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**RATE STUDY ANALYSIS  
CITY OF SPARKS, NEVADA**

THIS CONTRACT made and entered into on this 12th day of June, 2017, by and between the City of Sparks, Nevada, a municipal corporation, existing under and by virtue of the laws of the State of Nevada, hereinafter called "City", and **Farr West Engineering**, a qualified consultant in the class of work required, hereinafter called "Consultant".

W I T N E S E T H

WHEREAS, the City desires to engage Consultant in the performance of providing Professional Services which are more fully described in Consultant's Proposal dated May, 2017, attached hereto and incorporated herein by reference. (Hereinafter referenced to as "Proposal");

WHEREAS, Consultant's legal status is an Independent Contractor and Consultant is in good standing in the State of Nevada;

WHEREAS, Consultant desires to perform the Program under the terms and conditions set forth herein;

NOW, THEREFORE, IT IS AGREED as follows:

**1. Scope of Work:**

The scope of work for this contract is generally defined as **Rate Study Analysis**. The City's Contract Documents and Consultant's Entire Proposal are on file with the City of Sparks and may be located within "Attachment A." All terms, conditions and requirements contained in these Documents, including any and all addenda issued by the City, are hereby incorporated into this Contract. The work scope will include, but not be limited to the tasks outlined in Attachment A.

The Consultant shall perform within the time stipulated, the Contract as herein defined and shall provide and furnish any and all of the labor, materials, methods or processes, equipment implements, tools, machinery and equipment, and all utility, transportation and other services required to complete all of the work covered by the Contract in connection with strict accordance with the plans, specifications or proposals, which were approved by said City and are on file with the City, including any and all addenda issued by the City, and with the other contract documents hereinafter enumerated. Consultant will have the right to control or direct the manner and the order in which it provides the services contemplated under this Agreement.

Consultant represents and warrants that Consultant is engaged in an independent calling and has complied and will continue to comply with all local, state and federal laws regarding business permits and licenses that may be required to carry out the independent calling and to perform the services to be performed under this Agreement.

Consultant understands that the services it has been retained to perform may be dangerous or may entail a peculiar unreasonable risk of harm to others unless special precautions are taken and Consultant agrees to exercise reasonable care to take such precautions.



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**2. Payment for Project Services**

As full consideration for the Professional Services to be performed by Consultant, City agrees to pay Consultant as set forth in accordance with the Fee Schedule set forth in the proposal and not to exceed fee of **\$125,300.00** for the project. The City will not hire or directly compensate the Consultant's employees, assistants or subcontractors, if any. It is expressly understood and agreed that all work done by Consultant shall be subject to review as to its result by the City at the City's discretion. Payment of any invoice shall not be taken to mean that the City is satisfied with Consultant's services to the date of payment and shall not forfeit City's right to require the correction of any service deficiencies.

**3. Term**

This Agreement shall become effective upon contract execution and will continue in effect until

MO/DY/YR, or

The Project is completed (Approximately March, 2018), or unless earlier terminated as provided herein.

**4. Time Devoted to Work:**

In performing the services contemplated under this Agreement, the services and the hours Consultant is to work on any given day will be on a mutually agreed upon basis, except for attendance at scheduled meetings, and City will rely upon Consultant to put in such number of hours as is reasonably necessary to fulfill the spirit and purpose of this Agreement.

City understands that Consultant is engaged in the same or similar activities for others and that City may not be Consultant's sole client or customer. However, Consultant represents and warrants that it is under no obligation or restriction, nor will it assume any such obligation or restriction, that would in any way interfere or be inconsistent with the services to be performed under this Agreement.

**5. No Unfair Employment Practices:**

In connection with the performance of work under this Agreement, Consultant agrees not to discriminate against any employee or applicant because of race, creed, color, national origin, sex, sexual orientation, disability or age. Any violation of these provisions by Consultant shall constitute a material breach of this contract.

**6. No Illegal Harassment:**

Violation of the City's harassment policy, which is incorporated by reference and available from the Human Resources Division, by the Consultant, its officers, employees, agents, consultants, subcontractors and anyone for whom it is legally liable, while performing or failing to perform Consultant's duties under this Contract shall be considered a material breach of this contract.

**7. Lawful Performance:**

Vendor shall abide by all Federal, State and Local Laws, Ordinances, Regulations, and Statutes as may be related to the performance of duties under this agreement. In addition, all applicable permits and licenses required shall be obtained by the vendor, at vendor's sole expense.

**8. Status of Consultant:**

It is the intent of the parties that Consultant shall be considered an independent contractor and that



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Consultant, and anyone else for whom it is legally liable, shall not be considered employees, servants or agents of the City for any purpose. Furthermore, this Agreement shall not be construed to create a partnership or joint venture between the Consultant and the City.

Neither Consultant nor any of its employees or contractors shall be eligible to participate in City's industrial insurance, unemployment, disability, medical, dental, life or other insurance programs, or any other benefit or program that is sponsored, financed or provided by City for its employees.

Consultant agrees that it shall be Consultant's exclusive responsibility to pay all federal, state, or local payroll, social security, disability, industrial insurance, self-employment insurance, income and other taxes and assessments related to this Agreement. Neither FICA (Social Security), FUTA (Federal Employment), nor local, state or federal income taxes will be withheld from payments to Consultant. Consultant shall at Consultant's expense pay and be fully liable and responsible for, and indemnify and hold harmless City from, any assessments, fines or penalties relating to Consultant's failure to uphold any of these responsibilities.

