

ENGINEERING AGREEMENT

This agreement has been entered into at Redding, California on the CLIENT signature date set forth below and is by and between the CLIENT as listed below and PACE Engineering, Inc., hereinafter called the CONSULTANT.

CLIENT: Hornbrook Community Services District PHONE: 530-475-3730
ATTENTION: Peter J. Kampa, General Manager CELL: 209-591-7100
ADDRESS: P.O. Box 29, Hornbrook, CA 96044 EMAIL: pkampa@kampacs.com
PROJECT TITLE: 2018 Water System Fire Repairs
APN: N/A CLIENT PROJECT NO: N/A

PROJECT DESCRIPTION:

Perform repairs to existing water system resulting from July 5, 2018, Klamathon Fire.

SCOPE OF SERVICES BY CONSULTANT:

Perform engineering design, forensic evaluations, construction administration, and construction observation under a DESIGN-BUILD arrangement with TICO Construction. Facilities that generally require fire damage repairs include: Tank 1, Well 2, and the Diversion Structure. In order to render the water facilities in compliance with California Drinking Water Standards, minor improvements are needed to Well 1, Well 4, and Tank 2. Depending on funding availability, improvements may be performed on the distribution system (dead-end lines and AMR metering) and surface water treatment facility.

The CONSULTANT agrees to perform the above-described services for the CLIENT. The CLIENT agrees to compensate CONSULTANT for such services as follows:

- ☐ A lump-sum amount of \$_____, payable per Item 21.
☒ At the CONSULTANT'S STANDARD RATES. (See attached Exhibit A) Estimated Fee \$ Unknown
☐ Other. Describe: _____
☐ Special Billing Instructions: _____

This Agreement is subject to the Standard Provisions 1 through 50 contained herein and the terms and conditions contained in exhibits attached herewith and made a part hereof. Other exhibits not identified above are as follows: N/A

IN WITNESS WHEREOF, the parties hereto have accepted, made, and executed this Agreement upon the terms, conditions, and provisions hereinafter stated on pages 1 through 4 and on the referenced attached exhibits.

CONSULTANT:

License No.: C 56876
By: Paul Reuter
Name/Title: Paul Reuter, Managing Engineer
Date: July 17, 2018

CLIENT:

