AGREEMENT FOR SERVICES BETWEEN
THE CITY OF MENLO PARK AND EXPRESS PLUMBING

THIS FIRST AMENDMENT is made and entered into this 3/17/2020, by and between the CITY OF MENLO PARK, a Municipal Corporation, hereinafter referred to as “CITY,” and EXPRESS PLUMBING, hereinafter referred to as “FIRST PARTY.”

1. Pursuant to Section 24 TERM OF AGREEMENT of Agreement No.1846, (“Agreement”), Section 24. TERM OF AGREEMENT [amendment to section] to read as follows”

   “This Agreement shall remain in effect for the period of March 23, 2020 through June 30, 2021 unless extended, amended, or terminated in writing by CITY”

Except as modified by this Amendment, all other terms and conditions of Agreement No. 1846 remain the same.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SIGNATURE PAGE TO FOLLOW
FOR FIRST PARTY:

Signature
Nicolas Bechwati
Printed name
Tax ID# Tax I94-3342747D

FOR CITY OF MENLO PARK:

FOR FIRST PARTY:

Signature
Nicolas Bechwati
Printed name
Tax ID# Tax I94-3342747D

FOR CITY OF MENLO PARK:

Brian Henry, Assistant Public Works Director

ATTEST:

Judi A. Herren, City Clerk

APPROVED AS TO FORM:

Cara E. Silver
William L. McClure, City Attorney
3/17/2020
3/17/2020
3/17/2020

3/5/2020
3/5/2020
3/5/2020

3/17/2020
3/17/2020
3/17/2020

3/17/2020
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3/17/2020
MAINTENANCE AGREEMENT
City Manager's Office
701 Laurel St., Menlo Park, CA 94025
tel 650-330-6620

AGREEMENT FOR SERVICES BETWEEN
THE CITY OF MENLO PARK AND EXPRESS PLUMBING

THIS AGREEMENT made and entered into at Menlo Park, California, this 16 day of March, 2016, by and between the CITY OF MENLO PARK, a Municipal Corporation, hereinafter referred to as "CITY", and EXPRESS PLUMBING, hereinafter referred to as "FIRST PARTY."

WITNESSETH:

WHEREAS, CITY desires to retain FIRST PARTY to provide certain professional services for CITY in connection with that certain project called:

WHEREAS, FIRST PARTY is licensed to perform said services and desires to and does hereby undertake to perform said services.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, PROMISES AND CONDITIONS of each of the parties hereto, it is hereby agreed as follows:

1. SCOPE OF WORK

In consideration of the payment by CITY to FIRST PARTY, as hereinafter provided, FIRST PARTY agrees to perform all the services as set forth in Exhibit "A", Scope of Services.

2. SCHEDULE FOR WORK

FIRST PARTY's proposed schedule for the various services required pursuant to this agreement will be as set forth in Exhibit "A", Scope of Services. CITY will be kept informed as to the progress of work by written reports, to be submitted monthly or as otherwise required in Exhibit "A". Neither party shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents or other events beyond the control of the other, or the other's employees and agents.

FIRST PARTY shall commence work immediately upon receipt of a "Notice to Proceed" from CITY. The "Notice to Proceed" date shall be considered the "effective date" of the Agreement, as used herein, except as otherwise specifically defined. FIRST PARTY shall complete all the work and deliver to CITY all project related files, records, and materials within one month after completion of all of FIRST PARTY's activities required under this Agreement.

3. PROSECUTION OF WORK

FIRST PARTY will employ a sufficient staff to prosecute the work diligently and continuously and will complete the work in accordance with the schedule of work approved by the CITY. (See Exhibit "A", Scope of Services).
### 4. COMPENSATION AND PAYMENT

A. CITY shall pay FIRST PARTY an all-inclusive fee that shall not exceed budgeted amount. This compensation shall be based on the rates described in Exhibit "A", Scope of Services. All payments, including fixed hourly rates, shall be inclusive of all indirect and direct charges to the Project incurred by FIRST PARTY. The CITY reserves the right to withhold payment if the City determines that the quantity or quality of the work performed is unacceptable.

B. FIRST PARTY's fee for the services as set forth herein shall be considered as full compensation for all indirect and direct personnel, materials, supplies and equipment, and services incurred by FIRST PARTY and used in carrying out or completing the work.

C. Payments shall be monthly for the invoice amount or such other amount as approved by CITY. As each payment is due, a statement describing the services performed shall be submitted to CITY by the FIRST PARTY. This statement shall include, at a minimum, the project title, Agreement Number, the title(s) of personnel performing work, hours spent, payment rate, and a listing of all reimbursable costs. CITY shall have the discretion to approve the invoice and the work completed statement. Payment shall be for the invoice amount or such other amount as approved by CITY.

D. Payments are due upon receipt of written invoices. CITY shall have the right to receive, upon request, documentation substantiating charges billed to CITY. CITY shall have the right to perform an audit of the FIRST PARTY's relevant records pertaining to the charges.

### 5. EQUAL EMPLOYMENT OPPORTUNITY

A. FIRST PARTY, with regard to the work performed by it under this Agreement shall not discriminate on the grounds of race, religion, color, national origin, sex, handicap marital status or age in the retention of sub-consultants, including procurement of materials and leases of equipment.

B. FIRST PARTY shall take affirmative action to insure that employees and applicants for employment, are treated without regard to their race, color, religion, sex, national origin, marital status or handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training including apprenticeship.

C. FIRST PARTY shall post in prominent places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

D. FIRST PARTY shall state that all qualified applications will receive consideration for employment without regard to race, color, religion, sex, national origin, marital status or handicap.

E. FIRST PARTY shall comply with Title VI of the Civil Rights Act of 1964 and shall provide such reports as may be required to carry out the intent of this section.

F. FIRST PARTY shall incorporate the foregoing requirements of this section in FIRST PARTY's agreement with all sub-consultants.

### 6. ASSIGNMENT OF AGREEMENT AND TRANSFER OF INTEREST

---

CC Rev 20160113
A. FIRST PARTY shall not assign this Agreement, and shall not transfer any interest in the same (whether by assignment or novation), without prior written consent of the CITY thereto, provided, however, that claims for money due or to become due to the FIRST PARTY from the CITY under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of an intended assignment or transfer shall be furnished promptly to the CITY.

B. In the event there is a change of more than 30% of the stock ownership or ownership in FIRST PARTY from the date of this Agreement is executed, then CITY shall be notified prior to the date of said change of stock ownership or interest and CITY shall have the right, in event of such change in stock ownership or interest, to terminate this Agreement upon notice to FIRST PARTY. In the event CITY is not notified of any such change in stock ownership or interest, then upon knowledge of same, it shall be deemed that CITY has terminated this Agreement.

7. INDEPENDENT WORK CONTROL

It is expressly agreed that in the performance of the service necessary for compliance with this Agreement, FIRST PARTY shall be and is an independent contractor and is not an agent or employee of CITY. FIRST PARTY has and shall retain the right to exercise full control and supervision of the services and full control over the employment, direction, compensation and discharge of all persons assisting FIRST PARTY in the performance of FIRST PARTY's services hereunder. FIRST PARTY shall be solely responsible for its own acts and those of its subordinates and employees.

8. CONSULTANT QUALIFICATIONS

It is expressly understood that FIRST PARTY is licensed and skilled in the professional calling necessary to perform the work agreed to be done by it under this Agreement and CITY relies upon the skill of FIRST PARTY to do and perform said work in a skillful manner usual to the profession. The acceptance of FIRST PARTY's work by CITY does not operate as a release of FIRST PARTY from said understanding.

