

Assessor's Parcel Number: N/A

Date: AUGUST 9, 2018

Recording Requested By:

Name: HEATHER MACDONNELL, PUBLIC WORKS
(RR)

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A



00077563201809178700170173

KAREN ELLISON, RECORDER

CONTRACT #2018.183

(Title of Document)

CONTRACT FOR SERVICES BY AN INDEPENDENT CONTRACTOR

A CONTRACT BETWEEN

DOUGLAS COUNTY, NEVADA

AND

FCS GROUP

[Signature]
DOUGLAS COUNTY
CLERK

2018 AUG - 7 PM 2: 59

2018.8.18

FILED

This Contract for Services by an Independent Contractor (the "Contract") is entered into by and between Douglas County, a political subdivision of the State of Nevada, through the Board of County Commissioners (the "County"), and Financial Consulting Solutions Group, Inc. ("Contractor"), a Washington Corporation. The County and Contractor are at times collectively referred to hereinafter as the "Parties" or individually as the "Party."

WHEREAS, Douglas County, a political subdivision of the State of Nevada, from time to time requires the services of independent contractors; and

WHEREAS, it is deemed that the services of Contractor herein specified are both necessary and desirable and in the best interests of Douglas County; and

WHEREAS, Contractor represents that Contractor is duly qualified, equipped, staffed, ready, willing and able to perform and render the services hereinafter described.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein made, the County and Contractor mutually agree as follows:

1. TERM AND EFFECTIVE DATE OF CONTRACT. The Contract will become effective on the date it is approved and signed by representatives of both Parties. Time is of essence for performance of the professional services described herein and all tasks must be completed by Thursday, January 31, 2019.

2. INDEPENDENT CONTRACTOR STATUS. The Parties agree Contractor will have the status of an independent contractor and that the Contract, by explicit agreement of the Parties, incorporates and applies the provisions of NRS 333.700, as necessarily adapted to the Parties, including the express understanding that Contractor is not an employee of the County and that:

There shall be no:

- (1) Withholding of income taxes by the County;
- (2) Industrial insurance coverage provided by the County;
- (3) Participation in group insurance plans which may be available to employees of the County;

- (4) Participation or contributions by either the Contractor or the County to the public employee's retirement system;
- (5) Accumulation of vacation leave or sick leave;
- (6) Unemployment compensation coverage provided by the County if the requirements of NRS 612.085 for independent contractors are met.

Additionally, the Contractor is not in the classified or unclassified service of the County and has none of the rights or privileges available to officers, employees or other appointees of the County.

3. INDUSTRIAL INSURANCE. Contractor further agrees that, prior to the commencement of any work and as a precondition to any obligation of the County to make any payment under the Contract, Contractor will provide the County with a work certificate and/or a certificate issued by a qualified insurer in accordance with NRS 616B.627. Contractor also agrees that, prior to commencing any work under the Contract, Contractor will complete and provide evidence to the County that Contractor has made the following written request to Contractor's insurer:

FCS Group has entered into a contract with Douglas County to perform work through Thursday, January 31, 2019 and requests that an authorized insurer provide to Douglas County: (1) A certificate of coverage issued pursuant to NRS 616B.627 and (2) Notice of any lapse in coverage or nonpayment of coverage that the Contractor is required to maintain.

The certificate and notice should be mailed to:

*Douglas County
Public Works Department
Post Office Box 218
Minden, Nevada 89423*

Contractor agrees to maintain all required workers' compensation coverage throughout the entire term of the Contract. If Contractor does not maintain the required coverage throughout the entire term of the Contract, Contractor agrees that the County may, at any time the coverage is not maintained by Contractor, order the Contractor to stop work, suspend the Contract, or terminate the Contract at the sole discretion of the County. For each six-month period this Contract is in effect, Contractor agrees, prior to the expiration of the six-month period, to provide another written request to the insurer for the provision of a certificate and notice of lapse in, or nonpayment of, insurance coverage. If Contractor does not make the request or does not provide the certificate before the expiration of the six-month period, Contractor agrees that the County may order the Contractor to stop work, suspend the Contract, or terminate the Contract at the sole discretion of the County.