By: [Signature]
Print Name: Peter Kampa
Title: GM Date: 7-17-18

Form of doing business: Owner, Partnership, Corporation

Standard Provisions of Agreement

1. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of Client and Consultant.
2. This Agreement shall not be assigned by either Client or Consultant without the prior written consent of the other.
3. This Agreement contains the entire Agreement between Client and Consultant relating to the project and the provision of services to the project. Any prior agreement, promises, negotiations or representations not expressly set forth in this Agreement are of no force or effect. Subsequent modifications to this Agreement shall be in writing and signed by both Client and Consultant.
4. Consultant's waiver of any term, condition, or covenant, or breach of any term, condition, or covenant, shall not constitute the waiver of any other term, condition, or covenant, or the breach of any other term, condition, or covenant.
5. If any term, condition, or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement shall be valid and binding on Client and Consultant.
6. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
7. Consultant shall only act as an advisor in all governmental relations.
8. All original papers, documents, drawings and other work product of Consultant, and copies thereof, produced by Consultant pursuant to this Agreement shall remain the property of Consultant and may be used by Consultant without the consent of Client. Upon request and payment of the costs involved, Client is entitled to a copy of all papers, documents, and drawings provided Client's account is paid current.
9. Client acknowledges that its right to utilize the services and work product provided pursuant to this Agreement will continue only so long as Client is not in default pursuant to the terms and conditions of this Agreement. Client further acknowledges that Consultant has the unrestricted right to use the services provided pursuant to this Agreement as well as all work product provided pursuant to this Agreement.
10. Client and Consultant agree to cooperate with each other in every way on the project.
11. Upon request, Client shall execute and deliver, or cause to be executed and delivered, such additional instruments, documents, governmental fees and charges which are necessary to perform the terms of this Agreement.
12. Consultant makes no representations concerning soil conditions unless specifically included in writing in this Agreement, and he is not responsible for any liability that may arise out of the making or failure to make soil surveys, or sub-surface soil tests, or general soil testing.
13. Client agrees not to use or permit any other person to use plans, drawings, or other work product prepared by Consultant, which plans, drawings, or other work product are not final and which are not signed, and stamped or sealed by Consultant. Client agrees to be liable and responsible for any such use of nonfinal plans, drawings, or other work product not signed and stamped or sealed by Consultant and waives liability against Consultant for their use. Client further agrees that final plans, drawings or other work product are for the exclusive use of Client and may be used by Client only for the project described on the face hereof. Such final plans, drawings or other work product may not be changed nor used on a different project without the written authorization or approval by Consultant. If Consultant's work product exists in electronic or computerized format, or is transferred in electronic or computerized format, the stamp, seal and signature shall be original and may not be a computer-generated copy, photocopy, or facsimile transmission of the original.
14. Consultant has a right to complete all services agreed to be rendered pursuant to this contract. In the event this Agreement is terminated before the completion of all services, unless Consultant is responsible for such early termination, Client agrees to release Consultant from all liability for services performed. In the event all or any portion of the services or work product prepared or partially prepared by Consultant be suspended, abandoned, or terminated, Client shall pay Consultant for all fees, charges, and services provided for the project, not to exceed any contract limit specified herein. Client acknowledges if the project services are suspended and restarted, there will be additional charges due to suspension of the services which shall be paid for by Client as extra services.
15. If the scope of services to be provided by Consultant pursuant to the terms of this agreement includes an ALTA survey, Client agrees that Consultant may sign one of the two ALTA Survey Statements attached hereto and incorporated herein by reference. In the event that Consultant is required to sign a statement or certificate which differs from the ALTA Survey Statements contained in the attachment, Client hereby agrees to indemnify and hold Consultant harmless from any and all liability arising from or resulting from the signing of any statement which differs from those statements contained in the attachment.
16. If the scope of services to be provided by Consultant pursuant to the terms of this Agreement include the preparation of grading plans but exclude construction staking services, Client acknowledges that such staking services normally include coordinating civil engineering services and the preparation of as-built drawings pursuant to Uniform Building Code Appendix, Chapter 33 or local grading ordinances and Client will be required to retain such services from another Consultant or pay Consultant pursuant to this Agreement for such services as extra work in accordance with Provision 26.
17. Consultant shall be entitled to immediately, and without notice, suspend the performance of any and all of its obligations pursuant to this Agreement if Client files a voluntary petition seeking relief under the United States Bankruptcy Code or if there is an involuntary bankruptcy petition filed against Client in the United States Bankruptcy Court, and that petition is not dismissed within fifteen (15) days of its filing. Any suspension of services made pursuant to the provisions of this paragraph shall continue until such time as this Agreement has been fully and properly assumed in accordance with the applicable provisions of the United States Bankruptcy Code and in compliance with the final order or judgment issued by the Bankruptcy Court.
18. This Agreement shall not be construed to alter, affect or waive any lien or stop notice right which Consultant may have for the performance of services pursuant to this Agreement. Client agrees to separately provide to Consultant the present name and address of the record owner of the property on which the project is to be located. Client also agrees to separately provide Consultant with the name and address of any and all lenders who would loan money on the project and who are entitled to receive a preliminary notice.
19. If payment for Consultant's services is to be made on behalf of Client by a third-party lender, Client agrees that Consultant shall not be required to indemnify the third-party lender, in the form of an endorsement or otherwise, as a condition of receiving payment for services.
20. If Client fails to pay Consultant within thirty (30) days after invoices are rendered, Client agrees Consultant shall have the right to consider such default in payment a material breach of this entire Agreement, and upon written notice, the duties, obligations, and responsibilities of Consultant under this Agreement are suspended or terminated. In such event, Client shall promptly pay Consultant for all fees, charges, and services provided by Consultant.

FOR

[Signature]

21. All fees and other charges will be billed monthly and shall be due at the time of billing unless otherwise specified in this Agreement. For lump sum work the amount due shall be based upon the Consultant's estimate of the percent complete at the time that the invoice is prepared.