9. NOTICES

All notices hereby required under this Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid or by overnight courier service. Notices required to be given to CITY shall be addressed as follows:

Brian Henry  
Public Works  
City of Menlo Park  
701 Laurel St.  
Menlo Park, CA 94025  
650-330-6740  
Nmnelgar@menlopark.org

Notices required to be given to FIRST PARTY shall be addressed as follows:

Express Plumbing  
P.O. Box 1591  
San Mateo, CA 94401  
800-246-6425

Provided that any party may change such address by notice, in writing, to the other party and thereafter notices shall be addressed and transmitted to the new address.

10. HOLD HARMLESS
The FIRST PARTY shall defend, indemnify and hold harmless the CITY, its subsidiary agencies, their officers, agents, employees and servants from all claims, suits or actions that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the FIRST PARTY brought for, or on account of, injuries to or death of any person or damage to property resulting from the performance of any work required by this Agreement by FIRST PARTY, its officers, agents, employees and servants. Nothing herein shall be construed to require the FIRST PARTY to defend, indemnify or hold harmless the CITY, its subsidiary agencies, their officers, agents, employees and servants against any responsibility to liability in contravention of Section 2782.8 of the California Civil Code.
11. INSURANCE

A. FIRST PARTY shall not commence work under this Agreement until all insurance required under this Section has been obtained and such insurance has been approved by the City, with certificates of insurance evidencing the required coverage.

B. There shall be a contractual liability endorsement extending the FIRST PARTY's coverage to include the contractual liability assumed by the FIRST PARTY pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to the CITY, at the address shown in Section 9, of any pending cancellation of the policy. FIRST PARTY shall notify CITY of any pending change to the policy. All certificates shall be filed with the City.

1. Worker's Compensation and Employer's Liability Insurance:
   The FIRST PARTY shall have in effect during the entire life of this Agreement Worker's Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the FIRST PARTY makes the following certification, required by Section 18616 of the California Labor Code: "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement" (not required if the FIRST PARTY is a Sole Proprietor).

2. Liability Insurance:
   The FIRST PARTY shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance (Commercial General Liability Insurance) on an occurrence basis as shall protect it while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as claims for property damage which may arise from the FIRST PARTY's operations under this Agreement, whether such operations be by FIRST PARTY or by any sub-consultant or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be not less than One Million Dollars ($1,000,000) per occurrence and One Million Dollars ($1,000,000), in aggregate or One Million Dollars ($1,000,000) combined single limit bodily injury and property damage for each occurrence. FIRST PARTY shall provide the CITY with acceptable evidence of coverage, including a copy of all declarations of coverage exclusions. FIRST PARTY shall maintain Automobile Liability Insurance pursuant to this Agreement in an amount of not less than One Million Dollars ($1,000,000) for each accident combined single limit or not less than One Million Dollars ($1,000,000) for any one (1) person, and One Million Dollars ($1,000,000) for any one (1) accident, and Three Hundred Thousand Dollars ($300,000) property damage.

3. Professional Liability Insurance:
   FIRST PARTY shall maintain a policy of professional liability insurance, protecting it against claims arising out of the negligent acts, errors, or omissions of FIRST PARTY pursuant to this Agreement, in the amount of not less than One Million Dollars ($1,000,000) per claim and in the aggregate. Said professional liability insurance is to be kept in force for not less than one (1) year after completion of services described herein.

C. CITY and its subsidiary agencies, and their officers, agents, employees and servants shall be named as additional insured on any such policies of Commercial General Liability and Automobile Liability Insurance, (but not for the Professional Liability and Worker's Compensation), which shall also contain a provision that the insurance afforded thereby to the CITY, its subsidiary agencies, and their officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if the CITY, its subsidiary agencies and their officers and employees have other insurance against a loss covered by a policy, such other insurance shall be excess insurance only.

D. In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, CITY, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

E. Prior to the execution of this Agreement, any deductibles or self-insured retentions must be declared to and approved by CITY.
12. PAYMENT OF PERMITS/LICENSES

Contractor shall obtain any license, permit, or approval if necessary from any agency whatsoever for the work/services to be performed, at his/her own expense, prior to commencement of said work/services or forfeit any right to compensation under this Agreement.

13. RESPONSIBILITY AND LIABILITY FOR SUB-CONSULTANTS AND/OR SUBCONTRACTORS

Approval of or by CITY shall not constitute nor be deemed a release of responsibility and liability of FIRST PARTY or its sub-consultants and/or subcontractors for the accuracy and competency of the designs, working drawings, specifications or other documents and work, nor shall its approval be deemed to be an assumption of such responsibility by CITY for any defect in the designs, working drawings, specifications or other documents prepared by FIRST PARTY or its sub-consultants and/or subcontractors.

14. OWNERSHIP OF WORK PRODUCT

Work products of FIRST PARTY for this project, which are delivered under this Agreement or which are developed, produced and paid for under this Agreement, shall become the property of CITY. The reuse of FIRST PARTY’s work products by City for purposes other than intended by this Agreement shall be at no risk to FIRST PARTY.

15. REPRESENTATION OF WORK

Any and all representations of FIRST PARTY, in connection with the work performed or the information supplied, shall not apply to any other project or site, except the project described in Exhibit "A" or as otherwise specified in Exhibit "A".

16. TERMINATION OF AGREEMENT

A. CITY may give thirty (30) days written notice to FIRST PARTY, terminating this Agreement in whole or in part at any time, either for CITY’s convenience or because of the failure of FIRST PARTY to fulfill its contractual obligations or because of FIRST PARTY’s change of its assigned personnel on the project without prior CITY approval. Upon receipt of such notice, FIRST PARTY shall:
1. Immediately discontinue all services affected (unless the notice directs otherwise); and
2. Deliver to the CITY all data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated or produced by FIRST PARTY in performing work under this Agreement, whether completed or in process.

B. If termination is for the convenience of CITY, an equitable adjustment in the contract price shall be made, but no amount shall be allowed for anticipated profit on unperformed services.

C. If the termination is due to the failure of FIRST PARTY to fulfill its Agreement, CITY may take over the work and prosecute the same to completion by agreement or otherwise. In such case, FIRST PARTY shall be liable to CITY for any reasonable additional cost occasioned to the CITY thereby.

D. If, after notice of termination for failure to fulfill Agreement obligations, it is determined that FIRST PARTY had not so failed, the termination shall be deemed to have been effected for the convenience of the CITY. In such event, adjustment in the contract price shall be made as provided in Paragraph B of this Section.

E. The rights and remedies of the CITY provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

F. Subject to the foregoing provisions, the CITY shall pay FIRST PARTY for services performed and expenses incurred through the termination date.
17. INSPECTION OF WORK

It is FIRST PARTY's obligation to make the work product available for CITY's inspections and periodic reviews upon request by CITY.

18. COMPLIANCE WITH LAWS

It shall be the responsibility of FIRST PARTY to comply with all State and Federal Laws applicable to the work and services provided pursuant to this Agreement, including but not limited to compliance with prevailing wage laws, if applicable.

19. BREACH OF AGREEMENT

A. This Agreement is governed by applicable federal and state statutes and regulations. Any material deviation by FIRST PARTY for any reason from the requirements thereof, or from any other provision of this Agreement, shall constitute a breach of this Agreement and may be cause for termination at the election of the CITY.

