

ENVIRONMENTAL COMPLIANCE & SAFETY DEPARTMENT STATUS REPORT
SEPTEMBER 2022 (AS OF SEPT. 25)

	<u>BOD</u>	<u>TSS</u>
Faulkner Lake	4.2 mg/L (30 Max.)	3.9 mg/L (30 Max.)
Maumelle	13.5 mg/L (30Max.)	13.0 mg/L (30 Max.)

	<u>CBOD</u>	<u>TSS</u>
Five Mile	19.8 mg/L (25 Max.)	32.0 mg/L (90 Max.)
White Oak	13.9 mg/L (25 Max.)	25.0 mg/L (90 max.)

Jaime Marrow
Office Assistant II



Memorandum

TO: Michael Clayton
FROM: Scott Kerby
DATE: 9/29/2022
RE: Engineering Department Major Projects Status

Rose City and Military Drive Basins Pipe Bursting 2021 Rehabilitation: The contractor began working on September 10, 2021. The contractor has successfully completed 23,487 linear feet of 26,215 linear feet of the pipe bursting project to date.

Rose City and Military Drive Basins CIPP 2021 Rehabilitation: The project is substantially complete.

Dixie and Baring Cross Basins Pipe Bursting 2021 Rehabilitation Project: This project consists of pipe bursting 18,858 linear feet of 6" and 8" sanitary sewer mains and externally reconnecting approximately 398 services. The contractor has successfully completed approximately 9,451 linear feet of the project to date.

Curtis Sykes and Meadow Park CIPP 2021 Rehabilitation Project: This project consists of CIPP rehabilitation of 20,955 linear feet of 6"-15" secondary sewer mains. The Notice to Proceed was issued March 29, 2022. The cleaning and televising of the lines are complete. The contractor has successfully completed approximately 18,401 linear feet of the project to date.

Lower Riverside Interceptor CIPP 2017 Rehabilitation Project: This project consists of CIPP rehabilitation of 4,344 linear feet of 54" reinforced concrete pipe. The scope of the project begins two line segments upstream of the Faulkner Lake WRF headworks and continue upstream for 4,344 linear feet. The Notice of Award was issued to Insituform Technologies, LLC on March 16, 2022. The Notice to Proceed was issued May 25, 2022. The access road and construction pad are complete. The manhole installation and placement of the bypass piping are currently underway. The installation of the cured-in-place-pipe is tentatively scheduled for October 16. The heavy cleaning began September 7, 2022, and is still underway.

Curtis Sykes and Meadow Park Basins Pipe Bursting 2021 Rehabilitation Project: This project consists of pipe bursting rehabilitation of 27,194 linear feet of 6" and 8" secondary sanitary sewer mains and external reconnection of approximately 493 services. The Notice to Proceed was issued on April 25, 2022. The contractor has successfully completed approximately 13,634 linear feet of the project to date.

Biosolids Removal and Land Application: This project consists of removal of approximately 3,000 Dry Tons of biosolids from the Five Mile Creek Polishing Pond and approximately 3,500 Dry Tons of biosolids from the Faulkner Lake east lagoon. The contractor began removing

biosolids from the Five Mile Creek WRF on June 6, 2022. The contractor has completed the biosolids removal from the Five Mile Creek WRF. The contractor has removed approximately 890 dry tons from the Faulkner Lake WRF. The work is currently suspended as the permit violations due to the land application process are evaluated.

Five Mile Creek Basin Interceptors Assessment: This project consists of multi-sensor inspection of approximately 37,161 linear feet of interceptors sizes 24"-36" within the Five Mile Creek WRF Basin. Bids were opened on April 28, 2022, and the low bidder is Ace Pipe Cleaning with a bid amount of \$238,034.10. The Notice of Award was issued May 11, 2022. The contractor has completed approximately 18,470 of 37,161 linear feet in the project.



Memorandum

TO: Michael Clayton
FROM: Lyle Leubner
DATE: 9/27/2022
RE: Treatment Report

Five Mile Plant

- Surge protection has been installed on effluent automatic transfer switch.
- We are awaiting repairs from local repair shop on chlorine induction pump #1.
- This week, in house staff intends to install additional overflow pipes between West and East lagoons to allow more wet weather flow. The west lagoon has a bottleneck on its outfall capacity.

Faulkner Lake Plant

- Manhole rehab project has begun. The contractor plans to complete the Faulkner Lake plant manholes this week before moving on to the Maumelle collection manholes.

Miscellaneous

- Annual chlorine equipment preventative maintenance tasks completed at Faulkner Lake, Five Mile, and White Oak plants.
- Annual preventative maintenance on Five Mile and Maumelle generators completed.



Memorandum

TO: Michael Clayton
FROM: Dwayne Marrow & Brian Kirkendoll
DATE: 9/26/22
RE: Pump Maintenance Report

Maumelle valley pump station

- Replace transducer on station.

Five mile treatment plant

- Sprayed algicide in polishing lagoon.

Wilcox pump station

- Replace transducer and adjust floats.

Burns Park soccer field pump station

- Install # 1 rebuilt pump and put in service.

Burns Park RV Park pump station

- Repair float wires on station.



Memorandum

TO: Michael Clayton
FROM: Marybeth Eggleston
DATE: 10/4/2022
RE: Environmental Compliance & Safety Status Report

Laboratory staff performed the 3rd quarter Benchmark Performance Audit and successfully passed all parameters.

The September safety training on "First Aid" was conducted via online activity. The video was posted, an email was sent to all staff with instructions on how to access it, and the timeline within to watch and send back signed acknowledgment.



MEMORANDUM

TO: MICHAEL CLAYTON
FROM: Tangelia Marshall
DATE: 9/28/2022
RE: Human Resources Department Report

Recruiting and Hiring

- An offer has been extended for the Instrumentation Control Technician and Maintenance Mechanic I positions.
- Interviews are being conducted for the CCTV Crew Assistant (Formerly Semi Skilled TV) position.

Employee Benefits

- I have proposed a new benefit offering (Employee Assistance Program) for 2023.
- The annual employee benefit meeting has been scheduled for Thursday, November 3, 2022, from 1:00p to 3:00p. Currently 10 of the 12 benefit providers have agreed to be here for the meeting. I am creating a tentative schedule and will be sharing it soon.

Flu Shots

- Change Center for Health is scheduled to be onsite on Thursday, October 27, 2022, to give flu shots for employees. Employees are asked to sign up with their department's office assistant by Monday, October 3, 2022.

Safety

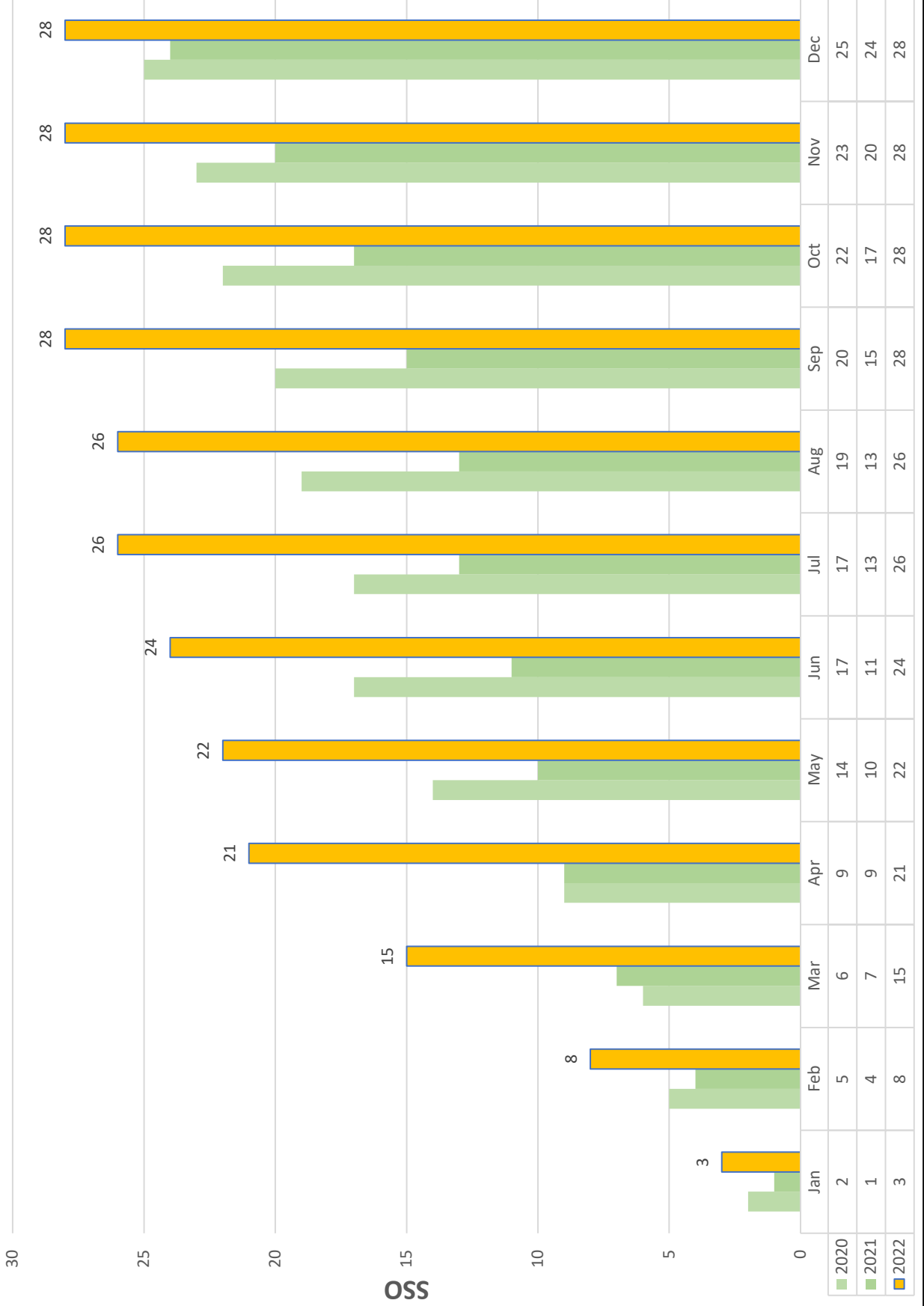
- There were two (1 with no injury) workplace accidents reports for the month of August 2022. HR and NLRWU's Safety Officer attended the annual SHARP Conference held on 9/15/2022.
- Marybeth and I are currently reviewing our Safety Manual and will be recommending the implementation of a Safety Committee by December 1, 2022.