22. Client agrees that the periodic billings from Consultant to Client are correct, conclusive, and binding on Client unless Client, within ten (10) days from the date of receipt of such billing, notifies Consultant in writing of alleged inaccuracies, discrepancies, or errors in the billing.

23. Client agrees to pay a monthly late payment charge, which will be the lesser of, one and one-fourth percent (1¼%) per month or a monthly charge not to exceed the maximum legal rate, which will be applied to any unpaid balance commencing thirty (30) days after the date of the original billing.

24. If Consultant, pursuant to this Agreement, produces plans, specifications, or other documents and/or performs field services, and such plans, specifications, and other documents and/or field services are required by one or more governmental agency, and one or more such governmental agency changes its ordinances, policies, procedures or requirements after the date of this Agreement, any additional office or field services thereby required shall be paid for by Client as extra services.

25. In the event Consultant's fee schedule changes due to any increase of costs such as the granting of wage increases and/or other employee benefits to field or office employees due to the terms of any labor agreement, or rise in the cost of living, during the lifetime of this Agreement, a percentage increase shall be applied to all remaining compensation.

26. Client agrees that if Client requests services not specified pursuant to the scope of services description within this Agreement, Client agrees to pay for all such additional services as extra work.

27. In the event the staking is destroyed, damaged or disturbed by an act of God or parties other than Consultant, the cost of restaking shall be paid for by Client as extra services.

28. Client acknowledges that the design services performed pursuant to this Agreement are based upon field and other conditions existing at the time these services were performed. Client further acknowledges that field and other conditions may change by the time project construction occurs and clarification, adjustments, modifications and other changes may be necessary to reflect changed field or other conditions. If the scope of services pursuant to this Agreement does not include construction staking services by Consultant for this project, or if subsequent to this Agreement Client retains other persons or entities to provide such staking services; or if the scope of services pursuant to this Agreement does not include onsite construction review, construction management, observation of construction of engineering structures, or other construction services for this project, or if subsequent to this Agreement Client retains other persons or entities to provide such construction services, then Client acknowledges that such services will be performed by others, and that Client will defend, indemnify, and hold Consultant harmless from any and all claims arising from or resulting from the performance of such services by other persons or entities except claims caused by the sole negligence or willful misconduct of Consultant; and from any and all claims arising from or resulting from clarifications, adjustments, modifications or other changes which may be necessary to reflect changed field or other conditions except claims caused by the sole negligence or willful misconduct of Consultant.

29. Client shall pay the costs of checking and inspection fees, zoning and annexation application fees, assessment fees, soils engineering fees, soils testing fees, aerial topography fees, and all

other fees, permits, bond premiums, applicable taxes on professional services, title company charges, blueprints and reproductions, and all other charges not specifically covered by the terms of this Agreement.

30. Client acknowledges and agrees that if Consultant provides surveying services, which services require the filing of a Record of Survey in accordance with Business and Professions Code Section 8762, that all of the costs of preparation, examination and filing for the Record of Survey will be paid by Client as extra work in accordance with Provision 26.

31. Consultant is not responsible for delay caused by activities or factors beyond Consultant's reasonable control, including but not limited to, delays by reason of strikes, lockouts, work slowdowns, or stoppages, accidents, acts of God, failure of Client to furnish timely information or approve or disapprove of Consultant's services or work product promptly, faulty performance by Client or other contractors or governmental agencies. When such delays beyond Consultant's reasonable control occur, Client agrees Consultant is not responsible in damages nor shall Consultant be deemed to be in default of this Agreement.

32. Consultant shall not be liable for damages resulting from the actions or inactions of governmental agencies including, but not limited to, permit processing, environmental impact reports, dedications, general plans and amendments thereto, zoning matters, annexations or consolidations, use or conditional use permits, project or plan approvals, and building permits. The Client agrees that it is the responsibility of the Client to maintain in good standing all government approvals and permits and to apply for any extensions thereof.

33. Consultant makes no representation concerning the estimated quantities and probable costs made in connection with maps, plans, specifications, reports or drawings other than that all such costs are estimates only and actual costs will vary. It is the responsibility of Client to verify costs.