B. The CITY reserves the right to waive any and all breaches of this Agreement, and any such waiver shall not be deemed a waiver of any previous or subsequent breaches. In the event the CITY chooses to waive a particular breach of this Agreement, it may condition same on payment by FIRST PARTY of actual damages occasioned by such breach of Agreement.

20. SEVERABILITY

The provisions of this Agreement are severable. If any portion of this Agreement is held invalid by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect unless amended or modified by the mutual consent of the parties.

21. CAPTIONS

The captions of this Agreement are for convenience and reference only and shall not define, explain, modify, limit, exemplify, or aid in the interpretation, construction, or meaning of any provisions of this Agreement.

22. LITIGATION OR ARBITRATION

In the event that suit or arbitration is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to litigation costs and reasonable attorneys' fees. The Dispute Resolution provisions are set forth on Exhibit "B", 'Dispute Resolution' attached hereto and by this reference incorporated herein.

23. RETENTION OF RECORDS

Contractor shall maintain all required records for three years after the City makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the City, a federal agency, and the state of California.

24. TERM OF AGREEMENT

This Agreement shall remain in effect for the period of March 16, 2016 through March 23, 2020 unless extended, amended, or terminated in writing by CITY.
25. ENTIRE AGREEMENT

This document constitutes the sole Agreement of the parties hereto relating to said project and states the rights, duties, and obligations of each party as of the document's date. Any prior Agreement, promises, negotiations, or representations between parties not expressly stated in this document are not binding. All modifications, amendments, or waivers of the terms of this Agreement must be in writing and signed by the appropriate representatives of the parties to this Agreement.

26. STATEMENT OF ECONOMIC INTEREST

Consultants, as defined by Section 18701 of the Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations, are required to file a Statement of Economic Interests with 30 days of approval of a contract services agreement with the City of its subdivisions, on an annual basis thereafter during the term of the contract, and within 30 days of completion of the contract. Based upon review of the Consultant's Scope of Work and determination by the City Manager, it is determined that Consultant IS/IS NOT required to file a Statement of Economic Interest. A statement of Economic Interest shall be filed with the City Clerk's office no later than 30 days after the execution of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

FIRST PARTY:

[Signature]

Nicolas Bernal

Tax ID#

3/4/16

Date

President

Title

APPROVED AS TO FORM:

[Signature]

William L. McClure, City Attorney

4/12/16

Date

CITY OF MENLO PARK:

[Signature]

Alex D. McIntyre

Name

4/12/16

Date

City Manager

Title

ATTEST:

[Signature]

Pamela Aguilar, City Clerk, City of Menlo Park

4/12/16

Date
EXHIBIT “A” – SCOPE OF SERVICES

A1. SCOPE OF WORK

FIRST PARTY agrees to provide consultant services for CITY’s Public Works. In the event of any discrepancy between any of the terms of the FIRST PARTY’s proposal and those of this Agreement, the version most favorable to the CITY shall prevail. FIRST PARTY shall provide the following services:

Provide general consultant services for projects as determined by the CITY. The detailed scope of work for each task the CITY assigns the consultant shall be referred to as Exhibit A-1, which will become part of this Agreement. A notice to proceed will be issued separately for each separate scope of work agreed to between the CITY and FIRST PARTY.

FIRST PARTY agrees to perform these services as directed by the CITY in accordance with the standards of its profession and CITY’s satisfaction.

A2. COMPENSATION

CITY hereby agrees to pay FIRST PARTY at the rates to be negotiated between FIRST PARTY and CITY as detailed in Exhibit A-1. The actual charges shall be based upon (a) FIRST PARTY’s standard hourly rate for various classifications of personnel; (b) all fees, salaries and expenses to be paid to engineers, consultants, independent contractors, or agents employed by FIRST PARTY; and shall (c) include reimbursement for mileage, courier and plan reproduction. The total fee for each separate Scope of Work agreed to between the CITY and FIRST PARTY shall not exceed the amount shown in Exhibit A-1.

FIRST PARTY shall be paid within thirty (30) days after approval of billing for work completed and approved by the CITY. Invoices shall be submitted containing all information contained in Section A5 below. In no event shall FIRST PARTY be entitled to compensation for extra work unless an approved change order, or other written authorization describing the extra work and payment terms, has been executed by CITY prior to the commencement of the work.

A3. SCHEDULE OF WORK

FIRST PARTY’S proposed schedule for the various services required will be set forth in Exhibit A-1.

A4. CHANGES IN WORK -- EXTRA WORK

In addition to services described in Section A1, the parties may from time to time agree in writing that FIRST PARTY, for additional compensation, shall perform additional services including but not limited to:

- Change in the services because of changes in scope of the work.
- Additional tasks not specified herein as required by the CITY.

The CITY and FIRST PARTY shall agree in writing to any changes in compensation and/or changes in FIRST PARTY’s services prior to the commencement of any work. If FIRST PARTY deems work he/she has been directed to perform is beyond the scope of this Agreement and constitutes extra work, FIRST PARTY shall immediately inform the CITY in writing of the fact. The CITY shall make a determination as to whether such work is in fact beyond the scope of this Agreement and constitutes extra work. In the event that the CITY determines that such work does constitute extra work, it shall provide compensation to the FIRST PARTY in accordance with an agreed cost that is fair and equitable. This cost will be mutually agreed upon by the CITY and FIRST PARTY. A supplemental agreement providing for such compensation for extra work shall be negotiated between the CITY and the FIRST PARTY. Such supplemental agreement shall be executed by the FIRST PARTY and may be approved by the City Manager upon recommendation of the Department Head.
<table>
<thead>
<tr>
<th>A5. BILLINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST PARTY's bills shall include the following information: A brief description of services performed, project title and the Agreement number; the date the services were performed; the number of hours spent and by whom; the current contract amount; the current invoice amount; Except as specifically authorized by CITY, FIRST PARTY shall not bill CITY for duplicate services performed by more than one person. In no event shall FIRST PARTY submit any billing for an amount in excess of the maximum amount of compensation provided in Section A2.</td>
</tr>
<tr>
<td>The expenses of any office, including furniture and equipment rental, supplies, salaries of employees, telephone calls, postage, advertising, and all other expenses incurred by FIRST PARTY in the performances of this Agreement shall be incurred at the FIRST PARTY's discretion. Such expenses shall be FIRST PARTY's sole financial responsibility.</td>
</tr>
</tbody>
</table>
February 10, 2016

Letter of Interest

EPS Inc dba Express Plumbing is interested in both routine and emergency services as needed. We are a Corporation and have been in business for 20 years.

Specialties

Residential Plumbing, Commercial Plumbing & Engineering, Trenchless Drilling, Advanced Leak Detection, Directional Drilling & Boring.

History

Established in 1987.

In 1987 the company began serving the local residential area. Since then it has grown to become the largest plumbing and engineering company in the Bay Area serving the municipal, commercial & residential sector. Unsurpassed quality and expertise are on your side no matter how small or large the project is.

Please see the following attachments:

- Financial statement
- Experience
- Personnel Experience Statement
- Equipment listing
- Item Price Schedule

Signature: [Signature]

Name: Nicolas Bechwati  President EPS Inc.

