

CITY OF LINCOLN/LANCASTER COUNTY  
**CONTRACT AWARD NOTIFICATION FOR**  
**Audit Services for the**  
**City of Lincoln Lincoln Water**  
**and Lincoln Wastewater**

**DATE:** August 14, 2007

**CONTRACT PERIOD:** Sept. 1, 2007 thru Aug 31, 2011

**CONTRACTOR:** BKD, LLP  
1221 N St., Ste 600  
Lincoln, NE 68508

**PURCHASING DIVISION**  
**K-STREET COMPLEX**  
**440 SOUTH 8<sup>TH</sup> STREET**  
**LINCOLN, NEBRASKA 68508**  
**(402) 441-7410**

**COMPANY REPRESENTATIVE:** Roger Watton  
**TELEPHONE NO:** 402-473-7600  
**FAX No.:** 402-473-7698  
**E-MAIL ADDRESS:** Rwatton@bkd.com

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THE CITY/COUNTY'S SPECIFICATIONS AND THE CONTRACTOR'S ACCEPTED PROPOSAL AND PRICING SCHEDULES, NOW ON FILE IN THE OFFICE OF THE CITY CLERK AND/OR THE COUNTY CLERK, ARE ADOPTED BY REFERENCE AND ARE AS FULLY A PART OF THIS CONTRACT FOR THE ABOVE-NAMED COMMODITY AS IF REPEATED VERBATIM HEREIN.

**Per Bid 07-139 & Attached Contract**

NO ACTION NEED BE TAKEN BY THE CONTRACTOR AT THIS TIME. ORDERS FOR MATERIAL WILL BE MADE AS NEEDED BY THE VARIOUS CITY/COUNTY DEPARTMENTS.

DEPARTMENTS REQUIRING CATALOGS AND/OR PRICING SCHEDULES SHALL NOTIFY THE CONTRACTOR DIRECTLY.

Resolution No. A-84468  
Dated:08-01-07

**I. Introduction**

On this 6<sup>th</sup> day of July, 2007, the City of Lincoln, Nebraska, a municipal corporation in the State of Nebraska (City) (Water and Wastewater Systems) and BKD, LLP (Consultant) in consideration of the mutual promises, benefits, and detriments in this agreement do hereby agree as follows.

**II. Consultant Services**

- A. Consultant and City enter this agreement for Consultant to perform the following described auditing services.
- B. The description of the services to be performed are described in Appendix A, attached hereto and incorporated by reference.
- C. Consultant hereby represents that Consultant is willing and able to perform the Consultant Services in accordance with the City's request for qualifications, the proposal Consultant submitted and this agreement.

**III. Term -- Completion**

The term of this agreement shall commence upon execution and shall continue until completion of all of the obligations of this agreement, but in no event shall this agreement extend beyond August 1, 2011. Upon expiration of the term prior to completion, the City shall pay Consultant for any Consultant Services completed up to the date of expiration. This Agreement may be renewed for an additional four years upon the written agreement of both parties."

**IV. Termination for Convenience**

The City has the right to terminate this agreement for any reason for the City's own convenience. If the City terminates this agreement for convenience, the City shall provide a written notice of the same to Consultant. Upon termination, the City shall pay Consultant for any Consultant Services completed up to the date of termination.

**V. Duties Generally**

Consultant agrees as follows:

- A. To timely and professionally complete the Consultant Services as described above, and to furnish all labor, materials, and pay all costs, including any taxes, to complete the Consultant Services.
- B. To furnish everything reasonably necessary to complete the Consultant Services unless specifically provided otherwise in this agreement.
- C. To apply for and obtain any and all necessary permits, certifications, licenses, certifications and approvals required by any applicable law or regulations that relate to Consultant or the Consultant Services.
- D. To conduct all activities related to the Consultant Services in a lawful manner.

**VI. Trade Practices Warranty**

Contractor warrants to the City that the services to be performed under this agreement shall be in accordance with accepted and established practices and procedures recognized as such in Contractor's trade in general and that Contractor's services shall conform to the requirements of this agreement.

## **VII. Compensation**

Compensation will be paid in accordance with Attachment I which is attached and made a part of this Contract.

## **VIII. Indemnification**

Consultant shall indemnify, defend and save harmless the City of Lincoln, Nebraska, or its representatives from all claims, demands, suits, actions, payments, liability, and judgments, including reasonable attorney's fees arising out of the activities of Consultant or of Consultant's agents, servants, employees. This section shall not require Consultant to indemnify or hold harmless the City for any losses, claims, damages, and expenses arising out of or resulting from the sole negligence of the City.

## **IX. Independent Contractor**

The City is interested only in the results produced by this agreement. Consultant has sole and exclusive charge and control of the manner and means of performance. Consultant shall perform as an independent contractor and it is expressly understood that Consultant is not an employee of the City and is not entitled to any City employee benefits including, but not limited to, overtime, retirement benefits, worker's compensation, sick leave, or injury leave.

## **X. Equal Employment**

Neither the Consultant nor the Consultant's agents or employees shall discriminate against any employee or applicant for employment, or be employed in the performance of this contract, with respect to his hire, tenure, terms, conditions, or privileges of employment, because of race, color, religion, sex, disability, national origin, ancestry, age, or marital status pursuant to requirements of Section 48-1122, Nebraska Reissue Revised Statutes, Reissue 1998 (as amended) and Section 11.08.160 of the Lincoln Municipal Code (as amended).

## **XI. Waiver of Contractual Right.**

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

## **XII. Nebraska Law**

This agreement shall be governed and interpreted by the Laws of the State of Nebraska.

## **XIII. Integration, Amendment & Assignment**

This agreement represents the entire agreement between the parties and all prior negotiations and representations are hereby expressly excluded from this agreement. This agreement may be amended or modified only in writing signed by both the City and Consultant. This agreement may not be assigned without the prior written consent of the other party.

**XIV. Severability**

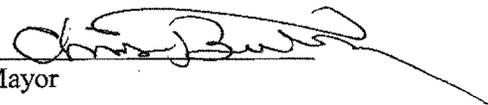
If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

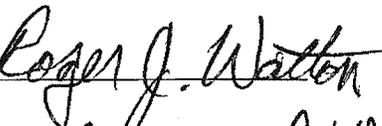
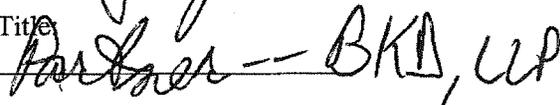
**XV. Capacity**

The undersigned person representing Consultant does hereby agree and represent that he or she is legally capable to sign this agreement and to lawfully bind Consultant to this agreement.

**IN WITNESS WHEREOF**, Consultant and the City do hereby execute this agreement.

City of Lincoln, Nebraska

By:   
Mayor

By:   
Title: 

**Appendix A**

**City of Lincoln, Lincoln Water, Lincoln Wastewater  
and the Community Health Endowment  
Price Proposal for Professional Services**



**June 13, 2007**

**Presented By**

**BKD, LLP**  
1221 N Street, Suite 600  
Lincoln, Nebraska 68508  
Phone: 402-473-7600  
Fax: 402-473-7698  
Email: [rwatton@bkd.com](mailto:rwatton@bkd.com)



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**Fee Considerations and Explanation**

The fees quoted on the following page take into consideration all GASB pronouncements currently issued, as well as new auditing standards that will be effective for your fiscal years 2007 and 2008. Should new accounting, financial reporting or auditing standards be issued during our term as your independent auditor, that have a significant impact on the scope of work, an assessment of quoted fees would be necessary. We will consult with you on any new standards, pronouncements and regulations as they are issued and discuss the impact, if any, on our quoted fees and on yearly fee increases during the four year option term.

There are a number of new auditing standards that become effective during the City’s next 2 fiscal years. These new standards primarily relate to evaluation and testing of internal control and reporting of any deficiencies. These new standards were promulgated as a result of the Sarbanes-Oxley legislation. We anticipate our engagement audit hours for the City of Lincoln will increase 4-5% in fiscal year 2007 and 10-15% in fiscal year 2008, as a result of these new standards.

In our revised fee schedule on the following page, we have spread our cost increases more evenly over the 4 year fixed period of the contract and provided for some overall fee reduction. We would anticipate 4-5% annual increases in the option years.

**Billing Philosophy and Hourly Rates**

Our fee estimates on the following page are based primarily on the complexity of the work and the amount of time required. Our estimate is based on our understanding of your present internal control policies and procedures and our expectation of substantial assistance from your personnel for schedules, documentation of internal control, etc.

Our estimate of the time required for these audit services includes some time for routine consultations on matters that will inevitably arise. We do not charge for routine phone calls and would suggest meeting periodically throughout the year as part of our comprehensive service plan.

Our standard hourly rates for additional services outside the scope of your engagement are as follows:

**Standard Hourly Rates**

Partners	\$300 - 325
Managers	165 - 225
Supervisors	145 - 160
Seniors	125 - 140
Staff	110 - 120

**PROPOSAL  
SPECIFICATION NO. 07-139**

**BID OPENING TIME: 12:00 NOON  
DATE: Friday May 11, 2007**

The undersigned, having full knowledge of the requirements of the City of Lincoln for the below listed phases and the contract documents (which include Notice, Instructions, this Proposal, Specifications, Contract, and any and all addenda) and all other conditions of the Proposal, agrees to enter into a contract with the City the below listed fees for the performance of this Specification, complete in every respect, in strict accordance with the contract documents at and for fees listed below.

**ADDENDA RECEIPT:** The receipt of addenda to the specification numbers #1 through #1 are hereby acknowledged. Failure of any submitter to receive any addendum or interpretation of the specifications shall not relieve the submitter from any obligations specified in the request. All addenda shall become part of the final contract document.

**BIDDING SCHEDULE**

**CITY AUDITING SERVICES AND WATER & WASTEWATER AUDITING SERVICES**

City	2007	\$ 68,000	; 2008	72,850	; 2009	77,700	; 2010	82,900	;
Water & Wastewater	2007	\$ 31,200	; 2008	33,500	; 2009	35,450	; 2010	37,800	;
EMS Fund	2007	\$ 8,400	; 2008	8,900	; 2009	9,500	; 2010	10,200	;
Solid Waste Man	2007	\$ 7,400	; 2008	7,800	; 2009	8,350	; 2010	8,900	;
Parking	2007	\$ 6,500	; 2008	6,900	; 2009	7,350	; 2010	7,800	;
CHE	2007	\$ 8,500	; 2008	9,050	; 2009	9,650	; 2010	10,400	;
Fees, Other Services	2007	\$ **	; 2008	**	; 2009	**	; 2010	**	;

**YEARLY % INCREASE BASED ON TOTALS ABOVE: \_\_\_\_\_% (See fee discussion on page 1)**

**Our Firm shall maintain the same yearly % increase for an additional 4 year period if the City desires to renew contract: YES \_\_\_\_\_ NO x Anticipate 4-5% annual increases**

**AFFIRMATIVE ACTION PROGRAM** Successful bidder will be required to comply with the provisions of the City's Affirmative Action Policy (Contract Compliance, Sec. 1.16). The Equal Opportunity Officer will determine compliance or non-compliance with the City's policy upon a complete and substantial review of successful bidder's equal opportunity policies, procedures and practices.

The undersigned signatory for the bidder represents and warrants that he has full and complete authority to submit this proposal to the City, and to enter into a contract if this proposal is accepted.

\*\* Landfill Title 132 \$750/year  
Bond Offerings \$3,250/offering  
See also our billing rates and billing philosophy on the previous page.

RETURN 6 COMPLETE COPIES OF PROPOSAL AND SUPPORTING MATERIAL.  
MARK OUTSIDE OF BID ENVELOPE: SEALED BID FOR SPEC. 07-139

BKD, LLP  
COMPANY NAME

1221 "N" STREET, SUITE 600  
STREET ADDRESS OR P.O. BOX

LINCOLN, NE 68508-2042  
CITY, STATE ZIP CODE

(402) 473-7600 (402) 473-7698  
TELEPHONE FAX

RWATTON@BKD.COM  
E-MAIL ADDRESS

  
BY (Signature)

Roger J. Watton  
(Print Name)

PARTNER  
(Title)

MAY 11, 2007  
(Date)