34. Client acknowledges that Consultant is not responsible for the performance of work by third parties including, but not limited to, the construction contractor and its subcontractors.

35. Consultant makes no warranty, either expressed or implied, as to his findings, recommendations, plans, specifications, or professional advice except that the services or work product were performed pursuant to generally accepted standards of practice in effect at the time of performance.

36. Estimates of land areas provided under this Agreement are not to be considered precise unless Consultant specifically agrees to provide the precise determination of such areas.

37. In the event the Client agrees to, permits, authorizes, constructs or permits construction of changes in the plans, specifications and documents or does not follow recommendations or reports prepared by Consultant pursuant to this Agreement, which changes are not consented to in writing by Consultant, Client acknowledges that the changes and their effects are not the responsibility of Consultant and Client agrees to release Consultant from all liability arising from the use of such changes and further agrees to defend, indemnify and hold harmless Consultant, its officers, directors, principals, agents and employees from and against all claims, demands, damages or costs arising from the changes and their effects.

38. Client agrees that in accordance with generally accepted construction practices, construction contractor will be required to assume sole and complete responsibility for job site conditions during the course of construction of the project, including safety of all persons and property; that this requirement shall be made to apply continuously and not be limited to normal working hours.

39. In the event Client discovers or becomes aware of changed field or other conditions which necessitate clarification, adjustments, modifications or other changes during the construction phase of the project, Client agrees to notify Consultant and engage Consultant to prepare the necessary clarifications, adjustments, modifications or other changes to Consultant's services or work product before construction activities commence or further activity proceeds. Further, Client agrees to have a provision in its construction contracts for the project which requires the contractor to notify Client of any changed field or other conditions so that Client may in turn notify Consultant pursuant to the provisions of this paragraph.

40. Client agrees to limit the liability of Consultant, its principals, employees and their subconsultants, to Client and to all contractors and subcontractors on the project, for any claim or action arising in tort, contract or strict liability, to the sum of \$50,000 or Consultant's fee, whichever is greater. Client and Consultant acknowledge that this provision was expressly negotiated and agreed upon.

41. Client agrees to purchase and maintain, during the course of construction, builder's risk "all risk" insurance which will name Consultant as an additional insured as their interest may appear.

42. Client acknowledges that Consultant's scope of services for this project does not include any services related in any way to asbestos and/or hazardous or toxic materials. Should Consultant or any other party encounter such materials on the job site, or should it in any other way become known that such materials are present or may be present on the job site or any adjacent or nearby areas which may affect Consultant's services, Consultant may, at its option, terminate work on the project until such time as Client retains a specialist contractor to abate and/or remove the asbestos and/or hazardous or toxic materials and warrant that the job site is free from any hazard which may result from the existence of such materials.

43. The Client hereby agrees to bring no claim for negligence, breach of contract, strict liability, indemnity, delays or otherwise against the Consultant, its principals, employees, and agents if such claim, in any way, would involve the Consultant's services for the investigation, detection, abatement, replacement, use or specification, or removal of products, materials or processes containing asbestos, asbestos cement pipe, and/or hazardous or toxic materials. Client further agrees to defend, indemnify and hold harmless Consultant, its officers, directors, principals, employees and agents from any asbestos and/or hazardous or toxic material related claims that may be brought by third parties as a result of the services provided by the Consultant pursuant to this Agreement except claims caused by the sole negligence or willful misconduct of the Consultant.

44. If any action at law or equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement or in any way connected with the performance of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, which fees may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which he may be entitled.

45. Client agrees that in the event Client institutes litigation to enforce or interpret the provisions of this Agreement, such litigation is to be brought and adjudicated in the appropriate court in the county in which Consultant's principal place of business is located, and Client waives the right to bring, try or remove such litigation to any other county or judicial district.

46. (a) Except for the provision of subdivision (b) and subdivision (c), and in an effort to resolve any conflicts that arise during the

design or construction of the project or following the completion of the project, the client and the Consultant agree that all disputes between them arising out of or relating to this Agreement shall be submitted to nonbinding mediation or other form of Alternative Dispute Resolution as agreed to by the parties.