Serving the entire Bay Area since 1989
EPS, INC.
DBA EXPRESS PLUMBING

YEAR ENDED MARCH 31, 2015

INDEPENDENT ACCOUNTANTS’ REVIEW REPORT
AND
FINANCIAL STATEMENTS
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Income Statement 3

Statement of Changes in Stockholders' Equity 4

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Tax, Audit, and Financial Reporting Services

Independent Accountants' Review Report

To the Board of Directors
EPS, Inc. dba Express Plumbing
San Mateo, California

We have reviewed the accompanying balance sheet of EPS, Inc. dba Express Plumbing (a corporation) as of March 31, 2015, and the related statements of income, stockholders’ equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included on page S-1 and S-2 is presented only for purposes of additional analysis and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Kustov & Associates, Inc.
San Francisco, California
January XX, 2016
# EPS, Inc. dba Express Plumbing

## BALANCE SHEET

As of March 31, 2015

## ASSETS

### Current assets

- Accounts receivable
  - $646,429
- Cash and cash equivalents
  - $231,160
- Costs and estimated earnings
  - in excess of billings on uncompleted contracts
  - $98,655
- Employee advances
  - $25,807
- **Total current assets**
  - $1,002,052

### Property and equipment

- Machinery and equipment
  - $673,043
- Vehicles
  - $228,794
- Furniture and equipment
  - $35,749
- Leasehold improvements
  - $37,179
- **Net property and equipment**
  - $974,765

### Other assets

- Restricted cash (note 2)
  - $39,657
- Intangible assets, net
  - $2,483
- Deferred tax assets
  - ($16,394)
- **Total other assets**
  - $25,746
- **Total assets**
  - $2,002,563

## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current liabilities

- Accrued payroll and other costs
  - $306,497
- Accounts payable
  - $121,053
- Loan from stockholders
  - $150,000
- Deferred tax liability
  - $110,186
- Current maturities of long-term debt
  - $66,938
- Income tax payable
  - $834
- **Total current liabilities**
  - $755,508

### Long-term liabilities

- Long-term debt
  - $572,018
- Loan from stockholders
  - $64,278
- **Total long-term liabilities**
  - $636,296
- **Total liabilities**
  - $1,391,804

### Stockholders' equity

- Retained earnings
  - $522,271
- Additional paid-in capital
  - $78,488
- Common stock, no par value, 100,000 shares authorized,
  - 5,000 shares issued and outstanding
  - $10,000
- **Total stockholders' equity**
  - $610,759
- **Total liabilities and stockholders' equity**
  - $2,002,563

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See accompanying notes and Independent accountants' review report.
**EPS, Inc. dba Express Plumbing**

**INCOME STATEMENT**

For the Year Ended March 31, 2015

<table>
<thead>
<tr>
<th>Revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction income</td>
<td>$ 5,561,465</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$ 5,561,465</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost of goods sold:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct labor and related costs</td>
<td>1,966,391</td>
</tr>
<tr>
<td>Materials and related costs</td>
<td>1,117,411</td>
</tr>
<tr>
<td>Vehicles and other costs</td>
<td>1,011,624</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>317,224</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>67,215</td>
</tr>
<tr>
<td><strong>Total cost of goods sold</strong></td>
<td>4,479,865</td>
</tr>
</tbody>
</table>

| Gross profit                        | 1,081,600 |

<table>
<thead>
<tr>
<th>Selling, general and administrative expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative payroll burden and related costs</td>
<td>306,608</td>
</tr>
<tr>
<td>Professional fees</td>
<td>175,059</td>
</tr>
<tr>
<td>Rent and building related expenses</td>
<td>173,285</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>124,214</td>
</tr>
<tr>
<td>Utilities and telecommunication</td>
<td>84,939</td>
</tr>
<tr>
<td>Insurance</td>
<td>26,524</td>
</tr>
<tr>
<td>Training expenses</td>
<td>23,234</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>20,106</td>
</tr>
<tr>
<td>Bad debt expenses</td>
<td>19,100</td>
</tr>
<tr>
<td>Office and related expenses</td>
<td>13,886</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td>11,624</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>9,545</td>
</tr>
<tr>
<td>Charity donations</td>
<td>8,000</td>
</tr>
<tr>
<td>Bank service charges</td>
<td>4,030</td>
</tr>
<tr>
<td><strong>Total selling, general and administrative expenses</strong></td>
<td>1,000,154</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other income (expense):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on sale of assets</td>
<td>37,102</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>(20,023)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(68,293)</td>
</tr>
<tr>
<td><strong>Total other income (expense)</strong></td>
<td>(51,214)</td>
</tr>
</tbody>
</table>

| Income before income taxes                | 30,232 |

<table>
<thead>
<tr>
<th>Income tax benefit (expense):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>(800)</td>
</tr>
<tr>
<td>Deferred</td>
<td>(16,394)</td>
</tr>
<tr>
<td><strong>Total income tax benefit (expense)</strong></td>
<td>(17,194)</td>
</tr>
</tbody>
</table>

| Net Income                                | $ 13,038 |

See accompanying notes and independent accountants' review report.
<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Additional Paid-In Capital</th>
<th>Retained Earnings</th>
<th>Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at April 1, 2014</td>
<td>5,000 $10,000 $78,488 $509,236 $597,723</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td>13,038</td>
<td>13,038</td>
</tr>
<tr>
<td>Balance at March 31, 2015</td>
<td>5,000 $10,000 $78,488 $522,273 $610,761</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report. 4
EPS, Inc. dba Express Plumbing
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2015

Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss)</td>
<td>$13,038</td>
</tr>
<tr>
<td>Increase in retained earnings, 03/31/2014</td>
<td>21</td>
</tr>
<tr>
<td>Adjustments to reconcile net income (loss) to net cash used in operating in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Decrease in contracts receivable</td>
<td>226,595</td>
</tr>
<tr>
<td>Decrease in costs and estimated earnings in excess of billings on uncompleted contracts</td>
<td>131,377</td>
</tr>
<tr>
<td>Decrease in deferred tax assets</td>
<td>16,394</td>
</tr>
<tr>
<td>Increase in income taxes payable</td>
<td>12</td>
</tr>
<tr>
<td>Increase in employee advances</td>
<td>(1,522)</td>
</tr>
<tr>
<td>Decrease in accrued payroll and other costs</td>
<td>(41,719)</td>
</tr>
<tr>
<td>Decrease in accounts payable</td>
<td>(165,674)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(414,361)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>$(236,044)</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of property, equipment, and leasehold improvements</td>
<td>71,068</td>
</tr>
<tr>
<td>Sales of intangible assets</td>
<td>12,020</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>83,088</td>
</tr>
</tbody>
</table>

Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in long-term debt</td>
<td>368,581</td>
</tr>
<tr>
<td>Decrease in loan from stockholders</td>
<td>(57,853)</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>310,728</td>
</tr>
</tbody>
</table>

Net increase (decrease) in cash and cash equivalents: 157,772

Cash and cash equivalents at beginning of period: 73,391

Cash and cash equivalents at end of period: $231,163

Supplemental disclosures of cash flow information:

Cash paid during the year for:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$68,293</td>
</tr>
<tr>
<td>Tax</td>
<td>13,721</td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountants' review report. 5
Note 1 - Description of Business

EPS, Inc. dba Express Plumbing (the “Company”) is a plumbing contractor performing design, fabrication, and installation services for commercial and residential projects in the San Francisco Bay Area. The work is performed under fixed-price, and time and material contracts.

Note 2 - Summary of Significant Accounting Policies

Revenue and Cost Recognition

The Company recognizes revenues from long-term construction contracts under the percentage-of-completion method. Under this method, the completion percentage is measured by the percentage that costs incurred to-date bears to total estimated final costs for each contract. For financial statement purposes, income is determined by applying the percentage of completion, determined at the financial statement date, to the estimated total gross profit for each contract.

