
Proposal for Fiscal Auditing Services

Marina Coast Water District

For the Year Ending June 30, 2014-15

With an option for fiscal years ending June 30, 2016 and 2017

May 8, 2014

Fechter & Company
Certified Public Accountants
1870 Avondale Avenue Suite 4
Sacramento, CA 95825

Contact: Craig R. Fechter, CPA
T (916) 333-5360 F (916) 244-0116
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May 8, 2014

Kelly M. Cadiente
Marina Coast Water District
11 Reservation Road
Marina, CA 93933

Dear Ms. Cadiente:

Fechter & Company, Certified Public Accountants, is pleased to present our proposal to provide audit or review services to the Marina Coast Water District (the District). The Statement of Firm Qualifications and the credentials listed in the resumes of our team will demonstrate our qualifications, competence, and capacity to perform the audit services requested within the time frame required by the District.

This proposal is an irrevocable offer valid for 60 days after the date of the proposal. I am authorized to represent and to obligate the firm contractually to the District. I am located at 1870 Avondale Avenue, Suite 4, Sacramento, CA 95825, and you can contact me by telephone at (916) 333-5360.

Thank you for considering our proposal. We look forward to a long and successful working relationship with you and your management team.

Very Truly Yours,



Craig R. Fechter, CPA, President
Fechter & Company, Certified Public Accountants

Firm Profile

Fechter & Company, CPAs is a professional corporation formed in April 2005. We provide finance consulting and auditing services to governmental and non-profit entities. We specialize in serving agencies with annual budgets of less than \$25 million.

Fechter & Company is based in Sacramento, with a staff of 4 certified public accountants. Our relatively small practice offers several advantages to you:

- Experienced auditors perform all audit procedures from initial planning meetings through fieldwork to financial statement preparation.
- You receive a high level of personal service with easy access to professionals who can answer your questions and facilitate the audit process.
- Because the firm president performs and supervises on-site fieldwork, the turnaround time from the end of our fieldwork to the report draft is typically only 10 days.
- Working with the same auditors from year to year greatly reduces the time your staff spends familiarizing us with your business procedures. Your audit process becomes increasingly efficient.
- Fechter & Company is pleased to note that Mr. Lamar Edwards, who is of African American descent, is a non-equity partner.

Licensing and Independence

- Our firm is licensed as a certified public accounting firm in the state of California.
- Each CPA in our firm meets the independence requirements of the American Institute of Certified Public Accountants and the Government Auditing Standards, 2003 revision, published by the U.S. General Accounting Office.
- Our firm has had no disciplinary action taken or pending since its inception in 2005.
- There are no conflicts of interest with the District or its personnel.
- We will continue to maintain requisite insurance coverage—professional liability, workers compensation, business occupancy and auto insurance—throughout the course of our engagement.

Quality Controls

Engagement Partner and Staff for This Assignment

Mr. Craig Fechter will lead the audit while Mr. Scott German and Mr. David Fechter will assist with the fieldwork. Complete resumes are attached to this proposal.

Mr. Fechter takes annual courses on the Governmental Accounting & Audit Update. He completed a course in the implementation of the new Auditing Standards (SAS 108-114) in 2011. He also serves on the accounting advisory board for UC Davis Extension and teaches a course, which serves as a source of continuing professional education.

We have recognized the District's need for staff consistency. You will deal with the same principal each year on the audit – Mr. Craig Fechter, CPA. He will be on site for each day of fieldwork for each year our firm performs your audit.

Internal Quality Control Procedures

- Each member of our firm meets the continuing education and external quality control review requirements contained in the Government Auditing Standards, 2003 revision, published by the U.S. General Accounting Office.
- Each audit staff is required to complete annual update courses for both Government/A-133 and non-profit audits. These courses, which together comprise 26 hours of continuing education, help our audit staff maintain awareness of technical changes in both regular and single audits.
- During the years our firm is not peer reviewed, we conduct annual internal reviews. A principal inspects 4 randomly selected audits and makes notations and recommendations in the same manner as an external peer review. This helps to keep our working papers and audit processes fresh.
- Prior to being released, each audit is reviewed by a partner who is not involved with the audit or the client. This independent partner makes observations and suggestions as to additional audit procedures that should be performed. For new clients, a second partner reviews our audit planning memorandum prior to our beginning the fieldwork in order to ascertain why certain procedures were selected while others were not.

