



PAJARO VALLEY WATER MANAGEMENT AGENCY

36 BRENNAN STREET • WATSONVILLE, CA 95076

TEL: 831) 722-9292 FAX: 831) 722-3139

email: info@pvwater.org • <http://www.pvwater.org>

PAJARO VALLEY WATER MANAGEMENT AGENCY REQUEST FOR PROPOSALS AUDITING SERVICES

The Pajaro Valley Water Management Agency (“PV Water” or the “Agency”) is soliciting proposals to provide financial auditing services.

Background

PV Water is a special act district formed in 1984 for the purpose of managing the ground and surface water resources within the Agency. The Agency’s enabling act is codified at Chapter 124 of the California Water Code Appendix. The Agency boundaries encompass portions of Santa Cruz, Monterey and San Benito Counties, including the City of Watsonville. Agriculture is the primary industry within the Agency and accounts for the majority of water use within the Agency. Groundwater is the primary source of water within the Agency, and overpumping of the groundwater basin for agricultural and municipal uses has resulted in the encroachment of seawater from the Pacific Ocean into the groundwater basin.

The Agency is governed by a seven-member Board of Directors – four directors are elected from divisions A through D, and three directors are appointed, one each by the City of Watsonville and the Counties of Santa Cruz and Monterey. Regular Board meetings are held on the third Wednesday of each month, and take place at the City of Watsonville’s City Council Chambers in Watsonville, California. The Board appoints the General Manager, who oversees a staff of 12 employees. Revenues to carry out the Agency’s tasks are derived primarily from Augmentation Charges (charges on the extraction of groundwater), Delivered Water Charges (charges on delivered water) and Management Fees (a per-parcel charge levied as an incident of ownership of property within the Agency). The Agency has a current annual operating budget of \$15.7 million.

Scope of Services

It is anticipated that Auditing Services shall include, but not necessarily be limited to, the following:

- Conduct an independent auditors’ report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing standards. Must include financial statements, a management report, and evaluation of internal control structures and compliances with applicable laws and standards. Consult with Board Members and Agency staff as needed. Render

auditing advice and opinions concerning financial matters that affect the Agency, including new and/or revised standards.

- Administer and provide other auditing services on an as-needed basis.

Reports and Presentations

- Conduct an exit interview with Agency management to discuss relevant findings and proposed audit adjustments.
- Deliver administrative draft audit reports and draft management letters (if deemed appropriate) to Finance & Administrative Services Manager prior to final report.
- Discuss draft audit reports with Agency's Administrative/Finance Committee during the it's January meeting. (This may be done by remotely).
- Prepare and present a report to the Board of Directors during the Board's January meeting that identifies significant audit findings, difficulties encountered in performing the audit, identify any corrected and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
- Prepare the Annual Audited Financial Statements, including all required notes and Management Discussion and Analysis and the Supplementary Information contained in the Audited Financial Statements. A draft of these reports shall be provided to the Finance & Administrative Services Manager for review prior to issuing the final reports.
- Prepare and electronically file the Annual California State Special Districts Report along with any supplements required by the state in the format required by the state.
- Provide an electronic version and ten (10) bound hard copies for the Agency of the final audit reports and the management letters (if applicable).

Submittal Requirements

Proposals should provide specific and succinct answers to the following requests for information. Submission of individual resumes is optional but encouraged.

A. Please describe your or your firm's qualifications for serving as Auditor. Include:

- The overall capabilities, qualifications, training and areas of expertise for each of the partners/principals and associates being included in your proposal, including backup in the event the lead auditor is unavailable.
- Name of individual proposed as Lead Auditor.
- Length of employment with the firm.

- Years of practice overall and in each area of specialization.
 - Number of governmental accounting audits.
- B. Describe your or your firm’s accessibility and responsiveness to meet the Agency’s needs in a timely manner.
- C. Describe support staff for your office that will be providing services to the Agency.
- D. List the most significant engagements performed in the last three years that are similar to the engagement described in this request for proposal, including the annual percentage of the firms audit practice that is for governmental entities. Indicate the names and telephone numbers of the principal governmental client contacts.