**9. City Ownership of Proprietary Information:**

All reports, drawings, plans, specifications, and other documents prepared by Consultant as products of service under this Agreement shall be the exclusive property of the City and all such materials shall be remitted to the City by Consultant in a timely manner upon completion, termination or cancellation of this Agreement. Consultant shall not use, willingly allow or cause to have such materials used for any purpose other than performance of Consultant's obligations under this Agreement without the prior written consent of the City.

**10. Public Records:**

Consultant understands that City is subject to the provisions of NRS 239.010. As such, the City may have the duty to disclose the Consultant's reports or recommendations.

**11. Insurance:**

BIDDERS' ATTENTION IS DIRECTED TO THE INSURANCE REQUIREMENTS BELOW. IT IS HIGHLY RECOMMENDED THAT BIDDERS CONFER WITH THEIR RESPECTIVE INSURANCE CARRIERS OR BROKERS TO DETERMINE IN ADVANCE OF BID SUBMISSION THE AVAILABILITY OF INSURANCE CERTIFICATES AND ENDORSEMENTS AS PRESCRIBED AND PROVIDED HEREIN. IF THE APPARENT LOW BIDDER FAILS TO COMPLY STRICTLY WITH THE INSURANCE REQUIREMENTS, THAT BIDDER MAY BE DISQUALIFIED FROM AWARD OF THE CONTRACT.

Should work be required on City premises or within the public right-of-way, upon award of the contract, the bidder shall provide proof of insurance for the types of coverage, limits of insurance and other terms specified herein, prior to initiation of any services under City, Bid, Proposal or Contract. Coverage shall be from a company authorized to transact business in the State of Nevada and the City of Sparks and shall meet the following minimum specifications:

Contractor shall at its own expense carry and maintain at all times the following insurance coverage and limits of insurance no less than the following or the amount customarily carried by Contractor or any of its



subcontractors, whichever is greater. Contractor shall also cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified herein. All insurers must have AM Best rating not less than A-VII, and be acceptable to the City. Contractor shall furnish copies of certificates of insurance evidencing coverage for itself and for each subcontractor. Failure to maintain the required insurance may result in termination of this contract at City's option. If Contractor fails to maintain the insurance as set forth herein, City shall have the right, but not the obligation, to purchase said insurance at Contractor's expense.

Contractor shall provide proof of insurance for the lines of coverage, limits of insurance and other terms specified below prior to initiation of any services. Coverage shall be from a company authorized to transact business in the State of Nevada and the City of Sparks. Contractor and any of its subcontractors shall carry and maintain coverage and limits no less than the following or the amount customarily carried by Contractor or any of its subcontractors, whichever is greater.

Applicable to this Contract	Insurance Type	Minimum Limit	Insurance Certificate	Additional Insured	Waiver of Subrogation
Yes	General Liability/Umbrella (Excess) Liability	\$2,000,000	✓	✓	✓
Yes	Automobile Liability	\$1,000,000	✓	✓	
Yes	Workers' Compensation	Statutory	✓	N/A	✓
Yes	Employer's Liability	\$1,000,000	✓	N/A	
Yes	Professional Liability	\$1,000,000	✓	N/A	N/A
No	Pollution Legal Liability	\$1,000,000	✓	N/A	N/A

#### **Commercial General Liability**

Contractor shall carry and maintain Commercial General Liability (CGL) and, if necessary to meet required limits of insurance, commercial umbrella/excess liability insurance with a total limit of not less than the limits specified herein.

For contracts that are for the construction or improvement of public facilities, the Contractor shall obtain and maintain products and completed operations liability coverage through the statute of repose after completion of the project.

There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from pollution, explosion, collapse, underground property damage, employment-related practices, or damage to the named insured's work unless Subcontractor carries and maintains separate policies providing such coverage and provides Contractor evidence of insurance confirming the coverage.



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***Minimum Limits of Insurance***

- \$2,000,000** Each Occurrence Limit for bodily injury and property damage  
**\$2,000,000** General Aggregate Limit  
**\$2,000,000** Products and Completed Operations Aggregate Limit  
**\$10,000** Medical Expense Limit

If Commercial General Liability Insurance or other form with a general aggregate limit is used, it shall be revised to apply separately to this PROJECT or LOCATION.

***Coverage Form***

Coverage shall be at least as broad as the unmodified Insurance Services Office (ISO) Commercial General Liability (CGL) "Occurrence" form CG 00 01 04/13 or substitute form providing equivalent coverage and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

***Additional Insured***

City, its officers, agents, employees, and volunteers are to be included as insureds using the applicable ISO additional insured endorsement(s) or substitute forms providing equivalent coverage, in respects to damages and defense arising from: activities performed by or on behalf of Contractor, including the insured's general supervision of Contractor; products and completed operations of Contractor; premises owned, occupied, or used by Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, employees, or volunteers. Additional insured status for City shall apply until the expiration of time within which a claimant can bring suit per applicable state law.

Any failure by the Contractor to comply with reporting provisions of the policies shall not affect its obligations to the additional insureds.

***Primary and Non-Contributory***

Contractor's insurance coverage shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to City, its officers, agents, employees, and volunteers. There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively, if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured. Any insurance or self-insurance maintained by City, its officers, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it in any way.

***Separation of Insureds***

Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

***Waiver of Subrogation***

Contractor waives all rights against City and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the commercial general liability or commercial umbrella liability insurance maintained pursuant to this agreement. Insurer shall endorse CGL policy as required to waive subrogation against the City with respect to any loss paid under the policy.



