

## ENGINEERING SERVICES AGREEMENT

**THIS IS AN AGREEMENT** made as of \_\_\_\_\_, 2016 between the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (**OWNER**) and **Palmer Engineering, Inc.** (**CONSULTANT**). **OWNER** intends to proceed with the **West Loudon Avenue Streetscape** as described in the attached "**Scope of Services**" document (**Exhibit A**). The services are to include surveying, preliminary and final design, and preparation of complete plans and specifications for the **West Loudon Streetscape Project (from North Broadway to North Limestone)**. The services are hereinafter referred to as the **Project**.

**OWNER** and **CONSULTANT** in consideration of their mutual covenants herein agree in respect of the performance of professional engineering services by **CONSULTANT** and the payment for those services by **OWNER** as set forth below.

**CONSULTANT** shall provide professional consulting services for **OWNER** in all phases of the Project to which this Agreement applies, serve as **OWNER'S** professional engineering representative for the Project as set forth below and shall give professional consultation and advice to **OWNER** during the performance of services hereunder.

### **SECTION 1 - BASIC SERVICES OF CONSULTANT**

#### **1.1. General**

**CONSULTANT** shall perform professional services as hereinafter stated that include customary civil, geotechnical, structural, and traffic engineering services; and customary surveying services incidental thereto.

#### **1.2. Data Collection and Preliminary Design Phase**

After written authorization to proceed with the Data Collection and Preliminary Design Phase, **CONSULTANT** shall:

- 1.2.1.** Notify the **OWNER** in writing of its authorized representative who shall act as Project engineer and liaison representative between the **CONSULTANT** and the **OWNER**.
- 1.2.2.** Meet with **OWNER** to discuss the project requirements and proposed Scope of Work, and to conduct a project site visit.
- 1.2.3.** On the basis of the "Scope of Services", review available GIS, mapping, PVA and related documents; conduct field and boundary surveys; and prepare a Preliminary Design Technical Memorandum. The latter shall include preliminary plans and a preliminary opinion of construction costs, accompanied by separate cost opinions for utility relocation and total right-of-way/easement acquisition.
- 1.2.4.** Furnish up to five (5) copies (total TBD) of the above preliminary design documents and present them in person to **OWNER**. After **OWNER'S** detailed review, attend conference with **OWNER** to discuss **OWNER'S** comments.

- 1.2.5. Furnish one copy of the above preliminary drawings to each of the local utility companies.
- 1.2.6. Furnish one (1) copy of the above preliminary drawings to the Kentucky Transportation Cabinet.

### **1.3. Final Design Phase**

After written authorization to proceed with the Final Design Phase, **CONSULTANT** shall:

- 1.3.1. On the basis of the approved preliminary design documents and the preliminary opinion of construction cost, prepare final drawings and specifications consistent with the "Scope of Services", to show the character and extent of the Project.
- 1.3.2. Prepare such documents and design data as may be required to apply for approvals of such governmental authorities as have jurisdiction over design criteria applicable to the Project, and obtain such approvals by negotiations with appropriate authorities.
- 1.3.3. Advise **OWNER** of any adjustments to the latest opinion of construction cost resulting from changes in the project extent and/or design requirements, or in changes to unit costs. Furnish a revised opinion of construction cost based on the Drawings and Specifications.
- 1.3.4. Prepare for review and approval by **OWNER**, contract agreement forms, general conditions and supplementary conditions, bid forms, invitations to bid and instructions to bidders, and other related documents.
- 1.3.5. Furnish up to five (5) copies (total TBD) of the above documents and present them in person to **OWNER**. After **OWNER'S** detailed review, attend conference with **OWNER** to discuss **OWNER'S** comments.
- 1.3.6. Furnish one (1) copy of the Final Drawings to each of the local utility companies.
- 1.3.7. Furnish one (1) copy of the Final Drawings to the Kentucky Transportation Cabinet.

### **1.4. Easement and Right-of-Way Acquisition**

After written authorization to proceed with Easement and Right-of-Way Acquisition, **CONSULTANT** shall:

- 1.4.1. Prepare plats and legal descriptions as required for acquisition of right-of-way consistent with the "Scope of Services".
- 1.4.2. Prepare exhibits and legal descriptions as required for acquisition of temporary and permanent easements consistent with the "Scope of Services".
- 1.4.3. Set corner pins (or offsets) as necessary to define the physical limits of all properties which must be acquired in fee simple.

Note: Negotiations with property owners for acquisitions of easements and right-of-way will be performed by LFUCG personnel.

### **1.5. Bidding or Negotiating Phase**

The Bidding or Negotiation Phase shall be performed solely by the **OWNER**. However, during Bidding, the **CONSULTANT** shall be available to address any questions that arise concerning the accuracy or intent of his work.

#### **1.6. Construction Phase**

The Construction Phase shall be performed solely by the **OWNER**. However, during Construction, the **CONSULTANT** shall be available to address any questions that arise concerning the accuracy or intent of his work.

### **SECTION 2 - EXTRA WORK BY CONSULTANT**

- 2.1.** The **OWNER** may desire to have the **CONSULTANT** perform work or render services in connection with this Project other than provided by the expressed intent of this Agreement. Such work shall be considered as "Extra Work", subject to a change order, supplemental to this Agreement, setting forth the character and scope thereof and the compensation therefore. Work under such change order shall not proceed until the **OWNER** gives written authorization. Should the **OWNER** find it desirable to have previously satisfactorily completed and accepted plans or parts thereof revised, the **CONSULTANT** shall make such revisions as directed, in writing, by the **OWNER**. This work shall be considered as "Extra Work" and shall be paid as such.
- 2.2.** All "Extra Work" is subject to prior written authorization of **OWNER** and necessary appropriations made by the Urban County Council.

### **SECTION 3 - OWNER'S RESPONSIBILITIES**

#### **OWNER shall:**

- 3.1.** Provide criteria and information as to **OWNER'S** requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations.
- 3.2.** Assist **CONSULTANT** by placing at his disposal available information pertinent to the Project.
- 3.3.** Examine all studies, reports, sketches, drawings, specifications, proposals and other documents presented by **CONSULTANT**, and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of **CONSULTANT**.
- 3.4.** Designate in writing a person to act as **OWNER'S** representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define **OWNER'S** policies and

decisions with respect to materials, equipment, elements and systems pertinent to **CONSULTANT'S** services.

- 3.5. Give written notice to **CONSULTANT** whenever **OWNER** observes or otherwise becomes aware of any development that affects the scope or timing of **CONSULTANT'S** services, or any defect in the work of Contractor(s).
- 3.6. Furnish, or direct **CONSULTANT** to provide, necessary Extra Work as stipulated in Section Two (2) of this Agreement or other services as required.

#### **SECTION 4 - PERIOD OF SERVICES**

- 4.1. Time is of the essence. See "Scope of Services, Additional Requirements, Part 1, Schedule and Completion" (attached) for the detailed project schedule.
- 4.2. The provisions of this Section Four (4) and the various rates of compensation for **CONSULTANT'S** services provided for elsewhere in this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion.

If delays result by reason of acts of the **OWNER** or approving agencies, which are beyond the control of the **CONSULTANT**, an extension of time for such delay will be considered. If delays occur, the **CONSULTANT** shall within 30 days from the date of the delay apply in writing to the **OWNER** for an extension of time for such reasonable period as may be mutually agreed upon between the parties, and if approved, the Project schedule shall be revised to reflect the extension. Such extension of time to the completion date shall in no way be construed to operate as a waiver on the part of the **OWNER** of any of its rights in the Agreement. Section 6.5, under DISPUTES, of this Agreement, shall apply in the event the parties cannot mutually agree upon an extension of time.

In the event that the overall delay resulting from the above described causes is sufficient to prevent complete performance of the Agreement within six (6) months of the time specified therein, the Agreement fee or fees shall be subject to reconsideration and possible adjustment. Section 6.5 of this Agreement shall apply in the event the parties cannot mutually agree upon an adjustment of fee.

#### **SECTION 5 - PAYMENTS TO CONSULTANT**

##### **5.1 Methods of Payment for Services of CONSULTANT**

###### **5.1.1 For Basic Services.**

**OWNER** shall pay **CONSULTANT** for Basic Services rendered a fee not exceeding **Ninety six thousand, six hundred dollars and zero cents (\$96,600.00)**.

###### **5.1.2. For Extra Work.**

"Extra Work" shall be paid for by the **OWNER** on the basis of a fixed fee, the amount of which shall be determined by negotiation. The **OWNER** shall have the right to negotiate alternate methods of payment for "Extra Work" if the **OWNER** determines that the fixed fee basis is not feasible. In the event the **OWNER** and the **CONSULTANT** are unable to agree upon the amount of payment for "Extra Work", then the amount of such payment shall be determined as set forth in Section 6.5, "DISPUTES" of this Agreement.

**5.2. Times of Payment.**

**5.2.1.** **CONSULTANT** shall submit monthly statements for Basic Services and Extra Work rendered. The Statements will be based upon **CONSULTANT'S** estimate of the proportion of the total services actually completed at the time of billing. **OWNER** shall respond to **CONSULTANT'S** monthly statements within thirty (30) days, either denying payment or making payment.

**5.3. Other Provisions Concerning Payments.**

**5.3.1.** In the event the Agreement is terminated by the **OWNER** without fault on the part of the **CONSULTANT**, the **CONSULTANT** shall be paid for the work performed or services rendered an amount bearing the same ratio to the total Agreement fee; as the amount of work completed or partially completed and delivered to the **OWNER** is to the total amount of work provided for herein, as determined by mutual agreement between the **OWNER** and the **CONSULTANT**.

**5.3.2.** In the event the services of the **CONSULTANT** are terminated by the **OWNER** for fault on the part of the **CONSULTANT**, the **CONSULTANT** shall be paid reasonable value of the work performed or services rendered and delivered, and the amount to be paid shall be determined by the **OWNER**.

**5.3.3.** In the event the **CONSULTANT** shall terminate the Agreement because of gross delays caused by the **OWNER**, the **CONSULTANT** shall be paid as set forth in Section 5.3.1 above.

**SECTION 6 - GENERAL CONSIDERATIONS**

**6.1. Termination**

**6.1.1.** The obligation to provide further services under this Agreement may be terminated by either party upon seven (7) days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

**6.1.2.** The **OWNER** reserves the right to terminate the Agreement at any time upon seven (7) days written notice to the **CONSULTANT**.