4. SERVICES TO BE PERFORMED. The Parties agree that the Contractor will perform a Sewer Utility Rate Analysis and related consulting, more particularly described as follows:

- A. The Services to be performed under this Contract are specifically identified in Exhibit A, the hourly billing rate schedule is identified in Exhibit B, and the

project schedule is identified in Exhibit C, all of which are attached and incorporated by reference herein.

5. PAYMENT FOR SERVICES. Contractor agrees to provide the services set forth in Paragraph 4 for a total cost not to exceed Seventy-Six Thousand, Four Hundred Dollars (\$76,400) (the "Contract Price"). Unless Contractor has received a written exemption from the County, Contractor shall submit monthly requests for payment for services performed under this Contract. Requests for payment shall be submitted no later than fifteen (15) days after the end of a month and must include a detailed summary of the expenditures reported in a form that supports the approved budget. Specifically, Contractor agrees to provide with each request for payment a schedule of actual expenditures for the period, cumulative total expenditures for the entire contract, and a comparison of cumulative total expenditures to the maximum expected fee for the services and tasks set forth in Paragraph 4.

6. TERMINATION OF CONTRACT. Either Party may terminate the Contract if either Party fails to correct any breach of the terms of the Contract within 30 days after receiving notice of such breach and having been given a reasonable opportunity to cure the breach. Provided, however, that except as otherwise set forth in this Contract, early termination will not relieve a Party of any obligation that became due prior to the date of termination.

7. NONAPPROPRIATION. All payments required pursuant to the Contract are contingent upon the availability of County funds. In accordance with NRS 354.626 and any other applicable provision of law, the financial obligations between the Parties will not exceed those monies appropriated and approved by the County for the Contract for the then current fiscal year under the Local Government Budget Act. The Contract will terminate and the County's obligations will be extinguished if the County fails to appropriate the necessary funding.

Nothing in the Contract will be construed to provide Contractor with a right of payment from any entity other than the County. Any funds budgeted by the County pursuant to the terms of the Contract that are not paid to Contractor will automatically revert to the County's discretionary control upon the completion, termination, or cancellation of the Contract. The County will not have any obligation to re-award or to provide, in any manner, the unexpended funds to Contractor. Contractor will have no claim of any sort to the unexpended funds.

8. CONSTRUCTION OF CONTRACT. The Contract will be construed and interpreted according to the laws of the State of Nevada. There will be no presumption for or against the drafter in interpreting or enforcing the Contract. In the event a dispute arises between the Parties, the Parties promise and agree to first meet and confer to resolve any dispute. If such meeting does not resolve the dispute, then the Parties agree to mediate any dispute arising from or relating to the Contract before an independent mediator mutually agreed to by the parties. The fee, rate or charge of the mediator will be shared equally by the Parties, who will otherwise be responsible for their own attorney's fees and costs. If mediation is unsuccessful, litigation may only proceed before a department of the Ninth Judicial Court of the State of Nevada in and for the County of Douglas that was not involved in the mediation process and attorney's fees and costs will be awarded to the prevailing party at the discretion of the court.

9. COMPLIANCE WITH APPLICABLE LAWS. Contractor promises and agrees to fully and completely comply with all applicable local, state and federal laws, regulations, orders, or requirements of any sort in carrying out the obligations of the Contract, including, but not limited to, all federal, state, and local accounting procedures and requirements, all hazardous materials regulations, and all immigration and naturalization laws.

10. ASSIGNMENT. Contractor will neither assign, transfer nor delegate any rights, obligations or duties under the Contract without the prior written consent of the County.

11. COUNTY INSPECTION. The books, records, documents and accounting procedures and practices of Contractor related to the Contract will be subject to inspection, examination and audit by the County, including, but not limited to, the contracting agency, the County Manager, the District Attorney, and, if applicable, the Comptroller General of the United States, or any authorized representative of those entities.