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***Endorsements***

A policy form or endorsement is required confirming coverage for all required additional insureds. The endorsement for CGL shall be at least as broad as the unmodified ISO additional insured endorsement CG 20 10 11/85 or substitute forms providing additional insured coverage for products and completed operations.

A waiver of subrogation in favor of City shall be endorsed to the policy using an unmodified Waiver of Transfer of Rights of Recovery of Others to Us ISO CG 24 04 05 09, or a substitute form providing equivalent coverage.

If any underground work will be performed, Contractor shall maintain electronic data liability insurance applicable to the Project and insuring against liability arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. This coverage shall be maintained with a limit of liability of not less than \$1,000,000 and provide coverage at least as broad as electronic data liability coverage form CG 04 37 (or substitute form providing equivalent coverage).

**Business Automobile Liability*****Minimum Limits of Insurance***

**\$1,000,000** Combined Single Limit per accident for bodily injury and property damage or the limit customarily carried by Contractor, whichever is greater. No aggregate limit may apply. Coverage may be combined with Excess/Umbrella Liability coverage to meet the required limit.

***Coverage Form***

Coverage shall be at least as broad as the unmodified Insurance Services Office (ISO) Business Automobile Coverage form CA 00 01 10/13, CA 00 25 10/13, CA 00 20 10/13 or substitute form providing equivalent coverage. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos).

Pollution liability coverage at least as broad as that provided under the ISO pollution liability—broadened coverage for covered autos endorsement (CA 99 48) shall be provided, and the Motor Carrier Act endorsement (MCS 90) shall be attached for all contracts involving transportation of “hazardous material” as this term is defined by applicable law, including, but not limited to, waste, asbestos, fungi, bacteria and mold.

***Additional Insured***

City, its officers, agents, employees, and volunteers are to be included as insureds with respect to damages and defense arising from the ownership, maintenance or use of automobiles owned, leased, hired, or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, employees, or volunteers. Additional insured status for City shall apply until the expiration of time within which a claimant can bring suit per applicable state law.

***Endorsements***

A policy endorsement is required listing all required additional insureds. The endorsement for Business Automobile Liability shall be at least as broad as the unmodified ISO CA 20 48 10/13 or a substitute form confirming City’s insured status for Liability Coverage under the Who Is An Insured




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Provision contained in Section II of the coverage form ISO CA 00 01 10/13.

**Workers' Compensation and Employer's Liability**

Contractor shall carry and maintain workers' compensation and employer's liability insurance as required by NRS 616B.627 or provide proof that compliance with the provisions of Nevada Revised Statutes Chapters 616A-D and all other related chapters is not required. It is understood and agreed that there shall be no coverage provided for Contractor or any Subcontractor of the Contractor by the City. Contractor agrees, as a precondition to the performance of any work under this Agreement and as a precondition to any obligation of the City to make any payment under this Agreement to provide City with a certificate issued by an insurer in accordance with NRS 616B.627 and with a certificate of an insurer showing coverage pursuant to NRS 617.210.

It is further understood and agreed by and between City and Contractor that Contractor shall procure, pay for and maintain the above mentioned coverage at Contractor's sole cost and expense.

Should Contractor be self-funded for workers' compensation and employer's liability insurance, Contractor shall so notify City in writing prior to the signing of this Contract. City reserves the right to approve said retentions, and may request additional documentation, financial or otherwise, for review prior to the signing of this Contract.

Nevada law allows the following to reject workers' compensation coverage if they do not use employees or subcontractors in the performance of work under the contract:

- Sole proprietors (NRS 616B.627 and NRS 617.210)
- Unpaid officers of quasi-public, private or nonprofit corporations (NRS 616B.624 and NRS 617.207)
- Unpaid managers of limited liability companies (NRS 616B.624 and NRS 617.207)
- An officer or manager of a corporation or limited liability company who owns the corporation or company (NRS 616B.624 and NRS 617.207)

If a contractor has rejected workers' compensation coverage under applicable Nevada law, the contractor must indicate the basis for the rejection of coverage and complete, sign and have notarized an Affidavit of Rejection of Coverage. The Affidavit must be completed, signed and notarized prior to performance of any work.

***Minimum Limits of Insurance***

Workers' Compensation:	Statutory Limits
Employer's Liability:	<b>\$1,000,000</b> Bodily Injury by Accident – Each Accident
	<b>\$1,000,000</b> Bodily Injury by Disease – Each Employee
	<b>\$1,000,000</b> Bodily Injury by Disease – Policy Limit

***Coverage Form***

Coverage shall be at least as broad as the unmodified National Council on Compensation Insurance (NCCI) Workers Compensation and Employer's Liability coverage form WC 00 00 07/11 or substitute form providing equivalent coverage.



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**OTHER INSURANCE COVERAGES (IF APPLICABLE)**

**Professional Liability Insurance (if Applicable)** \$1,000,000 per occurrence limits of liability or whatever limit is customarily carried by the Contractor, whichever is greater, for design, design-build or any type of professional services with a minimum of three (3) years reporting of claims following completion of the project.

**Contractors Pollution Liability Insurance (If Applicable)-** \$1,000,000 per occurrence and \$2,000,000 aggregate or whatever amount is acceptable to the City for any exposure to “hazardous materials” as this term is defined in applicable law, including but not limited to waste, asbestos, fungi, bacterial or mold.