Although our audit staff is extremely experienced, we continually strive to improve our audit quality, from the planning stages to the final report. We actively encourage all staff to suggest new or different procedures.

Technology and Security

We maximize both efficiency and security by using technology recognized as standard in the accounting industry. These are some examples:

- **Microsoft Office Applications**
Since most of our clients use Microsoft applications, we likewise use the programs, which enable us to collaborate on projects.
- **Engagement CS**
We use Engagement CS paperless auditing system to cut processing time and costs. All information can be uploaded to our secure file transfer website.
- **Biometric User Security**
All staff computers are protected with biometric access restrictions.
- **Data Storage**
All data is backed up to our local server daily through our secure VPN. In addition, our server data is backed up daily off-site.
- **Our firm subscribes to approximately a dozen industry periodicals and newsletters. We proactively inform our clients about potential changes in related accounting legislation and standards so they can quickly assess the impact on their organizations. In addition, we offer an annual Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) update course to our clients at no additional charge.**

References

Special Districts Audited

Approximately 70 percent of our firm's revenues are derived from governmental and non-profit audits under *Government Auditing Standards* as published by the U.S. General Accounting Office. Current Special District clients and services performed are as follows:

East Contra Costa Irrigation District

Scope of audit work: Fechter & Company, CPAs was engaged to provide a financial statement audit for the East Contra Costa Irrigation District under Government Auditing Standards and OMB A-133.

Services provided: Audit of the GASB 34 financial statements, management letter and report on internal control structure, and preparation of annual report of financial transactions of special districts.

Engagement partner: Craig R. Fechter, CPA

Contact information:

Pat Corey, District Manager
1711 Sellers Avenue
Brentwood, CA 94513
925-634-3544

Bayshore Sanitary District (wastewater)

Scope of audit work: Fechter & Company, CPAs was engaged to provide a financial statement audit for the Bayshore Sanitary District under Government Auditing Standards and OMB A-133. Size of general fund budget – 2.5 million. The agency has one finance staff.

Services provided: Audit of the GASB 34 financial statements, management letter and report on internal control structure, and preparation of annual report of financial transactions of special districts.

Engagement partner: Craig R. Fechter, CPA

Contact information:

Joann Landi, Finance Director
36 Industrial Way
Brisbane, CA 94005
1-415-467-1144

References (continued)

Lakeside Fire Protection District

Scope of audit: Fechter & Company, CPAs was engaged to provide a special district financial statement and single audit of the Lakeside Fire Protection District under Government Auditing Standards and OMB A-133.

Services provided: Audit of the financial statements, single audit, management letter, and report on internal control structure.

Engagement partner: Craig R. Fechter, CPA

Contact:

Robert Schiwitz, Administrative Services Manager
12365 Parkside Street
Lakeside, CA 92040
619-390-2350 x310

Alpine Fire Protection District

Scope of audit work: Fechter & Company, CPAs was engaged to provide a financial statement audit for the Alpine Fire Protection District under Government Auditing Standards and OMB A-133.

Services provided: Audit of the GASB 34 financial statements, management letter and report on internal control structure, and preparation of annual report of financial transactions of special districts.

Engagement partner: Craig R. Fechter, CPA

Contact information:

Jean Moore, Finance Director
1364 Tavern Road
Alpine, Ca 91901
619-445-2635

The District requests that the auditor express an opinion on the fair presentation of its financial statements in accordance with accounting

Specific Audit Approach

principles generally accepted in the United States of America. We propose that the engagement be divided into the following segments:

Phase I

- Initial planning and preparation
- Preliminary analysis, report preparation, cash and other confirmations
- Information gathering
- Evaluating internal controls

Phase II

- Fieldwork
- Post-field-work activities (e.g., follow-up on pending items, collection of confirmation letters, etc.)

Phase III

- Report finalization and final analysis
- Report delivery and Board of Directors presentation

Initial Planning and Preparation

As the first step in our planning and preparation phase, we will meet with the staff of your company to establish a working relationship. We expect this meeting will involve the District's manager and its controller.