The successful firm will be required to indemnify and hold harmless the Agency, its officers, agents and employees from any and all claims and losses accruing to the negligent acts of the firm.

Compensation and Reimbursement

The Board of Directors is concerned with containment of auditing costs. The Board will look favorably on proposals that include budgets, retainers, or other structural mechanisms to help control and limit costs.

Based on the above, please include in your proposal the following:

- Proposed billing methods. If billing is to be by hourly rate, describe your rates, etc., in the event that the Board appoints you or your firm as Auditor. In addition, describe billing increments and minimum billing charges (i.e. for phone calls, voice mail, etc.).
- Any specific contractual terms and conditions for providing services to the Agency, including any exceptions to the Agency’s contract terms and conditions. PV Water’s standard agreement is subject to change.
- Specific expenses for which your firm will request reimbursement from the Agency, including type and unit rate (i.e. faxes, rate for mileage, reproduction of documents, travel expenses, etc.).

Evaluation and Selection Process

Five (5) complete copies of each proposal shall be submitted in a sealed envelope bearing the caption: “PV Water – Auditing Services Proposal” to:

Teresa Delfino
Finance & Administrative Services Manager
Pajaro Valley Water Management Agency
36 Brennan Street
Watsonville, CA 95076

Proposals shall be limited to fifteen (15) pages exclusive of resumes. Proposals may be filed in person at the Agency's office or by mail, but must be received in the Agency's office by:

4:00 p.m. on Friday, March 24, 2017.

The Pajaro Valley Water Management Agency reserves the right to reject all proposals, to request additional information concerning any proposals for purposes of clarification, to accept or negotiate any modification to any proposal following the deadline for receipt of all proposals, and to waive any irregularities if such would serve the best interest of the Agency as determined by the Board of Directors, and is not responsible for any costs incurred by firms submitting proposals.

Interviews will be held April 4-6, 2017. The Agency expects to notify the selected firm by April 12, 2017 and immediately begin contract negotiations for Agency Board consideration/approval at the April 19, 2017 Board of Directors Meeting. The proposal and contracting schedule are shown below:

Submit Proposals	March 24, 2017
Conduct Interviews	April 4 – 6, 2017
Admin/Finance Committee	April 11, 2017
Notify Selected Auditor	April 12, 2017
Board Approval of Contract	April 19, 2017

All inquiries regarding this Request for Proposals should be directed to Teresa Delfino, Finance & Administrative Services Manager, at the above address or by telephone at (831) 722-9292 or by email at *delfino@pvwater.org*.



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www.pvwater.org

March 15, 2017

This document is intended to provide clarification in response to questions received regarding the PV Water Request for Proposals to Provide Financial Auditing Services.

Audited Financial Statements for FY2015-16 that display no material weaknesses or significant deficiencies, can be found at <http://pvwater.org/about-pvwma/budget.php>.

PV Water has contracted with the same auditing firm (Bartlett, Pringle & Wolf) from FY2006-07 through 2015-16 for equal like services as requested in this RFP. A staff of 3-5 preformed 2-3 days of preliminary fieldwork, and 4-5 days fieldwork. Fees for services performed can be found in the financial reports included in board packets that are posted on the web site.

PV Water does not anticipate issuance of new debt or a single audit in the current year, and has no lawsuits against them at this time.

PV Water entered into a \$6.4 million contract for Project Management Services in January 2017. More information can be found at <http://pvwater.org/about-pvwma/bmp-update.php>.

The Board of Directors appointed the Senior Water Resources Hydrologist, who has been with the Agency for 12 years, as the Interim General Manager due to the retirement of the General Manager in December of 2016.