Lower tier sub-subcontractors, Truckers, Suppliers: Evidence confirming lower tier subcontractors, truckers and suppliers are maintaining valid insurance prior to beginning work on the project to meet the requirements set forth herein on Subcontractor, including but not limited to all additional insured requirements of Subcontractor.

**ALL COVERAGES**

Coverage shall not be suspended, voided, canceled, or non-renewed by either CONTRACTOR or by the insurer, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to CITY except for ten (10) days' notice for nonpayment of premium.

**OTHER INSURANCE PROVISIONS**

Should City and Contractor agree that higher coverage limits are needed warranting a project policy, project coverage shall be purchased and the premium for limits exceeding the above amount may be borne by City. City retains the option to purchase project insurance through Contractor's insurer or its own source.

Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officers, agents, employees, or volunteers.

**ACCEPTABILITY OF INSURERS**

Insurance is to be placed with insurers with a Best's rating of no less than A-VII and acceptable to the City.. City, with the approval of the Risk Manager, may accept coverage with carriers having lower Best's ratings upon review of financial information concerning Contractor and insurance carrier. City reserves the right to require that Contractor's insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

**VERIFICATION OF COVERAGE**

Contractor shall furnish City with certificates of insurance and with original endorsements affecting coverage required by this contract. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Prior to the start of any Work, Contractor must provide the following documents to City of Sparks, Attention: Purchasing Division, P.O. Box 857, Sparks, NV 89432-0857:





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- A. Certificate of Insurance.** Contractor must provide a Certificate of Insurance form to the City of Sparks to evidence the insurance policies and coverage required of Contractor.
- B. Additional Insured Endorsements.** An original Additional Insured Endorsement, signed by an authorized insurance company representative, must be submitted to the City of Sparks, by attachment to the Certificate of Insurance, to evidence the endorsement of the City of Sparks as additional insured.
- C. Policy Cancellation Endorsement.** Except for ten (10) days' notice for non-payment of premium, each insurance policy shall be endorsed to specify that without thirty (30) days prior written notice to the City of Sparks, the policy shall not be suspended, voided, cancelled or non-renewed, and shall provide that notices required by this paragraph shall be sent by certified mailed to the address specified above. A copy of this signed endorsement must be attached to the Certificate of Insurance.
- D. Bonds (as Applicable).** Bonds as required and/or defined in the original bid documents.

**All certificates and endorsements are to be addressed to the City of Sparks, Purchasing Division and be received and approved by City before work commences.** The City reserves the right to require complete certified copies of all required insurance policies at any time.

#### **SUBCONTRACTORS**

Contractor shall include all Subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each Subcontractor. All coverages for Subcontractors shall be subject to all of the requirements stated herein.

#### **MISCELLANEOUS CONDITIONS**

1. Contractor shall be responsible for and remedy all damage or loss to any property, including property of City, caused in whole or in part by Contractor, any Subcontractor, or anyone employed, directed, or supervised by Contractor.
2. Nothing herein contained shall be construed as limiting in any way the extent to which Contractor may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Subcontractors under it.
3. In addition to any other remedies City may have if Contractor fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option:
  - a. Purchase such insurance to cover any risk for which City may be liable through the operations of Contractor under this Agreement and deduct or retain the amount of the premiums for such insurance from any sums due under the Agreement;
  - b. Order Contractor to stop work under this Agreement and/or withhold any payments which become due Contractor here under until Contractor demonstrates compliance with the requirements hereof; or,
  - c. Terminate the Agreement.



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**12. Indemnity:**

To the fullest extent permitted by law, upon award, Contractor shall hold harmless, indemnify, defend and protect City, its affiliates, officers, agents, employees, volunteers, successors and assigns (“Indemnified Parties”), and each of them from and against any and all claims, demands, causes of action, damages, costs, expenses, actual attorney’s fees, losses or liabilities, in law or in equity, of every kind and nature whatsoever (“Claims”) arising out of or related to any act or omission of Contractor, its employees, agents, representatives, or Subcontractors in any way related to the performance of work under this Agreement by Contractor, or to work performed by others under the direction or supervision of Contractor, including but not limited to:

1. Personal injury, including but not limited to bodily injury, emotional injury, sickness or disease, or death to persons;
2. Damage to property of anyone, including loss of use thereof;
3. Penalties from violation of any law or regulation caused by Contractor’s action or inaction;
4. Failure of Contractor to comply with the Insurance requirements established under this Agreement;
5. Any violation by Contractor of any law or regulation in any way related to the occupational safety and health of employees.

In determining the nature of the claim against City, the incident underlying the claim shall determine the nature of the claim, notwithstanding the form of the allegations against City.

If City’s personnel are involved in defending such actions, Contractor shall reimburse City for the time and costs spent by such personnel at the rate charged City for such services by private professionals.

**In cases of professional service agreements, requiring professional liability coverage:**

If the insurer by which a Consultant is insured against professional liability does not so defend the City and applicable agents and/or staff, and the Consultant is adjudicated to be liable by a trier of fact, the City shall be entitled to reasonable attorney’s fees and costs to be paid to the City by the Consultant in an amount which is proportionate to the liability of the of the Consultant.

Nothing in this contract shall be interpreted to waive nor does the City, by entering into this contract, waive any of the provisions found in Chapter 41 of the Nevada Revised Statutes.