**6.2. Ownership and Reuse of Documents.**

All documents, including Drawings and Specifications, prepared by the **CONSULTANT** pursuant to this Agreement shall be delivered to and become the property of the **OWNER**. The **OWNER** shall have the right to reuse same without restriction or limitation, but without liability or legal exposure to **CONSULTANT**.

**6.3. Legal Responsibilities and Legal Relations.**

- 6.3.1.** The **CONSULTANT** shall familiarize himself with and shall at all times comply with all federal, state and local laws, ordinances, and regulations which in any manner affect the services of this Agreement.
- 6.3.2.** In performing the services hereunder, the **CONSULTANT** and its sub-**CONSULTANTS**, employees, agents and representatives shall not be deemed or construed to be employees of **OWNER** in any manner whatsoever. Except as otherwise provided in this Agreement, the **CONSULTANT** shall be acting as an independent contractor. The **CONSULTANT** shall not hold itself out as, nor claim to be, an officer or employee of **OWNER** by reason hereof and shall not make any claim, demand or application to or for any right or privilege applicable to an officer or employee of **OWNER**. The **CONSULTANT** shall be solely responsible for any claims for wages or compensation by **CONSULTANT'S** employees, agents and representatives, including sub-**CONSULTANTS**, and shall save and hold **OWNER** harmless therefrom.
- 6.3.3.** The parties hereto agree that causes of actions between the parties shall be governed by applicable provisions of the Kentucky Revised Statutes.

**6.4. Successors and Assigns.**

- 6.4.1.** **CONSULTANT** binds itself and his partners, successors, executors, administrators, assigns and legal representatives to this Agreement in respect to all covenants, agreements and obligations of this Agreement. **CONSULTANT** shall not assign any interest, obligation or benefit in this Agreement, nor transfer any interest in the same, whether by assignment or novation, without prior written consent of **OWNER**.
- 6.4.2.** The **CONSULTANT** shall not subcontract more than fifty percent (50%) of the work, based upon dollar value, to be provided under this Agreement. The **CONSULTANT** shall obtain written approval prior to subletting or assigning any services contained in this Agreement, and consent to sublet or assign any part of this Agreement shall not be construed to relieve the **CONSULTANT** of any responsibility for compliance with the provisions of this Agreement.
- 6.4.3.** Nothing herein shall be construed to give any rights or benefits hereunder to anyone other than **OWNER** and **CONSULTANT**.

**6.5. Disputes.**

Except as otherwise provided in this Agreement, any dispute concerning the amount of payment due the **CONSULTANT** or any dispute concerning any question of fact of any act to be performed under this Agreement, which is not disposed of by agreement between the Urban County

Engineer's Office and the **CONSULTANT**, shall be submitted to the Commissioner, Department of Planning, Preservation and Development, Lexington-Fayette Urban County Government for review. The decision of the Commissioner as to the determination of such dispute shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, arbitrary or so grossly erroneous as necessarily to imply bad faith. Pending a final decision of a dispute hereunder, the **CONSULTANT** shall proceed diligently with the performance of the Agreement in accordance with the directions of the **OWNER**.

**6.6. Accuracy of CONSULTANT'S Work.**

The **CONSULTANT** shall be required to perform this Agreement in accordance with the degree of ordinary and reasonable skill and care usually exercised by professional engineers prevailing at the time, place and under similar conditions as the services hereunder are rendered.

The **CONSULTANT** shall be responsible for the accuracy of all work, even though Drawings and Specifications have been accepted by the **OWNER**, and shall make any necessary revisions or corrections resulting from errors and/or omissions on the part of the **CONSULTANT**, without additional compensation. By submission of reports, soils and subsurface information, quantities estimates, calculations and Drawings and Specifications to the **OWNER**, the **CONSULTANT** has made an incontrovertible representation that the information is accurate. Failure on the part of **CONSULTANT** to provide the expected level of accuracy may be grounds for the **OWNER** to disqualify **CONSULTANT** from consideration for future **CONSULTANT** engineering contracts.

**6.7. Security Clause.**

The **CONSULTANT** certifies that he shall not at any time release or divulge any information concerning the services covered by this Agreement to any person or any public or private organization except the **OWNER** without prior approval of the **OWNER**.

**6.8. Access to Records.**

The **CONSULTANTS** and his sub-**CONSULTANTS** shall maintain all books, documents, papers, and accounting records, and make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of final payment under the contract for inspection by the **OWNER**, and copies thereof shall be furnished if requested. Failure to maintain such records for three (3) years after the date of final payment may be grounds for the **OWNER** to disqualify the **CONSULTANT** from consideration for future **CONSULTANT** engineering contracts.

**6.9. Risk Management Provisions, Insurance and Indemnification**

**6.9.1. Definitions**

The **CONSULTANT** understands and agrees that the Risk Management Provisions of this Agreement define the responsibilities of the **CONSULTANT** to the **OWNER**.

As used in these Risk Management Provisions, the terms “**CONSULTANT**” and “**OWNER**” shall be defined as follows:

- a. **CONSULTANT** means the consultant and its employees, agents, servants, owners, principals, licensees, assigns and subcontractors or subconsultants of any tier.
- b. **OWNER** means the Lexington-Fayette Urban County Government and its elected and appointed officials, employees, agents, boards, assigns, volunteers, and successors in interest.

**6.9.2. Indemnification and Hold Harmless Provision**

- a. It is understood and agreed by the parties that **CONSULTANT** hereby assumes the entire responsibility and liability for any and all damages to persons or property caused by or resulting from or arising out of any act or omission on the part of **CONSULTANT** under or in connection with this agreement and/or the provision of goods or services and the performance or failure to perform any work required thereby.
- b. **CONSULTANT** shall indemnify, save, hold harmless and defend **OWNER** from and against all liability, damages, and losses, including but not limited to, demands, claims, obligations, causes of action, judgments, penalties, fines, liens, costs, expenses, interest, defense costs and reasonable attorney’s fees that are in any way incidental to or connected with, or that arise or are alleged to have arisen, directly or indirectly, from or by **CONSULTANT**’s performance or breach of the agreement and/or the provision of goods or services provided that: (a) it is attributable to personal injury, bodily injury, sickness, or death, or to injury to or destruction of property (including the loss of use resulting therefrom), or to or from the negligent acts, errors or omissions or willful misconduct of the **CONSULTANT**; and (b) not caused solely by the active negligence or willful misconduct of **OWNER**.
- c. Notwithstanding, the foregoing, with respect to any professional services performed by **CONSULTANT** hereunder (and to the fullest extent permitted by law), **CONSULTANT** shall indemnify, save, hold harmless and defend **OWNER** from and against any and all liability, damages and losses, including but not limited to, demands, claims, obligations, causes of action, judgments, penalties, fines, liens, costs, expenses, interest, defense costs and reasonable attorney’s fees, for any damage due to death or injury to any person or injury to any property (including the loss of use resulting therefrom) to the extent arising out of, pertaining to or relating to the negligence, recklessness or willful misconduct of **CONSULTANT** in the performance of this agreement.
- d. In the event **OWNER** is alleged to be liable based upon the above, **CONSULTANT** shall defend such allegations and shall bear all costs, fees and expenses of such defense, including but not limited to, all reasonable attorneys’ fees and expenses, court costs, and expert witness fees and expenses, using attorneys approved in writing by **OWNER**, which approval shall not be unreasonably withheld.



- e. These provisions shall in no way be limited by any financial responsibility or insurance requirements, and shall survive the termination of this agreement.

**6.9.3. Financial Responsibility**

The **CONSULTANT** understands and agrees that the **CONSULTANT** shall, prior to final acceptance of the **CONSULTANT'S** proposal and the commencement of any work; demonstrate the ability to assure compliance with the Indemnity Agreement and other provisions of Section 6.9 of this Agreement.

**6.9.4. Insurance Requirements**

**6.9.4.1 Required Insurance Coverage**

**CONSULTANT** shall procure and maintain for the duration of this Agreement at its cost and expense the following or equivalent insurance policies at no less than the limits shown below and cause its subcontractors to maintain similar insurance with limits acceptable to **OWNER** in order to protect **OWNER** against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by **CONSULTANT**.

<u>Coverage</u>	<u>Limits</u>
General Liability (Insurance Services Office Form CG 00 01)	\$1 million per occurrence, \$2 million aggregate or \$2 million combined single limit
Commercial Automobile Liability (Insurance Services Office Form CA 0001)	combined single, \$1 million per occurrence
Professional Liability	\$1 million per occurrence
Worker’s Compensation	Statutory
Employer’s Liability	\$500,000.00

The policies above shall contain the following conditions:

- a. Policy shall be obtained unless it is deemed not to apply by **OWNER**.
- b. The Professional Liability policy shall be maintained for a minimum of three years beyond the completion date of the contract, to the extent commercially available. If not commercially available, **CONSULTANT** shall notify **OWNER** and obtain similar insurance that is commercially available and acceptable to **OWNER**, unless **OWNER** waives requirement.
- c. **OWNER** shall be provided at least 30 days advance written notice via certified mail, return receipt requested, in the event any of the required policies are canceled or non-renewed.
- d. Said coverage shall be written by insurers acceptable to **OWNER** and shall be

in a form acceptable to **OWNER**. Insurance placed with insurers with a rating classification of no less than Excellent (A or A-) and a financial size category of no less than VIII, as defined by the most current Best's Key Rating Guide shall be deemed automatically acceptable.

**6.9.4.2. Renewals**

After insurance has been approved by **OWNER**, evidence of renewal of an expiring policy must be submitted to **OWNER**, and may be submitted on a manually signed renewal endorsement form. If the policy or carrier has changed, however, new evidence of coverage must be submitted in accordance with these Insurance Requirements.

**6.9.4.3. Deductibles and Self-Insured Programs**

Self-insurance programs, deductibles, and self-insured retentions in insurance policies are subject to separate approval by Lexington-Fayette Urban County Government's Division of Risk Management, upon review of evidence of **CONSULTANT'S** financial capacity to respond to claims. Any such programs or retentions must provide **OWNER** with at least the same protection from liability and defense of suits as would be afforded by first-dollar insurance coverage. If **CONSULTANT** satisfies any portion of the insurance requirements through deductibles, self-insurance programs, or self-insured retentions, **CONSULTANT** agrees to provide Lexington-Fayette Urban County Government, Division of Risk Management, the following data prior to the final acceptance of bid and the commencement of any work:

- a. Latest audited financial statement, including auditor's notes.
- b. Any records of any self-insured trust fund plan or policy and related accounting statements.
- c. Actuarial funding reports or retained losses.
- d. Risk Management Manual or a description of the self-insurance and risk management program.
- e. A claim loss run summary for the previous five (5) years.
- f. Self-Insured Associations will be considered.