**NLRW Collections System Department
2022 Year-To-Date Work Recap Report**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Service Requests													
Total Requests	95	96	124	127	115	108	89	103	96				953
Trouble Crew Calls	53	62	72	82	60	61	53	56	56				555
Private Line Issue	29	25	34	46	33	22	16	21	19				245
NLRW Main or Manhole Issue	5	11	5	12	3	12	8	16	9				81
NLRW Force Main Issue	0	0	0	1	0	0	0	0	1				2
Other	17	17	24	31	20	28	25	33	30				225
Construction													
Point Repair	16	13	22	29	10	19	19	20	19				167
Open Cut (LF)	168	0	0	0	0	135	0	601	77				981
Manhole - Repair	14	8	15	15	14	6	10	17	5				104
Manhole - Rehab	23	18	23	13	31	20	15	31	40				214
Manhole - New Installation	1	0	0	1	0	1	1	3	2				9
Tap - New Installation	1	0	2	3	2	11	2	3	2				26
Tap - Disconnect	0	0	0	0	0	0	0	0	0				0
Maintenance													
Pipeline Cleaning (LF)	116,104	103,555	186,185	172,249	129,987	112,505	98,142	157,198	130,935				1,206,860
Pipeline CCTV (LF)	34,584	19,287	30,917	27,445	28,572	23,139	14,919	34,395	15,496				228,754
Service Lines													
Assistance Program (LF)	57	42	13	31	4	10	0	0	6				163
Inspections - New	38	16	39	12	43	32	16	21	34				251
Inspections - Replacement	10	6	11	11	6	5	11	9	5				74

Cumulative SSO YTD vs Last 3 Years





**AGENDA FOR
NORTH LITTLE ROCK WASTEWATER TREATMENT COMMITTEE
MEETING**

RE: Committee Meeting
PLACE: Faulkner Lake Treatment Plant Admin Conference Room
7400 Baucum Pike, North Little Rock, Arkansas 72117
DATE: October 4, 2022
TIME: 12:15 PM

- (1) ROLL CALL OF THE COMMITTEE MEMBERS
- (2) APPROVAL OF THE MINUTES OF THE SEPTEMBER 13, 2022, MEETING
- (3) AUDIT SERVICES AGREEMENT
- (4) ENGINEERING SERVICES FOR TULIP FARMS ECONOMIC DEVELOPMENT

(DUE TO THE EARLY MEETING DATE THE FINANCIAL STATEMENTS FOR THE MONTH OF SEPTEMBER COULD NOT BE COMPLETED FOR THIS MEETING. CASH DISBURSEMENTS AND THE FINANCIAL STATEMENT FOR SEPTEMBER WILL BE INCLUDED IN THE NOVEMBER AGENDA.)



(1)

ROLL CALL of the COMMITTEE MEMBERS

(2)

NEW BUSINESS

ACTION REQUESTED

Approval of the Minutes of the SEPTEMBER 13, 2022, Committee Meeting



**NORTH LITTLE ROCK
WASTEWATER TREATMENT COMMITTEE**

MINUTES OF A MEETING HELD TUESDAY, SEPTEMBER 13, 2022

A meeting of the North Little Rock Wastewater Treatment Committee was held on Tuesday, September 13, 2022, at the training room in the CS&E building located at the Faulkner Lake Treatment Plant.

The meeting was called to order by Mr. Ed Nelson at approximately 12:20 p.m. The roll was called, and a quorum was present. Those in attendance at the meeting were Mr. Ed Nelson, Ms. Karen Bryant and Mr. Gabe Stephens. Also in attendance were Mr. Michael Clayton, Director, Ms. Gina Briley, Mr. Lyle Leubner, Ms. Marybeth Eggleston, Ms. Millie Remer, Mr. Scott Kerby, Mr. Mike Marlar and Mr. Garrett McMichael with HALFF, Mr. John Heard and Mr. Tazio Qubeck with HDR, Mr. Richard Penn, City Engineer with the City of Sherwood, Mr. Scott Hilburn with Hilburn & Harper, Ltd., and Dawn Harmon.

First, Director Clayton and Mr. Ed Nelson presented a plaque to Dwayne Marrow, Superintendent of Plant Maintenance, and commended him for his thirty years of service to the Utility.

The Committee reviewed the minutes of its August 9, 2022, meeting. After review, a motion was made by Mr. Stephens, seconded by Ms. Bryant, to approve the August 9, 2022, minutes as submitted. The motion carried unanimously.

Next, the Committee reviewed the cash disbursements for the month of August 2022. There being no questions or comments, a motion was made by Mr. Stephens, seconded by Ms. Bryant, to approve the cash disbursements for August 2022 reflecting total cash disbursements of \$3,068,029.34 and fund transfers between accounts of \$2,740,000.00. The motion carried unanimously.

Upon motion made by Mr. Stephens, seconded by Ms. Bryant, the Committee unanimously approved the Financial Statement for August 2022.

Mr. Mike Marlar and Mr. Garrett McMichael then presented to the Committee the engineers' statement of probable construction cost for the expansion of the White Oak WWTP expansion. The Utility's permit expired in December 2020, and it is possible that the new regulatory requirements will include phosphorus/advanced phosphorus removal at the facility. The expansion will take the current plant from a 15 MGD to a 30 MGD peak. Approximately 24 acres is

needed to expand the facility. The 4 lagoons in place will be reconfigured to allow for equalization and storage of the biosolids. The estimated cost for the upgrade and expansion of the facility is \$112,318,083.00. No action was requested by Director Clayton. He wanted to keep the Committee fully informed of projects for the future.

Next, Mr. John Heard and Mr. Tazio Qubeck with HDR, made a presentation to the Committee which included a report detailing the issues concerning the consolidation of the Five Mile Creek WRF and the Faulkner Lake WRF facilities. It was noted that due to major regulations coming in the next few years regarding phosphorous removal (also known as biological nutrient removal) PFAS or PFOS (forever chemicals) and ultimate treatment and disposal of biosolids, the consolidation of the two major treatment plants will be necessary to reduce long-term capital costs and maximize the efficient, effective treatment of water solids. The approximate cost for consolidation of the two plants is roughly \$37,754,000.00. Again, no action was requested by Director Clayton.

Due to the WEFTEC industry meeting dates conflicting with the normal second Tuesday meeting of the Committee, Director Clayton requested that the October meeting date be moved up one week to the first Tuesday of the month, October 4, 2022. Therefore, a motion was made by Ms. Stephens, seconded by Ms. Bryant, to approve the regular meeting of the North Little Rock Wastewater Committee be moved to Tuesday, October 4, 2022. The motion carried unanimously.