**13. Material Breach of Contract:**

In the event Consultant fails to deliver the product and services as contracted for herein, to the satisfaction of the City of Sparks or otherwise fails to perform any provisions of this Contract, the City, after providing five (5) days written notice and consultant’s failure to cure such breach, may without waiving any other remedy, make good the deficiencies and deduct the actual cost of providing alternative products and/or services from payment due the Consultant. Non-performance after the first notice of non-performance shall be considered a material breach of contract.

**14. Termination:**

The City may terminate the Contract for material breach of contract upon ten (10) days written notice and recover all damages, deducting any amount still due the Consultant from damages owed to the City, or



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seek other remedy including action against all bonds. The Consultant may terminate the Contract for material breach of contract upon thirty (30) days written notice to the City.

Notwithstanding the preceding paragraph, the City may immediately terminate the Agreement, and Consultant waives any and all claim(s) for damages, upon the Consultant's receipt of notice under the following conditions:

- a) If funding is not obtained, continued, or budgeted at levels sufficient to allow for purchase of the services contemplated under this Agreement per Section 23 of this Agreement;
- b) If any federal, state or local law, including but not limited to, statutes, regulations, ordinances and resolutions, is interpreted by a third party judicial, legislative or administrative authority in such a way that the services contemplated under this Agreement are no longer authorized for purchase or appropriate for City financial participation;
- c) If Consultant fails to comply with any local, state or federal law regarding business permits and licenses required to perform the services to be performed under this Agreement or
- d) If it is found that any quid pro quo or gratuities were offered or given by the Consultant to any officer or employee of the City with a view towards securing favorable treatment with respect to awarding, extending, amending or making any determination with respect to the performance of this Agreement.

The indemnity and conflict resolution obligations of this Agreement shall survive the termination of this Agreement and shall be binding upon the parties' and the parties' legal representatives, heirs, successors and assigns.

The City may terminate this agreement for any reason without penalty upon giving thirty (30) days written notice to the Consultant. In the event of termination, the full extent of City liability shall be limited to an equitable adjustment and payment for materials and/or services authorized by and received to the satisfaction of the City prior to termination.

#### **15. Licenses and Permits:**

The Consultant shall procure at his own expense all necessary licenses and permits and shall adhere to all the laws, regulations and ordinances applicable to the performance of this Contract.

All consultants doing business within the City of Sparks are required to obtain and maintain a current business license from the City of Sparks prior to commencement of this contract. Per Sparks Municipal Code Section 5.08.020A: "It is unlawful for any person to transact business in the City without first having obtained a license from the City to do so and without complying with all applicable provisions of this title and paying the fee therefore."

#### **16. Drafting Presumption:**

The parties acknowledge that this Agreement has been agreed to by both parties, that both parties have consulted or have had the opportunity to consult with attorneys with respect to the terms, and that no



presumption shall be created against the City as the drafter of the Agreement.

**17. Governing Law:**

The laws of the State of Nevada shall govern this Agreement without regard to conflicts of law principles.

**18. Jurisdiction and Venue:**

Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement must be brought against either of the parties in the courts of the State of Nevada, County of Washoe. Each of the parties consents to the jurisdiction of the court (and of the appropriate appellate court) in any such action or proceeding and waives any objection to venue laid therein.

**19. Claims:**

Pursuant to NRS 268.020, which the parties agree to abide by contractually, all demands and accounts against the City must be presented to the Council, in writing, within six (6) months from the time the demands or accounts become due. No demand or account may be audited, considered, allowed or paid by the City unless this requirement is strictly complied with.

**20. Assignment:**

All of the terms, conditions and provisions of this Contract, and any amendments thereto, shall inure to the benefit of and be binding upon the parties hereto, and their respective successors and assigns. The Consultant shall not assign this Contract without the written consent of the City which will not be unreasonably withheld.

**21. Notices:**

All notices required to be given in writing by this Contract shall be deemed to be received (i) upon delivery if personally delivered, or (ii) when receipt is signed for if mailed by certified or registered mail, postage prepaid, or by express delivery service or courier, when addressed as follows (or sent to such other address as a Party may specify in a notice to the others):

CITY OF SPARKS - PURCHASING DIVISION  
431 PRATER WAY  
PO BOX 857  
SPARKS, NV 89432-0857

Brent Farr  
Farr West Engineering  
5510 Longley Ln.  
Reno, NV 89511

**22. Entire Contract:**

This Contract and all associated documents associated by reference constitute the entire agreement of the parties and shall supersede all prior offers, negotiations, agreements and contracts whether written or oral. Any modifications to the terms and conditions of this Contract must be in writing and signed by both parties.

**23. Waiver:**

No waiver of any term, provision or condition of this Contract, whether by conduct or otherwise, in any one or more instances, shall be deemed to be nor shall it be construed as a further or continuing waiver of any such term, provision or condition of this Contract. No waiver shall be effective unless it is in writing and signed by the party making it.



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**24. Annual Appropriation of Funds:**

Multi-year contracts and leases are subject to annual appropriation of funds by the City Council. The City plans and makes appropriations to the City Budget with respect to a fiscal year that starts July 1<sup>st</sup> and ends June 30<sup>th</sup> of each year. Payments made under term contracts and leases are considered items of current expense. Purchase Orders are funded when issued; therefore, they are current expense items and are not subject to any subsequent appropriation of funds. Continuance of a multi-year contract beyond the limits of funds available shall be contingent upon appropriation of the requisite funds in the ensuing fiscal year and the termination of this contract by lack of appropriation shall be without penalty.

**25. Severability:**

If any part of this Contract is found to be void it will not affect the validity of the remaining terms of this Contract which will remain in full force and effect.