**6.9.4.4. Verification of Coverage**

**CONSULTANT** agrees to furnish **OWNER** with all applicable Certificates of Insurance signed by a person authorized by the insurer to bind coverage on its behalf prior to final award, and if requested, shall provide **OWNER** copies of all insurance policies, including all endorsements.

**6.9.4.5. Right to Review, Audit and Inspect**

**CONSULTANT** understands and agrees that **OWNER** may review, audit and inspect any and all of its records and operations to insure compliance with these Insurance Requirements.

**6.9.5 Safety and Loss Control**

**CONSULTANT** understands and agrees that **OWNER** is in no way responsible for the safety and property of **CONSULTANT** or its personnel, **CONSULTANT** shall comply with all applicable federal, state and local safety standards related to the performance of its work or services under this

Agreement and take reasonably necessary action to protect the life, health and safety and property of its personnel, the public and **OWNER** in the locations and areas in which **CONSULTANT** is performing services under the Agreement.

#### **6.9.6 Default**

**CONSULTANT** understands and agrees that the failure to comply with any of these insurance, safety, or loss control provisions shall constitute default and that **OWNER** may elect at its option any single remedy or penalty or any combination of remedies and penalties, as available, including but not limited to purchasing insurance and charging **CONSULTANT** for any such insurance premiums purchased, or suspending or terminating the work.

#### **6.10 Resident Services During Construction.**

The **OWNER** will furnish a Resident Project Inspector.

### **SECTION 7 - EQUAL EMPLOYMENT OPPORTUNITY**

During the performance of this Agreement, the **CONSULTANT** agrees as follows:

- 7.1** The **CONSULTANT** will not discriminate against any employee or application for employment because of race, color, religion, national origin, sex, age, or handicap. The **CONSULTANT** will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, national origin, sex, age, or handicap. Such action shall include, but not be limited to the following: employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeships. The **CONSULTANT** agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this non-discrimination clause.
- 7.2** The **CONSULTANT** will, in all solicitations or advertisements for employees placed by or on behalf of the **CONSULTANT**, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, sex, age (between forty and seventy), or handicap.

### **SECTION 8 - SPECIAL PROVISIONS, EXHIBITS AND SCHEDULES**

- 8.1.** This Agreement is subject to the following provisions.
- 8.1.1.** Limits of Liability, as described in Section 6.9.2., shall be \$4,000,000.00.
- 8.1.2.** Pursuant to subparagraph 3.4 of this Agreement, **OWNER** has assigned Mark Feibes, PE, Municipal Engineer Sr., of the Division of Engineering, (the "**OWNER'S** Agent"), as the authorized agent of **OWNER**, to monitor, direct and review the performance of work of the **CONSULTANT**. Documents, data, reports and all matters associated with carrying out this Agreement shall be addressed to

the **OWNER'S** Agent or his designee. Questions by the **CONSULTANT** regarding interpretations of the terms, provisions and requirements under this Agreement shall be addressed to the **OWNER'S** Agent or his designee. The **CONSULTANT** shall look only to the **OWNER'S** Agent or his designee for direction in its performance under this Agreement; no other direction shall be binding upon **OWNER**. **OWNER** shall respond to written requests by **CONSULTANT** within thirty (30) days.

**8.2.** The following Exhibits are attached to and made a part of this Agreement:

**8.2.1** Exhibit A "Scope of Services", consisting of five (5) pages, plus a one (1) page attachment.

**8.2.2** Exhibit B Fee Proposal and Supporting Documentation consisting of twenty-seven (27) pages.

**8.2.3** Exhibit C "Certificate of Insurance" consisting of one (1) page.

**8.3.** This Agreement (consisting of pages 1 to 13 inclusive), together with the Exhibits and schedules identified above constitutes the entire Agreement between **OWNER** and **CONSULTANT** and supersedes all prior written or oral understandings. This Agreement and said Exhibits and schedules may only be amended, supplemented, modified or canceled by a duly executed written instrument.

**8.3. NO THIRD PARTY RIGHTS.** This agreement does not create a contractual relationship with or right of action in favor of a third party against either **OWNER** or **CONSULTANT**.

**8.4 UNENFORCEABLE TERMS/SURVIVABILITY.** If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall remain in full force and such term or provision shall be deemed stricken. The provisions of Section 6 of this Agreement shall survive its termination.

**8.5. NON-WAIVER.** The failure of either party to enforce any right reserved to it in this Agreement shall not be a waiver of any such right to which the party is entitled.

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Agreement as of the day and year first above written.

**OWNER:**

**CONSULTANT:**

**LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT  
200 East Main St.  
Lexington, KY 40507**

**PALMER ENGINEERING, INC.  
Suite 900  
301 East Main Street  
Lexington, KY 40507**

BY: \_\_\_\_\_  
JIM GRAY, MAYOR

BY: \_\_\_\_\_  
STEPHEN SEWELL, VICE PRESIDENT

ATTEST:

\_\_\_\_\_  
URBAN COUNTY COUNCIL CLERK  
COMMONWEALTH OF KENTUCKY  
COUNTY OF FAYETTE

The foregoing Agreement was subscribed, sworn to and acknowledged before me by \_\_\_\_\_, as the duly authorized representative for and on behalf of \_\_\_\_\_, on this the \_\_\_\_ day of \_\_\_\_\_, 2016.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

## **EXHIBIT A**

### **SCOPE OF SERVICES**

## **Scope of Engineering Services West Loudon Avenue Streetscape**

This Scope of Engineering Services provides a minimum set of guidelines, tasks, and activities for professional engineering and registered land surveying services (Consultant), to prepare a streetscape design for the 100 block of West Loudon Avenue. The Scope of Services includes topographic and boundary surveys, preliminary and final design, preparation of easement and right-of-way drawings, and associated funding and regulatory paperwork.

The design project will be overseen by the Lexington-Fayette Urban County Government, Division of Engineering (DOE). The project is primarily funded through a Transportation Alternatives Program (TAP) grant, administered through the Kentucky Transportation Cabinet Office of Local Programs (KYTC OLP).

### **Background**

The 100 block of West Loudon Avenue presents a variety of impediments to pedestrian, bicycle and transit users: missing sections of sidewalk, pull-in parking spaces that are partially in public right of way, a large old loading dock, indefinite arrangements for on-street parking and ill-defined edges of pavement that are shared by all modes of travel on a busy urban street. **This project will make sidewalks continuous from North Broadway to North Limestone on both sides of the street; add bicycle lanes to both sides of the street; add curbs to further delineate the pedestrian area; and define parking spaces within the right-of-way.**

101 and 120 West Loudon are eligible for the National Register of Historic Places. 101 West Loudon is the former Southeast Greyhound Line Building, which is in the early planning stages for renovation into a destination site. A key element of the design will investigate how best to make the public improvements for multimodal safety while not negatively impacting the integrity of the historic sites. A detailed historical resources study has been performed on the property, and therefore, no additional study for purposes of the Environmental is anticipated.

The project borders eleven properties. Right of way and/or easement acquisition requirements will be determined through the design process.

### **Scope of Services**

#### **1. Project Initiation and Review of Existing Information**

- 1.1. Meet with LFUCG staff (DOE and Traffic Engineering) to discuss the project requirements and proposed Scope of Work. The meeting shall include project site visits with the DOE.
- 1.2. Review all project related information as provided by DOE. Obtain available LFUCG GIS data for the area, mapping including parcel lines, aerial photography, and existing infrastructure.

## **2. Field Surveys and Preliminary Design**

- 2.1. Conduct field surveys with appropriate referencing to locate topographic features not shown on existing mapping. Confirm critical locations and elevations necessary for design including but not limited to existing roadway, sidewalk edges, retaining walls, sanitary and storm sewer features, and other utilities.
- 2.2. Research all deeds, plats and other property records to identify property lines, right-of-ways and easements.
- 2.3. Perform boundary surveys and set corner pins (or offsets) as necessary to define the physical limits of properties from which right of way must be purchased (if necessary).
- 2.4. Prepare a topographic survey of the project area.
- 2.5. Develop preliminary roadway, curb and gutter plans. Plans shall include information on lane widths, driveway entrance limits, pedestrian crossing and extents of construction. Roadway Plan shall also consider the existing drainage, existing property lines, existing utilities/utility conflicts, and/or other features or improvements that may impact construction costs.
- 2.6. Prepare a Preliminary Design Technical Memorandum documenting the following for each Project:
  - Proposed roadway plan;
  - Identification of all utility conflicts and proposed solutions;
  - List of impacted properties and property owners;
  - List of required easements and road right-of-way taking and encroachment (Determination of existing land rights shall be limited to recorded easements and right-of-way. For these purposes, prescriptive easements will be ignored.);
  - List of required permits and respective agencies from which the permit(s) will be secured;
  - List of agencies that will require notifications and/or approvals; and
  - Preliminary Opinion of Construction Costs.
- 2.7. Meet with the DOE to review the Preliminary Design Technical Memorandum. Consultant shall be responsible for meeting agendas, handouts, and meeting summaries.



### 3. Final Design

**Note: Task 3: Detailed (final) Design shall not begin until written authorization is received from DOE.**

- 3.1 Prepare Contract Drawings. At a minimum, the drawings shall include the following sheets:
  - Cover sheet with location map, sheet index, etc;
  - Plans scaled to 1" = 20'. Plans shall show all finalized features and detailed information as required for the preliminary plan;
  - Cross sections every 50 ft., and any details such as driveway entrances or other critical points;
  - Detail sheets, as required to fully convey the intent of the project and how to construct it; and
  - A General Summary Sheet, consistent with the LFUCG, DOE 2014 Unit Price Contract list.
- 3.2 Submit drawings to LFUCG DOE and KYTC OLP for review and comment, and revise drawings accordingly.
- 3.3 Correspond and meet with all impacted utility companies and regulatory agencies as required for this project. The Consultant may attend bi-monthly LFUCG Utility Coordination meetings as deemed useful.
- 3.4 Prepare an Engineers Estimate (EE) for each Project.
- 3.5 Prepare paperwork necessary for TIP funding, including LDA Design Review Checklist (LDRC), Project Development Checklist (PDC), Utility and Rail Note, Traffic Management Plan, etc.
- 3.6 Prepare a Bid Proposal. Note: LFUCG will furnish the front-end contract documents and their standard technical specifications. Consultant will need to prepare specifications for any special materials if used for this project.
- 3.7 Coordinate with the KYTC OLP to provide supporting data for the Environmental Review. OLP will take the lead on the Environmental. Note: Based on preliminary discussion with KYTC and Clearinghouse letters it is anticipated this project will receive at most a CE-1.
- 3.8 Prepare, submit applications, including public notices, and secure all required permits including but not limited to those listed in the Preliminary Design Technical Memorandum, or identified above.

