



**LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT**

**Request for Proposals  
for  
District Engineering Services**

**Response Due:  
July 13, 2020, no later than 5:00 PM**

# REQUEST FOR PROPOSALS FOR DISTRICT ENGINEERING SERVICES

## DESCRIPTION

Lake Arrowhead Community Services District (“District”) is requesting proposals from qualified engineering firms (“Consultant”) who are familiar with Public Works and Planning Projects within San Bernardino County, including project design, general engineering, map review and approval, planning reviews, preparation of bid and construction documents, bid assistance, construction management and observation, and other related services to provide services as District Engineer. Responders should also be qualified to provide the type of general engineering services common to California municipalities.

## BACKGROUND

The District is located in Lake Arrowhead, an unincorporated area located at an altitude of 5,100 above mean sea level in the San Bernardino Mountains of Southern California. Tourism and outdoor recreation are the primary economic generators for the area. Lake Arrowhead lake is also the main source of water for the community, containing approximately 47,000 acre-feet of high quality water with a surface area of approximately 780 acres.

The District’s service area encompasses about 15 square miles and currently serves approximately 8,400 water customers (including Deer Lodge Park) and 10,700 wastewater customers. It is governed by a five-member Board of Directors, each elected by the landowners to a four-year term. The District staff consists of a General Manager, District Engineer, Finance Manager, Field Operations Manager, Human Resources Manager and Operations Manager.

## GENERAL CONDITIONS

- The District reserves the right to withdraw this Request for Proposal (“RFP”) at any time without prior notice and to reject any and all proposals submitted without indicating any reasons. Any award of contract for services shall be made to the firm best qualified and responsive in the opinion of the District.
- The District reserves the right to negotiate specific requirements and costs using the selected proposal as a basis.
- The District shall not be liable for any pre-contractual expenses incurred by any Consultant, nor shall any firm include such expenses as part of the proposed cost.
- Proposals may, at the District’s option, be rejected if they contain any alterations, additions, conditional or alternatives, are incomplete, or contain erasures or irregularities of any kind.

- The selected firm must agree to indemnify and hold harmless the District, its officers, agents and assigns from any liability or loss resulting from suits, claims, or actions brought against the District which result directly or indirectly from the wrongful or negligent actions of the consultant in the performance of the contract.
- All responses to this RFP shall become the property of the District and will be retained or disposed of accordingly. Anything considered to be proprietary should be so designated by the firm.
- No amendments, additions or alternates shall be accepted after the submission date and time.
- Acceptance by the District of any proposal submitted pursuant to this RFP shall not constitute any implied intent to enter into a contract for services.
- The District reserves the right to issue a written notice to all participating firms of any change in the proposal submission schedule should the District determine, in its sole discretion, that such changes are necessary.
- Most work will be conducted at the offices of the Consultant, with communications by phone, email and web meetings. Where necessary and practical, the District will make office space, supplies and technologies available in order to facilitate assignments.
- All documents, records, designs and specifications developed by the selected firm in the course of providing services for the District shall be the property of the District.

## **SCOPE OF WORK**

The District wishes to retain a qualified consulting engineering firm to provide the District services as District Engineer.

- Manages all aspects of civil engineering, plan checking, development conditioning including capital improvement program (“CIP”) projects and field inspection work.
- Reviews all matters pertaining to engineering to ensure that undertakings proposed and implemented by the District and others are done in a matter that protects the District’s interests and are consistent with the District’s specifications, practices and goals as well as with local, state and federal laws.
- Assists with planning, coordinating, supervising and evaluating programs, plans, consultant services and infrastructure.
- Evaluates the District’s needs and formulates short and long range plans to meet needs in all areas of public works improvements especially sewer and water facilities.
- Performs project management for the design and construction of CIP projects and administration of other consultants for the District such as survey, environmental, inspection services, etc. Solicit proposals for the design work of CIP projects. Manage bid processes, review and evaluate bid submittals for CIPs.