**26. Headings:**

Paragraph titles or captions contained in this Contract are inserted only as a matter of convenience and for reference only, and in no way define, limit, extend, or describe the scope of this Contract or the intent of any provision hereof.

**27. Singular Includes the Plural; Gender; Title Reference:**

Whenever the singular number is used in this Contract and when required by the context, the same shall include the plural, and the use of any gender, be it masculine, feminine or neuter, shall include all of the genders, and the word "person" or "entity" shall include corporation, firm, partnership, or any other combination or association.

The use of the title "Bidder", "Vendor", "Contractor" or "Consultant" within this contract or associated bid documents shall be deemed interchangeable and shall refer to the person or entity with whom the City of Sparks is contracting for the service or product referenced within this contract.

**28. Execution:**

The parties agree to execute such additional documents and to take such additional actions as are reasonably necessary or desirable to carry out the purposes hereof. They also agree, acknowledge and represent that all corporate authorizations have been obtained for the execution of this Contract and for the compliance with each and every term hereof. Each undersigned officer, representative or employee represents that he or she has the authority to execute this Contract on behalf of the party for whom he or she is signing.



IN WITNESS WHEREOF, the City of Sparks has caused this Contract to be executed by its officers thereunto duly authorized and the Consultant has subscribed same, all on the day and year first above written.

\_\_\_\_\_  
(Consultant)

CITY OF SPARKS, NEVADA  
A Municipal Corporation

By: \_\_\_\_\_

By: \_\_\_\_\_  
Geno R. Martini, Mayor

\_\_\_\_\_  
(Title)

APPROVED AS TO FORM

ATTEST:

\_\_\_\_\_  
City Attorney

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Teresa Gardner, City Clerk



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**Attachment A**

Price and scope per written proposal provided by Farr West Engineering, dated May 2017 (attached).

# ATTACHMENT “A” – SCOPE OF WORK

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## City of Sparks 2017 Utility Enterprise Funds Rate Study

### PROJECT BACKGROUND

In 2008, The FCS Group completed a Sewer, Storm Drain and Effluent Utility Rate Study for the City of Sparks. Their work was subsequently updated in 2012 in a combined effort between City staff and The FCS Group. The final rate adjustment recommended in the 2012 update will be implemented on July 1<sup>st</sup> of 2017. Therefore, the City would like to review rates and consider implementing recommended changes over a 5-year period beginning on July 1, 2018.

### PROJECT OBJECTIVES

This project will be guided by the following principles:

- Industry Standards. As with any rate analysis, this study will follow sound principles that are widely accepted throughout the industry.
- Adequate and Stable Revenues. The rate structure will provide adequate revenues to fully fund operations and maintenance, debt service and capital improvements.
- Customer Equity. Equity among and between customer classes is paramount. Unplanned subsidies that exist within the rate structure should be identified and addressed.
- Simplicity. Complex rates structures can be difficult to explain and administer. Simplicity will be preserved to the greatest extent possible.

### SCOPE OF WORK

The task breakdown for the project is designated as follows:

- Task 1 – Project Management
- Task 2 – Review Background Information & Kickoff Meeting
- Task 3 – Data Collection & Analysis
- Task 4 – Update Revenue Requirements
- Task 5 – Allocation of Costs & Rate Design
- Task 6 – Update Connection Fees
- Task 7 – Reporting and Presentations
- Task 8 – Owner Directed Services



## **Task 1 – Project Management**

### ***Objective***

To plan, organize, direct, control, and communicate all relevant activities set forth in this Scope of Work within the approved budget and schedule. To provide quality assurance and quality control.

### ***Approach***

Farr West will routinely review project progress and communicate project status on a regular basis. Communication will be through email and telephone, and with regular internal project coordination meetings. This task will include the following activities:

- Project administration includes scheduling maintenance, cost control, filing, resource allocation, and routine communications.
- Team coordination, including conference calls and internal meetings.
- 4 progress meetings with the client, in addition to the kickoff meeting.
- 1 meeting with TMWRF staff to review CIP.
- Monitoring changes to the scope, budget, or schedule and developing change management strategies with the City.
- Provide quality assurance and quality control.

### ***Deliverables***

The following deliverables will be submitted under this task:

- Monthly invoices
- Client progress meeting minutes

## **Task 2 – Review Background Information & Kickoff Meeting**

### ***Objective***

To review relevant background information, policies, and assumptions; and to discuss project objectives and goals with the City prior to starting the rate analysis.

### ***Approach***

The following documents will be reviewed prior to the kickoff meeting:

- City Code Title 13, Current utility rate structures and policies
- City of Reno, Washoe County & TMWA rate structure, policies and code
- 2008 FCS Group Report
- City of Sparks Storm Drain Master Plan & Sewer Master Plan (Atkins)
- TMWRF Capital Improvement Plan
- Existing rate model spreadsheets

Farr West will meet with the City to hold a kickoff meeting to discuss the background research and to specifically discuss policies and preferences related to the rate study.

### ***Deliverables***

The following will be delivered under this task:

- Technical Memorandum #1 summarizing key information from the background research and the direction given at the Kickoff Meeting regarding policies and methods.

## **Task 3 – Data Collection & Analysis**

### ***Objective***

Obtain all the information needed to complete the rate study.