Note: Contractor selection and construction administration will be performed solely by LFUCG. However, at any time during construction, the Consultant shall be available to address any questions that arise concerning the accuracy or intent of his work. Time to address potential questions should be incorporated into the final design fee.

#### **4. Easement and Right-of-Way Acquisition**

4.1. Consultant shall prepare a detailed plat for any required right-of-way acquisitions, and a metes and bounds description any required easements.

4.2. Consultant shall prepare all paperwork necessary for easement acquisition and right-of-way encroachment and/or taking, except for correspondence to affected property owners.

Notes: LFUCG will take the lead on contact with affected property owners.

At a minimum, Consultant shall comply with all criteria and standards as set forth in 201 KAR 18:150, *Standards of Practice*.

LFUCG will conduct negotiations with property owners for easements and right-of-way, and will bear any associated costs, including appraisals.

#### **Additional Requirements**

##### **1. Schedule and Completion**

The contract time to complete Tasks 1-2, is 60 calendar days from the date of the Notice to Proceed.

The contract time to complete Tasks 3-4, is 60 calendar days from acceptance of the Preliminary Design.

Within the Price Proposal, the Consultant shall provide a schedule showing milestones, deliverables and the number of calendar days into the contract period that each milestone occurs.

## **2. Deliverables**

- Five (5) copies of the Preliminary Design Technical Memorandum.
- Five (5) full-size sets of final plans.
- Two (2) reduced-size (11 x 17) sets of final plans.
- CD or flash drive with:
  - Bid-Set Plans in AutoCad (.dwg) format
  - Bid-Set Plans (stamped and signed) in Acrobat (.pdf) format
- Easement plats and descriptions.
- Right-of-way plats, descriptions and related paperwork for ROW taking and/or encroachment.

## **3. General Notes**

- Drawings shall be prepared in AutoCad format and according to LFUCG standards.
- Consultant is not responsible for:
  - Hydraulic evaluation of the sanitary or storm sewer system. If the project involves any sewer replacement, it shall be replaced with sewer of an equivalent or larger inside diameter at the existing slope.
  - Pavement design. LFUCG will provide pavement section detail(s) to be incorporated into the plans as needed.
  - Traffic and pedestrian signal design. LFUCG will provide details to be incorporated into the plans as needed.
  - Historical/Cultural Resources studies and Biological Resources studies, as required for the Environmental.

### **Attachments:**

- Plan View of Project Area – West Loudon Avenue Streetscape

## **EXHIBIT B**

### **FEE PROPOSAL AND SUPPORTING DOCUMENTATION**



July 11, 2016

Eric Pelfrey, P.E.  
Director  
Division of Professional Services  
KY Transportation Cabinet  
200 Mero Street  
Frankfort, KY 40622

RE: Item No. 7-3203.00  
West Loudon Streetscape  
Fayette County  
Agreement No. 2016-02-2, Letter Agreement No. 4  
**Negotiated Fee Proposal**

Dear Mr. Pelfrey:

Attached is our negotiated fee for preparing plans for the West Loudon Improvements in Fayette County. This fee proposal under the Statewide LPA contract includes:

- Minutes of Negotiation
- Palmer Engineering Fee Proposal
- Proposed Man-Hour Worksheet
- Current Audit for Palmer Engineering
- Certification of Final Indirect Costs for Palmer Engineering

Our proposed schedule and milestone dates for this modification include:

Preliminary Plan Review	September 1, 2016	60 percent
Public Meeting	October 1, 2016	90 percent
Proposal Plans for Letting	November 1, 2016	100 percent

Please contact us at your earliest convenience if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Sewell', is written over a light blue horizontal line.

Stephen Sewell, PE, PTOE  
Project Manager

Attachments

Minutes of Negotiations Meeting  
July 11, 2016

Fayette County  
W Loudon Ave Streetscape  
Item No. 7-3203.00

Participants:

1. Mark Feibes – LFUCG
2. Joshua Samples – KYTC
3. Shane Tucker –KYTC
4. Eric Pelfrey - KYTC
5. Kimberly Tompkins – KYTC Central
6. Stephen Sewell - Palmer Engineering Company

Palmer Engineering submitted man-hours for the development of W Loudon Streetscape Improvements in Fayette County on June 9, 2016.

The consultant originally proposed the following man-hours on June 9, 2016:

Survey	134 hours
Line and Grade	55 hours
Utility Coordination	12 hours
Right of Way Plans	47 hours
Final Plans	320 hours
Meetings	18 hours
Public Involvement	<u>12 hours</u>
Total Proposed	598 hours

On June 14, 2016, negotiations were performed over the phone with Mark Feibes. The following man-hours were negotiated and accepted by Palmer Engineering:

Survey	122 hours
Line and Grade	51 hours
Utility Coordination	4 hours
Right of Way Plans	28 hours
Final Plans	314 hours
Meetings	18 hours
Public Involvement	<u>10 hours</u>
Total Proposed	547 hours

On July 7, 2016, KYTC provided an independent man hour estimate since the hours were over 500 hours. The KYTC hours were 535 hours and Eric Pelfrey accepted Palmer proposed hours of 547. The following man-hours were submitted by KYTC:

Survey	78 hours
Line and Grade	76 hours
Utility Coordination	16 hours
Right of Way Plans	42 hours
Final Plans	247 hours
Meetings	56 hours
Public Involvement	<u>20 hours</u>
Total Proposed	535 hours

On July 11, 2016, Palmer confirmed with LFUCG that the 547 hours were accepted. The following man hours were accepted for the project:

Survey	122 hours
Line and Grade	51 hours
Utility Coordination	4 hours
Right of Way Plans	28 hours
Final Plans	314 hours
Meetings	18 hours
Public Involvement	<u>10 hours</u>
Total Proposed	547 hours

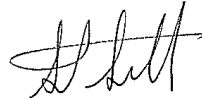
1. Proposed Fee: \$ 96,600.00

2. TIME OF COMPLETION

Preliminary Plan Review	September 1, 2016
Public Meeting	October 1, 2016
Proposal Plans for Letting	November 1, 2016

3. PERCENTAGE OF PAYMENT

Preliminary Plan Review	60 Percent
Public Meeting	90 Percent
Proposal Plans for Letting	100 Percent



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DEPARTMENT OF HIGHWAYS

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PALMER ENGINEERING COMPANY

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DATE

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July 11, 2016  
DATE



COUNTY Fayette  
 PROJECT West Loudon Avenue Streetscape  
 UPN \_\_\_\_\_  
 ITEM NO. 4003-003 / Auth#9093201D / Contract # 1600001801 / Item #07-03203

DATE 06/07/16

FEE CONSIDERATIONS	NEGOTIATED	MAN HOURS	AVERAGE RATE	EST. COST
1. PHASE 1-ROADWAY				
A. SURVEY		122	\$44.37	\$5,413
B. PRELIMINARY LINE AND GRADE		51	\$53.25	\$2,716
C. UTILITY RELOCATION COORDINATION		4	\$53.25	\$213
D. RIGHT OF WAY PLANS		28	\$53.25	\$1,491
E. FINAL PLANS		314	\$53.25	\$16,721
F. MEETINGS		18	\$69.79	\$1,256
G. PUBLIC INVOLVEMENT		10	\$69.79	\$698
		547		

LIST OF OTHER DIRECT COSTS  
 (see attached)


TOTAL DIRECT PAYROLL	\$28,508
OVERHEAD (178.24 %)	\$50,812
PROFIT ( 15%)	\$11,898
SUBCONSULTANTS ENVIRONMENTAL	
OTHER DIRECT COST	\$5,251
FACILITIES COST OF MONEY (0.46%)	\$131

SUBCONSULTANTS

SUBTOTAL	\$96,600
SHOP PLANS *	
<b>TOTAL PROPOSED FEE</b>	<b>\$96,600</b>

\*=(hrs)(Avg rate)((1+Overhead)(1+Profit)+FCM)

FIRM NAME PALMER ENGINEERING

SIGNATURE 

DATE 06/07/16

TITLE David M. Lindeman  
President

<b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)						
COUNTY	Fayette		PROJECT TYPE			
ROUTE	W Loudon		CONSULTANT			PALMER
DESC	W Loudon Streetscape		REVIEWED BY			
			PREPARED BY			SDS
ITEM NO.			DATE			
<b>SURVEY</b>						
No.	ITEM	CREW	UNIT		HRS/UNIT	
<b>RECONNAISSANCE</b>						
1	Control - (existing)	1	Mile	0.3	8	2
2	Utilities - (data gathering, identification & contact)	1	No.	6	1	6
3	Drainage - (sink holes, streams, pipes, etc.)	1	Mile	0.3	8	2
<b>CONTROL</b>						
4	Horizontal	2	Mile	0.3	12	7
5	Vertical	2	Mile	0.3	12	7
6	Process data	1	Mile	0.3	8	2
<b>PLANIMETRIC SURVEY</b>						
7	Planimetric location <i>(complete)</i>	2	Mile	0.3	8	5
8	Subsurface Utility Engineering, Quality Levels C & D	1	Mile	0.3	16	5
9	Subsurface Utility Engineering, Quality Level B	1	LS			0
10	Subsurface Utility Engineering, Quality Level A	1	LS			0
11	Process data	1	Mile			0
<b>TERRAIN SURVEY</b>						
12	DTM data collection <i>(Items 11-18 not required if used)</i>	2	Acre	4	6	48
13	Verify terrain model accuracy	2	Mile			0
14	Tie-ins	2	No.			0
15	Drainage situations survey (Bridge)	2	No.			0
16	Drainage situations survey (Culvert)	2	No.			0
17	Drainage pipe section (non-situation size)	2	No.			0
18	Flood plain data	2	No.			0
19	Railroad Surveys	2	No.			0
20	Additional necessary DTM data <i>(specify pickup or update)</i>	2	Acre			0
21	Process data	1	Mile	0.3	8	2
<b>ESTABLISH PROPERTY LINES &amp; OWNERSHIP</b>						
22	Contact & Interview Property Owners	1	Parcel	12	1	12
23	Field tie property lines/corners	1	Parcel	12	2	24
<b>STAKING</b>						
24	Stake centerlines, approaches, detours	2	Mile			0
25	Stake core holes - structures <i>(unit is per structure)</i>	2	No.			0
26	Stake core holes - roadway <i>(unit is per core hole)</i>	2	No.			0
<b>SURVEY MISCELLANEOUS</b>						
27	Determine roadway elevations (Crown and EP)	2	Mile			0
28	Environmental areas	2	No.			0
29						0
<b>SURVEY TOTAL</b>						<b>122</b>