This method is utilized by the Company because it believes that it is the best available measure of progress on contracts. Because of inherent uncertainties in estimating costs, it is reasonable to assume that estimates will change in the future. When changes in job performance, job conditions, and estimated profitability occur, including those arising from contract penalty provisions and final contract settlements, these changes may result in revisions to final estimated revenue, costs, and gross profit, and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Contract costs include all direct labor, material, subcontract and equipment costs, and those indirect costs allocated to contract performance, such as indirect labor, supplies, tools, and depreciation costs. General and administrative expenses are charged to expense as incurred. Profit incentives are included in contract revenue when realization is reasonably assured. An amount equal to contract costs allocable to claims is included in revenue only when the Company has a reasonable estimate of the amount that can be reliably estimated.

The current asset “Costs and estimated earnings in excess of billings on uncompleted contracts” represents contract revenues recognized in excess of amounts billed. The current liability “Billings in excess of costs and estimated earnings on uncompleted contracts” represents billings in excess of contract revenues recognized.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Estimates are used for, but not limited to, revenue reserves, valuation of receivables, accruals, depreciation, amortization, and contingencies. Actual results could differ from those estimates.
EPS, INC. DBA EXPRESS PLUMBING
Notes to the Financial Statements
March 31, 2015

Certain Significant Estimates
The Company has calculated and determined the revenue earned for the period ended March 31, 2015, and the effect on several asset and liability amounts, based on the common industry standard revenue determination formula of actual cost-to-date compared to total estimated job costs. See Note 2 - Revenue and Cost Recognition above. Due to uncertainties inherent in the estimation process, and uncertainties relating to future performance as the contracts are completed, it is at least reasonably possible that estimated job costs, in total or on individual contracts, will be revised.

Cash and Cash Equivalents and Investments
The Company considers all highly liquid instruments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are valued at carrying amounts that approximate their fair value.

Restricted Cash
Certain of the Company's construction contracts require the Company to obtain surety bonds from surety companies, and these companies require the Company to deposit specified amount of fund in escrow to obtain surety bonds. These cash amounts are reported in the balance sheet as other assets since the management expects that these will not be contractually released within one year. As of March 31, 2015, the restricted cash amount was $39,657.

Accounts Receivable
Contracts receivable from performing commercial and residential projects are based on contracted prices. Contracts receivable represent the amounts the Company expects to collect. Some of the contracts under which the Company performs work contain retainage provisions. Retainage refers to that portion of billings made by the Company but held for payment by the customer pending satisfactory completion of the project.

The Company charges off its receivable using direct write-off method. The Company considers contracts receivable to be past due when they are outstanding 30 days over due dates. The Company writes off uncollectible receivables after the exhaustion of all the opportunities to collect on balances due.

Property and Equipment
Property and equipment are recorded at cost, including improvements that significantly add to the productive capacity or extend the useful life of the related asset. For financial statement purposes, various depreciation periods are being used for various assets as follows: certain tools used in construction - 3 years, vehicles, computers and other equipment - 3 to 7 years. The straight line method and half year convention are used in all cases.

When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Maintenance and repairs are charged to expense in the period incurred.
EPS, INC. DBA EXPRESS PLUMBING
Notes to the Financial Statements
March 31, 2015

Income Taxes

Income taxes included in the accompanying financial statements include federal income tax and California franchise tax based upon C-Corporation tax status.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes. Deferred taxes represent income taxes on income and expense included in the financial statements, which will not be reported as taxable income or expense until future periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the differences are expected to be recovered or settled.

Differences between tax and financial reporting include but not limited to the following:

a. Differences in the methods of recording depreciation: for tax reporting purposes, the Company utilizes accelerated methods of reporting depreciation, whereas straight-line methods for financial reporting.

b. Differences in timing of the revenue recognition: for tax reporting purposes, the Company uses the cash method whereas its financial statements are presented under the percentage-of-completion method.

Uncertain Tax Positions

The Company adopted guidance issued by FASB with respect to accounting for uncertainty in income taxes as of March 31, 2013. A tax position is recognized as a benefit only if it is “more likely than not” that the position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The adoption had no effect on the Company’s financial statements. Management estimated that no provision uncertainty in income taxes is necessary for the year ended March 31, 2013.

Advertising and Promotion

Advertising costs are expensed when the advertisement first occurs. Total advertising and promotion expense for the year ended March 31, 2015 was $124,214 and was included in selling, general and administrative expenses.

Accrued Payroll and Liabilities for Compensated Absences

The Company accrues payroll and related taxes when incurred. The Company did not have any accrued liability for compensated absences as of March 31, 2013.

Concentration of Risk

On November 9, 2010, the FDIC issued a Final Rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance

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coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC-insured depository institutions (IDI). Beginning January 1, 2013, noninterest-bearing transaction accounts will no longer be insured separately from depositors' other accounts at the same IDI. Instead, noninterest-bearing transaction accounts will be added to any of a depositor's other accounts in the applicable ownership category, and the aggregate balance insured up to at least the Standard Maximum Deposit Insurance Amount (SMDIA) of $250,000, per depositor, at each separately chartered IDI. The Company maintains cash in demand deposit accounts with federally insured banks and all the deposits are currently insured by the FDIC up to $250,000 as of March 31, 2015.

The Company extends credit to its customers, including governmental agencies, private owners, developers, and general contractors. The Company does not believe that it is exposed to any significant credit risk in connection with cash and cash equivalents or the extension of credit to its customers.

Financial Instruments and Fair Value Measurements

The Company adopted the provisions for fair value measurements contained in the Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures. This standard applies to financial instruments and defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price)". The standard establishes a consistent framework for measuring fair value and expands disclosure requirements about fair-value measurements. FASB ASC 820, among other things, requires to minimize the use of observable inputs when measuring fair value.

Fair Value Hierarchy

FASB ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity for an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flows models, and other similar techniques.

The Company’s financial instruments are cash and cash equivalents, contracts receivable, accounts payable, and notes payable; the recorded values of these instruments approximate their fair values.
Subsequent Events

FASB ASC 855-10-50 codifies the guidance regarding the disclosure of events occurring subsequent to the balance sheet date. FASB ASC 855-10-50 does not change the definition of a subsequent event (i.e., an event or transaction that occurs after the balance sheet date but before the financial statements are issued), but requires disclosure of the date through which subsequent events were evaluated when determining whether an adjustment to or a disclosure in the financial statements is required. The adoption of the codification did not affect the Company's financial statements as the codification requires only additional disclosures concerning subsequent events.

Note 3 – Costs and Estimated Earnings on Uncompleted Contracts

<table>
<thead>
<tr>
<th>As of March 31</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs incurred on uncompleted contracts</td>
<td>$887,998</td>
</tr>
<tr>
<td>Estimated profit</td>
<td>$388,502</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$1,276,490</td>
</tr>
<tr>
<td>Less billings to date</td>
<td>$957,394</td>
</tr>
<tr>
<td>Net Balance</td>
<td>$319,096</td>
</tr>
</tbody>
</table>

Included in accompanying balance sheet under the following captions:

Costs and estimated earnings in excess of billings on uncompleted contracts

$319,096

Billings in excess of costs and estimated earnings on uncompleted contracts

$0

Note 4 – Property, Equipment, and Leasehold Improvements

<table>
<thead>
<tr>
<th>As of March 31</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and equipment</td>
<td>$1,489,248</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$259,829</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>$74,422</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$153,310</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$(1,262,044)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$976,769</td>
</tr>
</tbody>
</table>

Depreciation expense for the year totals $355,900 of which $317,224 was charged to contract cost.