12. DISPOSITION OF CONTRACT MATERIALS. Any books, reports, studies, photographs, negatives or other documents, data, drawings or other materials prepared by or supplied to Contractor in the performance of its obligations under the Contract (the "Materials") will be the exclusive property of the County and all such materials will be remitted and delivered, at Contractor's expense, to the County by Contractor upon the completion, termination or cancellation of the contract. Alternatively, if the County provides its written approval to Contractor, the Materials must be retained by Contractor for a minimum of six years after Contractor's receipt of the final payment from County and all other pending matters are closed. If, at any time during the retention period, the County, in writing, requests any or all of the Materials, then Contractor will promptly remit and deliver the materials, at Contractor's expense, to the County. Unless the County has requested the remittance and delivery by Contractor of the Materials, Contractor will not use, willingly allow or cause to have such Materials used for any purpose other than the performance of Contractor's obligations under the terms of the Contract without the prior written consent of the County.

13. PUBLIC RECORDS LAW. Contractor expressly understands and agrees that all documents submitted, filed, or deposited with the County by Contractor, unless designated as confidential by a specific statute of the State of Nevada, will be treated as public records pursuant to NRS chapter 239 and shall be available for inspection and copying by any person, as defined in NRS 0.039, or any governmental entity. Contractor expressly and indefinitely waives all of its rights to bring, including but not limited to, by way complaint, interpleader, intervention, or any third party practice, any claims, demands, suits, actions, judgments, or executions, for damages or any other relief, in any administrative or judicial forum, against the County or any of its officers or employees, in either their official or individual capacity, for violations of or infringement of the copyright laws of the United States or of any other nation.

14. INDEMNIFICATION. Contractor agrees to indemnify, defend, and save and hold the County, its agents and employees harmless from any and all claims, causes of action or liability arising from or related to Contractor's negligent performance pursuant to the terms of the Contract by Contractor or Contractor's agents or employees.

15. MODIFICATION OF CONTRACT. The Contract and the attached exhibits constitute the entire agreement and understanding between the Parties and may only be modified by a written amendment signed by both of the Parties.

16. AUTHORITY. The Parties represent and warrant that they have the authority to enter into this agreement.

17. STANDARD OF CARE. Contractor will perform all services in a manner consistent with that level of care and skill ordinarily exercised by other members of Contractor's profession currently practicing in the same locality under similar conditions.

18. WAIVER OF LIEN. Contractor understands and agrees that the services it will render to the County are not intended for the improvement of real property or to otherwise grant any rights to Contractor pursuant to NRS chapter 108.

19. THIRD PARTY BENEFICIARY. Nothing contained in this Agreement is intended to convey any rights or to create a contractual relationship with any third party or to otherwise allow a third party to assert a cause of action against either Contractor or County.

20. FORCE MAJEURE. Neither Party shall be deemed to be in violation of this Agreement if it is prevented from performing any of its obligations hereunder due to protests, strikes, legal impossibility, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, emergencies or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event, the intervening cause must not be through the fault of the Party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of this Agreement after the intervening cause ceases.

21. WAIVER. The County's failure to insist upon Contractor's performance of any obligation hereunder shall not constitute a waiver of the County's right to enforce that obligation and the County may require compliance with that obligation or any other obligation at any time.

22. NOTICES. All notices, requests, demands and other communications hereunder must be in writing and will be deemed delivered when sent via certified mail, return receipt requested or by commercial courier, provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender, addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

To County:

Douglas County
Attn: Public Works Department
Post Office Box 218
Minden, Nevada 89423

To Contractor: FCS Group
7525 166th Ave NE
Suite D-215
Redmond, WA 98052
(719) 284-9168

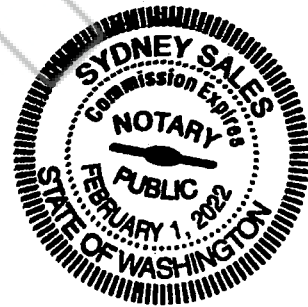
23. CONFLICT OF INTEREST. By signing the Contract, Contractor agrees that any information obtained from Douglas County, in whatever form, will not be divulged to other competing interests without the permission of the County Manager. In the event of a breach of this provision, Douglas County may immediately withdraw, without penalty or any payment, from the Contract. Contractor must notify Douglas County of any other contracts or projects Contractor is working on that may impact Douglas County.