PAJARO VALLEY WATER MANAGEMENT AGENCY (“PV WATER”)
36 Brennan Street
Watsonville, CA 95076
Tel (831) 722-9292 Fax (831) 722-3139

AGREEMENT FOR PROFESSIONAL SERVICES

To:		Date:	
Tel:			
Fax:			

Contract Amount:		Start Date:		End Date:	
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Accepted:	Pajaro Valley Water Management Agency	Consultant:	
		FEIN:	
By:		By:	
	Brian Lockwood,		
Title	Interim General Manager	Title	
	Other authorized representative(s):		Other authorized representative(s):

AGREEMENT

This Agreement is entered into and effective this ____ day of _____, by and between the Pajaro Valley Water Management Agency (“PV Water”), and _____ (“Consultant”) referred to herein individually as a “Party” and collectively as “the Parties.”

WHEREAS, PV Water desires to _____ (“Project”); and,

WHEREAS, Consultant represents that it has the expertise, means, and ability to perform said duties as outlined within its proposal dated _____ and received by PV Water on _____ (Exhibit A);

NOW, THEREFORE, in consideration of each other’s mutual promises, the Parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate on _____, unless terminated sooner pursuant to the terms of this Agreement.

2. Work. Consultant will furnish services as defined and described in the proposal attached hereto as Exhibit A, and incorporated herein. Consultant represents and warrants that it (i) is fully experienced and properly qualified to perform the class of work and service provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement.
 - 2.1 Change in Work. Any change in the scope of the professional services to be done, method of performance, nature of materials or price thereof, or to any other matter materially affecting the performance or nature of the professional services will not be paid for or accepted unless such change, addition or deletion be approved in advance, in writing by a supplemental agreement by the Parties. PV Water may order changes in the scope or character of services in writing, including decreasing the amount of Consultant’s services described herein. In the event that the work is decreased, Consultant is entitled to full compensation for services performed and expenses incurred prior to the receipt of notice of change pursuant to Section 4 of this Agreement.

3. Authorized Representatives. The authorized representatives shall be individuals with the necessary authority to direct technical and professional work within the scope of this Agreement and shall serve as the principal point of contact for the Project for each respective party.
 - 3.1 PV Water. PV Water designates the following individual(s) as PV Water’s authorized representative(s): _____. Only PV Water’s authorized representative(s) is authorized to approve changes to this Agreement on behalf of PV Water.

- 3.2 Consultant. Consultant designates the following individual(s) as Consultant's authorized representative(s): _____. Only Consultant's authorized representative(s) is authorized to approve changes to this Agreement on behalf of Consultant.
4. Compensation. PV Water will pay Consultant, as full compensation for full performance of the services described in this Agreement, a fee not to exceed _____ Dollars (\$_____). The fee for services will be based on the Fee Schedule included in Exhibit A of this Agreement.
- 4.1 Method of Payment. Consultant shall prepare and submit to PV Water detailed monthly invoices for fees and costs incurred in the performance of the services hereunder during the previous billing period. The invoice shall describe the services rendered and shall be based on all labor and direct expense charges made for work performed hereunder. Labor charges shall be in accordance with the Fee Schedule found in Exhibit A of this Agreement. PV Water shall pay the amount of each itemized invoice within thirty (30) days after the receipt of the invoice, subject to a finding by PV Water that work performed has been satisfactory and that payment is for the work specified in Exhibit A and does not exceed the maximum amount specified above.
- 4.2 Direct Expenses. Direct expenses are those outside costs and rates identified in Exhibit A incurred directly for the work performed and substantiated with invoices for the charges. Consultant will not be reimbursed for any costs or expenses at any rates that exceed the rates set forth in the Fee Schedule found in Exhibit A. If Consultant must incur other costs which are not specifically covered by the terms of this Agreement, but which are necessary for the performance of Consultant's duties, PV Water may approve payment for said costs if authorized in writing by PV Water in advance.
5. Independent Contractor. Consultant represents that it has or will secure at its own expense all personnel, materials, and related services required to perform the services under this Agreement. Consultant (and its employees, agents, representatives, and subconsultants), in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of PV Water. Consultant, not PV Water, shall have exclusive and complete control over its employees and subcontractors, and shall determine the method of performing the services hereunder. PV Water, however, retains the right to require that work performed by Consultant meet specific standards consistent with the requirements of this Agreement without regard to the manner and means of accomplishment thereof.
6. Conflict of Interest. Consultant owes PV Water a duty of undivided loyalty in performing the work and services under this Agreement. Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Consultant acknowledges that it is aware of and agrees to comply with the provisions of the Political Reform Act, Section 1090 of the Government Code, and the PV Water conflict of interest code. Consultant will immediately advise Agency counsel if

Consultant learns of a conflicting financial interest of Consultant's during the term of this Agreement.