### ***Approach***

Utility data from the prior 5 years will be collected, validated and analyzed. Examples include customer counts, usage data, audited financials, etc. Trends will identify the accuracy of past assumptions and may be a good indicator of future performance. Trends also identify potential areas of concern. They are helpful when presented graphically to the City Council and the public. Example trends to be analyzed and shown graphically include revenues, expenditures, debt levels, reserves, workforce, customer counts, new connections, wastewater strength, etc.

### ***Deliverables***

The following deliverables will be submitted under this task:

- Technical Memorandum #2 summarizing the data collected, data gaps and trends.

## **Task 4 – Update Revenue Requirements**

### ***Objective***

To determine the revenue required to ensure proper operation and maintenance, development and perpetuation of the system, and preservation of the City's financial integrity.

### ***Approach***

Revenues required to fully fund the operations of each utility include: operations, maintenance, debt service, capital improvements and the fulfillment of all goals and policies. The approach for this task will be to follow the approach of previous City rate studies and to apply the guidelines of AWWA Manual M1, "Principles of Water Rates, Fees and Charges." The data compiled in Task 4 will be utilized in this process.

### ***Deliverables***

The following deliverables will be submitted under this task:

- Technical Memorandum #3 summarizing the updated revenue requirements.

## Task 5 – Allocation of Costs & Rate Design

### Objectives

- To allocate costs of utility service to customers in accordance with their service requirements.
- To create utility rates that achieve equity among customers, while maintaining simplicity and limiting administrative burden.

### Approach

The allocation of costs analysis forms the basis for the rate structure. The objective is to achieve the highest level of equity among customers while maintaining a reasonable administrative burden. For example, the FCS Group Report accurately points out that the most equitable method of allocating storm water utility costs is by the amount of impervious surface area on each parcel of land within the service area. While this may be true, the administrative burden to implement such a practice may be unrealistic.

In the 2008 rate analysis, the City chose to maintain the existing rate structures for each of the utilities. Various options were considered for the sanitary sewer utility; however, *“the overriding perspective was that the potential equity enhancements achieved through these options do not materially outweigh the benefits of simplicity, administrative burden and mitigation of rate impacts to individual customers apparent in the current rate structure. (FCS Report)”* This philosophy may still prevail; however, we recommend investigating various rate structure modifications that achieve greater equity while maintaining simplicity and limiting administrative burden.

Rates will be developed and calculated using the Rate Model Spreadsheets provided by the City, utilizing updated information as needed. Some comparative analysis will be provided to show the impacts of rate modifications. A recommendation will be made to base future rate increases to the inflation rate.

The following issues and methods, identified by the City and during prior rate studies, will be evaluated during the rate design:

#### A. Sewer rate based on winter water use

Some utilities base the sewer charge on the customer’s winter water use. Farr West will perform a cost benefit analysis of this method by conducting a trial run using a test group of customers. This will be coordinated with the City’s Customer Service Manager. Winter water usage rates for the test group of customers will be obtained from TMWA and then joined in the City’s billing system to produce mock bills.

#### B. Commercial/Industrial Surcharges

One of the key issues to be addressed in the sewer rate analysis is the commercial/industrial surcharge schedule. According to City staff, the rates are based on a study that is over 20 years old. There are new commercial/industrial customers that do not fit into the existing categories, which create the need to develop unique individual agreements with customers. At first glance, we find merit in the recommendation by the FCS Group to simplify the commercial/industrial surcharges into three classes: domestic, medium and high strength.

#### C. Septage Disposal

The City would like to investigate the feasibility of charging septage haulers based on strength and volume rather than by volume alone.

#### D. Rebate Program

The rebate program needs to be updated. Some of the qualifying programs listed in the City Code no longer exist.

#### E. Intra-fund Subsidy Review

The storm water and effluent utilities have, at times, been subsidized by the sewer fund. The unique circumstances of the City's three utilities, coupled with varying policy viewpoints, may make self-supporting enterprise funds a challenge. This study will include a review of the three utilities financial dependence on each other and what would need to be done to make each utility financially independent.

#### F. Environmental Control Inspection - Sewer Fund Subsidy

As with the storm water and effluent utilities, the environmental control program is subsidized by the sewer utility. However, this has been justified by the reasoning that all customers benefit from a successful environmental control program.

#### G. Comparison to City of Reno, Washoe County & TMWA Rates for Uniformity

Utility rates, methodologies and policies will be compared to other local agencies, with the intent of establishing consistency wherever practical.

### ***Deliverables***

The following deliverables will be submitted under this task:

- Technical Memorandum #4 summarizing the approach to cost allocation and rate design.
- Updated Rate Model Spreadsheets

### **Task 6 – Update Connection Fees**

#### ***Objective***

To assign to future customers the capital cost responsibility of system capacity that is, or will be, available for future customers.

#### ***Approach***

Connection fees will be based primarily on the cost of existing and future capacity. Methods for determining these costs are outlined in AWWA Manual M1. Calculations will include capital expenditure costs related to existing capacity and future capacity, as outlined in current capital improvement programs. The current approach for determining non-residential connection fees is based on the City's weighted fixture unit schedule. This schedule will be reviewed on the basis of equity and simplicity.

#### ***Deliverables***

The following deliverables will be submitted under this task:

- Technical Memorandum #5 summarizing the method of calculating connection fees, along with recommendations.

## **Task 7 – Reporting and Presentations**

### ***Objective***

To report and present the methods and results of the rate study process.

### ***Approach***

#### **A. Presentations to City Council**

Three meetings are anticipated, with one meeting being an in-depth workshop. Farr West will be in a supportive role, providing presentation materials and attending meetings to help answer questions. City staff will make the presentations.

