198	484	8	32
Estimated Fully Burdened Billing Rate:*	\$160	\$145	\$110	\$125	\$150	\$65	\$118	\$160
Fully Burdened Labor Cost:	\$2,720	\$18,850	\$37,840	\$9,500	\$29,700	\$31,460	\$944	\$5,120

Total Fully Burdened Labor Cost: \$ 136,134

Direct Non-Salary Cost:

Mileage & Expenses (Mileage @ \$0.56/mile)

Printing

Subconsultant:

Cultural Resources

Subconsultant Overhead (10%)

TOTAL ESTIMATED COST: \$ 142,434

* 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 "B-3"

**ENGINEERING SERVICES
SCOPE AND ESTIMATED COST**

*North Beach Water District - Water Supply and Treatment Project
North Wellfield Improvements Design*

Tasks	Principal Hours	Project Manager Hours	Civil Engineer Hours	Structural Eng. Hours	Electrical Eng. Hours	AutoCAD Tech. Hours	Professional Land Surveyor Hours	Field Survey Hours (2 person)
1. Provide Project Management		8						
2. Complete Environmental Review		1	20					
3. Complete Topographic Survey		1	2			4	8	
4. Prepare Project Report	2	8	16	4	8	8		32
5. Complete Follow-Up Pilot Study	2	16	16			8		
6. Complete Wellfield and Treatment Design								
a. Prepare 50% Submittal	2	16	40	8	16	64		
b. Prepare 90% Submittal	2	16	40	16	80	136		
c. Prepare Final Submittal	2	8	20	8	80	108		
7. Prepare Permit Applications		2	8	4				
8. Complete QA/QC Review	4	4	4	4	4			
9. Attend Meetings and Site Visits		16	16		8			
10. Provide Bid & Award Services	1	4	8	2	4			
Hour Estimate:	15	100	190	46	200	328	8	
Estimated Fully Burdened Billing Rate:*	\$160	\$145	\$110	\$125	\$150	\$65	\$118	\$160
Fully Burdened Labor Cost:	\$2,400	\$14,500	\$20,900	\$5,750	\$30,000	\$21,320	\$944	\$5,120

Total Fully Burdened Labor Cost: \$ 100,934
 Direct Non-Salary Cost:
 Mileage & Expenses (Mileage @ \$0.56/mile) \$ 1,500
 Printing \$ 800
 Subconsultant:
 Wetland \$ 3,000
 Geotech \$ 2,400
 Cultural Resources \$ 3,000
 Subconsultant Overhead (10%) \$ 840
TOTAL ESTIMATED COST: \$ 112,474

* 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	\$193.00
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.

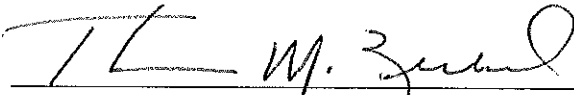
All actual out-of-pocket expenses incurred directly on the project are added to the billing. The billing is based on direct out-of-pocket expenses; meals, lodging, laboratory testing and transportation. The transportation rate is \$0.55 per mile or the current maximum IRS rate without receipt IRS Section 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.

3/11/13

Date

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

**PROPOSAL AND CONTRACT
FOR
PROFESSIONAL ENGINEERING SERVICES**

**NORTH BEACH WATER DISTRICT
WASHINGTON**

MARCH 2013

G&O Job. No. 20122.24

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

**CONTRACT FOR
PROFESSIONAL ENGINEERING SERVICES**

THIS Contract, entered into this ____ day of _____ 2013, between NORTH BEACH WATER DISTRICT, PACIFIC COUNTY, 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 is 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 the DWSRF WATER MAIN, 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.

Any information or work obtained or created by such professionals 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 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 DISTRICT MANAGER, 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:

NORTH BEACH WATER DISTRICT
P.O. BOX 618
OCEAN PARK, WASHINGTON 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.