7. Indemnification. To the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the PV Water, its directors, officers, employees, and authorized volunteers, as well as any individual and/or entity that PV Water is required by contract to indemnify, defend and/or hold harmless, and all of their respective directors, officers, employees and agents ("PV Water Parties") from any and all claims, liability, loss, damage, costs, or expenses, including reasonably attorney's and expert witness fees, awards, fines, penalties, or judgments to the extent arising out of or relating to Consultant's performance under this Agreement (collectively, "Claims"). Consultant shall not be obligated under this Agreement to indemnify any one of the PV Water Parties to the extent that the damage is attributable to PV Water Parties' sole negligent acts or omissions or willful misconduct. As respects claims other than professional liability, Consultant shall defend the PV Water Parties as required by California Civil Code Section 2778, and with counsel reasonably acceptable to those parties. Consultant shall have no right to seek reimbursement from the PV Water Parties for the costs of defense.
8. Insurance. Consultant shall procure and maintain insurance during the term of this Agreement for the following minimum insurance coverages.
 - 7.1 Workers' Compensation and Employer's Liability Insurance. Worker's Compensation as required by the Labor Code of the State of California and Employer's Liability Insurance covering all workplaces involved in this Agreement. Employer's liability insurance in the amount of, at least, \$1,000,000 per accident for bodily injury or disease. Coverage shall include waiver of subrogation endorsement in favor of PV Water.
 - 7.2 Commercial General Liability Insurance. Commercial general liability insurance, including products and completed operations, property damage, bodily injury, personal and advertising injury with limits of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.
 - 7.3 Automobile Liability Insurance. Automobile liability insurance covering automobile bodily injury and property damage, including all owned (if any), hired and non-owned autos, with limits of not less than \$1,000,000 each accident. If Consultant acquires any owned vehicles, Consultant shall provide insurance as above.
 - 7.4 Professional Liability Insurance. Limits of liability in amounts not less than \$1,000,000 per occurrence or claim and \$2,000,000 aggregate, insuring Consultant and its employees against liabilities arising out of or in connection with the negligent acts, errors, or omissions of any of the foregoing in connection with the carrying out of their professional responsibilities for the Project. Consultant shall renew continuous coverage or extend the reporting period, to the extent available, by endorsement or otherwise, for claims five (5) years from the date the Project is substantially complete. Such professional liability policies shall include coverage for

liability assumed by the Consultant under this Agreement for losses arising out of Consultant's negligence.

7.5 Other Requirements.

- a. Additional Insured Endorsement. Any general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions: The PV Water, its directors, officers, employees, and authorized volunteers are to be additional insured status, individually and collectively. The coverage shall contain no special limitations on the scope of protection afforded to PV Water, its directors, officers, employees, or authorized volunteers.
- b. Primary Insurance. For any claims related to this Agreement, Consultant's insurance shall be primary insurance as respects PV Water, its directors, officers, employees, and authorized volunteers, individually and collectively. Any insurance, self-insurance, or other coverage maintained by PV Water, its directors, officers, employees, or authorized volunteers shall be in excess of Consultant's insurance and shall not contribute to it.
- c. Cancellation. The policies specified above are to state or be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days (10 days for non-payment of premium) prior written notice by U.S. mail has been given to PV Water.
- d. Changes. If any change is made in the insurance carrier, scope of coverage or retroactive date of professional liability coverage required under this Agreement, Consultant shall notify the PV Water within three (3) working days.
- e. Forms. All of the insurance shall be provided on policy forms satisfactory to the PV Water. All insurance correspondence, notations, certificates, or other documents from the insurance carrier or agent/broker shall each separately reference PV Water Project number.
- f. Evidence of Insurance. Prior to execution of this Agreement, Consultant shall file with PV Water, on forms acceptable to PV Water, certificate(s) of insurance signed by the insurer's representative and in the amounts specified above for the following: Professional Liability, General Liability and Auto Liability. Such evidence shall also include an original copy of the additional insured endorsement signed by the insurer's representative. Consultant shall, upon demand of PV Water, deliver to PV Water such policy or policies of insurance and the receipts for payment of premiums thereon.
- g. Deductibles and Self-Insured Retentions. Any deductible or self-insured retention must be declared to and approved by the PV Water. At the option of PV Water, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