IN WITNESS WHEREOF, the individuals signing bellow represent and warrant that they have the authority to bind the respective Party bellow indicated, and each has caused the Contract to be signed and intend to be legally bound thereby.

FCS Group
By: Angie S. Virnoche 7/31/18
Angie Sanchez-Virnoche, Vice President (Date)

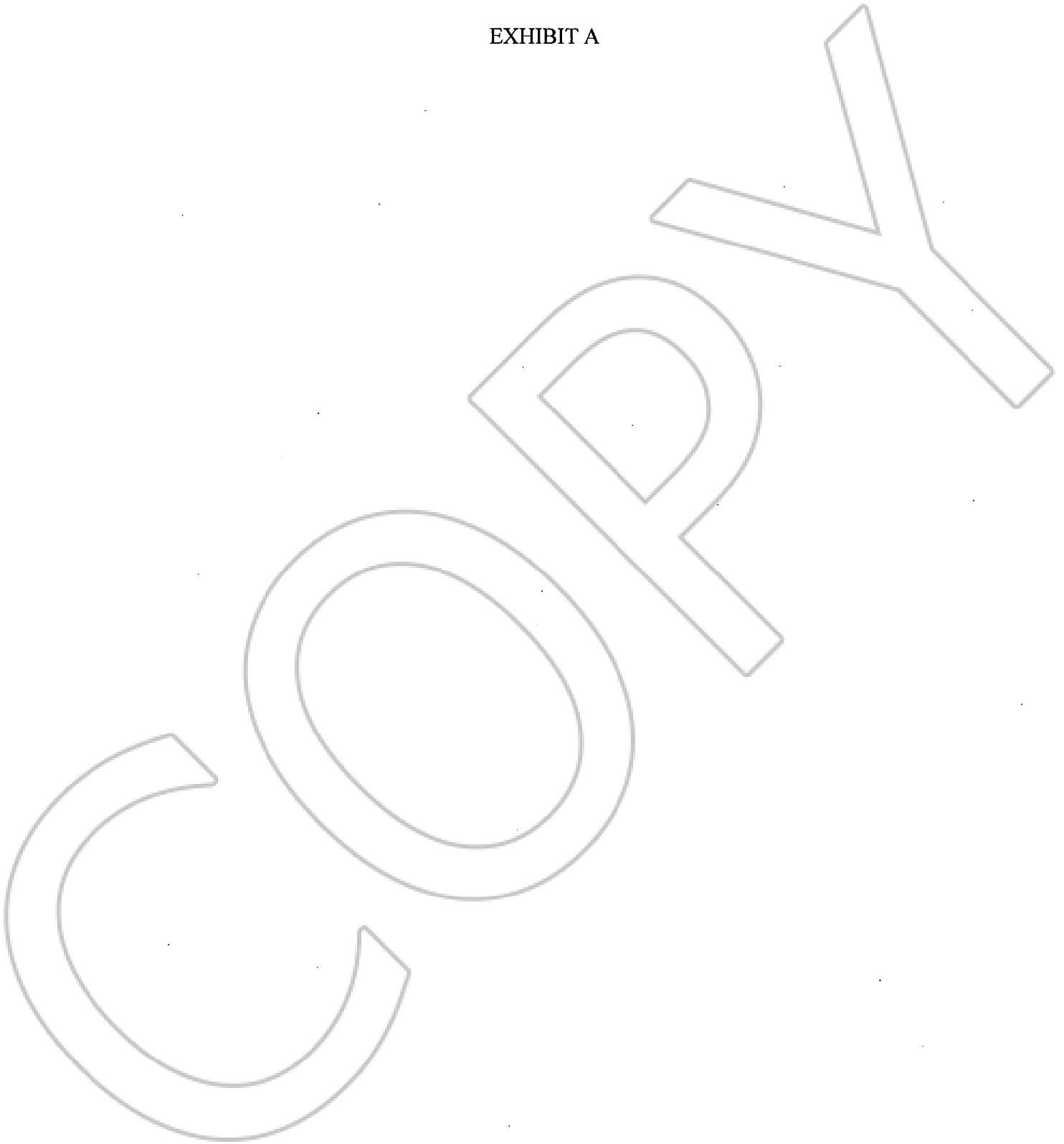
STATE OF Washington)
COUNTY OF Spookane)
This instrument was acknowledged before me, a Notary Public, on the 31 day of July 2018, by Angie Sanchez-Virnoche, Vice President of FCS Group.