We will deliver a Prepared-by-Client list (PBC), which details the items we will need to perform the audit. We will resolve any ambiguities or questions we or the District might have about the services we are to perform.

We will gather contact information for the District's bankers, attorneys, prior accountant, and other relevant parties, and make inquiries as required by *Government Auditing Standards*.

We will examine prior year's financial statements to develop audit plans for each significant balance sheet and income statement account.

Specific Audit Approach (continued)

Preliminary analysis

The primary focus of an audit is to develop expectations and compare actual financial results against those expectations. We will compare the current year's results with budgetary expectations to identify any areas of material misstatement.

Report Preparation

Unlike other firms, we prepare financial statements prior to field work. Doing so allows us to focus on the overall financial position of the organization and limits our testing of clearly insignificant areas.

Cash and Other Confirmations

We will confirm cash with the bank, any material year-end accounts or grants receivable, grants or donations received during the year, debt outstanding at the end of the year, and any other financial transaction that we consider material to the financial statements as a whole. The decision to confirm a statement item depends on the materiality of the item, the susceptibility of the item to misstatement, or the likelihood of fraud.

Information Gathering

We will obtain the information requested in the PBC along with any associated report required.

1. Testing statistical samples

During sample selection we consider three questions: (1) purpose of the test—attribute or balance testing, (2) susceptibility of the population or process to fraud or misstatement, and (3) size of transactions—small and numerous, or large and infrequent.

2. Testing revenues and disbursements

In testing revenues and disbursements, we determine that the attribute being tested is applied to the transaction as approved by the District's Management and Board; we do not determine whether a balance is valued properly. For example, our sample for disbursements test has two purposes—attributes testing, and control testing. In attribute testing we see whether the amounts posted to the general ledger agree with the invoices and canceled checks. Since disbursements have the potential for defalcation, we check for any suspect or significant transactions that appear to be out of place in your detailed general ledger. We may select 20 items based on the results of a random number generator, and select another 20 to 40 items by scanning the detailed general ledger. The result is an overall sample of 20 to 40 invoices to confirm compliance

Specific Audit Approach (continued)

with board-approved procedures. We determine sample sizes in accordance with the objective of the test, the population to be sampled, and the risk associated with that population. The sample size also depends on the size of the population and whether or not we will be able to properly stratify populations into individually significant and individually insignificant items.

3. Examining the District's internal control structure
Among the items included in the PBC is a questionnaire regarding internal controls. We will review the completed questionnaires and compare them with procedures the District has established for actions such as purchasing, cash and check collections, inventorying fixed assets, billing, payroll disbursement, and budgeting. We will then audit each area of internal control that will materially affect the audit.
4. Determining pertinent laws and regulations
We will examine items such as grant agreements to determine their effect on the District, and audit them if necessary. We will also examine pertinent ordinances to determine whether the District is in compliance.
5. Assessing risk
Generally accepted auditing standards require that we assess the risks of material misstatement and fraud. After analyzing internal controls and evaluating potential weaknesses, we will determine which areas of the audit carry the risk of material misstatement, and take steps to mitigate that risk.
6. Testing for functionality of internal controls
We will conduct random tests on a year-to-year basis to determine the functionality of the District's internal controls. We will randomly select customers and trace each step of each payment into the system over the course of a year. We will audit any area of potential weakness with a specifically designed test.
7. Water District specific procedures
Water Districts have a number of different risk factors and areas due to the nature of the district, with the many different types of programs and services offered. We design specific audit procedures to address these risks.

Specific Audit Approach (continued)

Fieldwork

With the assistance of Company personnel, we will test the balances resulting from the following procedures:

- Cash deposits
- Internal control of disbursements
- Payroll
- Revenues
- Inventory control
- Billing and collections
- Unrecorded liabilities

We will also discuss with the Board any specific concerns or procedures they want performed.

Post-fieldwork Activities

Once we complete our fieldwork, we will resolve any pending items and ensure that all requested third-party confirmations have been received. After the District has reviewed the financial statements and any proposed adjusting journal entries, we will obtain signed representation letters from the District and from its counsel that confirm or explain any pending litigation against the District and its effect on the audited financial statements.