A motion was made by Ms. Bryant, seconded by Mr. Stephens, to excuse the absence of Chairman Matthews and Mr. Smith from the meeting. The motion carried unanimously.

There being no further action to come before the Committee, a motion was made by Mr. Nelson to adjourn the meeting. The motion carried unanimously, and the meeting was adjourned at approximately 2:15 p.m.

APPROVED AS TO FORM:

RESPECTFULLY SUBMITTED,

K. W. MATTHEWS, CHAIRMAN

SYLVESTER SMITH,
VICE-CHAIRMAN/SECRETARY

(3)

AUDIT SERVICES AGREEMENT

The Utility's agreement for audit services ended with the 2021 audit. We have a proposal from EGP, PLLC for audit services for the years 2022, 2023 and 2024.

This proposal for the next 3 years is \$26,000 to \$31,000 for audits with no single audit requirement, and \$30,000 to \$35,000 for audits with a single audit requirement.

A copy of the proposal is attached for review.

ACTION REQUESTED:

Authorize staff to enter into an agreement with EGP, PLLC for audit services for the years of 2022, 2023 and 2024.





**PROPOSAL FOR AUDIT SERVICES FOR
NORTH LITTLE ROCK WASTE WATER UTILITY
SEPTEMBER 20, 2022**

Lindsey Baker, Partner
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Executive Summary

EGP PLLC is pleased to present our proposal to serve as the independent accounting firm for North Little Rock Waste Water Utility (the "Utility"). The purpose of this proposal is to provide a clear statement of our industry knowledge and technical capabilities in light of your professional service needs.

Our Understanding of Your Needs

Based upon our understanding of your needs, we would, audit the financial statements of the Utility beginning with the year ending December 31, 2022, in accordance with auditing standards generally accepted in the United States of America and generally accepted governmental auditing standards. We also understand that the Utility receives federal awards and may require a Single Audit in accordance with Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Our Understanding of the Utility

The Mission of the Utility is to provide safe, low cost, high quality sanitary sewer service to the Citizens of North Little Rock and other areas as directed. The Utility, through its planning, will also support the orderly growth of the community with the overall objective of preserving the health and well-being of the citizens and the environment

We appreciate this opportunity to submit our proposal for services and look forward to continuing a mutually beneficial relationship with the Utility. Please feel free to contact us with any questions.

Very truly yours,

Certified Public Accountants & Consultants

Firm Profile

Who We Are

At EGP, we recognize that there are many reputable firms throughout the state who can perform your audit with quality and efficiency. In choosing an auditing and consulting firm, first you need to determine the firm has the initial qualifications to satisfy your basic needs. We believe that we are uniquely poised to meet those needs based on the following criteria:

Our Experience

EGP, PLLC opened its doors in 1981 in North Little Rock, Arkansas and has since grown to four offices, including Heber Springs, Bryant and Little Rock. The firm's growth is due in part to our ability to attract highly talented associates. EGP believes it must attract the brightest associates to provide the best value-added services to its clientele. Bruce Engstrom, Founding Partner, credits this growth to the firm's philosophy: We work with people, not just numbers. This philosophy derives from a belief that the commitment to our clients and to our associates of EGP is top priority.



Our Resources

In addition to the fact that we have been serving governmental and not-for-profit organizations for over 30 years, we are also an independent member of Allinial Global. As a member of Allinial Global we also bring a wealth of information and experience to North Little Rock Waste Water Utility that is not available through many other firms in the state of Arkansas. Allinial Global is an association of independent firms totaling over 20,000 accountants in 122 countries. We can bring these resources to bear to help you resolve issues, strategize and find out first-hand what your peers are doing. With our experience and knowledge of your industry, we can help you address the risks and opportunities faced in your industry.

We will fully utilize our resources through our association with Allinial Global to bring their resources to bear to address any issues and to ensure a high level of quality in products delivered at no additional cost to North Little Rock Waste Water Utility

Our Values

We believe in answering four key questions to establish who we are for both our clients and our employees. Those questions and answers are as follows:

Why Do We Exist?

To solve problems for our clients. The primary reason that clients cite for changing accountants is lack of guidance from their existing firm. Consulting with a client is not a single occurrence; it's a dynamic process that changes with the client's needs. The experts at EGP understand that the firm's true value lies in solving problems for you and being proactive rather than reactive when addressing challenges and opportunities.

As CPAs and Accountants, we are trained to be technical problem-solvers. Clients can be burdened with weighty issues, and they look to us for expertise in finding the best solutions. This can be a very difficult and emotional process for our clients, and it is often necessary for an advisor to help defuse a situation and provide an objective view of the entire picture before offering solutions to what may be wide ranging issues. We must place ourselves in our client's shoes and handle the situation as if it were our own.

How Do We Behave?

EGP, PLLC adopted a cultural model that is never centered on hierarchy or politics – it's not who we are. Instead, we behave with equality, accountability and humor which are our core values. To be a member of our team, you must possess integrity, technical knowledge and a strong work ethic. As demonstrated below, we believe that our clients, partners and associates must work together equally to reach solutions.

Equality – Clients, Partners, Associates finding Solutions. CPAS



What Do We Do?

Our firm mantra – Clients + Partners + Associates = Solutions (CPAS), Working Together, Finding Solutions. Each of these dynamics relies on the other in order to achieve the most successful result for all. We work with our clients to provide financial, tax and business solutions.

How Will We Succeed?

We will differentiate ourselves by delivering timely and quality solutions by having the best trained associates to help clients develop and find solutions with a holistic approach.

Professional Staff

The Firm's management provides diverse leadership styles while staying true to the premise on which EGP was founded. In order to achieve success, we must invest in our people. With more than 30 partners, professionals and administrative staff, we believe the following factors help us serve our clients well:

- EGP, PLLC has offices in North Little Rock, Bryant, Heber Springs and Jonesboro, Arkansas that share resources including professional staff. Many of our partners serve clients from all locations. This allows us to have large firm capabilities while focusing on providing personal working relationships to our clients. We serve a number of clients all across the state of Arkansas.
- EGP, PLLC and its auditors are free from personal and external impairments to independence, are organizationally independent, and will maintain an independent attitude and appearance in providing services to North Little Rock Waste Water Utility
- EGP, PLLC fully adheres to the standards of our profession and hereby affirms our commitment to confidentiality and agrees to keep all information related to the Utility in strictest confidence. If a need for releasing audit reports or related data arises, prior written approval of the Utility will be obtained.
- At EGP, PLLC we commit to keeping staff turnover to a minimal level. Our firm traditionally has a low level of staff turnover compared to the overall accounting profession – a testament to our dedication to making EGP, PLLC a great place to build a career. On each engagement, some minor staffing changes are likely to occur over the years. However, we minimize the impact of this very small change by keeping key management team members consistent in serving each client.
- All of our partners and CPAs are members of the AICPA, as well as members of State societies. They are serving both on and off the job by participating in many community affairs, and we encourage this type of activity. We are represented on various State committees and task forces. We participate in professional activities in many industry organizations, which provide us access to the most current information and allow us to respond more effectively to the needs of our clients.

Quality Control

We at EGP, PLLC have a passion for the quality of our services. An extensive review process is utilized to assure that the highest standards are met. A partner is involved with all services provided before they are considered complete. Additionally our quality standards require your

service team to have the expertise, experience, and continuing professional education (CPE) to provide high quality audit services to the Utility.

EGP, PLLC operates under a quality control system that meets or exceeds standards set by the AICPA. All our workpapers go through a detailed review process. In addition, all drafted financial statements receive an objective second level of review by a qualified individual (manager or partner level).



No disciplinary actions have been imposed by the AICPA, State Boards of Public Accountancy, or the State Societies of CPAs. No field reviews or State desk reviews have been conducted of our audits in the last three years. We are subject to a peer review every three years. The result of our most recent report was an unmodified, “clean” opinion. Our most recent peer review was completed in July 2017 and is included in this request for qualifications. Our peer reviews have included audits performed in accordance with Government Auditing Standards, the Consolidated Audit Guide for Audits of HUD Programs, and the OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

All staff that work on audits in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, including planning, directing, performing field work or reporting, must obtain at least 80 hours of CPE every two years that directly enhances the auditor’s professional proficiency to perform audits. At least 20 of the 80 hours must be obtained annually and at least 24 of the 80 hours of CPE must be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

The Utility will have an audit partner, Lindsey Baker, and an audit manager, Amy Hathorn, available to assist you in resolving questions, exploring opportunities or to serve as a sounding board for ideas. Colin Gorman or Jeff Crone will also be performing a concurring review of the audit. We have included biographies on each person for your review. Staff will also be assigned to your account during the course of our services in order to meet your timelines. In addition, we will draw on the knowledge of our consultants and advisors to provide the Utility with the best possible service.