#### **B. Community Group Meetings**

Farr West will plan to attend a total of 8 community group meetings (AGC, BANN, Chamber, Citizen Advisory Committees, etc.)

#### **C. Rate Study Report**

A draft and final report will be prepared, consisting of an Executive Summary and each of the Technical Memorandums.

#### **D. Modify City Ordinances**

Farr West will provide recommended edits to City Code that reflect the approved elements of the rate study.

### ***Deliverables***

The following deliverables will be submitted under this task:

- Presentation materials
- Draft and final Rate Study Report
- Suggested modifications to City Code

## **Task 8 – Owner Directed Services**

### ***Objective***

To address any additional requests or modifications to the scope of work.

### ***Approach***

Farr West will respond to any modifications to the scope of work, only as directed and approved by the City of Sparks, with expenses not to exceed \$10,000.

## SCHEDULE

Task 1 – Project Management	-
Task 2 – Review Background Information & Kickoff Meeting	June 2017
Task 3 – Data Collection & Analysis	June – July 2017
Task 4 – Update Revenue Requirements	August 2017
Task 5 – Allocation of Costs & Rate Design	Sept. – Dec. 2017
Task 6 – Update Connection Fees	Sept. – Dec. 2017
Task 7 – Reporting and Presentations	Jan. – March 2018
Task 8 – Owner Directed Services	-

## BUDGET

Task 1	Project Management	\$12,400
Task 2	Review Background Information & Kickoff Meeting	\$4,620
Task 3	Data Collection & Analysis	\$15,040
Task 4	Update Revenue Requirements	\$13,240
Task 5	Allocation of Costs & Rate Design	\$36,800
Task 6	Update Connection Fees	\$16,160
Task 7	Reporting and Presentations	\$17,040
Task 8	Owner Directed Services	\$10,000
	<b>TOTAL:</b>	<b>\$125,300</b>

**City of Sparks  
2017 Utility Enterprise Funds Rate Study  
Engineering Fee Estimate**

TASKS	Rate (\$/hr)	Principal Civil Engineer Brent Farr, P.E.	Principal Civil Engineer Lucas Tipton, P.E.	Engineer in Training II Steffi Gavin	Administrator III -	Administrator II-	Total Labor		Expenses (a)	TOTAL
		\$140	\$140	\$90	\$80	\$65	Hours	(\$)		
<b>1.0 Project Management</b>										
Project Coordination and Management		38	40	10	4	4	96	\$12,400		\$12,400
	<b>Subtotal</b>	<b>38</b>	<b>40</b>	<b>10</b>	<b>4</b>	<b>4</b>	<b>96</b>	<b>\$12,400</b>		<b>\$12,400</b>
<b>2.0 Review Background Information &amp; Kickoff Meeting</b>										
Review Background Information, Prepare Tech Memo #1		8	20				28	\$3,920		\$3,920
Kickoff Meeting and Meeting Minutes		2	3				5	\$700		\$700
	<b>Subtotal</b>	<b>10</b>	<b>23</b>				<b>33</b>	<b>\$4,620</b>		<b>\$4,620</b>
<b>3.0 Data Collection &amp; Analysis</b>										
Data collection, analysis and Tech Memo #2		16	40	80			136	\$15,040		\$15,040
	<b>Subtotal</b>	<b>16</b>	<b>40</b>	<b>80</b>			<b>136</b>	<b>\$15,040</b>		<b>\$15,040</b>
<b>4.0 Update Revenue Requirements</b>										
Update revenue requirements and Tech Memo #3		16	40	60			116	\$13,240		\$13,240
	<b>Subtotal</b>	<b>16</b>	<b>40</b>	<b>60</b>			<b>116</b>	<b>\$13,240</b>		<b>\$13,240</b>
<b>5.0 Allocation of Costs &amp; Rate Design</b>										
Allocation of Costs, Rate Design & Tech Memo #4		40	120	160			320	\$36,800		\$36,800
	<b>Subtotal</b>	<b>40</b>	<b>120</b>	<b>160</b>			<b>320</b>	<b>\$36,800</b>		<b>\$36,800</b>
<b>6.0 Update Connection Fees</b>										
Update Connection Fees and Tech Memo #5		16	48	80			144	\$16,160		\$16,160
	<b>Subtotal</b>	<b>16</b>	<b>48</b>	<b>80</b>			<b>144</b>	<b>\$16,160</b>		<b>\$16,160</b>
<b>7.0 Reporting and Presentations</b>										
Presentations to City Council		12	20	16			48	\$5,920		\$5,920
Community Group Meetings		16					16	\$2,240		\$2,240
Rate Study Report		4	20	24			48	\$5,520		\$5,520
Modify City Ordinances		8	16				24	\$3,360		\$3,360
	<b>Subtotal</b>	<b>40</b>	<b>56</b>	<b>40</b>			<b>136</b>	<b>\$17,040</b>		<b>\$17,040</b>
<b>8.0 Owner Directed Services</b>										
Owner Directed Services								\$10,000		\$10,000
	<b>Subtotal</b>							<b>\$10,000</b>		<b>\$10,000</b>
	<b>TOTAL</b>	<b>176</b>	<b>367</b>	<b>430</b>	<b>4</b>	<b>4</b>	<b>981</b>	<b>\$125,300</b>		<b>\$125,300</b>

(a) Expenses include travel, mileage, per-diem, lodging, reproduction costs, etc.