Sydney Sales
Notary Signature



Douglas County
By: Steven J. Thaler 8/2/18
Steven J. Thaler, Chairman (Date)
Board of County Commissioners

EXHIBIT A



SCOPE OF WORK

The result of this study will establish an updated blueprint for self-supporting, financially sustainable sewer utilities that will deliver the highest level of reliable service to the County's customers. As demonstrated in our previous work for the County, our approach is based on an open and involved process that ensures that the analysis and its resulting recommendations align with County values and priorities.

The task plan below has been developed to meet the needs expressed during our recent meeting together in Douglas County, but to also leverage our previous work. The financial modeling platform, for example, is something we have already developed for the County in the past, and the benefit of having the models in place is factored into time and budget estimates.

Task 1 | Kick-Off Meeting

What

A project kickoff meeting will be scheduled before the commencement of the project with the consultant and County project team (onsite meeting).

How

Ideally this meeting would include a representative from departments that can address issues related to finance, engineering, customer service and administration.

Benefits/Project Relevance

This meeting will establish the goals and objectives of the overall project and focus the efforts of the project team. The items covered at the meeting include review of the scope of work, identify project objectives, expectations and deliverables, outline the project schedule and key milestone review points and discuss appropriate lines of communication. It will also serve to make reference to previous work and achieve consensus on how future work will be developed and presented.

Deliverable

A project schedule with task completion and key milestone review points. Identification of project team communication leads. Select frequency of project team meetings to calendar. Identify issues and areas of concern to address during study.

Task 2 | Data Collection and Validation

What

FCS GROUP will provide a comprehensive information request encompassing historical and projected financial, operational, billing and planning information.

How

FCS GROUP will circulate the information request within a week after the initial kickoff meeting. There will be sufficient time allotted for County staff to gather the information and send it to us, after which we will review the responses and file them in to the project data warehouse. If there are any information gaps or clarifications needed, we will provide a second round of requests and/or conduct follow-up phone calls.

Benefits/Project Relevance

The data and information provided is foundational to the analyses FCS GROUP will prepare for the County. For example, validation of the customer data and calibration of the revenue forecast is critical to the rate study. As we review the requested information, we are also evaluating it for consistency. It is this evaluation process that is truly the benefit for the project as it help ensure we are not only starting from the right place, but also projecting the future outlook consistently and accurately.

Deliverable

Consolidated input tables with validated customer statistics and profiles that tie to the revenue projections and cost forecast of the wastewater utility.

Task 3 | Connection Charge Update

What

Establishes the cost-basis for updates to the three connection charges the County currently charges under Resolution No. 2014R-030 allowing us to recommend any changes to the connection charges.

How

FCS Group will use the information collected in Task 1 to recalculate the connection charges using the same methodology from the final report we provided in 2015. That methodology includes evaluation of existing investment in plant assets, proposed capital improvements, and the capacity those investments are able to provide. It is a comprehensive evaluation of the existing plant in service, proposed additions to wastewater plant capacity, and expected growth in the County.

Benefits/Project Relevance

Apart from providing the basis for our recommendations for any increases to the connection charges, this work also potentially changes the projection of connection fee revenue as an input to the financial plans developed in the following task. Given the proposed construction of the North Valley Wastewater Treatment Plant, it is likely that connection charges may increase and, in doing so, provide additional funds for the County's capital improvements. Increases in fee revenue from connection charges may serve to decrease the need for overall rate increases in the County.

Deliverable

Updated connection fee memorandum in substantially the same format as our June 22, 2015 memorandum (RE: Sewer Rate & General Facilities Charge Study).