We will work with you to establish the timing of our work to minimize disruption to the on-going finance operations of the Utility and adhere to your deadlines. In addition, we will notify you promptly of any change in the key personnel mentioned above prior to commencing the audit.

Service Approach

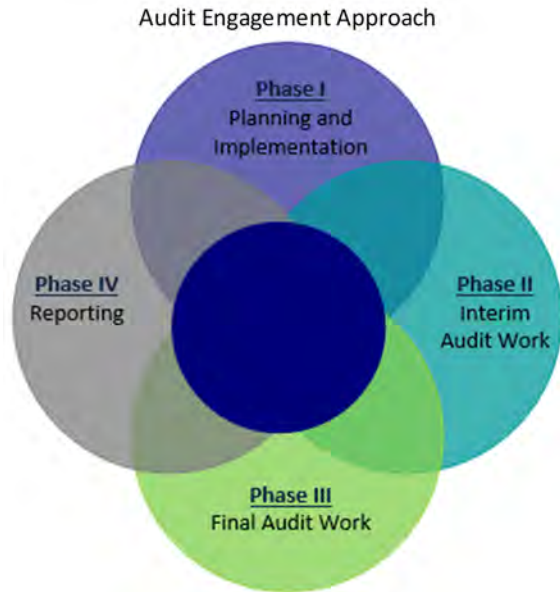
The Foundation of Our Service

We pride ourselves on understanding our clients and their needs. Based on this, we will assess audit risk and design an audit approach that best fits the circumstances of the Utility. Standardizing for efficiency can be a profitable strategy. However, in today's competitive world, rigid uniformity for its own sake stalls efficiency and creativity. At EGP, PLLC we have adopted a forward-thinking approach encouraging flexibility according to the needs of the Utility. By no means will uniformity shadow the continuous critical thinking of our professionals. They will innovate and prepare effective and efficient approaches which are specific to the Utility.

Timing is everything. We schedule our work both on an interim and final basis to minimize the impact on your staff while maximizing effectiveness of the audit preparation process. We will meet tight time schedules and deliver our reports on a timely basis.

Key Components

Along with effective communication, the use of technology and creative analytical tools, we will serve your needs through the following key components of our audit process:



- **Scheduling** – We have allotted time on our schedule to begin planning immediately upon your acceptance of our proposal. Upon acceptance, we will work with your staff to finalize the fieldwork dates in order to meet the deadline of providing final draft financial statements to the Utility staff for their review prior to the final draft being submitted. Unlike many other firms, we strive to balance our staff development with the efficiencies gained by allowing our staff to work on an engagement for a number of years. Consequently, we believe you will see a lower level of staff turnover on your engagement when compared to the typical national or regional firm. This generally results in a more efficient audit, minimizes the risk of engagement problems

and causes less frustration. In addition, our low member-to-staff ratio allows management access to our partners and assures close supervision of your engagement team. Our partners are regularly accessible for timely services and decisions.

- **Planning** - The amount of time and effort that goes into the planning stage of an audit has increased significantly as a result of continuing changes to professional standards. We will spend a significant amount of time in this stage of the audit developing an understanding of the Utility and the environment in which it operates, including internal controls and applicable compliance requirements. This additional time in the planning process should lead to the remainder of the audit being performed in a more effective and efficient manner.

- **Risk Based Approach** - After obtaining an understanding of the Utility, we will design and execute a customized audit plan to specifically address the financial statements and material compliance requirements of your any major Federal and State programs. We utilize a risk based approach in the design and performance of our audit plan, focusing the majority of the engagement team’s efforts in the areas that are the most significant from both a financial and compliance perspective. We feel that this approach provides a more efficient and effective audit result for the Utility and the other users’ of the financial statements, while also giving us the opportunity to provide recommendations to assist you in the most important areas of the Utility’s operations and compliance.
- **Audit Procedures** – Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will utilize risk based sampling techniques in our audit in the instances that sampling is either required or would be the most efficient and effective audit procedure.



Sample sizes are determined by a combination of the population size and the risk assessed on the area being tested, in accordance with guidance prescribed by the AICPA. Sample selections and other information requests will be communicated as early as possible to allow the Utility’s staff ample time to locate the appropriate documents and support. We will also request written representations from the Utility’s attorneys as part of the engagement, and they may bill the Utility for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Our firm strives to have a “lights-out” approach for our audits. This means that we work to have all audit workpapers reviewed and deliver a preliminary draft audit report to you when we leave the field. Although this cannot always happen due to information that may be pending, this is the goal we try to achieve. We find that this adds to audit efficiency and, in turn, reduces the cost of performing the audit.

- **Wrap-Up and Exit Conference** - Toward the end of fieldwork, we will schedule a progress meeting, whether formal or informal, with the appropriate personnel from the Utility. This meeting will be used to discuss open items and any challenges we may face in completing the audit. We will also schedule an exit conference to discuss the financial statements, any findings, and to review the representations we will ask management to make, as well as any other communications we will be required to have with management and those charged with the governance of the Utility. Observations and recommendations will be summarized in writing and will include any internal control and program compliance areas.
- **Interaction with and Utilization of Your Staff** - We will interact with your staff in a professional manner, respecting their time and recognizing their responsibilities beyond helping with our audit. We anticipate using your staff to help document your systems, prepare confirmations and other correspondence, and gather source documents we may need to examine as part of our audit.

- **Strictly-kept Deadlines** - We take pride in our ability to honor deadlines and we will adjust the usage of our staffing resources to ensure that we complete your engagements by an agreed-upon date. Absent events beyond our control, we will meet deadlines listed in your request for qualifications. In order to meet these deadlines, it is critical that the numbers provided be complete, that all clean-up and reconciliations are completed, entries be posted, and that information supporting and reconciling with the numbers be available.

Proposed Investment

The philosophy of EGP, PLLC is to provide the highest quality service for a fair and competitive fee. We firmly believe that in order to ensure your satisfaction, we must bring value in excess of our fees.

Three Year Proposal

We expect our professional fees to perform the audit for the Utility for the single year ended June 30, 2022, to be \$26,000 - \$31,000 for a financial audit or \$30,000 - \$35,000 for a single audit under Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The fees would be subject to a 3%-5% increase annually following the first year. Travel, report processing and out-of-pocket expenses will be billed separately.

Your investment is generally determined according to the amount of time spent on the engagement multiplied by applicable hourly rates of the various personnel involved in the performance of the services. The cost is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If unexpected circumstances are encountered that will require significant additional time, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If actual time to complete the engagement is less than estimated, you will be billed the lower amount.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Please note that the above proposed investment is based upon the present accounting requirements and the present structure of your accounting department. It is also based on the understanding that you will have already adjusted your books and records as needed prior to the commencement of our audit. Such accounting services are not included in our above proposed fee. Subsequent changes could necessitate additional charges.

If, during the course of the year, you request accounting or consulting services beyond the scope of this engagement, such time will be billed at our standard hourly rates. We will discuss the proposed services with you before beginning any additional work in order to develop a plan for the work to be performed and an estimate of the time required.

If we are asked to perform research or respond in writing to a request, we will discuss with you the estimated time we will incur to respond. When billing events present themselves during the year, unless we otherwise predetermine billing arrangements, our current hourly rates will apply. Our current rates range from approximately \$90 to \$280 per hour. We attempt to utilize

individuals with the lowest billing rates who are qualified to perform the services to maximize efficiency and keep your overall fees as reasonable as possible.

Conclusion

Audits performed by EGP, PLLC are valuable management tools for your Utility. Because of our commitment to quality, you can count on our experience and knowledge to provide effective and concise financial reporting services. The audits performed by EGP, PLLC are conducted in accordance with the highest of professional standards. Our professional objectives are to provide the highest quality services on a timely basis. We extend our client relationships to include ongoing contact and services to achieve our service objectives.

Our mission is to help our clients become more successful and meet their goals. We believe we can do this by offering suggestions and ideas, initiating and providing management advice on all financial matters and performing our services at the highest quality level. We want to be a partner in your success.

We are accessible. We are easy to reach because we work in service teams. This team approach allows us to respond faster and more efficiently to the client's needs. We recognize the value of timely service, and we commit to provide quality service to you in a timely manner.

Thank you for the opportunity to propose to provide professional services for the Utility. Our entire team at EGP, PLLC is excited about the possibility of working with the Utility's team on your account. We are confident EGP, PLLC is the right fit for your ongoing needs.