- h. Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A-VII or equivalent or as otherwise approved by PV Water.

- 9. Sub-consultants. Except as provided in Exhibit A of this Agreement, and otherwise with prior written approval of PV Water, Consultant shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement. In the event that Consultant employs sub-consultants, sub-contractors, sub-tier contractors, or any person or entity involved by, for, with, or on behalf of Consultant in the performance or subject matter of this Agreement (“sub-consultant”), it shall be the Consultant’s responsibility to require and confirm that each sub-consultant meets the minimum insurance requirements specified above. Consultant shall require all sub-consultants to provide a valid certificate of insurance and the required endorsements included in the Agreement prior to commencing any work, and will provide proof of compliance to PV Water. Sub-consultants are to be bound to Consultant and to PV Water in the same manner and to the same extent as the Consultant is bound to PV Water under this Agreement. Consultant shall be responsible to PV Water for the performance of any and all sub-consultants who perform work under this Agreement and any acts of negligence on their part. Consultant is solely responsible for all payments due to sub-consultants.

- 10. Compliance with Laws. All activities of Consultant will be carried out in compliance with all applicable federal, state and local laws.

- 11. Permits. Permits required by governmental authorities will be obtained at Consultant’s expense, and Consultant will comply with local, state and federal regulations and statutes including Cal/OSHA requirements.

- 12. Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its work, Consultant shall at all times, 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, and be in compliance with all federal, state and local statutory and regulatory requirements including State of California, Division of Industrial Safety (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act (as applicable). Safety precautions as applicable shall include instructions in accident prevention for all employees such as safe walkways, scaffolds, fall protection, ladders, bridges, gang planks, confined space procedures, trenching & shoring, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries.

- 13. Equal Employment Opportunity. Consultant agrees to refrain from discriminatory employment practices on the basis of race, religious creed, color, sex, national origin, handicap, sexual orientation, disability, ancestry, or other protected characteristics of any employee of, or applicant for employment with, such Consultant.

- 14. Ownership of Documents and Materials. All original documents, explanations of methods,

maps, drawings, tables, reports, models, and other materials and work product (whether in printed or electronic format) prepared or gathered by or on behalf of Consultant under this Agreement that are in Consultant's possession, custody or control and equipment purchased specifically for the Project shall become the exclusive property of PV Water and may be used on this Project without the consent of the Consultant or its sub-consultants. Any software program purchased by Consultant to be used in the performance of this Agreement shall be transferred to PV Water to the extent allowed by the software license under which the program was purchased. All such materials, whether finished or unfinished shall, at PV Water's request, be delivered to PV Water upon completion of contract services or termination of this Agreement for any reason. Consultant agrees that all copyrights which arise from creation of Project-related documents and materials pursuant to this Agreement shall be vested in PV Water and waives and relinquishes all claims to copyright or other intellectual property rights in favor of PV Water.