Report Finalization and Final Analysis

Prior to finalizing the financial statements, we will perform a second comparison of current year results with prior year results, and budgetary expectations to actual results. Performing these tests subsequent to the audit work provides additional assurance that the financial statements are free of material misstatement.

Report Delivery and Board of Directors Presentation

We will deliver our report in person to the Board of Directors. We will also attend a board meeting to answer questions that the Board may have. Our aim is to create an open line of communication between our firm and your organization so the Board feels comfortable asking for help with any questions or issues that may arise during the year.

Audit Timeline

Audit Timeline

Because the firm president performs and supervises on-site fieldwork, the turnaround time from the end of our fieldwork to the report draft is typically only 10 days. Completion of the final audit report depends on how promptly the District’s staff is able to provide needed reports and confirmations. The typical turnaround is within 3 weeks. The following table shows our timeline for completing the major tasks of the audit.

Phase	Audit Task	Estimated Timeline
I	Entrance conference	September 2015
	Initial planning and audit planning Prepared-by-Client list Information from bankers, attorneys Prior year’s statements	September 2015
	Preliminary analysis Report preparation Cash and other confirmations Internal controls Information gathering Statistical sampling and testing Revenues and disbursements Internal controls Laws and regulations Risk assessment Functionality testing	September 2015
II	Fieldwork: 4-5 days Cash deposits Internal control of disbursements Payroll Revenues Inventory control Billing and collections Unrecorded liabilities	October 2015
	Post-fieldwork activities Third-party confirmations	October 2015
III	Report finalization and final analysis Final analysis	November 2015
	Report draft delivery Final report delivery	November 2015 November 2015

Proposed Fee Schedule for June 30, 2014-15

Total Maximum Fee: \$ 18,000

Total Maximum Fee – Single Audit – per grant: \$ 2,500

Proposed Fee Schedule for 2015-2016 and 2016-2017

We propose a fee increase of 2.5 percent for each of the years 2016 and 2017. Total direct engagement costs for each year will not exceed \$1,000.

The above fee quote is a fixed price to be charged for all services rendered in connection with the audit. Our best understanding is that the following must be performed – performing auditing standards under GASB standards, preparing the financial statements, and preparation of the Special Districts financial transactions report as required by the California State Controller. We will default to what the request for proposal defines as needed services should any questions arise.

We recognize the District may wish to have the option to extend the contract by two following years and we accordingly implicitly agree to this two-year extension, should the District so choose. Fees for audits in the following years are estimated to increase by approximately 2.5% per year, sufficient to cover a cost of living increase.

If a single audit is NOT required, you will not be charged for it.

Qualifications

More detailed resumes are available upon request.

Craig R. Fechter, CPA

Fechter & Company, Certified Public Accountants

Classification: President

Years of Experience: 12

Mr. Fechter is the president of Fechter & Company, Certified Public Accountants.

Academic Background

Master of Science in Taxation at Golden Gate University, 2012

Bachelor of Science in Business Administration, Accountancy, California State University at Sacramento, 2001

Professional Certifications and Affiliations

Certified Public Accountant

Member California Society of Certified Public Accountants

Member American Institute of Certified Public Accountants

Adjunct Professor of Accounting, University of California, Davis Extension

Executive Committee, Big Brothers Big Sisters of the Greater Sacramento Area

Scoutmaster, Boy Scouts of America, Troop 320

Facilities, Transportation & Finance Committee, San Juan Unified School District

Past Finance Committee Chair, San Juan Education Foundation

Relevant Experience

Since his graduation from Sacramento State in 2001, Mr. Fechter has worked for two regional CPA firms. During college, he worked for a local sole practitioner. Mr. Fechter has performed financial statement audits of numerous counties and local government agencies, including other non-profit agencies. He has performed these audits in the capacity of both a staff auditor, lead auditor, and engagement partner.