- Meets and confers with contractors, engineers, developers, architects, a variety of outside agencies, and the general public on development issues and acquiring information.
- Reviews land use applications, proposed improvements and construction plans for private development for consistency with District adopted engineering specifications, District policies and relevant laws, ordinances, rules and regulations and ensures Board actions are implemented.
- Ensures that costs and fees are charged back to private development projects; works with the Finance Manager to monitor charges and revenues associated with private development projects.
- Makes presentations to the public, the District Board, and control agencies such as the Department of Water Resources and Regional Water Quality Control Board.
- Communicates with public and private developers to handle matters dealing with the engineering functions of the District.
- Maintains, at the Engineering Department, engineering records and maps required to ensure that accurate information is available to the District and public.
- Prepares reports, investigations, studies and evaluations from time to time, as may be required and directed by the General Manager or his/her designee.
- Reviews legal documents including, but not limited to, rights of entry, legal descriptions for right-of-way and easements, construction contracts, and professional services agreements and submits to District Counsel for review.
- Performs other engineering related functions as directed by the General Manager or his/her designee.
- Assists clerical staff with management of records relating to engineering. Provides public information regarding District engineering matters.
- Supervises the preparation of capital improvements projects, planning, design plans, specifications, bid documents through construction and closeout.
- Provides construction management during the course of District projects, approves payments, cost estimating, filing of notices and other related tasks.
- Coordinates activities with other departments and outside agencies to obtain various approvals and agreements such as environmental clearances, permits, land acquisitions and rights-of-way for assigned engineering projects.

## **PROPOSAL REQUIREMENTS AND CONTENTS**

Proposals submitted for this project are to follow the outline described below and must address all requested information. Any additional information that the firm wishes to include that is not specifically requested should be included in an appendix to the proposal. Firms are encouraged to keep the proposals brief and to the point, but

sufficiently detailed to allow evaluation of the project approach. **One (1)** hard copy of the proposal and **one (1)** electronic copy in PDF format must be submitted.

## **1 – Proposal Contents**

Provide the following information:

- A brief narrative of your firm and your firm’s experience with similar contracts, ability to deliver work on time and within budget.
- Your firm’s approach and understanding of the Scope of Work.
- Experience and qualifications of the proposed individual in providing similar services.
- A brief description of your firm’s experience with other agencies such as the Department of Water Resources, the Regional Water Quality Control Board, the Army Corps of Engineers and other state and federal agencies.

## **2 - District Engineer**

District Engineer shall be licensed as a Civil Engineer in the state of California, experienced in design and proper operation of water and sewer systems serving small communities, and have some experience with groundwater development facilities. The geographic location of the firm shall also be identified.

Include resume in an appendix. Also include clients’ name, address and telephone number. Identify two to three recent projects where there is significant involvement from the proposed District Engineer.

## **3 - Conflict of Interest**

Firms submitting a proposal in response to this RFP must disclose any actual, apparent, direct or indirect, or potential conflict of interest that may exist with respect to the firm, management, or employees of the firm or other persons relative to the services to be provided under the attached Professional Services Agreement (“PSA”) for engineering services to be awarded pursuant to this RFP. If a firm has no conflicts of interest, a statement to that effect shall be included in the Proposal.

## **4 - Proprietary Information**

Firms submitting a proposal in response to this RFP must provide a statement that nothing contained in the submitted proposal will be proprietary. All proposals shall become property of the District once submitted.

## **5 - Insurance and Other Requirements**

The District will require the individual or engineering firm selected to maintain general liability, automobile, workers’ compensation, and errors and omissions insurance as specified in the attached draft of the PSA. The contract will

contain provisions requiring the selected firm to indemnify the District and provide that the District Engineer is an independent contractor serving at the will of the District. Other required provisions will include the District's right to terminate the agreement, at its sole discretion, upon the provision of notice.

## **6 – Fee Proposal**

The proposal shall incorporate by reference a detailed compensation proposal for services.

Consultant is requested to provide a separate fee proposal which presents its fee structure. The fee proposal should reflect compensation conditions that would change the standard rate. Define what type(s) of work is considered to be extra or specialized work that would be billed in addition to basic services. State the hourly rates for the designated District Engineer for general work and specialized services. Define the type and unit rates for reimbursement for expenses such as mileage, reproduction of documents and word processing charges if needed. Sufficient information should be provided in order to serve as a basis for negotiating a contract and any supplemental agreements that may be warranted for out of scope services.

The District will use the proposed fee to establish a not-to-exceed contract limit. Unless otherwise stated, District assumes that the fee schedule will be honored for a minimum of 12 months from the contract execution date.