Appendix A: Team Biographies

For your convenience, biographical information on the team assigned to your engagement is presented below:

Partners and Professionals



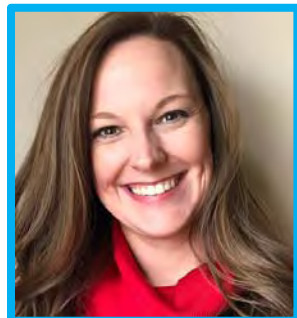
Lindsey Baker, CPA

Lindsey is the audit partner on this engagement. She is a native Arkansan and a graduate of Harding University in Searcy, Arkansas. Lindsey began her career with a Big Four firm in its audit practice. She now has over twenty years of public accounting experience with a wide range of auditing experience in the areas of financial and professional services, construction, non-profit, and governmental entities for various organizations including privately held and publicly traded companies. Lindsey is a member of the Arkansas Society of Certified Public Accountants and the American Institute of Certified Public Accountants. Lindsey also participated in Leadership Saline in 2018.



Colin Gorman, CPA/PFS, CVA, CIT

Colin is a Certified Public Accountant (CPA), Personal Financial Specialist (PFS), Certified Valuation Analysts (CVA) and Construction Industry Technician (CIT). He earned a Bachelor of Arts in Business and Economics and Master of Arts in Accounting from Hendrix College in Conway, Arkansas. Colin was an infantryman in the United States Marine Corps Reserve. He was called to active duty in 2003 and spent seven months in Iraq leading foot and mechanized patrols. He received a meritorious field promotion to Sergeant, a Combat Action Ribbon, and a Presidential Unit Citation along with other medals while serving in Iraq. Although he has extensive experience in many areas of taxation, accounting, and financial management, he has specialized experience with construction accounting, small businesses, and estate and trust planning. Colin served as Treasurer for the Associated Builders & Contractors of Arkansas for many years and was Chairman of the Board in 2012, is a member of Veterans of Foreign Wars, the Marine Corps League, and several other professional and trade organizations.



Amy Hathorn, CPA, CFE

Amy is a graduate of the University of Central Arkansas in Conway, Arkansas where she earned a Bachelor of Business Administration with an emphasis in accounting. She is a licensed Certified Public Accountant over six years of public accounting experience. She also has two years of experience working in private accounting. Amy recently passed the examination for Certified Fraud Examiners. She is a member of the Arkansas Society of Certified Public Accountants, the American Institute of Certified Public Accountants, as well as the Association of Certified Fraud Examiners.



Shelby Eddy

Shelby is a graduate of Arkansas State University – Jonesboro where she earned a Bachelor of Science in Accounting. With over five years of service in public accounting, Shelby has experience in providing tax and audit services for clients in industries ranging from construction, non-profit, banking and agriculture. She is currently pursuing her Certified Public Accountant license to improve upon the knowledge she has already gained from experience.

Appendix B: Peer Review Report



Alexander Thompson Arnold PLLC

185 North Church Avenue, Dyersburg, TN 38024
P 731.285.7900 F 731.285.6221
www.atacpa.net

Report on the Firm's System of Quality Control

February 2, 2021

To the Members of EGP, PLLC
And the Peer Review Committee of the Alabama Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of EGP, PLLC (the firm) in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, an audit of an employee benefit plan, and an audit performed under FDICIA.

As a part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

.Firms can receive a rating of pass, pass with deficiency (ies), or fail. EGP, PLLC has received a peer review rating of pass.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of EGP, PLLC in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)*, or *fail*. EGP, PLLC has received a peer review rating of *pass*.

Alexander Thompson Arnold PLLC

let's start the project.

EGP, PLLC

North Little Rock

611 Main Street
No. Little Rock, AR 72114
Ph: 501.374.2910
Fx: 501.374.8425

Bryant

711 W. Commerce St.
Bryant, AR 72022
Ph: 501.847.1568
Fx: 501.847.2491

Heber Springs

421 S. 7th Street
Heber Springs, AR 72543
Ph: 501.362.8281
Fx: 501.362.0584

Little Rock

11809 Hinson Rd, #200
Little Rock, AR 72212
Ph: 501.221.9410

THINGS WE DO BEST

Taxes

Accounting

Advisory

Audit

Valuations

Our ability to adopt
your ambitions and find
solutions to your
problem is a hallmark
of our firm's practice.



www.egpcpas.com

contact us

CONTACT INFO

Lindsey Baker, Partner
lbaker@egpcpas.com

Colin Gorman, Partner
cgorman@egpcpas.com

Amy Hathorn, Manager
ahathorn@egpcpas.com

September 20, 2022

North Little Rock Waste Water Utility
Attn: Michael Clayton, Executive Director
7400 Baucum Pike
North Little Rock, AR 72117

You have requested that we audit the financial statements of the business-type activities of North Little Rock Waste Water Utility, as of December 31, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise North Little Rock Waste Water Utility's basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal award programs for the period ended December 31, 2022. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs.

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and Government Auditing Standards, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *the Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule
3. Schedule of Changes in Net Position Liability and Related Ratios
4. Schedule of Contributions
5. Schedule of Changes in Other Post-Retirement Benefit Liability and Related Ratios

Supplementary information other than RSI will accompany North Little Rock Waste Water Utility's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

1. Schedule of Operating Expenses
2. Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the *earlier* of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Audit of the Financial Statements

We will conduct our audits in accordance GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of an audit of financial statements in accordance with GAAS we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Little Rock Waste Water Utility's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and Government Auditing Standards does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of North Little Rock Waste Water Utility's basic financial statements. Our report will be addressed to Treatment Committee of North Little Rock Waste Water Utility. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of Major Program Compliance

Our audit of North Little Rock Waste Water Utility's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we considers necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any

significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Nonattest Services

With respect to any nonattest services we perform (including but not limited to the preparation of the financial statements and proposing any necessary journal entries in connection with the engagement), North Little Rock Waste Water Utility's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

We will not assume management responsibilities on behalf of North Little Rock Waste Water Utility. However, we will provide advice and recommendations to assist management of North Little Rock Waste Water Utility in performing its responsibilities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards, including those issued by the AICPA.
- The nonattest services are limited to the services previously outlines. Our firm, in its sole professional judgement, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Management's Responsibilities

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal awards received and expended during the period and the federal programs under which they were received;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
6. For designing, implementing, and maintaining effective internal control over federal awards that provides reasonable assurance that the entity is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards;
7. For identifying and ensuring that the entity complies with federal laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of federal award

- programs, and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal award programs;
8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
 9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
 10. For taking prompt action when instances of noncompliance are identified;
 11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
 12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
 13. For submitting the reporting package and data collection form to the appropriate parties;
 14. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
 15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence;
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
 16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
 17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
 18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
 19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance; For the accuracy and completeness of all information provided;
 20. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
 21. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With regard to the schedule of expenditures of federal awards referred to above, you acknowledge and understand your responsibility (a) for the preparation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance, (b) to provide us with the appropriate written representations regarding the schedule of expenditures of federal awards, (c) to include our report on the schedule of expenditures of federal awards in any document that contains the schedule of expenditures of federal

awards and that indicates that we have reported on such schedule, and (d) to present the schedule of expenditures of federal awards with the audited financial statements, or if the schedule will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by you of the schedule and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing and Fees

Lindsey Baker is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising EGP, PLLC's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees are based on the amount of time required at various levels of responsibility, plus actual out-of-pocket expenses. Invoices will be rendered every two weeks and are payable upon presentation. We estimate that our fee for the audit will be between \$30,000 and \$35,000. Our standard hourly rates vary according to the degree of the responsibility involved and the experience level of the personnel assigned to your audit. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. You will be obligated to pay the balance reflected on an invoice no later than thirty days (30) after such invoice is mailed to you. We reserve the right to charge interest, at a rate up to twelve (12) percent per annum, on any past-due balance. Notwithstanding the foregoing or any interest reflected on any invoice, in the event the interest charged on a past-due balance exceeds the applicable usury rate, the interest charged on such past-due balance shall be the maximum amount of interest chargeable without exceeding such usury rate. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Whenever possible, we will attempt to use North Little Rock Waste Water Utility's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of EGP, PLLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of EGP, PLLC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to *those charged with governance* the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement

with, the arrangements for our audit of the financial statements compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,

EGP, PLLC

Certified Public Accountants & Consultants

RESPONSE:

This letter correctly sets forth our understanding.

North Little Rock Waste Water Utility

Acknowledged and agreed on behalf of North Little Rock Waste Water Utility by:

Name: _____

Title: _____

Date: _____

(4)

ENGINEERING SERVICES FOR TULIP FARMS ECONOMIC DEVELOPMENT

NLRW has been working with the Economic Development Office of the City of North Little Rock for the major development activities at the Highway 70 and Highway 391 area during the last year. The area adjacent to Amazon Fulfillment Complex has three lots with planned developments of major distribution facilities. Due to the topography of the of the land and high ground water table, extending gravity sewer lines would be extremely difficult and cost prohibitive for the low-density development.

Thomas Engineering is currently working with the City coordinating development activities for the area, and NLRW Staff is recommending utilization of Thomas Engineering, on behalf of NLRW, to design a force main system to serve the area. The City through its Economic Development Office has committed to the funding of the wastewater force main.

We have a proposal from Thomas Engineering, a local firm, to provide the surveying and design services for a force main using the fee schedule consistent with the Arkansas Building Authority Guidelines. The estimated cost of the project is around \$2,000,000 and using a 7.25 percent design fee for engineering services for projects of this amount, the projected design services fee is estimated to be \$145,000.

ACTION REQUESTED:

Authorize Staff to enter into a design services agreement with Thomas Engineering for design of the force main facilities to serve the City of North Little Rock Economic Development Project located at Tulip Farm.



CONTRACT

FOR

PROFESSIONAL SERVICES BETWEEN OWNER AND ENGINEER

TULIP FARMS ADDITION FORCE MAIN EXTENSION

THIS **CONTRACT** is made this ____ day of _____, 2022, by and between the **North Little Rock Wastewater Treatment Committee**, herein called the “Owner,” acting herein through its Executive Director, Michael Clayton, and **Thomas Engineering Company, Inc.**, herein called “Engineer” or “Consultant.”

In consideration of the mutual covenants herein, the parties agree as follows:

ARTICLE 1 -- SCOPE OF ENGINEER'S BASIC SERVICES

1.01 The Engineer will provide all professional services necessary for the complete design and construction documentation of the Project (the “Work”), as generally identified below, and more specifically described in the Contract Documents, attached hereto as

Attachment 2- Survey and Civil Engineering Scope of Work

ARTICLE 2 – CONTRACT DOCUMENTS

2.01 The Contract Documents shall consist of:

- .1 This fully executed Agreement, including all attachments;
- .2 Scope of Work Attachment
- .3 Written Amendments;

ARTICLE 3 – ENGINEER'S TEAM MEMBERS

3.01 Team Members:

Thomas Engineering Company, Inc.

Subcontractors: A geotechnical engineer as needed

ARTICLE 4 – OWNER'S DESIGNATED REPRESENTATIVE

4.01 *The Owner's Designated Representative is:*

Michael Clayton, Executive Director

ARTICLE 5 – DELIVERABLES:

5.01 Consultant shall provide to the Owner the following:

- .1 Construction plans for the Work.
- .2 Engineer’s estimate of probable construction cost
- .3 Construction documentation as described above.
- .4 Resident Inspection (Observation)

ARTICLE 6 – BASIC AGREEMENT AND PERIOD OF SERVICE

6.01 Engineer shall provide or furnish all professional services necessary for the complete design and construction documentation of the Project. If authorized by Owner, or if required because of changes in the Project, Engineer shall furnish services in addition to those set forth above (“Additional Services”).

ARTICLE 7 -- PAYMENT PROCEDURES

7.01 Engineer shall prepare invoices in accordance with its standard invoicing practices and submit the invoices to Owner on a monthly basis. Invoices are due and payable within 15 days of receipt.

7.02 As compensation for Engineer providing or furnishing Services and, if applicable, Additional Services, Owner shall pay Engineer as set forth in Attachment 1 - Engineering Services Agreement. If Owner disputes an invoice, either as to amount or entitlement, then Owner shall promptly advise Engineer in writing or the specific basis of the dispute, may withhold only that portion so disputed, and must pay the undisputed portion.

7.03 (Left Blank Intentionally)

7.04 For Additional Services, Owner shall pay Engineer an amount equal to the cumulative hours charged in providing the Additional Services by each class of Engineer’s employees, times standard hourly rates for each applicable billing class; plus reimbursement of expenses, as defined herein, incurred in connection with providing the Additional Services and Engineer’s consultants’ charges, if any. Engineer’s standard hourly rates are attached as Attachment 3. Additional Services will be permitted only if approved in writing by the Owner and Engineer. **Geotechnical engineering and materials testing services, if required, shall be considered Additional Services and billed to Owner on an at cost/reimbursable expense.**

7.05 “Reimbursable expenses” are defined as the following:

- .1 Fees paid for securing approval of authorities having jurisdiction over the Project;
- .2 Printing, reproductions, standard form documents;
- .3 Postage and handling;
- .4 Models, mock-ups, professional photography, and presentation materials requested by the Owner and prepared in-house by Engineer.

ARTICLE 8 – NON-APPROPRIATION

8.01 (Left Blank Intentionally) ~~Notwithstanding any other provision of this Contract, with respect to any financial obligation of the Owner which may arise under this Agreement in any fiscal year after the year of execution, in the event the budget or other means of appropriation for any year fails to provide funds in sufficient amounts to discharge such obligation, such failure (i) shall act to terminate this Contract at such time as the then-existing and available appropriations are depleted, and (ii) neither such failure nor termination shall constitute a default or breach of this Contract, including any sub-agreement attachment, schedule, or exhibit thereto, by the Owner. As used herein, the term "appropriation" shall mean and include the due adoption of an appropriation ordinance and budget which contains an allocation of sufficient funds for the performance of fiscal obligations arising under this Contract.~~

ARTICLE 9 – ENGINEER’S REPRESENTATIONS AND WARRANTIES

9.01 In order to induce Owner to enter into this Agreement Engineer makes the following representations:

.1 The standard of care for all professional engineering and related services performed or furnished by Engineer under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the State of Arkansas, and that all work on the Project shall meet the specifications set forth in the Contract Documents. Engineer further represents and warrants that Engineer and all personnel used to perform the Project, possess the knowledge, skill, and experience necessary to perform the Project.

.2 The Engineer hereby represents that it (and the individual engineers it employees on this Project) are licensed to practice Engineering as required by law in the State of Arkansas. Nothing in this Agreement shall be construed to authorize performance by the Engineer at a standard of care that is reduced from that which is required by law and which is expected of engineers practicing under similar circumstances and conditions.

.3 The Engineer agrees that its designs, Construction Documents, and Services shall conform to all federal, state, and local statutes and regulations applicable to its Services and the Project.

.4 The Engineer agrees and acknowledges that this duty is non-delegable – and that the Engineer, by signing drawings or preparing Construction Documents to submit for purposes of obtaining governmental permits, shall be deemed to certify that it has taken every reasonable measure to ascertain what codes apply to the Project and as applied them accordingly. Nothing in this Agreement shall be construed to eliminate or diminish the Engineer’s responsibility for compliance of its design, it Construction Documents, and its Services provided with local, state, and federal statutes and regulation.

9.02 The Engineer further represents and warrants that:

.1 Engineer has full power and authority to enter into this Agreement and to carry out the Project contemplated by this Agreement.

.2 The Engineer represents and warrants that Engineer will comply with all laws applicable to the performance of the Project under this Agreement.

.3 The Engineer represents and warrants that Engineer’s execution, delivery, and

performance of this Agreement will not constitute: (i) a violation of any judgment, order, or decree binding on Engineer; (ii) a breach under any contract by which Engineer is bound; or (iii) an event that would, with notice or lapse of time, or both, constitute such a breach.

.4 The Engineer represents and warrants that the Project will be performed with the degree of skill and care that is required by current, good, and sound professional procedures and practices, and in conformance with generally accepted professional procedures and industry standards prevailing at the time the Project is performed,

.5 The Engineer represents and warrants that Engineer has, and shall maintain in effect for the duration of this Agreement, all licenses, permits qualifications, and approvals of whatsoever nature which are legally required for Engineer to complete the Project. If applicable, Engineer shall also take reasonable steps to ensure that all permitted subcontractors are similarly licensed and qualified.

ARTICLE 10 – EXCLUDED ENGINEER SERVICES

10.01 Engineer shall not at any time supervise, direct, control, or have authority over any Constructor's work, nor shall Engineer have authority over or be responsible for the means, methods, techniques, sequences, or procedures of construction selected or used by any Constructor, or the safety precautions and programs incident thereto, for security or safety at the Project site, nor for any failure of a Constructor to comply with laws and regulations applicable to such Constructor's furnishing and performing of its work. Engineer shall not be responsible for the acts or omissions of any Constructor.

10.02 Engineer neither guarantees the performance of any Constructor nor assumes responsibility for any Constructor's failure to furnish and perform its work.

10.03 Engineer's opinions (if any) of probably construction cost are to be made on the basis of Engineer's experience, qualifications, and general familiarity with the construction industry. However, because Engineer has no control over the cost of labor, materials, equipment, or services furnished by others, or over contractors' methods of determining prices, or over competitive bidding or market conditions, Engineer cannot and does not guarantee that proposals, bids, or actual construction cost will not vary from opinions of probable construction cost prepared by Engineer. If Owner requires greater assurance as to probable construction cost, then Owner agrees to obtain an independent cost estimate.

10.04 Engineer shall not be responsible for any decision made regarding the construction contract requirements, or any application, interpretation, clarification, or modification of the construction contract documents other than those made by Engineer or its consultants.

10.05 Engineer's Services do not include any services related to unknown or undisclosed Constituents of Concern, *as defined herein*. If Engineer or any other party encounters, uncovers, or reveals an unknown or undisclosed Constituent of Concern, then Engineer may, at its option and without liability for consequential or any other damages, suspend performance of Services on the portion of the Project affected thereby until the Owner retains appropriate specialist consultants or contractors to identify, abate and/or remove the Constituent of Concern and warrant that the portion of the Project affected is in full compliance with applicable laws and

regulations, or terminate this Agreement for cause if it is not practical to continue providing Services.

10.06 Engineer's Services and, if applicable, Additional Services, do not include:

- .1 serving as a "municipal advisor" for purposes of the registration requirements of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) or the municipal advisor for registration rules issued by the Securities and Exchange Commission;
- .2 advising Owner, or other person or entity, regarding municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, or other similar matters concerning such products or issuances;
- .3 providing surety bonding or insurance-related advice, recommendations, counseling, or research, or enforcement of construction insurance or surety bonding requirements; and
- .4 providing legal advice or representation;
- .5 geotechnical, soils or subsurface engineering and/or structural engineering, and/or environmental investigations or permitting, wetland investigations or permitting.

ARTICLE 11 – TERMINATION

11.01 The obligation to continue performance under this Agreement may be terminated for cause:

- .1 By either party upon thirty (30) days written notice in the event of substantial failure by the other party to perform in accordance with the Agreement's terms through no fault of the terminating party; or
- .2 Failure to pay Engineer for its Services is a substantial failure to perform and a basis for termination.

11.02 The obligation to continue performance under this Agreement may be terminated by Engineer upon seven days written notice if Owner demands that Engineer furnish or perform services contrary to Engineer's responsibilities as a licensed professional. Engineer shall have no liability to Owner on account of a termination for cause by Engineer.

11.03 Notwithstanding the foregoing, this Agreement will not terminate as a result of a substantial failure under paragraph 11.01 if the party receiving such notice begins, within seven (7) days receipt of such notice, to correct its substantial failure to perform and proceeds diligently to cure such failure within no more than thirty (30) days of receipt of notice; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such thirty (30) day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more that, sixty (60) days after the date of receipt of the notice.

11.04 The obligation to continue performance under this Agreement may be terminated for convenience, by Owner effective upon Engineer's receipt of written notice from Owner.

11.05 In the event of any termination under paragraph 11.01, Engineer will be entitled to invoice Owner and to receive full payment for all Services and, if applicable, Additional Services performed or furnished in accordance with this Agreement, plus reimbursement of expenses incurred through the effective date of termination in connection with providing the Services and, if applicable, Additional Services, and Engineer's consultants' charges, if any, upon providing documentary support to the Owner's satisfaction.

ARTICLE 12 – CHANGE ORDERS

12.01 Owner and Engineer agree and acknowledge as a part of this Agreement that no Change Order, as defined herein, or other form or order or directive is authorized without written assurance by the Director of Finance that lawful appropriations to cover the costs of the additional work have been made, and funds are available. The change order shall be signed by the Owner's Designated Representative, and the Engineer. It is the Engineer's sole responsibility to know, determine, and ascertain the authority of the Owner representative signing any change order under this Agreement.

ARTICLE 13 – DISPUTE RESOLUTION

13.01 Owner and Engineer agree to negotiate each dispute between them in good faith during the thirty (30) days after written notice of dispute. If negotiations are unsuccessful in resolving the dispute, then the dispute shall be mediated by using a mediation service, mutually agreed upon by the parties, located in Pulaski County, Arkansas with the costs being shared equally by the parties. If mediation is unsuccessful, the parties may exercise their rights at law in a court of competent jurisdiction in Pulaski County, Arkansas.

ARTICLE 14 – WAIVER OF “REMOTE” OR “SPECULATIVE” DAMAGES

14.01 Owner and Engineer agree that neither party will be liable for breach-of-contract damages that the breaching party could not reasonably have foreseen on entry into this Agreement. Owner agrees that Engineer's total liability to Owner under this Agreement shall be limited to the total amount of compensation received by Engineer.

ARTICLE 15 – INSURANCE

15.01 Engineer shall maintain for the duration of this Agreement all forms of insurance required by law in the State of Arkansas, where the Project is located, and the state in which the Engineer is located, if different. In addition to professional liability insurance with a per occurrence basis, the Engineer shall also maintain insurance coverage for comprehensive general liability, automobile liability, and workers compensation by a carrier satisfactory to the Owner. The Engineer shall ensure that any and all Consultants engaged or employed by the Engineer carry and maintain similar insurance covering their respective portions of the Services.

ARTICLE 16 – COPYRIGHT

16.01 The Engineer and the Owner warrant that in transmitting Instruments of Service, or any other information, the transmitting party is the copyright owner of such information or has permission from the copyright owner to transmit such information for its use on the Project.

16.02 The Engineer hereby assigns to the Owner, without reservation, all copyrights in all Project-related documents, models, photographs, and other expression created by the Engineer. Among those documents are certain "Instruments of Service," including the design drawings and the Construction Documents. The assignment provided for in this Section 16.03 shall result in the Owner being deemed sole copyright holder in the Instruments of Service and in all other designs and drawings created or prepared for this Project; and no other person or entity shall be deemed co-author or joint copyright holder in the works created or prepared for this Project. The Owner's obligation to pay the Engineer is expressly conditioned upon the Engineer's obtaining a valid written comprehensive assignment of copyrights from its Consultants in terms identical to those that obligate the Engineer to the Owner as expressed in this subsection, which copyrights the Engineer, in turn, hereby assigns to the Owner. The Owner, in consideration, hereby grants the Engineer and its Consultants a revocable, nonexclusive license to reproduce the documents for purposes relating directly to the Engineer's performance of its obligations under this Agreement, for the Engineer's archival records, and for the Engineer's reproduction of drawings and photographs in the Engineer's marketing materials, provided that the Project-related contents of those materials are approved as requested in Section ___ of this Agreement. This nonexclusive license shall terminate automatically upon the occurrence of either a breach of this Agreement by the Engineer or the accused commission by the Engineer of a tort or a crime affecting the Owner or the Project or upon termination of this Agreement. This nonexclusive license is granted to the Engineer alone and shall not be assigned by the Engineer to any other person or entity, except that the nonexclusive license granted in this Agreement to the Engineer for purposes of the Engineer's performance hereunder may be sub-licensed to the Engineer's Consultants (with the same limitations). Subject to the foregoing, this nonexclusive license shall terminate automatically upon an Engineer's assignment of this nonexclusive license to another or its attempt to do so.

16.04 The Engineer shall obtain similar nonexclusive licenses from the Engineer's consultants consistent with this Agreement.

16.05 In the event Owner uses the Instruments of Service on other projects not specific to this Scope of Work, the Owner releases the Engineer from all claims and causes of action arising from such uses.

16.06 Except for the licenses granted in this Article 12, no other license or right shall be deemed granted or implied under this Agreement. No other Project-related data, expression, or documents may be reproduced by the Engineer or its Consultants for any other purpose without the express written permission of the Owner.

16.07 If the Owner subsequently reproduces Project-related documents or creates a derivative work based upon Project-related documents created by the Engineer, the Owner shall (where permitted or required by law) remove or completely obliterate the original professional's seals, logos, and other indications on the documents of the identity of the Engineer and its Consultants.

16.08 The Engineer shall maintain the confidentiality of all Project documents and information and shall not publish or in any way disseminate or distribute any Project-related document, including, but not limited to, correspondence, estimates, drawings, specifications, photographs, or any other material relating to the Project without the express written authorization of the Owner.