Task 4 | Comprehensive Financial Plan

What

Establishes a sustainable, multi-year (10-year) financial management plan that meets the projected total financial needs of the wastewater utility through generation of sufficient, sustainable revenue.

How

This task analyzes annual cash flow needs by identifying expenses incurred to operate and manage the system including:

- Cost increases resulting from staffing changes, enhanced programs or initiatives,
- Capital project needs including the new NVWWTP and projects identified in the General Wastewater Plan, and elsewhere,
- New and existing debt obligations,
- Fiscal policy achievement related to debt coverage, cash reserve balances, or other management goals,
- Infrastructure renewals and replacement needs.

The multi-year plan compares the future cash flow needs (i.e., costs) to the projected revenues at the current rates in full consideration of expected customer growth trends, demand estimates, account collection rates, and any local factors that may affect the utility's revenue functions.

Other sources of revenue are also considered and included in this analysis. Things like the proposed connection charges (Task 3), miscellaneous fees, grants, project cost-sharing agreements, etc., are all included in the revenue analysis.

FCS GROUP will propose alternative revenue strategies based on the comparison of projected costs to the existing stream of revenues. Such strategies often consider the timing of capital improvements, financing alternatives for capital needs, additions to user-charge revenue (i.e., rate increases), and enhancement or reduction of financial policy goals. We review these alternatives with you before making our proposal so you can determine which works best for the County.

Benefits/Project Relevance

This task provides the County the basis for the 5-year rate plan, and the overall level of user rates necessary to fund the utility on a year-to-year basis. The County will be able to use the information in this plan to adjust rates from one year to the next. In addition, the financial plan provides us with a comprehensive understanding of the annual revenue requirements for the utility, something we will use to develop recommendations for special rates and fees in Task 5, below.

Deliverable

The revenue requirement will identify a multi-year strategy for user rates and financial performance that will meet the County specified financial metrics, goals and objectives. We will provide the Excel models and additional documentation (e.g. memorandum) summarizing the financial plan findings.

Task 5 | Cost-of-Service Allocation

What

Allocates the system costs to the various customer classes based on how customers use and benefit from the wastewater system.

Benefits/Project Relevance

The County has asked us to evaluate and recommend special rates and fees, including a fee (and related policies) to encourage conversion of septic systems, and an availability charge for properties that are not connected but have access to the County's sewer system. Additionally, the County would like to update the Commercial Fixed Operations Rate Schedule (Resolution 2016R-055). Cost-of-service analysis is the industry standard for determining the cost basis for user rates and charges among different classes of service. The County has two explicit classes of service with a residential and commercial class described in its rate resolutions. An availability charge implies a different class of service, one where service is available even if it is not used. The cost-of-service analysis will help us determine the cost of providing standby service. In addition, the analysis will give us valuable information in recommending policies to encourage septic conversion.

Deliverable

FCS Group will provide a cost-of-service model in Excel format along with suitable documentation via memorandum, or other suitable report format, to describe the findings.

Task 6 | Rate Updates and Recommendations

What

Based on findings from the previous tasks, we will provide updates to the County's 5-year rate plan that will address the following needs:

- Update sewer rates and connection charges for a five-year schedule starting July 1, 2019.
- Update the Monthly Commercial Fixed Operations Rate Schedule for a five-year schedule starting July 1, 2019.
- Recommend a new Availability Charge for properties not currently using but with access to the County's wastewater system.
- Recommend a new connection charge for customers converting their septic systems to County service.

Benefits/Project Relevance

This task combines the information from the analytical tasks discussed above into a comprehensive recommendation for the County's sewer rates for the next five years.

Deliverable

Proposed draft resolution and supporting documentation, as needed, to assist the County in updating its rate resolutions.

Task 7 | Meetings/Presentations

What

Development of transparent, understandable, and graphically-driven informational materials and tools to roll out a multi-year rate strategy similar to what the County has implemented in the past.

How

The success of a rate study relies on an open and involved process for informing and educating the County Commission, and public on the rate study process and to clearly define the cost basis for the fees imposed on customers by linking the financial requirements to costs.