## **7 - -Signature and Acceptance of Conditions**

The proposal shall be signed by an official authorized to bind the consulting firm and shall expressly state the proposal is valid for 90 days. Additionally, this section will be a statement offering the firm's acceptance of all conditions listed in this RFP and attached PSA draft. Any exceptions or suggested changes to the RFP or PSA draft of any contractual obligations, including the suggest change, the reasons therefore and the impact it may have on the cost or other considerations on the firm's behalf, must be stated in the proposal. Unless specifically noted by the firm, the District will assume that the proposal is in compliance with all aspects of the RFP.

## **PROPOSAL SUBMISSION DEADLINES**

June 10, 2020	Issuance of RFP
July 1, 2020	Due date for submission of questions related to this RFP
July 13, 2020	Due date for Proposals
July 16, 2020	Interviews
July 21, 2020	Notification of selected firm
July 28, 2020	Award of contract by the Board

**ONE (1) COPY OF THE PROPOSAL AND ONE (1) ELECTRONIC COPY IN PDF FORMAT MUST BE SUBMITTED TO THE DISTRICT AT THE ADDRESS BELOW BY:**

**5:00 PM. on Monday, July 13, 2020**

**SUBMIT PROPOSALS TO:**

Lake Arrowhead Community Services District  
Attn: Catherine Cerri, General Manager  
PO Box 700, Lake Arrowhead, CA 92352 **(USPS)**  
27307 State Highway 189, Blue Jay, CA 92317 **(FedEx, etc.)**

Inquiries concerning this RFP should be addressed to Aida Hercules-Dodaro, District Engineer at (909) 336-7155 or ahercules@lakearrowhedcsd.com.

**PROPOSAL TERMS AND CONDITIONS**

The District will not pay any costs incurred by the firm in preparing or submitting the proposal. The District reserves the right to modify or cancel, in part or in its entirety, this RFP. The District reserves the right to reject any or all proposals, to waive defects, irregularities, or informalities, and to offer to contract with any firm in response to any RFP. This RFP does not constitute any form of offer to contract.

During the evaluation process, the District reserves the right, where it may serve the District's best interest, to request additional information or clarification from Consultants, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The District reserves the right to retain all proposals submitted and to use any idea(s) in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the condition contained in the RFP and PSA, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

**SELECTION PROCEDURES**

Written proposals submitted by the deadline will be evaluated based upon qualifications, experience, ability to perform, and understanding of specific services to be provided. Cost of services shall be provided in a separate, sealed envelope. The District's General Manager and District staff will receive copies of the proposals and will carefully weigh the following:

- The firm's approach to and understanding of the Scope of Work
- The firm's experience with similar contracts and clients

- The experience and qualifications of the proposed individual in providing similar services
- The firm's demonstrated ability to deliver work on time and within budget
- The extent to which previous clients have found the firm's services acceptable
- Previous District experience with the proposing firm if any
- Communication skills
- Other qualifications/criteria as deemed appropriate.

The firms will be ranked and notified of the decision. Cost of services shall be considered along with the ranking.

# LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

## PROFESSIONAL SERVICES AGREEMENT

### 1. PARTIES AND DATE.

This Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between the **Lake Arrowhead Community Services District**, a community services district organized under the laws of the State of California with its principal place of business at 27307 State Highway 189, Blue Jay, California 92317 ("District") and \_\_\_\_\_, a **[\*CORPORATION (INCLUDE STATE OF INCORPORATION), LIMITED LIABILITY COMPANY, SOLE PROPRIETORSHIP, ETC.\*]**, with its principal place of business at \_\_\_\_\_ ("Consultant"). District and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties".

### 2. RECITALS.

#### 2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional consulting services required by the District on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional engineering consulting services to public clients, is licensed in the State of California, and is familiar with the plans of the District.

#### 2.2 Project.

District desires to engage Consultant to render such professional services for the **District Engineer** position as set forth in this Agreement.

### 3. TERMS.

#### 3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional engineering consulting services necessary to act as the District Engineer ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from the date of the execution of this Agreement by the District for One (1) year, unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement and shall meet any other established schedules and deadlines. The Parties may, by mutual, written consent, extend the term of this Agreement if necessary, to complete the Services.

#### 3.2 Responsibilities of Consultant.

3.2.1 Independent Contractor; Control and Payment of Subordinates. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this

Agreement. District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of District and shall at all times be under Consultant's exclusive direction and control. Neither District, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "A" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions.

3.2.3 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the review and approval of the District.