15. Inspection. Authorized representatives of PV Water shall have access to Consultant offices or other work location during normal business hours for the purpose of review and inspection of work activities undertaken pursuant to this Agreement. Consultant shall maintain books and accounts of the recoverable costs in accordance with generally accepted accounting principles and practices. PV Water shall have access to these books and accounts during Consultant normal business hours for the duration of this Agreement, and for a period of three (3) years after the completion of the particular services to which the costs relate to the extent required to verify the direct costs (excluding established or standard allowances and rates) incurred pursuant to this Agreement.
16. Termination. PV Water may terminate this Agreement at any time, with or without cause, in its sole discretion, by giving written notice to Consultant at least thirty days (30) prior to such termination. Upon receipt of written notice from PV Water that this Agreement is terminated, Consultant will submit an invoice for an amount that represents the value of services actually performed to the date of said notice for which Consultant has not previously been compensated. In the event of termination without cause, PV Water will pay to Consultant all recoverable costs incurred in the performance of such services in accordance with Section 4 of this Agreement, plus all reasonable costs incurred as a result of such termination, but in no event will PV Water pay termination costs exceeding Five Thousand Dollars (\$5,000.00) and PV Water will have no further obligation to Consultant, monetarily or otherwise. In the event termination is for cause, Consultant need be compensated only to the extent required by law.
17. Dispute Resolution. The Parties desire to avoid the cost and delay of litigation. To that end, the parties will attempt in good faith to resolve through negotiation any dispute, claim or controversy arising out of or relating to this Agreement. Either party may initiate negotiations by providing written notice in letter form to the other party, setting forth the subject of the dispute and the relief requested. Promptly upon such notification, the Parties shall meet at a mutually agreeable time and place in order to exchange relevant information and perspective, and to attempt to resolve the dispute. In the event that no resolution is achieved, and if, but only if, the parties mutually agree, then prior to pursuing formal legal action, the parties shall make a good faith effort to resolve the dispute by non-binding

mediation or negotiations between representatives with decision-making power, who, to the extent possible, shall not have had substantive involvement in the matters of the dispute. If the dispute is not resolved by these negotiations, the matter will be handled as the parties may agree or, otherwise as allowed by applicable law. Notwithstanding the foregoing provisions, nothing contained in this Agreement shall impair the parties' right to immediately pursue any and all legal remedies which may be available should there be a default in the terms of this Agreement, and a failure to cure said default after notice as required under this Agreement. If required by statute (e.g. applicable statute of limitation) to perfect or preserve a claim, either party may file the required notice of claim and/or commence litigation.

18. Legal Remedies. Either Party shall be entitled to all remedies afforded by law or in equity to enforce their respective rights under this Agreement. No right or remedy in this Agreement are intended to be exclusive of any other right or remedy, but every such right or remedy shall be cumulative and shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law, in equity or in the Agreement.
19. Right to Acquire Work from Others. Nothing in this Agreement shall prohibit PV Water from acquiring the same type or equivalent type of work or services under this Agreement from other sources.
20. Assignment and Successors. Consultant shall not assign any portion of the work required by this Agreement nor otherwise assign or transfer any interests in it without prior written approval of PV Water, which may be withheld or delayed in PV Water's sole and absolute discretion. This Agreement will be binding on the heirs, legal representatives, successors and assigns of the parties named above.
21. Severability. If any court of competent jurisdiction should rule that any provision of this Agreement is void, invalid or unenforceable, the remaining provisions will remain in full force and effect and will not be affected by said ruling.
22. Amendment. Except as otherwise provided in this Agreement, neither this Agreement nor any provision hereof may be waived, modified, amended, or discharged, or terminated except by an instrument in writing signed by the Parties, and then only to the extent set forth in such writing.
23. Force Majeure. Neither party hereto shall be considered in default in the performance of its obligation hereunder to the extent that the performance of any such obligation, except the payment of money, is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of the affected party, or by a strike, lockout or other labor difficulty, the settlement of which shall be within the sole discretion of the party involved. Each party hereto shall give notice promptly to the other of the nature and extent of any Force Majeure claimed to delay, hinder or prevent performance of the services under this Agreement. In the event either party is prevented or delayed in the performance of its obligation by reason of such Force Majeure, there shall be an equitable adjustment of the schedule and Consultant compensation.