Note 5 – Related Party Transactions
[I need to inquire why there is no Officer's salaries payable]

The Company obtained loans from the stockholders in prior periods to maintain working capital. At March 31, 2014, the Company had $111,981 of borrowings outstanding under these loans. The Company borrowed an addition of [new value] and repaid [new value] to a stockholder. An interest of [new interest rate] is accrued on a daily basis, total interest expense accrued on the loan from stockholders was [interest expense amount] during the year ended March 31, 2015. The Company has outstanding loan from stockholders at March 31, 2015 totaling $214,278, of which $10,150 will mature the following year.

The Company renewed the lease for its main office, warehouse, and yard space in San Mateo, CA for $6,750 per month in January 1, 2013. A stockholder has an equity interest in the leased property, and was identified as one of the lessors in the lease. See Note 8 -- Operating Lease Commitments.
Note 6 – Long-Term Debt

Notes payable, de Lage Credit, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
$ 216,514

Notes payable, CNH Capital Credit, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
120,350

Notes payable, GE Capital, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
92,467

Notes payable, GE Capital, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
70,891

Notes payable, de Lage Credit, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
64,192

Notes payable, WF Credit, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by vehicle maturing ----
28,045

Notes payable, CNH Capital Credit, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by equipment maturing ----
21,489

Notes payable, Ally Bank, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by vehicle maturing ----
12,808

Notes payable, Ally Bank, monthly aggregate installments of $ -----
including an interest rate at ----%, collateralized by vehicle maturing ----
12,200

Total
638,956

Less: current maturities of long-term debt $ may change66,938

Long-term debt, net of current maturities difference

Aggregate maturities of principal for the years ended March 31st are as follows:

2015 $ Look at NP sched
2016 Look at NP sched
2017 Look at NP sched
2018 Look at NP sched
2019 Look at NP sched

The Company’s interest expense under these notes for the year ended March 31, 2015 totals $17,540.

Note 7 – Income Tax
The Company files income tax returns in the U.S. federal and California state jurisdiction. As of March 31, 2015, the Company is no longer subject to U.S. federal income tax examinations by tax authority for the fiscal years prior to March 31, 2011, and is no longer subject to state and local income tax examinations by tax authorities for the fiscal years prior to March 31, 2010 in accordance with the respective statutes of limitations.

The Company’s current income tax expense for federal and state totaling $804, and the deferred tax expense was $16,394. As of March 31, 2015 the Company had no deferred tax asset, and had deferred tax liability in the amount of $110,186. See Note 2 - Summary of Significant Accounting

Policies for the description of significant temporary differences that give rise to deferred tax assets and liabilities.

Note 8 - Operating Lease Commitments [emailed-need to update]

[this is from year’s prior, it may have changed — needs to be updated or affirmed]
The Company leases its main office, warehouse and yard space in San Mateo, CA for $6,750 per month with a 3% annual increase each subsequent year of the lease. The lease expires December 31, 2017. The Company also co-leases additional office and warehouse space with an unrelated entity for $7,839, the Company’s portion of the rent is $3,919 per month. In September 2013, the Company lease an additional space with an unrelated entity for $2,000 per month with a 3% annual increase each subsequent year of the sublease.

The total rent expense for all offices, warehouse and yard space for the year ended March 31, 2014 was $142,214 and is included as general and administrative expenses.

Future minimum lease payments by the years ended March 31, are as follows: [this portion needs to be updated]

<table>
<thead>
<tr>
<th>Year</th>
<th>Base rent/month</th>
<th>Sublease/month</th>
<th>Total/annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$161</td>
<td>$3,239</td>
<td>$149,520</td>
</tr>
<tr>
<td>2016</td>
<td>$1,316</td>
<td>$3,239</td>
<td>$152,840</td>
</tr>
<tr>
<td>2017</td>
<td>$7,597</td>
<td>$3,239</td>
<td>$156,259</td>
</tr>
<tr>
<td>2018</td>
<td>$7,825</td>
<td>$3,239</td>
<td>$159,780</td>
</tr>
<tr>
<td>2019</td>
<td>$8,060</td>
<td>$3,239</td>
<td>$163,408</td>
</tr>
</tbody>
</table>

Note 9 – Major Customers [emailed-need to update]

During the year ended March 31, 2015, the Company had six major projects that accounted for [new percentage] of total revenues. Accounts receivable outstanding relating to these projects as of March 31, 2015 amounted to [new percentage] of total receivables.

Note 10– Commitments and Contingencies

The Company’s management is not aware of any pending or threatened actions which would have a material adverse effect on the Company’s accompanying financial statements.
Note 11 – Subsequent Events

In accordance with FASB ASC 855, Subsequent Events topic, the Company evaluated subsequent events for recognition and disclosure through November 12, 2015, the date these financial statements were available to be issued.

[need subsequent events from client, if any exist, from April 1, 2015 through November 12, 2015]

Note 12 – Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (“FASB”) issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." This ASU clarifies the financial statement presentation of unrecognized tax benefits in certain circumstances. ASU 2013-11 is effective for interim and annual reporting periods beginning after December 15, 2013 and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Management does not expect the adoption of ASU 2013-11 to have a material impact on the Company’s financial statements.

In July 2012, the FASB amended authoritative guidance associated with indefinite-lived intangible assets. This amended guidance states that an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. The amendments to this authoritative guidance become effective for the Company after September 15, 2013. The Company does not currently have indefinite-lived intangible assets; therefore, this guidance did not have a material impact on its financial statement.

In May 2011, the FASB amended authoritative guidance associated with fair value measurements. This amended guidance defines certain requirements for measuring fair value and for disclosing information about fair value measurement in accordance with GAAP. The amendments to authoritative guidance associated with fair value measurements were effective for the Company on January 1, 2012 and have been applied prospectively. The adoption of this guidance did not have a material impact on its financial statement.
<table>
<thead>
<tr>
<th>Job Description</th>
<th>Total Estimated Contract</th>
<th>From Contract Inception to March 31, 2015</th>
<th>Estimated Backlog for Future Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Cost</td>
<td>Gross Profit</td>
</tr>
<tr>
<td>CONTRACTS IN PROCESS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Mateo Parksride</td>
<td>48,500</td>
<td>5,000</td>
<td>43,500</td>
</tr>
<tr>
<td>City of Belmont</td>
<td>864,000</td>
<td>614,000</td>
<td>250,000</td>
</tr>
<tr>
<td>CW Driver site utilities</td>
<td>207,000</td>
<td>100,700</td>
<td>106,300</td>
</tr>
<tr>
<td></td>
<td>$1,120,000</td>
<td>$719,700</td>
<td>$400,700</td>
</tr>
</tbody>
</table>

See Independent accountants' review report on supplementary information. S-1
EPS, Inc. dba Express Plumbing
Schedule of Construction Contracts
for the year ended March 31, 2015

<table>
<thead>
<tr>
<th>Job Description</th>
<th>Contract Revenue</th>
<th>Contract Cost</th>
<th>Gross Profit (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRACTS IN PROCESS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Mateo Parkside</td>
<td>$46,347</td>
<td>$4,778</td>
<td>$41,569</td>
</tr>
<tr>
<td>City of Belmont</td>
<td>$855,462</td>
<td>$607,300</td>
<td>$248,162</td>
</tr>
<tr>
<td>CW Driver site utilities</td>
<td>$154,171</td>
<td>$75,000</td>
<td>$79,171</td>
</tr>
<tr>
<td>COMPLETED CONTRACTS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc. Projects</td>
<td>$4,486,385</td>
<td>$4,842,330</td>
<td>$(355,955)</td>
</tr>
<tr>
<td></td>
<td><strong>$5,542,364</strong></td>
<td><strong>$5,329,328</strong></td>
<td><strong>$13,037</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated Backlog for Future Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Revenue</td>
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<td>$64,420</td>
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See independent accountants' review report on supplementary information. S-2
PART C: EXPERIENCE OF PRIME CONTRACTOR

The unique nature of this Project requires prior similar experience of the firm and the Key Personnel assigned. Summarize similar project experience below and provide the detailed project information requested:

Prime Contractor. List three (3) underground construction projects that were a minimum of 1,500 feet long in an urban arterial road setting, each completed in the past five (5) years and indicate who were the superintendent.