<b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)						
COUNTY	Fayette			PROJECT TYPE		
ROUTE	W Loudon			CONSULTANT	PALMER	
DESC	W Loudon Streetscape			REVIEWED BY		
				PREPARED BY	SDS	
ITEM NO.				DATE		
<b>PRELIMINARY LINE AND GRADE</b>						
No.	ITEM		UNIT		HRS/UNIT	
30	Computer setup		LS	1	4	4
31	Prepare existing manuscripts		Mile			0
32	Establish approximate property lines and ownership		Parcel	12	0.5	6
33	Study and develop typical sections		No.	2	2	4
34	Study and develop horizontal alignments		Mile	0.3	12	4
35	Study and develop vertical alignments		Mile	0.3	12	4
36	Create and evaluate proposed roadway models		Mile	0.3	20	6
37	Design entrances/Tie-ins		No.	12	0.5	6
38	Pre-size pipes (all alternates)		No.	10	0.5	5
39	Pre-size culverts (all alternates)		No.			0
40	Pre-size bridges (all alternates)		No.			0
41a	Conduct Traffic Engineering Analysis (Basic; HCM Procedures)		Int			0
41b	Conduct Traffic Engineering Analysis (Advanced; Micro-simulation)		Int			0
42	Study and development of interchange		No.			0
43	Study and development of intersection		No.			0
44	Study and develop maintenance of traffic plan		LS			0
45	Plot/print copies of plans for team meeting and inspections		LS	1	4	4
46	Calculate preliminary quantities and develop cost estimates		Alt.	2	4	8
47	Revise plans and estimates		LS			0
48	Preliminary Right of Way with taking areas		Parcel			0
49	Prepare Design Executive Summary		LS			0
50	Develop/document "Avoidance Alternatives to Water Related Impacts"		LS			0
<b>PRELIMINARY LINE &amp; GRADE MISCELLANEOUS</b>						
51						0
52						0
53						0
54						0
55						0
<b>PRELIMINARY LINE AND GRADE TOTAL</b>						<b>51</b>

<p align="center"><b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)</p>						
COUNTY	Fayette		PROJECT TYPE			
ROUTE	W Loudon		CONSULTANT			PALMER
DESC	W Loudon Streetscape		REVIEWED BY			
			PREPARED BY			SDS
ITEM NO.			DATE			
<b>UTILITY COORDINATION</b>						
No.	ITEM	PERSONS	UNIT		HRS/UNIT	
56	Utility Coordination Meeting	1	No.	2	2	4
57	Develop Utility Relocation Layout Sheets (1"=200')		Mile			0
58	Develop Utility Relocation Plans (1"=50')		Mile			0
<b>UTILITY COORDINATION MISCELLANEOUS</b>						
59						
<b>UTILITY COORDINATION TOTAL</b>						<b>4</b>
<b>RIGHT OF WAY PLANS</b>						
No.	ITEM		UNIT		HRS/UNIT	
60	Deed research		Parcel	12	1	12
61	Establish property and ownership		Parcel	12	1	12
62	Calculate Right of Way		Parcel	2	1	2
63	Prepare legal descriptions		Parcel	2	1	2
64	Complete Right of Way summary sheet		Parcel			0
65	Generate Right of Way strip map (scale 1" = 200')		Sheet			0
66	Prepare Right of Way Plans Submittal		LS			0
67	Right of Way revisions after Right of Way submittal		LS			0
68	Deed Research for Existing Alignments		LS			0
69	Deed Research for Existing Parcels		Parcel			0
70	Prepare Legal Descriptions for Right of Way transfer		Parcel			0
<b>R/W PLANS MISCELLANEOUS</b>						
71						0
72						0
<b>RIGHT OF WAY PLANS TOTAL</b>						<b>28</b>

<b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)						
COUNTY	Fayette			PROJECT TYPE		
ROUTE	W Loudon			CONSULTANT		PALMER
DESC	W Loudon Streetscape			REVIEWED BY		
				PREPARED BY		SDS
ITEM NO.				DATE		
<b>FINAL PLAN PREPARATION</b>						
No.	ITEM		UNIT		HRS/UNIT	
80	Computer setup		LS	1	2	2
81	Update existing topography and terrain model		Mile			0
82	Refine alignments (horizontal & vertical)		Mile	0.3	8	2
83	Develop pavement design		No.			0
84	Finalize templates & transitions		No.			0
85	Develop final roadway model		Mile	0.3	80	24
86	Develop proposed design		Mile	0.3	80	24
87	Generate plan sheets (scale 1" = 20')		Sheet	3	8	24
88	Generate profile sheets (scale 1" = 20')		Sheet	3	8	24
89	Detail cross sections (scale 1" = 5')		No.	30	1	30
90	Design entrances		No.	12	1	12
91	Revise roadway plans from soils report		Mile			0
<b>DRAINAGE</b>						
92	Develop pipe sections (< 54")		No.	10	2	20
93	Develop drainage system map		Mile	0.3	8	2
94	Develop drainage situation (bridge)		No.			0
95	Develop drainage situation (culvert)		No.			0
96	Develop blue line stream channel change ( => 200')		No.			0
97	Drainage analysis (entrance pipes)		No.			0
98	Drainage analysis (A < = 200 acres)		No.	10	2	20
99	Drainage analysis (200 acres < A < 1.0 sq. mile)		No.			0
100	Drainage analysis (A = > 1.0 sq. mile) level 1 analysis		No.			0
101	Drainage analysis (A = > 1.0 sq. mile) level 2 analysis		No.			0
102	Drainage analysis (A = > 1.0 sq. mile) level 3 analysis		No.			0
103	Special drainage studies		No.			0
104	Roadway ditches and channels		Mile			0
105	Develop Erosion Control Plan		Mile	0.3	12	4
106	Inlet spacing calculations		No.	10	1	10
107	Storm sewers calculations		No.	10	1	10
108	Perform scour analysis		No.			0
109	Assemble preliminary and final drainage folders		LS			0
110	Prepare advanced situation folder - bridge		No.			0
111	Prepare advanced situation folder - culvert		No.			0
<b>DRAINAGE MISCELLANEOUS</b>						
112						0
113						0
114						0
115						0

<b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)						
COUNTY	Fayette		PROJECT TYPE			
ROUTE	W Loudon		CONSULTANT			PALMER
DESC	W Loudon Streetscape		REVIEWED BY			
			PREPARED BY			SDS
ITEM NO.			DATE			
<b>FINAL PLAN PREPARATION (Continued)</b>						
No.	ITEM		UNIT		HRS/UNIT	
116	Prepare layout sheet		LS	1	4	4
117	Prepare typical sections		No.	1	4	4
118	Prepare Interchange geometric approval		No.			0
119	Prepare intersection geometric approval		No.			0
120	Prepare coordinate control sheet		Mile	0.3	8	2
121	Prepare elevation developments		No.			0
122	Prepare striping plan		Sheet	1	4	4
123	Calculate final quantities		Mile	0.3	16	5
124	Complete general summary		LS	1	4	4
125	Complete paving summary		LS	1	4	4
126	Complete drainage summary		LS	1	4	4
127	Complete pavement under-drain summary		LS			0
128	Prepare cost estimate		LS	1	4	4
129	Plot/print copies of plans		LS	1	4	4
130	Plan revisions		Mile	0.3	16	5
131	Prepare final construction plans submittal		LS	1	4	4
<b>MAINTENANCE OF TRAFFIC</b>						
132	Write maintenance of traffic notes (TCP)		LS	1	6	6
133	Prepare construction phasing plans ( <i>traffic control detail sheets</i> )		Sheet			0
134	Develop diversion plan sheets		Sheet			0
135	Develop diversion profile sheets		Sheet			0
136	Develop diversion cross sections		No.			0
137	Develop temporary drainage		No.			0
<b>FINAL PLANS MISCELLANEOUS</b>						
138	Prepare bid submittal documents (LDRC, PDC, Specs)		LS	1	16	16
139	Landscaping/ Planiting Details		LS	1	36	36
140						0
141						0
142						0
143						0
<b>FINAL PLANS TOTAL</b>						<b>314</b>

<p align="center"><b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)</p>						
COUNTY	Fayette		PROJECT TYPE			
ROUTE	W Loudon		CONSULTANT	PALMER		
DESC	W Loudon Streetscape		REVIEWED BY			
ITEM NO.			PREPARED BY	SDS		
			DATE			
<b>MEETINGS</b>						
No.	ITEM	PERSONS	UNIT	HRS/UNIT		
150	Prelim. line and grade inspection	2	No.	1	4	8
151	Drainage inspection	2	No.			0
152	Final inspection	2	No.	1	4	8
153	Misc. project coordination meetings	1	No.	1	2	2
154	Project team meetings	2	No.			0
<b>MEETINGS MISCELLANEOUS</b>						
155	Value Engineering Study		LS			0
156	Constructability Review		LS			0
<b>MEETINGS TOTAL</b>						<b>18</b>
<b>PUBLIC INVOLVEMENT</b>						
No.	ITEM	PERSONS	UNIT	HRS/UNIT		
160	Develop and Maintain Mailing List		LS			0
161	Prepare for Advisory Committee/Officials Meeting		No.	1	6	6
162	Attend Advisory Committee/Officials Meeting	3	No.	1	4	4
163	Prepare for Public Meetings/Hearings		No.			0
164	Attend Public Meetings/Hearings	4	No.			0
165	Prepare and Distribute Newsletter		No.			0
166	Property owner coordination		No.			0
<b>PUBLIC INVOLVEMENT MISCELLANEOUS</b>						
167						0
168						0
169						0
<b>PUBLIC INVOLVEMENT TOTAL</b>						<b>10</b>
<b>QA/QC</b>						
No.	ITEM	PERSONS	UNIT	HRS/UNIT		
180	Plan review		sheet			0
181	Structure review		sheet			0
<b>QA/QC TOTAL</b>						<b>0</b>