AGENCY: North Beach Water District

By: 
(Signature)

By: _____
(Signature)

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

Name/Title: _____
(Print)

Date: 3/11/13

Date: _____

"Equal Opportunity/Affirmative Action Employer"

EXHIBIT "A"

SCOPE OF WORK

NORTH BEACH WATER DISTRICT WATER MAIN PROJECT

PROJECT OVERVIEW

The North Beach Water District (NBWD) has received a Drinking Water State Revolving Fund Loan to construct three separate water main segments to provide additional north-south interties between the northern and southern portions of the North Beach Water System. The proposed projects will increase water transmission capacity, improve fire flow, and improve water quality. The proposed projects include the following:

1. "U" Street Water Main: Install approximately 1,500 linear feet of 12-inch water main from Bay Avenue to 256th Street.
2. "Z" Street Water Main: Install approximately 2,200 linear feet of 8-inch water main from Bay Avenue to 270th Street.
3. Birch Place Water Main: Install approximately 1,300 linear feet of 8-inch water main from 236th Street to 240th Street.

Gray & Osborne proposes to provide the following design engineering services to assist the NBWD with completion of this project.

1. Provide Project Management

Provide project management services during the design engineering phase of the project. This task will include coordinating and managing the schedule and budget for the project team. The NBWD will be provided with budget updates on a monthly basis. This task will also include coordination with the NBWD, regulatory agencies, and funding agencies.

2. Complete Environmental Review

Complete environmental review to meet DWSRF requirements for the project. Review will include review of federal cross cutters, preparation of SERP documentation, preparation of biological assessment, and coordination of Executive Order 05/05 and Section 106 cultural resources review.

3. Research Existing Utilities

Contact utility providers in the area to obtain record drawing information of existing utilities in the project area. Call for underground locates to be completed in the project area prior to completing topographic survey.

4. Complete Topographic Survey and Identify Right-of-Way

Complete a field topographic survey of the proposed water main alignments. Identify existing marked utilities, roadway, and right-of-way.

5. Complete Water Main Design

Complete engineering design of the water main projects. This task includes completing the engineering analysis and calculations necessary to complete the design. This task also includes preparation of detailed plans, specifications, and cost estimates to adequately describe the work for a public works contractor. Gray & Osborne will provide the following services to complete this task.

A. Identify Preliminary Alignment

Identify a preliminary alignment for the proposed water main in each segment based upon right-of-way, roadway, and utility constraints. Provide preliminary alignment to NBWD for review and comment.

B. Prepare 50 Percent Submittal

Prepare 50 percent plans, specifications, and construction cost estimates for the Water Main project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Fifty percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment.

C. Prepare 90 Percent Submittal

Prepare 90 percent plans, specifications, and construction cost estimates for the Water Main project. Plans and specifications will be suitable for public works bid. Specifications will be prepared in CSI format. Ninety percent plans, specifications, and cost estimates will be submitted to the NBWD for review and comment.

D. Prepare Final Submittal

Prepare final plans, specifications, and construction cost estimates for the Water Main project. Plans and specifications will be suitable for public

works bid. Specifications will be prepared in CSI format. Final plans, specifications, and cost estimates will be submitted to the Agencies for regulatory approval and will be distributed to contractors.

6. Prepare Permit Applications

Coordinate with the various permitting agencies and prepare the required permit applications for the project. Anticipated permit applications include the following:

- SEPA Checklist
- Pacific County Right-of-Way Permit
- Pacific County Utility Franchise Amendment
- WSDOT Right-of-Way Permit/Utility Franchise Amendment
- Construction Stormwater NPDES Permit

Permit application and review fees have not been included in this scope of work. It has been assumed that these will be paid directly by the NBWD.

7. Complete QA/QC Review

Conduct internal quality assurance/quality control reviews of the 50 percent submittal, 90 percent submittal, and final submittal for the Water Main project.