3.2.4 Substitution of Key Personnel. Consultant has represented to District that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of District. In the event that District and Consultant cannot agree as to the substitution of key personnel, District shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the District, or who are determined by the District to be uncooperative, incompetent, or a threat to the safety of persons or property, shall be promptly removed from the Services by the Consultant at the request of the District. The key personnel for performance of this Agreement is/are as follows: \_\_\_\_\_

3.2.5 District's Representative. The District hereby designates Catherine Cerri, General Manager, or his/her designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("District's Representative"). District's Representative shall have the power to act on behalf of the District for review and approval of all products submitted by Consultant but not the authority to enlarge the Scope of Work or change the total compensation due to Consultant under this Agreement. The General Manager or his/her designee at such time shall be authorized to act on District's behalf and to execute all necessary documents which enlarge the Scope of Work or change the Consultant's total compensation subject to the provisions contained in Section 3.3 of this Agreement. Consultant shall not accept direction or orders from any person other than the General Manager, District's Representative or his/her designee.

3.2.6 Consultant's Representative. Consultant hereby designates \_\_\_\_\_, or his/her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement. The Consultant's Representative shall supervise and direct the Services, using his/her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of

the Services under this Agreement.

3.2.7 Coordination of Services. Consultant agrees to work closely with District staff in the performance of Services and shall be available to District's staff, consultants and other staff at all reasonable times, specifically Monday – Friday 8:00 am – 5:00 pm. The telephone number for Consultant is \_\_\_\_\_.

3.2.8 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that its employees have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the District, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant who is determined by the District to be uncooperative, incompetent, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the District, shall be promptly removed by the Consultant and shall not be re-employed to perform any of the Services or to work for the District.

3.2.9 Period of Performance. Consultant shall perform and complete all Services under this Agreement within the term set forth in Section 3.1.2 above ("Performance Time"). Consultant shall also perform the Services in strict accordance with any completion schedule or milestones described in Exhibit "A" attached hereto, or which may be separately agreed upon in writing by the District and Consultant ("Performance Milestones").

3.2.10 Laws and Regulations; Employee/Labor Certification. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold District, its officials, directors, officers, employees, agents, and volunteers free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.10.1 Employment Eligibility; Consultant. By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Such requirements and restrictions include, but are not limited to, examination and retention of documentation confirming the identity and immigration status of each employee of the Consultant. Consultant also verifies that it has not committed a violation of any such law within the five (5) years immediately preceding the date of execution of this Agreement, and shall not violate any such law at any time during the term of the Agreement. Consultant shall avoid any violation of any such law during the term of this Agreement by participating in an electronic verification of work authorization program operated by the United States Department

of Homeland Security, by participating in an equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, or by some other legally acceptable method. Consultant shall maintain records of each such verification, and shall make them available to the District or its representatives for inspection and copy at any time during normal business hours. The District shall not be responsible for any costs or expenses related to Consultant's compliance with the requirements provided for in Section 3.2.10 or any of its sub-sections.

3.2.10.2 Employment Eligibility; Subcontractors, Consultants, Sub-subcontractors and Subconsultants. To the same extent and under the same conditions as Consultant, Consultant shall require all of its subcontractors, consultants, sub-subcontractors and subconsultants performing any work relating to the District or this Agreement to make the same verifications and comply with all requirements and restrictions provided for in Section 3.2.10.1.

3.2.10.3 Employment Eligibility; Failure to Comply. Each person executing this Agreement on behalf of Consultant verifies that they are a duly authorized officer of Consultant, and understands that any of the following shall be grounds for the District to terminate the Agreement for cause: (1) failure of Consultant or its subcontractors, consultants, sub-subcontractors or subconsultants to meet any of the requirements provided for in Sections 3.2.10.1 or 3.2.10.2; (2) any misrepresentation or material omission concerning compliance with such requirements (including in those verifications provided to the Consultant under Section 3.2.10.2); or (3) failure to immediately remove from the Services any person found not to be in compliance with such requirements.

3.2.10.4 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of District's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.2.10.5 Conflicts of Interest. Consultant shall comply with all laws relating to conflicts of interest and public agency ethics. To the extent any of Consultant's officers or employees are subject to the Political Reform Act (Government Code section 81000 et seq.), such officers or employees shall not make, participate in making, or attempt to influence any District decision that may have a material financial effect on their respective economic interests in violation of the Act. If required by local or State law, Consultant's affected officers and employees shall timely file statements of economic interest (Form 700) with the District's filing officer. Failure to comply with the terms of this section is grounds for termination of this Agreement.