<table>
<thead>
<tr>
<th>Project name</th>
<th>Construction Cost ($)</th>
<th>Year completed</th>
<th>Name of Project Manager</th>
<th>Name of Project Site Superintendent</th>
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<tbody>
<tr>
<td>Hazelwood Ave, Sewer Repair</td>
<td>800,000</td>
<td>2015</td>
<td>Nicolas Bechard</td>
<td>Nicolas Bechard</td>
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<td>Sewer Repair, Town of Hillsborough</td>
<td>920,000</td>
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<td>Nicolas Bechard</td>
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<td>998,000</td>
<td>2013</td>
<td>Nicolas Bechard</td>
<td>Nicolas Bechard</td>
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List Key Personnel that will be assigned to the Work:

Project Manager: Nicolas Bechard
Project Site Superintendent: Benita Cruz

Recent Projects.

Bidder shall provide information about three (3) of its most recently completed projects. Names and references must be current and verifiable. If a separate sheet is used, it must contain all of the following information:

1. Project Name: Grade 4 and 5 Paint Repair
   Location: Hillsborough
   Owner: Town of Hillsborough
   Owner Contact (name and phone number): Daniel Gonzalez 650-375-2588
   Architect/Engineer: Town of Hillsborough Public Works Director
   Architect/Engineer Contact (name and phone number): Paul Willis 650-375-7944
   Const. Mgr. or Project Mgr. (name and phone number): Daniel Gonzalez 650-375-2588
   Description of Project, Scope of Work Performed: Various Grade 4 & 5 Paint Repairs
   Total Construction Cost: 487,549.
   Total Change Order Amount: ______________
   Original Scheduled Date of Completion: 7/31/14
   Time Extensions Granted (number of Days): ______________
   Actual Date of Completion: 7/31/14
   Number of Stop Notices filed by subcontractors or suppliers: 0
2. Project Name: South Sewer Main Replacement phase I
   Location: Los Altos
   Owner: City of Los Altos
   Owner Contact (name and phone number): City Clerk 650-947-2720
   Architect/Engineer: Harris & Associates
   Architect/Engineer Contact (name and phone number): Ausberingen 925-827-4900
   Const. Mgr. or Project Mgr. (name and phone number): Aida Fairman 650-947-2663
   Description of Project, Scope of Work Performed: Sewer main replacement

   Total Construction Cost: $288,000
   Total Change Order Amount: 206,000
   Original Scheduled Date of Completion: 12/31/12
   Time Extensions Granted (number of Days): 20
   Actual Date of Completion: 1/31/13
   Number of Stop Notices filed by subcontractors or suppliers: none

3. Project Name: Sanitary Sewer Repair D of E Basin
   Location: San Mateo
   Owner: City of San Mateo Public Works
   Owner Contact (name and phone number): City of San Mateo 650-633-7331
   Architect/Engineer: Jocelyn Walker
   Architect/Engineer Contact (name and phone number): Jocelyn Walker 650-633-7331
   Const. Mgr. or Project Mgr. (name and phone number): Jocelyn Walker 650-522-7331
   Description of Project, Scope of Work Performed: Sanitary Sewer Repair

   Total Construction Cost: 18,689,000
   Total Change Order Amount: 0
   Original Scheduled Date of Completion: 10/22/12
   Time Extensions Granted (number of Days): 20
   Actual Date of Completion: 10/22/12
   Number of Stop Notices filed by subcontractors or suppliers: none
Personnel Experience Statement

Nicolas Bechwati
- President and founder of EPS, Inc.
- Serving the Bay Area since 1989
- Fluent in English

Experience in:
- Small to large size underground and above-grade construction in commercial, industrial and residential sectors
- Rehabilitating piping, drainage, utility lines and systems
- Installing new piping, drainage, and utility lines and systems
- Occupational Safety, Industry codes and standards
- Building and licensing permitting processes
- Managing multi-discipline on-site construction teams
- Restoring sites including road, sidewalk surfaces, etc.
- Inspecting and assessing piping conditions

References

Lee Panza, P.E.
Project Manager
Town of Hillsborough
Cell: (415) 710-3022

Daniel Gonzales
Engineering Department
Town of Hillsborough
Office: (650) 375-7444
Cell: (650) 867-0827

Projects Completed for the Town of Hillsborough

View Haven – Black Mountain Storm Drain
140 Stonehedge Sewer Line
3635 Ralston Storm Drain
Grade 4 & 5 Point Repair project
Personnel Experience Statement

Benito Cruz
• EPS Inc Job Foreman
• 15 years experience in the plumbing industry
• Fluent in English

Experience in:
• Small to large size underground and above-grade construction in commercial, industrial and residential sectors
• Rehabilitating piping, drainage, utility lines and systems
• Installing new piping, drainage, and utility lines and systems
• Occupational Safety, Industry codes and standards
• Building and licensing permitting processes
• Managing multi-discipline on-site construction teams
• Restoring sites including road, sidewalk surfaces, etc.
• Inspecting and assessing piping conditions

References

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Project Manager
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Cell: (415) 710-3022

Daniel Gonzales
Engineering Department
Town of Hillsborough
Office: (650) 375-7444
Cell: (650) 867-0827

Projects Completed for the Town of Hillsborough

View Haven – Black Mountain Storm Drain
140 Stonehedge Sewer Line
3635 Ralston Storm Drain
Grade 4 & 5 Point Repair project
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<th>Item</th>
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AJ944048
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156-002833/96-002
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<td>Sullair Compressor 185</td>
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<td>Cat Excavator</td>
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<td>JLG Articulating DC Boom 30-33</td>
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<td>CLUB Car Utility 4x2</td>
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<td>412 Fusion Machine</td>
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Total: $1,739,368.00

4-Dec-15
# Item Price Schedule

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<th>$ After Hours (5:01pm - 6:59am)</th>
<th>Notes</th>
<th>Example</th>
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<td>12</td>
<td>Asphalt Pavement 10' X 10' X 6&quot;</td>
<td>Each</td>
<td>$3500.00</td>
<td>$3700.00</td>
<td>Estimate complete job</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Concrete Sidewalk 4' X 10' X 4&quot;</td>
<td>Each</td>
<td>$3200.00</td>
<td>$3400.00</td>
<td>Estimate complete job</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Install 3 way valve with Fire hydrant run</td>
<td>Each</td>
<td>$12,500.00</td>
<td>$12,800.00</td>
<td>Estimate whole job, from start to finish, include all fittings needed, concrete and paving</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Install a 2&quot; Water Service</td>
<td>Each</td>
<td>$10,500.00</td>
<td>$10,800.00</td>
<td>Estimate whole job, from start to finish, include all fittings needed, concrete and paving</td>
<td></td>
</tr>
</tbody>
</table>

All Paving done for the MPWD only needs a 1" Tee Cut / not to Standards

* Price on Pieces of Equipment only no operators
EXHIBIT “B” - DISPUTE RESOLUTION

B1.0 All claims, disputes and other matters in question between the FIRST PARTY and CITY arising out of, or relating to, the contract documents or the breach thereof, shall be resolved as follows:

B2.0 Mediation
B2.1 The parties shall attempt in good faith first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. After a written demand for non-binding mediation, which shall specify in detail the facts of the dispute, and within ten (10) days from the date of delivery of the demand, the matter shall be submitted to a mutually agreeable mediator. The Mediator shall hear the matter and provide an informal opinion and advice, none of which shall be binding upon the parties, but is expected by the parties to help resolve the dispute. Said informal opinion and advice shall be submitted to the parties within twenty (20) days following written demand for mediation. The Mediator’s fee shall be shared equally by the parties. If the dispute has not been resolved, the matter shall be submitted to arbitration in accordance with Paragraph B3.1.