8. Provide Bid and Award Services

Provide bid and award services for the project. Services will include:

- A. Distribution of bid documents to contractors and plan centers. A list of plan holders will be maintained.
- B. Response to contractor inquiries and preparation of addenda as necessary.
- C. Review of bids, preparation of bid tabulation, and preparation of an award recommendation letter.

9. Attend Meetings and Site Visits

Attend meetings with NBWD staff during development of the plans and specifications to discuss project issues and review draft deliverables. Complete site visits to verify site conditions.

- 50 Percent Design Review Meeting
- 90 Percent Design Review Meeting
- Site Visits (1)

BUDGET

Based on the Scope of Work described above, the total estimated cost for engineering services is \$84,740 as shown in the attached Exhibit B.

SCHEDULE

The anticipated schedule of work is as follows:

Notice to Proceed	January 2, 2013
Provide Preliminary Alignment	February 15, 2013
Submit 50 Percent Plans, Specifications, and Cost Estimate	March 31, 2013
Submit 90 Percent Plans, Specifications, and Cost Estimate	May 31, 2013
Advertise for Bids on Water Main Project	June 28, 2013

Note that schedule for construction is dependent upon the Department of Health completion of environmental review documentation.

DELIVERABLES

Deliverables will be provided in the following format:

- Preliminary Alignment – Three copies
- 50 Percent Plans, Specifications, and Cost Estimate – Three copies
- 90 Percent Plans, Specifications, and Cost Estimate – Three copies
- Final Plans, Specifications, and Cost Estimate – Three copies
- Bid Tabulation and Award Recommendation – Two copies

ASSUMPTIONS

1. Costs of permit and application fees have not been included. It has been assumed that these fees will be paid directly by NBWD.
2. Construction management and inspections services are not included in this scope of work. If desired, a separate scope of work for these services can be prepared upon completion of design.

EXHIBIT "B"

**ENGINEERING SERVICES
SCOPE AND ESTIMATED COST**

North Beach Water District - Water Main Project

Tasks	Principal Hours	Project Manager Hours	Civil Engineer Hours	AutoCAD Tech. Hours	Professional Land Surveyor Hours	Field Survey Hours (2 person crew)
1 Project Management		8				
2 Complete Environmental Review	1	2	40			
3 Research Existing Utilities		1	4			
4 Complete Topographic Survey and Identify Right-of-Way		1	2	8	20	120
5 Complete Water Main Design						
a. Identify Preliminary Alignment	1	4	8	16		
b. Prepare 50% Plans and Specifications and Cost Estimate	2	16	64	64		
c. Prepare 90% Plans and Specifications and Cost Estimate	2	16	64	64		
d. Prepare Final Plans and Specifications and Cost Estimate	2	10	40	40		
6 Prepare Permit Applications	1	2	8			
7 Complete QA/QC Review	6	4	4			
8 Meetings/Site Visits		16	16			
9 Provide Bid & Award Services	1	8	8			
Hour Estimate:	16	88	258	192	20	120
Estimated Fully Burdened Billing Rate:*	\$160	\$145	\$110	\$65	\$118	\$160
Fully Burdened Labor Cost:	\$2,560	\$12,760	\$28,380	\$12,480	\$2,360	\$19,200

Total Fully Burdened Labor Cost: \$ 77,740

Direct Non-Salary Cost:

Mileage & Expenses (Mileage @ \$0.56/mile)

Printing

Subconsultant:

Cultural Resources Survey

Subconsultant Overhead (10%)

TOTAL ESTIMATED COST:

\$ 84,740

* 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	\$193.00
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.

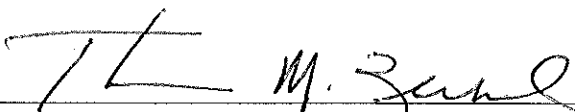
All actual out-of-pocket expenses incurred directly on the project are added to the billing. The billing is based on direct out-of-pocket expenses; meals, lodging, laboratory testing and transportation. The transportation rate is \$0.55 per mile or the current maximum IRS rate without receipt IRS Section 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.

3/11/13

Date

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