3.2.10.6 Safety. Consultant shall execute and maintain its work to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions, where applicable, shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other

safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

### 3.2.11 Insurance.

3.2.11.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the District that the subconsultant has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Agreement for cause.

3.2.11.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) General Liability: Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 00 01, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$1,000,000 in the general aggregate. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); (3) products/completed operations liability; or (4) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) Automobile Liability Insurance: Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 00 01 covering "Any Auto" (Symbol 1), or the exact equivalent, covering bodily injury and property damage for all activities with limits of not less than \$1,000,000 combined limit for each occurrence.

(C) Workers' Compensation: As required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. The insurer shall agree to waive all rights of subrogation against the District, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Consultant.

(D) Professional Liability (Errors & Omissions): Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$2,000,000 per occurrence or claim. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least five (5) years from termination or expiration of this Agreement.

District Engineer PSA

3.2.11.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the District to add the following provisions to the insurance policies:

(A) General Liability: (1) Additional Insured: The District, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement. Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 and 20 37 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement. (2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the District except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability. The automobile liability policy shall be endorsed to state that the District, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Consultant or for which the Consultant is responsible. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, agents and volunteers shall be excess of the Consultant's insurance and shall not be called upon to contribute with it in any way. Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the District except ten (10) days shall be allowed for non-payment of premium.

(C) Professional Liability (Errors & Omissions): (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the District except ten (10) days shall be allowed for non-payment of premium. (2) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

(D) Workers' Compensation: (1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the District except ten (10) days shall be allowed for non-payment of premium. (2) Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the District, its officials, officers, employees, agents, and volunteers.

3.2.11.4 Primary and Non-Contributing Insurance. All policies of General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the District, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.11.5 Waiver of Subrogation. All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the District, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against District, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

3.2.11.6 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Consultant shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its directors, officials, officers, employees, agents and volunteers; or (2) the Consultant shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.2.11.7 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the District, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the District for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the District. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the District evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.11.8 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and authorized to transact business of insurance in the State of California and satisfactory to the District, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.11.9 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the District to inform Consultant of non-compliance with any requirement imposes no additional obligation on the District nor does it waive any rights hereunder.

3.2.11.10 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance.

3.2.11.11 Additional Insurance Provisions

(A) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the District, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(B) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, District has the right but not the duty to obtain the insurance it deems necessary and any premium paid by District will be promptly reimbursed by Consultant or District will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, District may cancel this Agreement.

(C) The District may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(D) Neither the District nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

(E) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further, the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the District and shall not preclude the District from taking such other actions available to the District under other provisions of the Agreement or law.

(F) Consultant shall report to the District, in addition to Consultant's insurer, any and all insurance claims submitted by Consultant in connection with the Services under this Agreement.

3.2.11.12 Insurance for Subconsultants. Consultant agrees to ensure that its sub-consultants, sub-contractors, and any other party involved with the Services who is brought onto or involved with this Agreement by Consultant, provide the same minimum insurance coverage and endorsements required of Consultant. Consultant agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Consultant agrees that upon request, all agreements with consultants, sub-contractors, and others engaged in the Services will be submitted to the District for review.

### **3.3 Fees and Payments.**

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "A" attached hereto and incorporated herein by reference. The total compensation shall not exceed **INSERT AMOUNT WRITTEN OUT (\$INSERT NUMBER)** without written approval of the District's General Manager. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to District a monthly invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. District shall, within 30 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges thereon. If the District disputes any of Consultant's fees, the District shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by District or included in Exhibit "A" of this Agreement.

3.3.4 Extra Work. At any time during the term of this Agreement, District may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by District to be necessary, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the District.

3.3.5 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rate set forth in Exhibit "A".