This proposal includes **two onsite meetings at the kick-off and to present the study findings, and a third on-site meeting for a utility rate setting workshop (at the County's request).**

There are five (5) other internal review meetings at key milestones with County staff to go over key assumptions and outcomes:

- One (1) meeting to review the connection charges (interactive conference call);
- One (1) meeting to review financial plan (interactive conference call);
- One (1) meeting to review the cost-of-service findings (interactive conference call);
- One (1) meeting to finalize review rate recommendations (interactive conference call);
- and
- One (1) meeting to develop final rate proposals for presentation to Commission (interactive conference call).

We will provide support to the County determining the best timing, communication strategy and medium for customer education. We have assisted our clients with developing and delivering different communication materials such as a one-page information sheet, newsletters, frequently asked questions, online bill calculators, dedicated rate study web-pages and open house forums.

Benefits/Project Relevance

We want the County staff to be in position to communicate the rate study findings clearly and concisely to its governing body and its customers. The materials we provide in this task will give the County staff the tools to do so.

Deliverables

Eight (8) scheduled meetings, including three (3) onsite meetings, and five (5) interactive conference calls as described above.

Task 8 | Additional Services

What

Work items unforeseen prior to commencing with the above scope of work but later authorized, in writing, by the County to be performed by FCS GROUP.

Deliverables

Deliverables will be determined in coordination between the County and FCS GROUP.

EXHIBIT B

A summary of level-of-effort estimates is provided below. The fees will be billed as time and materials in accordance with the 2018 Standard Fee Schedule. The total work effort shall not exceed the total budget limit.

Task	Budget Estimate
Task 1 Kickoff Meeting	\$3,560
Task 2 Data Collection/Validation	\$3,240
Task 3 Connection Charge Update	\$7,660
Task 4 Comprehensive Financial Plan	\$8,780
Task 5 Cost-of-Service Allocation	\$7,660
Task 6 Rate Update and Recommendations	\$5,800
Task 7 Meetings/Presentations	
On-Site Project Meetings (2)	\$11,920
Off-Site Remote Meetings (5)	\$5,800
On-Site Rate Training Workshop (1)	\$9,680
Task 8 Additional Services	\$7,500
Labor Total	\$71,600
Expenses	\$4,800
Total Budget	\$76,400

FCS GROUP
2018 STANDARD FEE SCHEDULE
Effective DECEMBER 15, 2017

LABOR

POSITION/TITLE

BILLING RATE

Principals	Standard Rate	\$260
Senior Project Manager	Standard Rate	\$210
Senior Special Projects Manager	Standard Rate	\$200
Project Manager II	Standard Rate	\$185
Project Manager I	Standard Rate	\$175
Project Consultant	Standard Rate	\$160
Senior Analyst	Standard Rate	\$140
Analyst	Standard Rate	\$130

Administrative and Technical Support

Public Relations	\$155
Technical Writer/Graphic Artist	\$ 130
Administrative Support	\$ 85