24. Governing Law and Venue. This Agreement shall be governed and construed in accordance with the laws of the State of California. The Parties hereby agree that: (a) if any action is brought for the purpose of enforcing any provision of this Agreement, including without limitation instituting any action or proceeding to enforce any provision of this Agreement, for damages by reason of any alleged breach of any provision of this Agreement, or a declaration of rights or obligations under this Agreement, or for any other judicial remedy, then such action shall be brought only in the appropriate state or federal court located in Santa Cruz County, California; and (b) a final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this section shall affect or impair any Party's right to serve legal process in any manner permitted by law.
25. Notices. Any notice, approval, consent, waiver or other communication required or permitted to be given or to be served upon either Party in connection with this Agreement shall be in writing. Such notice shall be personally served or sent prepaid by registered or certified mail with return receipt requested, or sent by reputable overnight delivery service, such as Federal Express, and shall be deemed given: (a) if personally served, when delivered to the Party to whom such notice is addressed; (b) if given by prepaid or certified mail with return receipt requested, on the date of execution of the return receipt; or (c) if sent by reputable overnight delivery service, such as Federal Express, when received. Such notices shall be addressed to the Party to whom such notice is to be given at the Party's address set forth below or as such party shall otherwise direct in writing to the other Party delivered or sent in accordance with this Section.

If to PV Water:

Pajaro Valley Water Management Agency
Attention:
36 Brennan Street
Watsonville, CA 95076
Telephone: (831) 722-9292

If to Consultant :

Attention:

26. Cumulative Rights; Waiver. The rights created under this Agreement or by law or equity, shall be cumulative and may be exercised at any time and from time to time. No failure by either Party to exercise, and no delay in exercising any rights, shall be construed or deemed to be a waiver thereof, nor shall any single or partial exercise by either Party preclude any other or future exercise thereof or the exercise of any other right. Any waiver of any provision or of any breach of any provision of this Agreement must be in writing, and any waiver by either Party of any breach of

any provision of this Agreement shall not operate as or be construed to be a waiver of any other breach of that provision or of any breach of any other provision of this Agreement. The failure of either Party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered or construed or deemed a waiver of any provision or any breach of any provision of this Agreement or deprive that Party of the right thereafter to insist upon strict adherence to that term or provision or any other term or provision of this Agreement. No delay or omission on the part of either Party in exercising any right under this Agreement shall operate as a waiver of any such right or any other right under this Agreement.

27. Liberal Construction. This Agreement constitutes a fully negotiated agreement between commercially sophisticated Parties, each assisted by legal counsel, and the terms of this Agreement shall not be construed or interpreted for or against either party hereto because that Party or its legal representative drafted or prepared such provision.
28. Severability. If any provision of this Agreement is invalid, illegal or unenforceable, such provision shall be deemed to be served or deleted from this Agreement and the balance of this Agreement shall remain in full force and effect notwithstanding such invalidity, illegality or unenforceability.
29. Counterparts. This Agreement may be executed in counterparts, which, together, shall constitute one and the same instrument. Facsimile and scanned pdf signatures shall be accepted as an original.
30. Time. Time is of the essence for each provision of this Agreement.
31. Further Assurances. The Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required to carry out the provisions of this Agreement and the intentions of the Parties.
32. Good Faith and Fair Dealing. The Parties hereto acknowledge and agree that the performances required by the provisions of this Agreement shall be undertaken in good faith, and with both parties dealing fairly with each other.
33. No Third Party Beneficiaries. This Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, Limited Liability Company or other form of organization or association of any kind that is not a party to this Agreement.
34. Entire Agreement. This Agreement, together with Exhibits and/or attachments and any agreements provided for herein, constitute the entire understanding between the Parties with respect to the matters set forth herein, and they supersede all prior or contemporaneous understandings or agreements between the Parties with respect to the subject matter hereof, whether oral or written.

35. Representations of Authority. The execution, delivery and performance of this Agreement by the Consultant and PV Water have been duly and validly authorized.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above referenced.

PAJARO VALLEY WATER MANAGEMENT AGENCY

By: _____
Brian Lockwood
Interim General Manager

By: _____
Name:
Title: