

RESOLUTION NO. 12-93

A RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF CONTRACT
FOR PHASE 2 OF EPA AUDIT RESOLUTION ASSISTANCE, EPA
CONSTRUCTION GRANTS C-06-1022-100 AND -140

RESOLVED, by the Board of Directors of the Sewer
Authority Mid-Coastside, San Mateo County, California, as
follows:

WHEREAS, this Board has received an Audit Report from
the Environmental Protection Agency Office of the Inspector
General (EPA) regarding Authority Construction Grants C-06-
1022-100 and C-06-1022-140 (Grants);

WHEREAS, this Board desires to obtain assistance in the
resolution of the EPA Grants Audit Report.

WHEREAS, this Board has previously contracted with
Larry Walker Associates, Inc. Environmental Engineering and
Management to provide EPA Audit Resolution Assistance -
Phase 1: Preliminary Review and Advice;

WHEREAS, this Board has received the results of the
Phase 1 Analysis of EPA Audit Report Findings, prepared by
Larry Walker Associates, Inc.

WHEREAS, based on the above Phase 1 Analysis report
there has been presented to this Board a proposed contract
by and between the Authority and Larry Walker Associates,
Inc. for Phase 2 of EPA Audit Resolution Assistance, EPA
Construction Grants;

NOW, THEREFORE, IT IS FOUND, DETERMINED AND ORDERED as
follows:

1. The above recitals are true and correct.
2. That certain contract entitled "Contract for Phase
2 of EPA Audit Resolution Assistance, EPA Construction
Grants C-06-1022-100 and 140", by and between the Authority
and Larry Walker Associates, Inc. Environmental Engineering
and Management, Exhibit A hereto, is hereby approved by this
Board.
3. The Chairman is hereby authorized and directed to
execute the contract on behalf of the Authority, and the
Secretary is hereby authorized and directed to countersign
same.

* * * * *


I hereby certify that the foregoing is a full, true and correct copy of the Resolution duly passed and adopted by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, at a regular Board meeting thereof held on the 27th day of September, 1993, by the following vote of its members:

AYES, and in favor thereof, Members: **Prosser, Hall, Pastorino, Wegehaupt, Briody.**

NOES, Members: **None.**

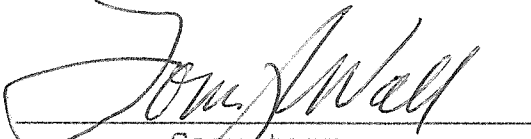
ABSENT, Members: **Wall, Patterson.**

ABSTAIN, Members: **None.**



Chairperson
Sewer Authority Mid-Coastside

COUNTERSIGNED:



Secretary
Sewer Authority Mid-Coastside

CONTRACT FOR PHASE 2 OF EPA AUDIT RESOLUTION ASSISTANCE, EPA
CONSTRUCTION GRANTS C-06-1022-100 AND C-06-1022-140

SEWER AUTHORITY MID-COASTSIDE
A Joint Powers Authority

AND

LARRY WALKER ASSOCIATES, INC.
Environmental Engineering and Management

This Contract, made this day September 27, 1993, by and between the Sewer Authority Mid-Coastside (Authority), a Joint Powers Authority, consisting of the City of Half Moon Bay, the Granada Sanitary District and the Montara Sanitary District and Larry Walker Associates, Inc. (Consultant) as follows:

PURPOSE:

The purpose of this Contract is to establish the Consultant's scope of services to assist the Authority in resolving the EPA audit for EPA Construction Grants C-06-1022-100 and C-06-1022-140. This work is a follow-up to preliminary review and advice already provided by the Consultant to the Authority.

SCOPE OF SERVICE

The Consultant's Scope of Service shall be divided into Tasks and Subtasks as follows:

TASK A: Assist the Authority to Prepare the FAR Response Package

Task A covers Contractor assistance to the Authority in the preparation of a formal and well documented audit rebuttal package for submittal to the SWRCB Division of Clean Water Programs for the contestable audit issues as generally identified in Phase 1. The work under Task A will be segregated into the following eight subtasks corresponding to the eight EPA audit findings.

Subtask 2a: Assist with resolution of Finding 2a regarding \$4,502 in Step 2 AE overhead costs allegedly overclaimed by the Authority

Contractor will provide as-requested advice to the Authority as the Authority calculates the proper overhead cost adjustment for each firm. Contractor will also prepare a write-up for the audit response package to explain how the overhead adjustment that the Authority wishes to accept was determined.

Subtask 2b: Assist with resolution of Finding 2b regarding \$7,029 in Step 2 AE costs allegedly claimed by the Authority in excess of SWRCB contract approval limits

Contractor will be limited to preparing a brief statement for inclusion in the audit response package to show that this issue was previously identified by, and settled with, the grantor agencies, and to state that the Authority accepts the finding, if appropriate.

Subtask 2c: Assist with resolution of Finding 2c regarding \$64,815 in unallowance Step 2 AE contract contingency costs allegedly claimed by the Authority

Contractor will provide guidance to Authority staff as the Authority staff researches whether the contingency costs were actually incurred and claimed against the design grant for the 7 MAC contracts (total costs at stake of \$71,727) cited by the OIG for the contingency problem.

For contingency amounts that were both incurred and claimed against the grant, the Contractor will provide guidance to Authority staff on how the Authority staff should conduct a spreadsheet comparison for each contract showing estimated vs. billed costs by category to determine what type of overrun costs (labor, travel, etc.) were incurred.

For any of the 7 contingency amounts which, at that point, appear to be contestable, the Contractor will prepare a rebuttal document explaining what the cost overrun was used for and why it was necessary at the time. The rebuttal package will justify what the correct questioned amount should be based on the Authority's and Contractor's research. Contractor's efforts on Findings 2c will require research of Authority design files, MAC design files, and SWRCB grant files for the periods in question. The Contractor's estimate assumes all seven of the contracts will be covered in a detailed audit response package.

Subtask 2d: Assist with resolution of Finding 2d regarding \$187,095 in Step 2 AE redesign costs allegedly claimed by the Authority

Contractor will review all Authority design files and available MAC files to gather details on each of the 10 redesign episodes cited by the EPA auditor. Authority staff will assist in locating files and in copying documents needed by the Contractor. Available former MAC personnel will be interviewed regarding their recollections of each redesign situation. The Contractor will also conduct research in the SWRCB Step 2 grant files in Sacramento.

The Contractor will then prepare a fully documented package on each alleged redesign episode including a chronology of the key events; why the redesign was beyond Authority control; why the decision to redesign was prudent based on the knowledge available to the Authority at the time; and why, in retrospect, the SWRCB staff was correct in approving the redesign work at the time. The rebuttal will also cite current EPA/SWRCB policies against "second-guessing" which should have prevented Finding 2d from being raised as an audit issue.

Subtask 2e: Assist with resolution of Finding 2e regarding \$20,947 in claimed Step 2 AE costs allegedly allocable to ineligible construction contracts

Contractor will prepare a brief statement for inclusion in the audit response package to show that this issue was previously identified by, and settled with, the grantor agencies, and to state that the Authority accepts the finding, if appropriate.

Subtask 3a: Assist with resolution of Finding 3a regarding \$3,903 in Step 3 AE overhead costs allegedly overclaimed by the Authority

Contractor will provide as-requested advice to the Authority as the Authority calculates the proper overhead cost adjustment for MAC's Step 3 services. Contractor will also prepare a write-up for the audit response package to explain how the overhead adjustment that the Authority wishes to accept was determined.

Subtask 3b: Assist with resolution of Finding 3b regarding \$27,425 in Step 3 inspection costs allegedly claimed that were incurred after the eligible PU4 construction completion date

Utilizing additional workpapers the Authority has requested from the OIG, the Contractor will confirm the actual eligible construction completion date (ECCD). The Contractor will then meet with BHA representatives to review internal diaries and records to attempt to better characterize what Step 3 tasks were being performed between 9/24/83 and 2/24/84. Authority records for this period will also be reviewed to obtain insight into events at the time.

The Contractor will then prepare a fully documented audit response package for Finding 3b which, for each of the 5 MAC invoices questioned in the EPA audit report, breaks out; quantities; and explains the BHA tasks which should be eligible after the ECCD.

Subtask 3c: Assist with resolution of Finding 3c regarding \$265,986 in claimed Step 3 Ae costs allegedly allocable to ineligible construction contracts

The Contractor will research the additional OIG workpapers that the Authority has requested to (1) determine the origin of the EPA auditors eligibility factor (composite) of 62.63% and to (2) verify the "claimed" Step 3 engineering and administrative cost figures used by the auditor. The Contractor will then research the SWRCB grant files for the Authority project to determine the origin of the 99.752% eligibility factor used for the Authority final Step 3 payment request calculations in March 1988.

The Contractor will then analyze the Glanville CCO 7 settlement cost components to determine if any of the cost components to determine if any of the costs should not be used in the revised eligibility factor calculation for the PU4 Step 3 grant.

Based on the results of the above initial efforts, the Contractor will calculate and document the final correct Step 3 eligibility factor and the proper amount of questioned costs under Finding 3c.

The results of the above work will be packaged into a formal response document for submittal to the SWRCB staff.

TASK B: Assist Authority with Audit Meeting/Follow-up with SWRCB

The Contractor will assist the Authority to meet with, and present its case to, the SWRCB staff members who will make the initial decisions on whether to accept or reject the EPA auditor's recommendations. We will also assist the Authority to answer follow-up questions from the SWRCB staff on details of the Authority's audit rebuttal package.

Task C: Assist the Authority to evaluate Region 9 FDL on the Audit

The Contractor will review the Final Determination Letter (FDL) to be sent to the Authority from EPA Region 9 containing EPA's decision on the audit issues. Based on this review, the Contractor will advise the Authority which audit issues decided against the Authority, if any, should be formally appealed to the EPA Regional Administrator in San Francisco.

CONSULTANT SUPPLIED EQUIPMENT AND PERSONNEL

The Consultant shall supply all equipment and personnel necessary to carry our work stated in the scope of service.

OTHER

1. The Consultant shall provide a Certificate of Insurance evidencing general liability insurance in an amount not less than \$1,000,000.00 per occurrence.
2. The Consultant agrees to complete each task according to time limits as required by the SWRCB. The parties anticipate that Tasks A, B and C will be completed by December 31, 1993.

AUTHORITY RESOURCES

The Authority will make available to the Consultant all available data, correspondence, reports, and other records pertinent to the Construction Grants and the audit.

HOLD HARMLESS

The Consultant agrees to indemnify, defend and hold harmless the Authority, its officers, agents and employees from any and all loss, damage, injury or liability that the Authority may suffer as a result of the Consultants negligent performance in providing EPA audit resolution assistance.

PAYMENT

Payment shall be made to the consultant on a time and material basis per the attached rate schedule. The rate schedule marked Attachment 1 shall be the rate schedule for the duration of this contract. The Authority will be invoiced on a monthly basis for services rendered. Invoices will identify tasks and subtasks for labor hours which correspond to the attached cost estimate spreadsheet.

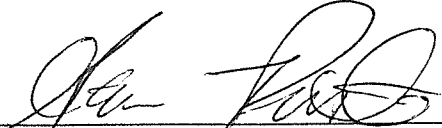
Payment shall not exceed the following amounts without prior authorization from the Authority Board of Directors.

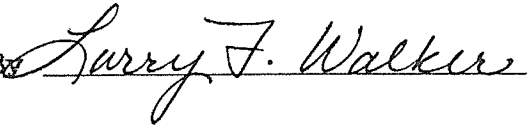
Labor	\$27,235
Other Direct Costs	1,059
TOTAL	\$28,294

IN WITNESS WHEREOF, the parties hereto have made and executed this Contract as the date first above written.


SEWER AUTHORITY MID-COASTSIDE
A Joint Powers Authority

LARRY WALKER ASSOCIATES
Environmental Engineering
and Management

By 
Sewer Authority Mid-Coastside
Chairperson

By 
Larry F. Walker

COUNTERSIGNED:

By 
Sewer Authority Mid-Coastside
Secretary