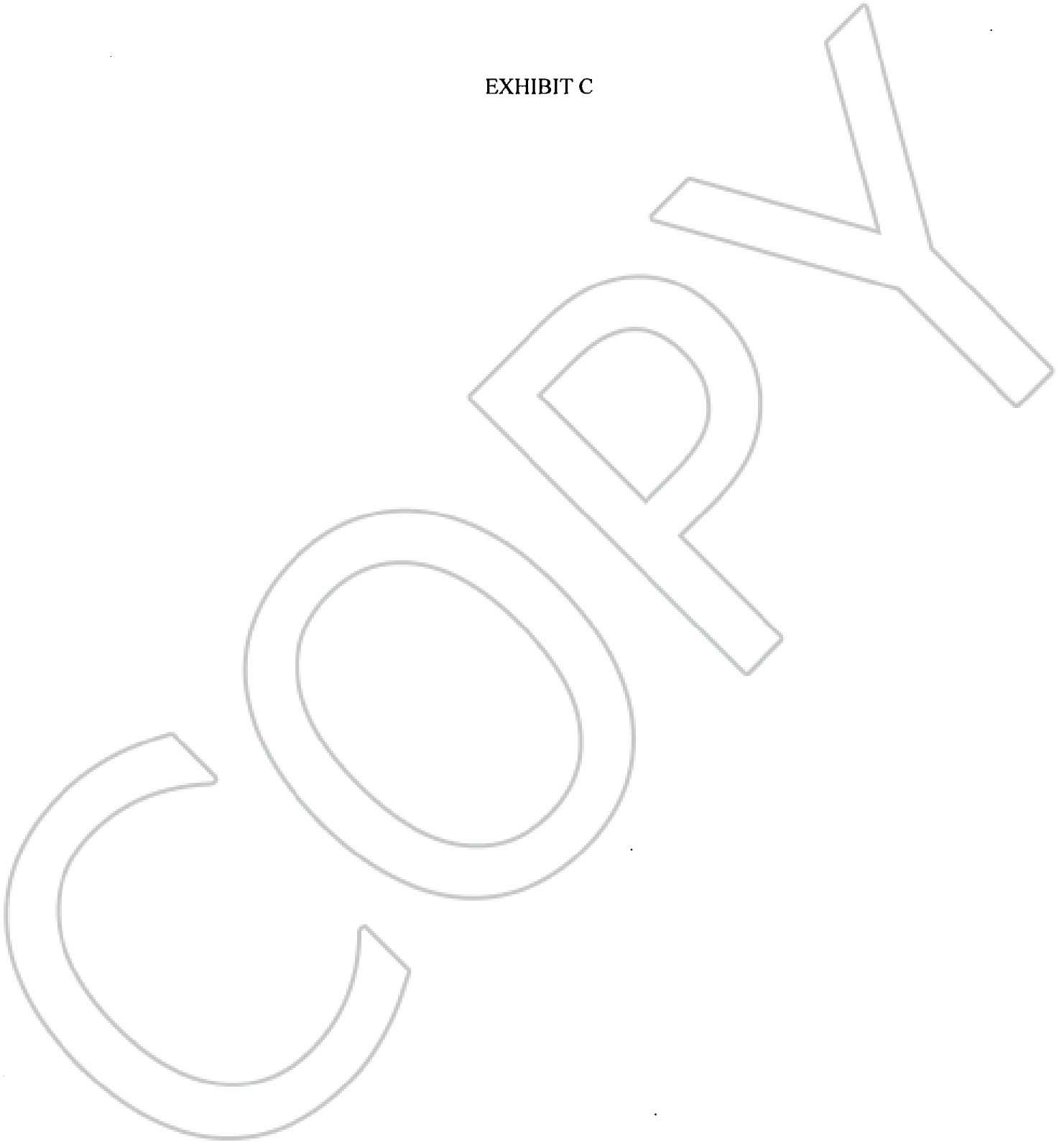
DIRECT EXPENSES

Major direct expenses, such as travel, mileage, and lodging, will be charged at cost. Other expenses will not be directly charged unless by mutual agreement of the client and FCS GROUP and specific terms will be established in advance prior to expenditure and billing.

SUBCONSULTANTS

When applicable, subconsultants will be charged at invoiced cost plus 10%.

EXHIBIT C



PRELIMINARY PROJECT SCHEDULE

Note: all completion dates assume a Notice-to-Proceed date of August 3, 2018

Task No. / Name	Estimated Substantial Completion Date
1 – Kick-off Meeting	August 10, 2018
2 – Data Collection and Validation	September 7, 2018
3 - Connection Charge Update	October 5, 2018
4- Comprehensive Financial Plan	October 26, 2018
5 – Cost-of-Service Allocation	November 30, 2018
6- Rate Updates and Recommendations	December 21, 2018
7 – Meetings/Presentations	January 25, 2019
8 – Additional Services	TBD

DRAFT

Douglas County

State of Nevada

CERTIFIED COPY

I certify that the document to which this certificate is attached is a full and correct copy of the original record on file in the Clerk-Treasurer's Office on this

_____ day of _____, 2018

By _____