B3.0 Arbitration
B3.1 Any dispute between the parties that is to be resolved by arbitration as provided in Paragraph B2.1 shall be settled and decided by arbitration conducted by the American Arbitration Association in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, as then in effect, except as provided below. Any such arbitration shall be held before three arbitrators who shall be selected by mutual agreement of the parties; if agreement is not reached on the selection of the arbitrators within fifteen (15) days, then such arbitrator(s) shall be appointed by the presiding Judge of the court of jurisdiction of the Agreement.
B3.2 The provisions of the Construction Industry Arbitration Rules of the American Arbitration Association shall apply and govern such arbitration, subject, however to the following:
B3.3 Any demand for arbitration shall be writing and must be made within a reasonable time after the claim, dispute or other matter in question as arisen. In no event shall the demand for arbitration be made after the date that institution of legal or equitable proceedings based on such claim, dispute or other matter would be barred by the applicable statute of limitations.
B3.4 The arbitrator or arbitrators appointed must be former or retired judges, or attorneys at law with last ten (10) years’ experience in construction litigation.
B3.5 All proceedings involving the parties shall be reported by a certified shorthand court reporter, and written transcripts of the proceedings shall be prepared and made available to the parties.
B3.6 The arbitrator or arbitrators must be made within and provide to the parties factual findings and the reasons on which the decisions of the arbitrator or arbitrators is based.
B3.7 Final decision by the arbitrator or arbitrators must be made within ninety (90) days from the date of the arbitration proceedings are initiated.
B3.8 The prevailing party shall be awarded reasonable attorneys’ fees, expert and non-expert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration, unless the arbitrator or arbitrators for good cause determine otherwise.
B3.9 Costs and fees of the arbitrator or arbitrators shall be borne by the non-prevailing party, unless the arbitrator or arbitrators for good cause determine otherwise.
B3.10 The award or decision of the arbitrator or arbitrators, which may include equitable relief, shall be final, and judgment may be entered on it in accordance with applicable law in any court having jurisdiction over the matter.
**AGREEMENT COVERSHEET**

City Manager's Office  
701 Laurel Street, Menlo Park, CA 94025  
tel 850-330-5640

<table>
<thead>
<tr>
<th>Project Manager: Pam Lowe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department: Public Works</td>
</tr>
<tr>
<td>☐ Attest Only</td>
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</tbody>
</table>

First Party: Express Plumbing

Title: On-Call Emergency Water Systems Services

Purpose:  
To provide On-Call Emergency Water Systems Services.

861-20601-6514

<table>
<thead>
<tr>
<th>Agreement Amount: on-call</th>
<th>Begin Date: 3/16/2016</th>
<th>End Date: 3/16/2020</th>
</tr>
</thead>
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<tr>
<td>Approved Budget: $200,000</td>
<td>Budgeted YR: 2015-16</td>
<td>Available Budget: $74,186.88</td>
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</table>

Required Approval:  
☐ Department | ■ City Manager | ☐ City Council

☐ Language Modifications | ☐ Approved by City Attorney

Summary of Modifications:

Attachments:  
■ Three (3) Agreements  
■ Staff Report  
☐ Prior Agreement/Amendments(s) for reference  
■ Other

Approval:

Supervisor: [Signature]  
Assistant Director or Manager: [Signature]  
City Attorney: [Signature]
Recommendation
Staff recommends that the City Council:
1. Authorize the City Manager to enter into four-year agreements with Casey Construction, Express Plumbing, and Farallon Company for on-call routine and emergency water system services for the Menlo Park Municipal Water District (MPMWD), and
2. Authorize the City Manager to extend the agreements on a yearly basis for up to three additional years.

Policy Issues
The proposed action is consistent with City purchasing policies.

Background
MPMWD provides water to approximately 16,000 residents through 4,300 service connections within two service areas (see map on the next page). MPMWD’s distribution system consists of 63 miles of water main ranging in diameter from 1-inch to 16-inches, 3 pressure zones, 2 storage tanks, 366 fire hydrants, and 1,392 valves.

On May 22, 2012, the City Council approved four-year agreements with Casey Construction, Pacific Underground Construction, Inc., and West Valley Construction for on-call water system services with the option to extend the agreements for three additional years. Over this past year on several occasions, staff found that two of the three contractors were unavailable for emergency work due to other large projects on which they were working. In order to have multiple contractors available to assist staff for routine and emergency on-call water system services, staff believed that it was necessary to release another request for proposal.

On January 14, 2016, staff issued a request for proposal to 13 contractors that have experience providing on-call emergency services to other local water agencies. The scope of work included both routine and emergency services. Routine services include such activities as installing new fire hydrants, valves and service laterals, including associated asphalt or concrete repair. Examples of emergency services include repairing damaged fire hydrants or fixing water main breaks, and these emergencies can occur 24/7, including after business hours, weekends and holidays.
Analysis
Staff received three proposals from Casey Construction, Express Plumbing, and Farallon Company. Casey Construction has a current agreement with the City and staff has been satisfied with their quality of work and responsiveness. Staff has experience with Express Plumbing who has installed water services for some of the City’s water customers. Staff also has experience with Farallon Company who has recently repaired a water main break and concrete sidewalk. All three contractors have performed quality work and are familiar with City standards.

Staff has observed that each company has different strengths for different aspects of water system construction activities. Express Plumbing is a larger company with the ability and flexibility to provide 24-hour services, and they have a larger and more diverse fleet to handle a broad range of construction activities, such as paving. Casey Construction has also proven to be responsive and effective in handling smaller jobs. Farallon Company is a company with competitive rates whose key employees have extensive experience in underground pipeline construction.

Staff believes that it would be prudent to enter into agreements with all three contractors to ensure availability of services at all times and to expand the pool of contractors to maintain competitive pricing. Staff recommends that the City Council authorize the City Manager to execute the agreements for a four-year term, with an option to extend the agreements on a yearly basis for up to three additional years. Rates for any agreement extensions will be subject to increase per the San Francisco Bay Area Consumer Price Index.

Impact on City Resources
Funds for routine and emergency on-call services are budgeted and funded by the Water Fund. Based upon past history, staff anticipates that these services will not exceed $200,000 annually.
Environmental Review
Environmental review is not required.

Public Notice
Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments
None

Report prepared by:
Sally Salman, Assistant Engineer

Pam Lowe, Senior Civil Engineer

Reviewed By
Ruben Niño, Assistant Public Works Director