<b>PRODUCTION-HOUR WORKSHEET</b> (revised 7/14)					
COUNTY	Fayette		PROJECT TYPE		
ROUTE	W Loudon		CONSULTANT		PALMER
DESC	W Loudon Streetscape		REVIEWED BY		
			PREPARED BY		SDS
ITEM NO.			DATE		
<b>PRODUCTION-HOUR SUMMARY</b>					
<b>SURVEY TOTAL</b>					<b>122</b>
<b>LINE AND GRADE TOTAL</b>					<b>51</b>
<b>UTILITY COORDINATION TOTAL</b>					<b>4</b>
<b>RIGHT OF WAY PLANS TOTAL</b>					<b>28</b>
<b>FINAL PLANS TOTAL</b>					<b>314</b>
<b>MEETINGS TOTAL</b>					<b>18</b>
<b>PUBLIC INVOLVEMENT TOTAL</b>					<b>10</b>
<b>QA/QC TOTAL</b>					<b>0</b>
<b>GRAND TOTAL</b>					<b>547</b>



**CLASSIFICATIONS AND PERCENTAGES FOR DESIGN  
PALMER ENGINEERING COMPANY**

COUNTY Fayette  
 PROJECT W Loudon Streetscape  
 UPN \_\_\_\_\_  
 FED. NO. \_\_\_\_\_  
 ITEM NO. \_\_\_\_\_

**Escalation:** Begin 6/7/2016  
 End 11/1/2016  
 rate = 3.44% midpoint: 8/19/2016  
 period = 1.3  
 factor = 0.0449 calculated by (1.05^0.8-1)

POSITION	Avg. Rate	Escalated Rate	Survey	Preliminary Line and Grade	Utility Relocation Coordination	Right of Way Plans	Final Plans	Meetings	Public Involvement
			Item 1A	Item 1B	Item 1C	Item 1D	Item 1E	Item 1F	Item 1G
Principal	\$110.96	\$115.95	5%	5%	5%	5%	5%	20%	20%
Project Manager	\$59.90	\$62.59	0%	40%	40%	40%	40%	40%	40%
Professional Engineer	\$51.59	\$53.91	0%	20%	20%	20%	20%	40%	40%
EIT	\$29.78	\$31.12	0%	15%	15%	15%	15%	0%	0%
Engineer Tech II	\$39.04	\$40.79	10%	10%	10%	10%	10%	0%	0%
Engineer Tech I	\$27.63	\$28.87	0%	10%	10%	10%	10%	0%	0%
Survey Crew: (2-man)	\$38.84	\$40.58	85%	0%	0%	0%	0%	0%	0%
Party Chief	\$44.92								
Instrumentman	\$32.75								
<b>TOTAL</b>			<b>\$44.37</b>	<b>\$53.25</b>	<b>\$53.25</b>	<b>\$53.25</b>	<b>\$53.25</b>	<b>\$69.79</b>	<b>\$69.79</b>

\* effective 5/12/2015

**Direct Cost Summary**  
**Palmer Engineering Company**

Item	Amount	Unit	Unit Cost	Cost	Totals
<b>SURVEY</b>					\$564
Mileage - 4 wheel drive					
5 round trips @ 40 miles	200	mi	\$0.60	\$120	
meals		days	\$30.00	\$0	
lodging		nights	\$85.00	\$0	
computer time @ 10%	12	hours	\$15.00	\$180	
travel time (5 trips @ x1 hours each)	5	hours	\$52.75	\$264	
(Ave. Rate \$40.58 x 1.3 = \$52.75 / hour)					
<b>PRELIMINARY LINE AND GRADE</b>					\$620
Mileage 0 round trips @ 20 miles		mi	\$0.47	\$0	
Printing / Copies					
printing	50	prints	\$1.00	\$50	
computer time @ 75%	38	hours	\$15.00	\$570	
<b>RIGHT OF WAY PLANS</b>					\$365
Mileage 0 round trips @ 20 miles		mi	\$0.47	\$0	
Copies / Printing					
printing	50	prints	\$1.00	\$50	
computer time @ 75%	21	hours	\$15.00	\$315	
<b>FINAL PLANS</b>					\$3,590
Mileage 0 round trips @ 60 miles		mi	\$0.47	\$0	
Printing / Copies					
printing	50	prints	\$1.00	\$50	
computer time @ 75%	236	hours	\$15.00	\$3,540	
<b>MEETINGS</b>					\$58
Mileage 3 round trips @ 20 miles	60	mi	\$0.47	\$28	
computer time @ 10%	2	hours	\$15.00	\$30	
<b>PUBLIC INVOLVEMENT</b>					\$54
Mileage 1 round trips @ 20 miles	20	mi	\$0.47	\$9	
computer time @ 25%	3	hours	\$15.00	\$45	
					<b>\$5,251</b>



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Frankfort, KY 40601  
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**Steven L. Beshear**  
Governor

**Michael W. Hancock, P.E.**  
Secretary

## INDEPENDENT AUDITOR'S REPORT

Kim Warren, CFO  
Palmer Engineering Company  
Winchester, Kentucky

### **Report on the Statement of Direct Labor, Fringe Benefits, and General Overhead**

We have audited the accompanying Statement of Direct Labor, Fringe Benefits, and General Overhead (Statement) of Palmer Engineering Company (Company) for the year ended December 28, 2014, and the related notes to the Statement.

### **Management's Responsibility for the Statement**

Management is responsible for the preparation and fair presentation of the Statement in accordance with the basis of accounting practices prescribed by Part 31 of the Federal Acquisition Regulations (FAR). Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation of the Statement 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 Company's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the Statement referred to above presents fairly, in all material respects, the direct labor, fringe benefits, and general overhead of the Company for the year ended December 28, 2014 on the basis of accounting described in Note 2.

### **Basis of Accounting**

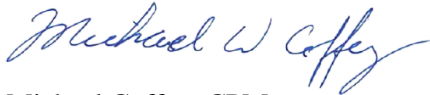
We draw attention to Note 2, which describes the basis of accounting. As described in Note 2, the Statement is prepared by the Company on the basis of accounting prescribed by Part 31 of the Federal Acquisition Regulations (FAR), which is the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Restriction on Use**

Our report is intended solely for the information and the use of the Company and government agencies or other customer related to contracts employing the Federal Acquisition Regulation cost principles and is not intended and should not be used by anyone other than these specified parties.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued a report dated October 27, 2015, on our consideration of the Company's internal controls over financial reporting as it relates to the Statement and on our tests of its compliance with certain provisions of laws, regulations and contracts, including provisions of the applicable sections of Part 31 of the Federal Acquisition Regulation. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.



Michael Coffey, CPM  
Audit Manager, External Audit Branch  
Division of Audit Services  
Office of Audits

October 27, 2015

Palmer Engineering Company  
Statement of Direct Labor, Fringe Benefits and General Overhead  
For the Fiscal Year Ended December 28, 2014

	Total Costs Per General Ledger/Income Statement	Adjustments	Reference	FAR Adjusted Balance	% of Direct Labor
Direct Labor	\$ 5,264,931	\$ 80,108	(1)	\$ 5,345,038	
Fringe Benefits					
Vacation Wages	\$ 554,552			\$ 554,552	
Sick Leave Wages	122,338			122,339	
Holiday Wages	307,575			\$ 307,575	
FICA/Payroll Expense	711,551			711,551	
401(k) Matching	312,597			312,597	
ESOP Contribution	600,000			\$ 600,000	
Medical Insurance	363,166			363,166	
Employee Benefits	46,699	(46,699)	(1)	-	
Total Fringe Benefits	\$ 3,018,479	\$ (46,699)		\$ 2,971,780	55.60%
General Overhead					
Indirect Wages	\$ 6,034,679	\$ (1,296,003)	(1)	\$ 4,738,677	
Indirect Overtime Premium	1,516	(1,516)	(1)	-	
Indirect Accrued Comp Time	8,932			8,933	
Education Wages	115,886			115,886	
Education & Training	75,321			75,321	
Education & Training Meals	2,204			2,204	
Meals-N/A	15,978	(15,978)	(1)	-	
Indirect Meals	9,773	(1,241)	(2),(5),(6)	8,532	
Indirect Travel	51,938	(2,387)	(3)	49,551	
Vehicle Fuel	67,322	(53,567)	(1)	13,754	
Direct Exp Cost Recovery	(76,012)	76,012	(1)	-	
Utilities	82,656			82,656	
Telephone	53,976			53,976	
Postage	20,074			20,074	
Rent	623,786	(320,128)	(1)	303,658	
Equipment Rental/Lease	46,958			46,958	
Office/ Drafting Supplies	49,861			49,861	
Reference Data	2,153			2,153	
Survey Supplies	15,898			15,898	
Photographs	435			435	
Environmental Supplies	170			170	
GPS Expenses	783			783	
Computer Expenses	87,629			87,629	
Software Licenses	290,012			290,012	
Internet Expenses	110,527			110,527	
Printing Cost	60,468			60,468	
Computer Services	122,220			122,220	
Auto Repairs & Maintenance	24,395	(19,411)	(1)	4,984	
Equipment Repairs	2,324			2,324	
Property Maintenance	64,904			64,904	
Legal & Accounting	67,299			67,299	
Legal & Accounting-N/A	685	(685)	(1)	-	
Consultants	30,000			30,000	
Consultants- N/A	60,050	(60,050)	(1)	-	
Dues & Fees	71,898	(1,684)	(2)	70,215	
Dues & Fees- N/A	6,148	(6,148)	(1)	-	
Conference & Meetings	88,438			88,438	
Conference & Meetings Meals	7,175			7,175	
Conference & Meetings- N/A	8,741	(8,741)	(1)	-	
Subscriptions	401			401	
Recruitment Expenses	932			932	
Business Insurance	226,862	(26,929)	(1)	199,933	
Business Insurance- N/A	13,105	(13,105)	(1)	-	
Property & Use Taxes	48,030			48,030	
Business Licenses	30			30	
Vehicle Licenses	4,940	(3,931)	(1)	1,009	

	Total Costs Per General			FAR Adjusted	% of Direct
	Ledger/Income Statement	Adjustments	Reference	Balance	Labor
Miscellaneous Expenses	(1)	1	(1)	-	
Depreciation- Autos	87,681	(69,767)	(1)	17,914	
Depreciation- Computer Equip	176,968			176,968	
Depreciation- Computer Softw	48,543			48,543	
Depreciation- Survey Equip	32,173			32,173	
Depreciation- Office Equip./ Fixt.	9,889			9,889	
Depreciation- Lease Impr	33,111			33,111	
Contributions	23,585	(23,585)	(1)	-	
Marketing	78,373	(78,373)	(1)	-	
Marketing Meals	443	(443)	(1)	-	
Interest Expense	108	(108)	(1)	-	
Bad Debt Expense	36,000	(36,000)	(1)	-	
Interest & Dividends	(27,633)	27,633	(1)	-	
Miscellaneous Income	(18,641)	18,641	(1)	-	
Gains (Losses)	(5,168)			(5,168)	
Income & Profit Taxes	200,344	(160,748)	(1),(4)	39,596	
Deferred Income & Profit Taxes	(73,145)	73,145	(1)	-	
CADD Adjustment	-	(643,638)	(1)	(643,638)	
Total General Overhead	<u>\$ 9,204,130</u>	<u>\$ (2,648,735)</u>		<u>\$ 6,555,396</u>	122.64%
Total Indirect Costs	<u>\$ 12,222,609</u>	<u>\$ (2,695,434)</u>		<u>\$ 9,527,175</u>	178.24%

#### References

(1)-Consultant voluntary adjustment

(2)-FAR 31.201-2(d) states that the Company is responsible for maintaining records, including supporting documentation. The Company did not provide supporting documentation for some expenses and also did not provide details regarding the purpose for some expenses.