The Client and the Consultant further agree to include a similar mediation provision in all agreements with independent contractors and consultants retained for the project and with other successive third parties including but not limited to construction contractors, lenders and homeowner associations and to require all independent contractors and consultants also to include a similar mediation provision in all agreements with subcontractors, subconsultants, suppliers or fabricators so retained, thereby providing for mediation as the primary method for dispute resolution between the parties to those agreements.

(b) Subdivision (a) does not preclude or limit consultant's right to elect to file an action for collection of fees if the amount in dispute is within the jurisdiction of the small claims court.

(c) Subdivision (a) does not preclude or limit consultant's right to elect to perfect or enforce applicable mechanics lien remedies.

47. (a) Notwithstanding any other provision of this Agreement and except for the provisions of (b) and (c), if a dispute arises regarding Consultant's fees pursuant to this contract, and if the fee dispute cannot be settled pursuant to Provision 46, such dispute shall be settled by binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

(b) Subdivision (a) does not preclude or limit Consultant's right to elect to file an action for collection of fees if the amount in dispute is within the jurisdiction of the small claims court.

(c) Subdivision (a) does not preclude or limit Consultant's right to elect to perfect or enforce applicable mechanics lien remedies.

48. Client agrees to reimburse the Consultant for any time and expense incurred for depositions or appearances at any legal proceedings requested by Client or duly authorized attorney, or when required by a subpoena or court action, as may be required from the Consultant performing work under this Agreement. Client agrees to indemnify and reimburse the Consultant for costs and expenses that may result in legal actions taken against the Consultant unless it is determined by a court of law that the Consultant was negligent in his services leading to such action. Consultant shall be paid by Client for such time and expense at his normal charge-out rate for professional services applicable at the time.

49. Any applicable statute of limitations pertaining to all causes of action, latent or patent, shall commence to run and any alleged cause of action shall be deemed to have accrued in any and all events not later than the date of Substantial Completion.

50. In soils, foundation, groundwater, and other subsurface investigations, the actual characteristics may vary significantly between successive test points and sample intervals and at locations other than where observations, exploration, and investigations have been made. Because of the inherent uncertainties in subsurface evaluations, changed underground conditions may occur that could affect total project cost and/or execution. These conditions and cost/execution effects are not the responsibility of Consultant.

RJR

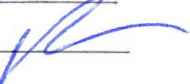


Exhibit A

STANDARD CHARGES FOR PROFESSIONAL SERVICES

Effective through December 31, 2018

LABOR CLASSIFICATION		HOURLY RATE
Senior Engineering Consultant	E8	\$205
Managing Engineer	E7	\$205
Principal Engineer	E6	\$193
Senior Engineer	E5	\$178
Associate Engineer	E4	\$159
Staff Engineer/Grade 3	E3	\$143
Staff Engineer/Grade 2	E2	\$134
Staff Engineer/Grade 1	E1	\$122
Engineering Technician 4	T4	\$134
Engineering Technician 3	T3	\$121
Engineering Technician 2	T2	\$109
Engineering Technician 1	T1	\$94
One-Man Survey Crew	SC1	\$226
Two-Man Survey Crew	SC2	\$288
Two-Man Survey Crew (O/T)	SC2x	\$341
Three-Man Survey Crew	SC3	\$355
Survey Supervisor	SS1	\$166
Licensed Land Surveyor	LS1	\$150
Admin. Clerk III	AD3	\$75
Admin. Clerk II	AD2	\$66
Admin. Clerk I	AD1	\$59

EXPENSES

Meals and Lodging:	At cost (out-of-town and overnight work only)
Vehicle Transportation:	Included in hourly rates, unless specifically indicated otherwise in Agreement. Hourly labor rates are applicable during travel to and from job site.
Express Mail/Federal Express:	At cost
Outside Services & Fees:	At cost plus 10% administrative fee
Computers, Plotters and Electronic	
Distance Measuring Instruments:	Included in hourly rate.

Rates for expert witness services will be as set forth in the Engineering Agreement.

Rates are established on an annual basis and are subject to change from year to year.

Refer to Exhibit A-1 for hourly rates on prevailing wage projects.