ARTICLE 17 – DEFINITIONS

17.01 Constituent of Concern – Any substance, product, waste, or other material of any nature whatsoever (including, but not limited to, Asbestos, Petroleum, Radioactive Material, and PCBs) which is or becomes listed, regulated, or addressed pursuant to (a) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§9601 et seq. (“CERCLA”); (b) the Hazardous Materials Transportation Act, 49 U.S.C. §§1801 et seq.; (c) the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq. (“RCRA”); (d) the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; (e) the Clean Water Act, 33 U.S.C. §§1251 et seq.; (f) the Clean Air Act, 42 U.S.C. §§7401 et seq.; and (g) any other federal, state, or local statute, law, rule, regulation, ordinance, resolution, code, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, or material.

17.02 Constructor – any person or entity (not including the Engineer, its employees, agents, representatives, and consultants), performing or supporting construction activities relating to the Project, including but not limited to contractors, subcontractors, suppliers Owner's work forces, utility companies, construction managers, testing firms, shippers, and truckers, and the employees, agents, and representatives of any or all of them.

17.03 Designated Owner Representative – the individual or entity named as such in the Agreement.

17.04 Reimbursable Expenses – expenses defined in Section 6.05 of this Agreement.

17.05 Remote or Speculative Damages – losses that were not reasonably foreseeable as a consequence of the breach, on the Effective Date, by the Party that breaches this Agreement.

ARTICLE 18 – MISCELLANEOUS

18.01 Choice of Law; Venue – The parties hereto agree that this Contract shall be construed under Arkansas law, excluding its conflict of laws rules. The parties further agree that proper jurisdiction and venue for any cause of action arising from this Contract shall be vested in either the U.S. District Court for the Eastern District of Arkansas or the Circuit Court of Pulaski County, Arkansas.

18.02 Non-Waiver – No delay or failure to exercise any right under this Contract shall impair any such right or be construed to be a waiver thereof. No waiver shall be effective unless in writing signed by the party waiving. A waiver of a right on one occasion shall not be deemed to be waiver of such right on any other occasion. A waiver of a right on one occasion shall not be deemed to be a waiver of any other right on that occasion.

18.03 No Assignment – The Project to be performed pursuant to this Contract is personal in nature, and Contractor may not, voluntarily or by operation of law, assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Owner.

18.04 Merger – This Contract constitutes the full understanding of the parties, a complete allocation of risks between them and a complete and exclusive statement of the terms and conditions of their agreement, related to the Services provided hereunder. All prior agreements, negotiations, dealings and understandings, whether written or oral, regarding the subject matter hereof, are superseded by and merged into this Contract.

18.05 Data Transmission – Owner and Engineer may transmit, and shall accept, Project-related correspondence, documents, text, data, drawings, information, and graphic, in electronic media or digital format, either directly, or through access to a secure Project website, in accordance with a mutually agreeable protocol.

18.06 Modification – No conditions, usage of trade, course of dealing or performance, understanding or agreement purporting to modify, vary the terms or conditions of the Contract shall be binding unless hereafter made in writing and signed by the party to be bound, and no modification shall be effected by the acknowledgment or acceptance of any forms containing terms or conditions or variance with or in addition to those set forth in this Contract.

18.07 Severability – Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

18.08 No Presumption against Drafter – Each of the parties hereto has jointly participated in the negotiation and drafting of this Agreement. In the event an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the parties hereto and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any provisions of this Agreement.

18.09 Counterpart Execution – This Contract may be executed in two or more counterparts, each of which is deemed as original but all constitute one and the same instrument.

18.10 Filing – This document shall be filed in the official records of the Owner Clerk of the Owner of North Little Rock, Arkansas. Either party may additionally file this document in any other governmental office deemed appropriate; however, the parties waive all claims and defenses in law or equity based upon such additional filing.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed on the above date intending to be bound thereby.

**North Little Rock Wastewater
Treatment Committee**

Thomas Engineering Company, Inc.

By: _____
Michael Clayton, P.E.
Executive Director

By: _____
Thomas R. Pownall, P.E.
Vice President

Attachment 2

SURVEY AND CIVIL ENGINEERING SCOPE OF WORK

1.01 The Engineer shall perform all necessary services as detailed under this Contract in connection with and respecting the following undertaking:

1. Tulip Farms Addition Force Main Extension
 - a. Design Phase.
 - i. Meet with the Owner or his representative(s) to establish design criteria and scope of work.
 - ii. Topographic Survey of Barton Road cul-de-sac and Hill Lake Pump Station area
 - iii. Civil Engineering Design
 1. Plan, Profile & Section Sheets showing:
 - a. Force main extension
 - b. Gravel fire access road.
 - c. Erosion control
 - d. Materials testing and geotechnical investigation are not included in this contract.
 2. Sewer and force main details
 - iv. Prepare detailed cost estimates and proposals for authorized construction which shall include summaries of bid items and quantities based on the unit price system of bidding. The Engineer shall not be required to guarantee the accuracy of the estimates.
 - v. Furnish to the Owner, without additional charge, five (5) sets of approved plans and specifications.
 - b. Construction and Resident Inspection Phase.

Bidding, Construction Stakeout, Construction Observation & Contract Administration.

 - i. Assist the City in advertising for bids, notifying contractors, opening and tabulating the bids for each phase of construction, and advising the City as to the proper action for all proposals received.
 - ii. Assist in the preparation of formal contract documents for the award of the contract.
 - iii. Provide general engineering observation of the work of the construction contractor.
 - iv. Provide horizontal and vertical control in the field adequate for construction stakeout. Construction stakeout is not part of this contract.
 - v. Provide sufficient inspectors under the direct supervision of a Registered Professional Engineer, to check the contractor's work, make detailed estimates for interim and final pay estimates, and keep the Owner informed as to the progress and quality of the work.
 - vi. Check and approve samples, catalog data, schedules, shop drawings, laboratory shop and mill tests of materials and equipment and other data which the Contractor is required to submit, only for conformance with the

design concept of the Project and compliance with the information given by the Contract Documents; and assemble written guarantees which are required by the Contract Documents.

- vii. Consult with and advise the Owner, act as their representative at the Project site, issue all instructions of the Owner to the Contractors, and prepare change orders as required.
- viii. Conduct, in company with the owner, a final inspection of each contract for conformance with the design concept and compliance with the plans and specifications, and approve, in writing, final payment to the contractor.
- ix. Provide as-built drawings to Owner upon completion of the work.
- x. In performing these services, the Engineer will endeavor to protect the Owner against defects and deficiencies in the work of the Contractor, but he cannot guarantee the performance of the Contractor, nor be responsible for the actual supervision of construction operations or for the safety measure that the Contractor takes or should have.

DIRECTOR'S HIGHLIGHTS

Michael Clayton, September 29, 2022

September 2022 Highlights

NLRW Engineering Staff met with representatives of Union Pacific Railroad on September 29, 2022, to gain a better understanding of UPRR's plans for the industrial and stormwater sewer system improvements.

Phase I of the bank stabilization for the effluent outfall line for the Faulkner Lake WRF is underway. The stabilization project includes stripping vegetation on the river slopes, placing geotextile fabric and riprap for bankside protection.

The necessary documentation for the 2008, 2012 and 2016 Sewer Bond Replacements have been completed.

Arkansas Energy and Environment (ADEQ) performed an inspection at the land application site on Dougan Farms on June 30, 2022. During the inspection, it was determined there were three violations of the land application project, as noted in their letter, which requires action by NLRW. The Contractor, J & B Tanker, Inc., was responsible for compliance with the NPDES Permit, however, ultimately NLRW Staff is responsible for the Contractor to comply within the requirements of the Permit and Contract Manual. A suspension of the work was sent to the Contractor on September 2, 2022, while an internal review was undertaken. All the biosolids removal from the Five Mile Creek WRF was completed and approximately 890 tons of the estimated 3,500 tons of the biosolids from the Faulkner Lake WRF have been applied. Staff is currently in the process of terminating the Biosolids Removal and Land Application Contract with J & B Tanker, Inc. An internal review of procedures will be completed prior to the next biosolids removal project.

NLRW Staff is currently working on as many as eight applications for possible grant funding from the State of Arkansas American Rescue Plan Act Funds. The deadline for applications is November 4, 2022, with an announcement of successful applicants by the end of the year.

NLRW has partnered with a company working for the CDC to sample wastewater at the four Water Reclamation Facilities as part of the wastewater-based epidemiology analysis. As data becomes available from the testing results, a link to their dashboard will be available to the Public.