(3)-FAR 31.204 states that the cost must be necessary to the overall operation of the business.

(4)-FAR 31.205-41 states that federal income taxes are unallowable.

(5)-FAR 31.205-14 states that entertainment costs are unallowable.

(6)-FAR 31.205-51 states that costs for alcohol are unallowable.

Notes to Statement of Direct Labor, Fringe Benefits, and General Overhead  
For the Year Ended December 28, 2014

1. The Company

Palmer Engineering Company (the Company) is a privately held C-Corporation founded in 1969 and headquartered in Winchester, KY. The Company has offices in Akron, OH; Cincinnati, OH; Edgewood, KY; Lexington, KY; Louisville, KY; Nashville, TN; Orlando, FL and Tallahassee, FL. The Company's primary business is providing engineering consulting services to governmental and commercial entities in the United States of America. The Company has approximately 90% governmental and 10% commercial contracts. Revenues are derived from billing for services, equipment, and reimbursable expenses.

2. Basis of Accounting

The Company's Statement was prepared on the basis of accounting practices prescribed in 48 CFR Part 31 of the Federal Acquisition Regulations (FAR). Accordingly, the Statement is not intended to present the results of the operations of the Company in conformity with accounting principles generally accepted in the United States of America

3. Description of Accounting Policies

The Company maintains its records on the accrual basis of accounting but prepares its income tax returns on the cash basis of accounting. The accompanying Statement has been prepared on the accrual basis of accounting.

The Company maintains and utilizes a job cost accounting system that accounts for all direct costs (direct labor and other costs that can be identified specifically with a project or final cost objective), on a consistent basis. Each project is assigned a job number so that costs may be segregated and accumulated in the Company's job cost accounting system and general ledger.

The Company's method of estimating costs for pricing purposes during the proposal process is consistent with the accumulation and reporting of costs under its job cost accounting system.

4. Description of Overhead Rate Structure

The audited indirect cost rate is a company-wide unitary rate.

All costs are allocated based on direct labor. The direct labor base includes all salaries and wages specifically identified with a project except compensated personal absence (holidays, vacations, sick leave and excused absence). The Company does not include overtime premium in their direct labor base. The Company includes the direct labor incurred by employees assigned to perform work on all projects.

Fringe benefits include costs for compensated personal absence, payroll taxes, insurance, group insurance and other personnel related costs.

5. Description of Labor Related Costs

The Company distributes labor costs to projects for all employee classifications based on actual hourly rates.

The Company allows for Paid Time Off (PTO) with the accrual amount based on years of completed service. The employee can accrue from 10 days per year upon hiring up to 20 days per year after 15 years of completed service. Upon termination, employees are compensated for their unused PTO.

Premium Overtime costs are incurred in meeting certain deadlines. If an employee is eligible for overtime, they are paid a cash payment equal to time and a half (premium portion). The premium portion of paid overtime is not included in the indirect cost pool.

The Company did not pay certain salaried employees for time worked in excess of 40 hours per week. The salaried employees are compensated via comp time, a form of paid time off.

The Company performed an analysis of executive compensation in accordance with Chapter 7 of the *AASHTO Audit Guide*. The analysis included an examination of the activities performed by Company executives, and the forms of compensation paid to executives. The analysis also included an evaluation of compensation reasonableness as described in *AASHTO Audit*

Guide section 7.5. The reasonable compensation amounts developed using survey data did not exceed the compensation limit of \$487,000 as set by the Bipartisan Budget Act of 2013. As a result of the analysis of executive compensation reasonableness, a total of \$1,174,836 of executive compensation was disallowed by the Company.

The Company operates a 401(k) retirement plan that meets the requirements of FAR 31.205-6(j). During the year, the Company made cash contributions of up to 50% of 8% of participating employees' salaries.

In addition, the Company has a deferred compensation ESOP started in March of 1998 which is not presently leveraged. The plan provides for cash payments of the appraised value of the stock (held by the ESOP for the employee) upon retirement, employees who leave the Company based on a 6 year vesting schedule, or death. Since CAS 9904.415(a)(3) has not been satisfied, the Company assigns the payments to the period in which the compensation is paid to the employee. The amount of the company's share of ESOP expense included in the overhead pool for the year was \$600,000.

#### 6. Description of Depreciation/Leasing Policies

Property and equipment are carried at cost and include expenditures for new additions and those which substantially increase the useful lives of existing assets. Depreciation is computed at various rates by use of straight-line and accelerated methods. Expenditures for normal repairs and maintenance are charged to operations as incurred. The cost of property and equipment retired or otherwise disposed of and the related accumulated depreciation are removed from the accounts in the year of disposal, with the resulting gain or loss reflected in the Statement or in the cost of the replacement asset.

#### 7. Description of Related Party Transactions

The Company rents an office building owned by Shoppers Drive, LLC (SD). SD is owned by the Company shareholders. The shareholders have effective control over SD's operating and financial policies.

SD incurred \$46,381 of expenses to maintain the building. The Company occupied 92% of the total building. Additionally, SD's Facilities Capital Cost of Money (FCCM) for the building was \$33,580 for the year. The rent expense recorded in the Company's financial records includes \$339,090 in payments to SD. The Company excluded \$265,526 of the rent expense from the indirect cost schedule, as follows:

SD's allowable cost of ownership for the property:

Total expenses	\$46,381
Plus: Facilities Capital Cost of Money	\$33,580
Equals: Cost of Ownership	\$79,961
Multiplied by: Allocation Factor	92%
Equals: Cost of Ownership	\$ 73,564

Company's adjustment for costs in excess of allowable cost of ownership:

Total rent expense recorded by Company	\$339,090
Less: Cost of Ownership	\$ 73,564
Adjustment required by FAR 31.205-36(b)(3)	\$265,526

Additionally, the Company rents an office building owned by Stony Spring Circle, LLC (SSC). SSC is owned by the Company shareholders. The shareholders have effective control over SSC's operating and financial policies.

SSC incurred \$43,852 of expenses to maintain the building. The Company occupied 100% of the total building. Additionally, SD's Facilities Capital Cost of Money (FCCM) for the building was \$7,282 for the year. The rent



expense recorded in the Company's financial records includes \$67,432 in payments to SSC. The Company excluded \$16,298 of the rent expense from the indirect cost schedule, as follows:

SSC's allowable cost of ownership for the property:

Total expenses	\$43,852
Plus: Facilities Capital Cost of Money	\$ 7,282
Equals: Cost of Ownership	\$51,134
Multiplied by: Allocation Factor	100%
Equals: Cost of Ownership	\$51,134

Company's adjustment for costs in excess of allowable cost of ownership:

Total rent expense recorded by Company	\$67,432
Less: Cost of Ownership	\$51,134
Adjustment required by FAR 31.205-36(b)(3)	\$16,298

Additionally, the Company rents an office building owned by 2817 Erica Place, LLC (EP). EP is owned by the Company shareholders. The shareholders have effective control over EP's operating and financial policies.

EP incurred \$17,333 of expenses to maintain the building. The Company occupied 100% of the total building. Additionally, EP's Facilities Capital Cost of Money (FCCM) for the building was \$12,271 for the year. The rent expense recorded in the Company's financial records includes \$67,908 in payments to EP. The Company excluded \$38,304 of the rent expense from the indirect cost schedule, as follows:

EP's allowable cost of ownership for the property:

Total expenses	\$17,333
Plus: Facilities Capital Cost of Money	\$12,271
Equals: Cost of Ownership	\$29,604
Multiplied by: Allocation Factor	100%
Equals: Cost of Ownership	\$29,604

Company's adjustment for costs in excess of allowable cost of ownership:

Total rent expense recorded by Company	\$67,908
Less: Cost of Ownership	\$29,604
Adjustment required by FAR 31.205-36(b)(3)	\$38,304

The officers of the Company have personal usage of Company vehicles, which is tracked through vehicle logs. Amounts attributable to this personal use (\$51,687 for 2014) were disallowed in compliance with FAR 31.205-6(m)(2).

### 8. Facilities Capital Cost-of-Money

We calculated the FCCM rate in accordance with FAR 31.205-10, using average net book values of tangible capital assets multiplied by the average Federal Prompt Payment Act Interest Rate (Treasury Rate) for the applicable period. Tangible capital assets include land, furniture and fixtures, computer equipment, leasehold improvements and other assets with physical substance, with more than a minimal value, and expected to be held for continued use or possession beyond the current accounting period for the service it yields.

<b>Computation of FCCM Rate:</b>	<b>December 28, 2014</b>
Net Book Value of Assets - Prior Fiscal Year Ended	\$1,198,963
Net Book Value of Assets - Current Fiscal Year Ended	\$1,187,106
Average Net Book Value	\$1,193,035
Multiplied by: Average Treasury Rate	2.0625%
Equals: Facilities Capital Cost of Money	\$ 24,606
Divided by: Direct Labor Cost	\$5,345,038
Equals: Facilities Capital Cost of Money Rate	0.46%

### 9. Other Direct Cost Accounts and Charge Rates

Nonsalary Direct Project Costs, or Other Direct Costs, are consistently charged to all projects. The following cost items are generally charged directly to projects:

- Subconsultants
- Meals
- Other Travel
- Mileage
- Parking
- Motel
- Phone
- Printing
- Postage
- Other
- CADD

The Company charges a CADD rate of \$16.53 per hour.