Qualifications

(continued)

Financial Statement Audits

Mr. Fechter has participated in the following audits in the capacity of engagement partner:

Greater Vallejo Recreation & Parks District
Olivehurst Public Utility District
North County Fire Protection District
North County Recreation & Park District
East ContraCosta Irrigation District
Granada Sanitary District
South Lake County Fire Protection District
Stanislaus Consolidated Fire Protection

References for the above clients, who worked exclusively with Mr. Fechter, are available upon request.

Single Audit Act Compliance Audits

Mr. Fechter has participated in the following single audits in the capacity of lead auditor:

Marin County
MAAP, Inc.
San Joaquin County
Stanislaus County
Sierra County
San Luis Obispo County
Lassen County

Continuing Professional Education

Mr. Fechter takes annual courses on the Governmental Accounting & Audit Update. He has recently completed a course in the implementation of the new Auditing Standards (SAS 108-114). He also serves on the accounting advisory board for UC Davis Extension and teaches a course, which serves as a source of CPE for Mr. Fechter.

Mr. Fechter is an accomplished public speaker and published author. He has taught CPE courses for the American Society of Women Accountants (Sacramento chapter). He is also the author of accounting-related articles published by *Comstock's Magazine* and *The Nugget*, the journal of the Sacramento District Dental Society.

Qualifications (continued)

David W. Fechter, CPA

Fechter & Company, Certified Public Accountants

Classification: Audit Senior

Years of Experience: 35

Mr. David Fechter is an audit Senior in the firm of Fechter & Company, Certified Public Accountants.

Academic Background:

Mr. Fechter received his Bachelor of Science in Business Management from California State University at Sacramento in 1971.

Professional Certifications/Accomplishments:

Certified Public Accountant

Enrolled Agent

Relevant Experience

Californation Department of Health and Human Services

Audit Manager (33 years)

Coordinated reviews of Medi-Cal care audit reports conducted in conformance with the Yellow Book, responsible for supervising 8 auditors in the performance of the reviews. Mr. Fechter was responsible for coordinating and completing the audits, appeals, and finalization.

Fechter & Company, CPAs

Senior Auditor (2 years)

Conducted a variety of audits in accordance with the Yellow Book and governmental auditing standards.

Participated in fraud investigations.

Qualifications

(continued)

Scott German, CPA

Fechter & Company, Certified Public Accountants

Classification: Partner

Years of Experience: 20

Academic Background

Mr. German received his Bachelor of Science in Accounting from California State University at Sacramento.

Professional Certifications and Affiliations

Certified Public Accountant
Board Member and Treasurer, California Hospice Association
Treasurer, St. Francis of Assisi Catholic Elementary School Parent Club and School Advisory District

Relevant Experience

KPMG Peat Marwick

Audit Manager (6 years)

Provided audit and business consulting to real estate, construction, and non-profit clients. Representative clients include California Dental Association, American Red Cross, United Way.

California's Optometric Association

Director of Business Services

Acted as chief financial officer, human resources, and general business manager. Oversight for financial reporting for five related entities and liaison for one for-profit wholly owned subsidiary.

California Association for Coodinated Transportation

Contract Chief Finacial Officer

Assisted with budgets, grant proposals and cost allocations for contacts with the State of California

Fechter & Company, CPAs

Mr. German is a partner in the firm and has been with the firm for two years. He is the lead partner on the Sylvan Cemetery District engagement.

Continuing Professional Education

Mr. German has taken a variety of accounting and auditing courses, the most pertinent of which is the annual Governmental Accounting & Auditing Update published by the American Institute of Certified Public Accountants.

Robert C. White, Senior Accountant, CPA Candidate
Fechter & Company, Certified Public Accountants**Classification:** Senior Accountant**Years of Experience:** 5

Mr. Robert White is a Senior Accountant in the firm of Fechter & Company, Certified Public Accountants.

Academic Background:

Mr. White graduated in 2006 from California State University of Sacramento with a Bachelor of Science degree in Business Administration, with a concentration in Accountancy.

Relevant Experience:

Majority of Mr. White's public accounting experience is related to providing auditing services in order to issue year-end audited financial statements for the following type of entities:

- Special districts (Water, Fire, and Cemetery)
- Counties
- Cities
- Banks

Fechter & Company, CPAs

Senior Accountant

Conducted a variety of audits in accordance with the Yellow Book and governmental auditing standards.