### **3.4 Labor Code Requirements.**

3.4.1 Prevailing Wages. Prevailing wage will not apply to the District Engineer position as stated in Exhibit "A". However, if selected firm is required to extend its scope of work to include preconstruction services such as survey and/or inspection, the firm may be subject to Public Works requirements under the Prevailing Wage Laws and the Department of Industrial Relations (DIR). In that case, the Consultant shall be aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. District shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. It is the intent of the parties to effectuate the requirements of sections 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code within this Agreement, and Consultant shall therefore comply with such Labor Code sections to the fullest extent required by law. Consultant shall defend, indemnify and hold the District, its officials, officers, employees, agents, and volunteers free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

3.4.2 Registration/DIR Compliance. (Not Applicable)

3.4.3 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

### **3.5 Accounting Records.**

3.5.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of District during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

### **3.6 General Provisions.**

3.6.1 Termination of Agreement.

3.6.1.1 Grounds for Termination. District may, by written notice to Consultant, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Consultant of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered District Engineer PSA

to District, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.6.1.2 Effect of Termination. If this Agreement is terminated as provided herein, District may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.6.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.6.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ATTN: \_\_\_\_\_  
Direct: \_\_\_\_\_  
Cell: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

District: Lake Arrowhead Community Services District  
PO Box 700  
Lake Arrowhead, CA 92352  
ATTN: Catherine Cerri, General Manager  
Direct: (909) 336-7102  
Email: ccerri@lakearrowheadcsd.com

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.6.3 Ownership of Materials and Confidentiality.

3.6.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for District to copy, use, modify, or reuse any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer disks, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). District shall use the Documents & Data for its own use and shall not sublicense or transfer the Documents & Data to another party without the prior written consent of Consultant. Notwithstanding the foregoing, District shall have the right to share the Documents & Data with its vendors and other District Engineer PSA

consultants who are involved in the implementation of the Services. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the District. District shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at District's sole risk.

3.6.3.2 Subconsultants. If applicable, Consultant shall require all subconsultants to agree in writing that District is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or its subconsultants, or those provided to Consultant by the District.

3.6.3.3 Right to Use. District shall not be limited in any way in its use or reuse of the Documents & Data or any part of them at any time, provided that any such use not within the purposes intended by this Agreement or on a project other than the projects performed under this Agreement, without employing the services of Consultant, shall be at District's sole risk. If District uses or reuses the Documents & Data on any project other than the projects performed under this Agreement, it shall remove the Consultant's seal from the Documents & Data and indemnify and hold harmless Consultant and its officers, directors, agents and employees from claims arising out of the negligent use or re-use of the Documents & Data on such other project. Consultant shall be responsible and liable for its Documents & Data, pursuant to the terms of this Agreement, only with respect to the condition of the Documents & Data at the time they are provided to the District upon completion, suspension, abandonment or termination. Consultant shall not be responsible or liable for any revisions to the Documents & Data made by any party other than Consultant, a party for whom the Consultant is legally responsible or liable, or anyone approved by the Consultant.

3.6.3.4 Indemnification. Consultant shall defend, indemnify and hold the District, its directors, officials, officers, employees, volunteers and agents free and harmless, pursuant to the indemnification provisions of this Agreement, for any alleged infringement of any patent, copyright, trade secret, trade name, trademark, or any other proprietary right of any person or entity in consequence of the use by District of the Documents & Data, including any method, process, product, or concept specified or depicted.

3.6.3.5 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services under this Agreement. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use District's name or insignia, photographs, or any publicity pertaining to the Services in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of District.

3.6.3.6 Confidential Information. The District shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the District's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of

competent jurisdiction, in which case the District shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give District written notice of Consultant's objection to the District's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the District, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. District shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with District's choice of legal counsel), and hold District harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that District release such information.

3.6.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.6.5 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.6.6 Indemnification.

3.6.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of District's choosing), indemnify and hold the District, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subconsultants, or agents in connection with the performance of the Consultant's Services, under this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the District, its officials, officers, employees, agents, or volunteers.

3.6.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.6.7 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.6.8 Governing Law; Government Code Claim Compliance. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Bernardino County. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 District Engineer PSA

et seq. prior to filing any lawsuit against the District. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the District.

3.6.9 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.6.10 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.6.11 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.6.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.6.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.6.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.6.15 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

3.6.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.6.17 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Consultant further agrees to file, or shall cause its employees or subconsultants to file, a Statement of Economic Interest with the District's Filing Officer as required under state law in District Engineer PSA

the performance of the Services. For breach or violation of this warranty, District shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.6.18 District to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.6.19 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

**3.7 Subcontracting.**

3.7.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of District. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

LAKE ARROWHEAD COMMUNITY  
SERVICES DISTRICT

\_\_\_\_\_

By: \_\_\_\_\_  
Catherine Cerri  
General Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT "A"**  
**SCOPE AND SCHEDULE OF SERVICES**

**EXHIBIT "B"  
COMPENSATION**