### 10. Subsequent Events

The Company has evaluated subsequent events through October 27, 2015 the date on which the Statement was available to be issued.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLS AND COMPLIANCE

Kim Warren, CFO  
Palmer Engineering Company  
Winchester, Kentucky

We have audited the Statement of Direct Labor, Fringe Benefits, and General Overhead (Statement) of Palmer Engineering Company (Company) for the year end December 28, 2014 and have issued our report thereon dated October 27, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Controller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

The management of the Company is responsible for establishing and maintaining internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control over financial reporting. The objectives of internal control over financial reporting are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with 48 CFR Part 31 of the Federal Acquisition Regulation. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. The projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with 48 CFR Part 31 such that there is more than a remote likelihood that a misstatement of the Company's Statement that is more than inconsequential will not be prevented or detected by the Company's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, such that there is a reasonable possibility that a material misstatement of the Company's Statement will not be prevented or detected, and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance

As part of obtaining reasonable assurance about whether the Company's Statement is free from material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts, and grant agreements including provisions of the applicable sections of 48 CFR Part 31, noncompliance with which could have a direct and material effect on the determination of the amounts reported on the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the use and information of the Company and government agencies or other customers related to contracts employing the cost principles of the Federal Acquisition Regulation, and should not be used for any other purpose.

A handwritten signature in blue ink that reads "Michael W Coffey". The signature is written in a cursive, flowing style.

Michael Coffey, CPM  
Audit Manager, External Audit Branch  
Division of Audit Services  
Office of Audits

October 27, 2015



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 Frankfort, KY 40601  
 www.kentucky.gov

Steven L. Beshear  
 Governor

Michael W. Hancock, P.E.  
 Secretary

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**INTRA-DEPARTMENTAL MEMO**

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TO: Gary Valentine, Acting Director  
 Division of Professional Services

FROM: Michael Coffey, CPM *mcc*  
 Audit Manager, External Audit Branch  
 Division of Audit Services  
 Office of Audits

DATE: October 27, 2015

SUBJECT: Schedule of Current Personnel  
 Palmer Engineering Company  
 As of May 12, 2015

Below is a listing of current classification and pay rates for Palmer Engineering Company as of May 12, 2015. We verified these pay rates during our audit of their Year End December 28, 2014, Indirect Cost Rate. This information is subject to the federal privacy laws and should be used solely by the Kentucky Transportation Cabinet and the Federal Highway Administration.

<u>Classification</u>	<u>Rate</u>
Admin Assistant	\$34.75
Engineer-In-Training	\$29.78
Engineer Technician I	\$27.63
Engineer Technician II	\$39.04
Environmental Technician	\$32.25
Environmental Technician II	\$39.37
Instrumentman	\$32.75
Maintenance	\$17.00
Party Chief	\$44.92
Principal	\$110.96

<u>Classification</u>	<u>Rate</u>
Professional Engineer	\$51.59
Project Manager	\$59.90
ROW Specialist	\$36.06
Support Staff	\$27.94

The average pay rates per classification have increased an average of 3.44% over the last two years.

MC/cc

cc Palmer Engineering Company

## Certification of Final Indirect Costs

**Firm Name:** Palmer Engineering

**Proposed Indirect Cost Rate:** 178.24%


**Date of Proposal Preparation (mm/dd/yyyy):** 10/28/2015

**Fiscal Period Covered (mm/dd/yyyy to mm/dd/yyyy):** 12/30/13 to 12/28/14

**I, the undersigned, certify that I have reviewed the proposal to establish final indirect cost rates for the fiscal period as specified above and to the best of my knowledge and belief:**

- 1. All costs included in this proposal to establish final indirect cost rates are allowable in accordance with the cost principles of the Federal Acquisition Regulations (FAR) of title 48, Code of Federal Regulations (CFR), part 31.**
- 2. This proposal does not include any costs which are expressly unallowable under the cost principles of the FAR of 48 CFR 31.**

**All known material transactions or events that have occurred affecting the firm's ownership, organization and indirect cost rates have been disclosed.**

**Signature:** 

**Name of Certifying Official (Print):** David Lindeman

**Title:** President

**Date of Certification (mm/dd/yyyy):** 10/28/2015

**From:** [Irene Gooding](#)  
**To:** [Suzie Loveday](#)  
**Subject:** FW: Palmer assigned to LFUCG's West Loudon Streetscape-Sidewalk Project  
**Date:** Thursday, July 21, 2016 1:17:25 PM

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Suzie, it was in email. Here it is.

Irene Gooding, Director  
LFUCG Division of Grants and Special Programs  
200 E. Main Street, 6th Floor  
Lexington, KY 40507  
(859) 258-3079  
[ireneg@lexingtonky.gov](mailto:ireneg@lexingtonky.gov)

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**From:** Spencer, Amanda (KYTC) [<mailto:Amanda.Spencer@ky.gov>]  
**Sent:** Friday, May 27, 2016 2:44 PM  
**To:** Stephen Sewell  
**Cc:** Mark Feibes; Tompkins, Kimberly (KYTC); Tucker, Shane (KYTC-D07)  
**Subject:** Palmer assigned to LFUCG's West Loudon Streetscape-Sidewalk Project

Hi, Stephen.

Patty Dunaway approved the following assignment today:

**Recommended Assignment 15 – Palmer** to complete the design of LFUCG's TAP-funded West Loudon Streetscape/Sidewalk project.

This is your fourth assignment under the current statewide lpa master agreement (our 3<sup>rd</sup> round of MAs).

Following is what you need to know/do...

Kim Tompkins, OLP, is the KYTC PM. Shane Tucker, D7, will be providing engineering support.

Mark Feibes is your LPA contact. He is copied on this email and his contact information is as follows:

[Mark Feibes, PE](#)  
[Lexington-Fayette Urban County Government](#)  
[Department of Planning, Preservation & Development](#)  
[Division of Engineering](#)  
101 East Vine St., 4th Floor, Lexington, KY 40507  
phone: (859) 258-3428  
[mfeibes@lexingtonky.gov](mailto:mfeibes@lexingtonky.gov)

Please set up a call with Kim, Shane, and Mark to begin discussions of scope and schedule.

Once you have a handle on the scope, please begin work on your fee proposal.

It appears that person hours will exceed 500, so an independent estimate will be required of LFUCG or D7.

Assuming LFUCG will provide the independent estimate, you will need to first agree with them on units.

**Please do not send your man hour estimate to the person who will be preparing the independent estimate.**

Once you have your fee proposal package ready, please send it to me (not Professional Services).



I will make sure funding is sufficient and will attach the information Professional Services needs to write your letter agreement.

LFUCG should also send their independent estimate to me. Shane can help them with this if there are any questions.

**THIS IS NOT NTP. Kim Tompkins will provide NTP sometime after the MOA is fully executed.**

Thanks!

Amanda R. Spencer, P.E.  
Kentucky Transportation Cabinet  
502.210.5453 (Direct)

**EXHIBIT C**

**CERTIFICATE OF INSURANCE**



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

04/26/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b>  The Underwriters Group, Inc. 1700 Eastpoint Parkway P.O. Box 23790 Louisville, KY 40223	<b>CONTACT NAME:</b> <b>PHONE (A/C. No. Ext):</b> 502-244-1343 <b>E-MAIL ADDRESS:</b>	<b>FAX (A/C. No):</b> 502-244-1411													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td><b>INSURER A:</b> Valley Forge Insurance Company</td> <td>20508</td> </tr> <tr> <td><b>INSURER B:</b> Continental Casualty Company</td> <td>20443</td> </tr> <tr> <td><b>INSURER C:</b> AM Casualty Co of Reading PA</td> <td>20427</td> </tr> <tr> <td><b>INSURER D:</b> National Fire Insurance Co of Hartford</td> <td>20478</td> </tr> <tr> <td><b>INSURER E:</b> XL Specialty Insurance Company</td> <td>37885</td> </tr> <tr> <td><b>INSURER F:</b></td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	<b>INSURER A:</b> Valley Forge Insurance Company	20508	<b>INSURER B:</b> Continental Casualty Company	20443	<b>INSURER C:</b> AM Casualty Co of Reading PA	20427	<b>INSURER D:</b> National Fire Insurance Co of Hartford	20478	<b>INSURER E:</b> XL Specialty Insurance Company	37885	<b>INSURER F:</b>
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<b>INSURED</b> Palmer Engineering Company  P. O. Box 747 Winchester, KY 40392															

**COVERAGES****CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	X	X	6012733050	05/01/2016	05/01/2017	EACH OCCURRENCE	\$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$1,000,000
							MED EXP (Any one person)	\$10,000
							PERSONAL & ADV INJURY	\$1,000,000
							GENERAL AGGREGATE	\$2,000,000
							PRODUCTS - COMPPOP AGG	\$2,000,000
								\$
B	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	X	X	6012733078	05/01/2016	05/01/2017	COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
C	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$10,000	X	X	6012733064	05/01/2016	05/01/2017	EACH OCCURRENCE	\$10,000,000
							AGGREGATE	\$10,000,000
								\$
D	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			6012733047	05/01/2016	05/01/2017	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
							E.L. EACH ACCIDENT	\$1,000,000
							E.L. DISEASE - EA EMPLOYEE	\$1,000,000
							E.L. DISEASE - POLICY LIMIT	\$1,000,000
E	Professional Liability		X	DPR9725772	12/05/2015	12/05/2016	Each Claim	4,000,000
							Aggregate	4,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)**

Lexington-Fayette Urban County Government is included as Additional Insured with respect to General Liability and Automobile Liability for the referenced project. Coverage is primary. Note: Requirements for Environmental Liability and Pollution Liability: Environmental Liability is basically a contractor designed coverage, rather than for consulting architects and engineers. The professional liability policy does not exclude pollution incidents that arise out of the scope of professional services. (Per Mr. Tom Sweeney, Claims Manager, Dept of Law, LFUCG, this is acceptable.)

**CERTIFICATE HOLDER**

Lexington-Fayette Urban County Government  
  
 Room 338, Government Center  
 200 East Main Street  
 Lexington, KY 40507

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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