**PROFESSIONAL SERVICES AGREEMENT FOR
CONSULTING SERVICES
BETWEEN
MARINA COAST WATER DISTRICT
AND**

Some of the important terms of this Agreement are printed on Page 2. For your protection, make sure that you read and understand all provisions before signing. The terms on Page 2 are incorporated in this document and will constitute a part of the Agreement between the parties when signed.

TO: Marina Coast Water District DATE: May 8, 2015
11 Reservation Road
Marina, CA 93933

The undersigned Consultant offers to furnish the following:

MCWD wishes to engage Fechter & Co to perform an independent audit and report on the financial position of the District. The scope of services is included as Attachment A.

Contract price \$ \$18,000

Completion date October 15, 2015

Instructions: Sign and return two originals. Upon acceptance by the Marina Coast Water District, a copy will be signed by its authorized representative and promptly returned to you.

Accepted: Marina Coast Water District

CONSULTANT

Fechter & Company, Certified Public Accountants

By _____

By 

Name _____

Name Craig R. Fechter

Title _____

Title President

Consultant agrees with the Marina Coast Water District that:

1. When the law establishes a professional standard of care for Consultant's services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, or authorized volunteers from all claims and demands of all persons that arise out of, pertain to, or relate to the Consultant's negligence, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the work under this agreement. Consultant shall defend itself against any and all liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of Consultant's performance or non-performance of the work hereunder, and shall not tender such claims to District nor to its directors, officers, employees, or authorized volunteers, for defense or indemnity.

2. Other than in the performance of professional services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless the Marina Coast Water District, its directors, officers, employees, and authorized volunteers from all claims and demands of all persons arising out of the performance of the work; including but not limited to claims by the Consultant or Consultant's employees for damages to persons or property except for the sole negligence or willful misconduct or active negligence of the Marina Coast Water District, its directors, officers, employees, or authorized volunteers.

3. By his/her signature hereunder, Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and that Consultant will comply with such provisions before commencing the performance of the professional services under this Agreement. Consultant will keep workers' compensation insurance for their employees in effect during all work covered by this Agreement and shall file with the Marina Coast Water District the certificate required by Labor Code Section 3700.

4. This paragraph is part of the contract. Yes or No (Circle One) [This section applies in most cases except for laboratory work.] Consultant will file with the Marina Coast Water District, before beginning professional services, a certificate of insurance satisfactory to the District evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to the Marina Coast Water District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII, or equivalent, or as otherwise approved by the District. The retroactive date (if any) is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least Three years after the completion of the contract work. Consultant shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement; ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

5. This paragraph is part of the contract. Yes or No (Circle One) Consultant will file with the Marina Coast Water District before beginning professional services, certificates of insurance satisfactory to the Marina Coast Water District evidencing general liability coverage of not less than \$1,000,000 per occurrence (\$2,000,000 general and products-completed operations aggregate (if used)) for bodily injury, personal injury and property damage; auto liability of at least

\$1,000,000 for bodily injury and property damage each accident limit; workers' compensation (statutory limits) and employer's liability (\$1,000,000) (if applicable); requiring 30 days (10 days for non-payment of premium) notice of cancellation to the Marina Coast Water District. The general liability coverage is to state or be endorsed to state "such insurance shall be primary and any insurance, self-insurance or other coverage maintained by the Marina Coast Water District, its officers, directors, employees, or authorized volunteers shall not contribute to it". The general liability insurance shall give Marina Coast Water District, its officers, directors, employees and its authorized representatives and volunteers insured status using ISO endorsement CG2010, CG2033 or equivalent. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A- :VII or as otherwise approved by the Marina Coast Water District.

6. If any of the required coverages expire during the term of this agreement, the Consultant shall deliver the renewal certificate(s) to the District at least ten (10) days prior to the expiration date.

7. Consultant shall only accept direction or orders from the General Manager or his designee or from the Board of Directors.

8. The terms of this agreement shall commence on July 1, 2015 and continue in full force unless terminated by a 15-day written notice by either party to the other.

9. 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 Marina Coast Water District. Consultant's "authorized representative(s)" has (have) the authority to execute such written change for Consultant.