

Request for Proposals  
Bering Sea Aleutian Islands Crab  
Rationalization Economic Data Report Data  
Validation

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Actual Issue Date: February 4<sup>th</sup>, 2011

Deadline for Submissions: February 28th, 2011

## Proposal Schedule

Request for Proposal (RFP) issued and distributed **February 4th, 2011**

Deadline for written questions **February 11th, 2011**

Please email to **gtyler@psmfc.org**

Responses to written questions will be provided by **January 18<sup>th</sup>, 2011**

Deadline for submission of proposals is **February 28<sup>th</sup>, 2011**

Emailed proposals will be accepted.

Email to: **gtyler@psmfc.org**

Faxed proposals WILL NOT be accepted.

Mailed proposals must arrive to PSMFC on or before the deadline, not postmarked by the deadline.

One (1) original to:

Pacific States Marine Fisheries Commission

ATTN: Geana Tyler

205 SW Spokane St, Suite 100

Portland, OR 97202

Telephone: 503-595-3100

Proposal Review Committee Meeting held week of **March 7th, 2011**

Project Finalists Selected **March 14<sup>th</sup>, 2011**

## Description, Specifications, Criteria and Procedures

### Description

The North Pacific Fishery Management Council developed the Bering Sea and Aleutian Islands (BSAI) Crab Rationalization Program over a 6-year period to accommodate the specific dynamics and needs of the BSAI crab fisheries. The BSAI Crab Rationalization Program is comprised of a number of novel aspects, and the North Pacific Fisheries Management Council (Council) is interested in ensuring that it will be able to adequately assess the impact of the Program and future management changes on affected parties. Therefore, the Council specified that a mandatory economic data collection program be developed to provide employment, cost, and sales data necessary to understand the economic performance of harvesters and processors participating in BSAI crab fisheries. Annual Economic data reports (EDRs) that collect quantitative financial information about harvesters' and processors' crab operations were specifically developed for the crab fisheries. Completion and submission of EDR forms are required as a condition of permit renewal and continued participation in the crab fishery since the program was implemented in 2005.

In order to ensure that the data submitted by respondents in the EDRs is accurate, the Council has specified that data reported in EDR forms be subject to verification, including audits of related company records. Validation protocols developed over the first five years of data collection involves reviewing the data contained within submitted EDRs, conducting random audits for a certain percentage of submitted EDRs, and conducting verification audits for those EDRs containing anomalous or outlier data values. In this RFP we are seeking your ideas on what it would cost to complete the validation audit process, implementing or improving the validation protocols developed for EDR data to date.

The Council has specified that the EDR data collection and management be administered by a third party, the Pacific State Marine Fish Commission (PSMFC), rather than National Marine Fisheries Service (NMFS) or the State of Alaska. Therefore, PSMFC is soliciting proposals for a review and verification protocol, and to carry out audits for the 2010 EDRs. A review committee coordinated by PSMFC will review proposals and make a selection. Any individuals or entities that are members of the review committee and who also submit proposals or who may directly benefit from a proposal must recuse themselves from the review process.

### Specifications

One EDR will be collected in 2011 from each of the catcher vessels, catcher processors, and stationary floating processors or shoreside processing plants that participated in the program during the 2010 calendar year. Separate EDR forms are used for each of these sectors, with questions/data elements specifically addressing the nature of production and sales within the sector. The 2010 EDRs are not available at this time but no changes are anticipated from the 2009 EDRs which are available for download at [http://www.psmfc.org/alaska\\_crab/](http://www.psmfc.org/alaska_crab/)

All 2010 EDRs are due to PSMFC on June 28th, 2011. It is not clear at this time whether all of the EDRs that are submitted to PSMFC will arrive before the scheduled due date, and whether such EDRs will be complete. In some cases, PSMFC will have to contact the submitters to verify reported data values if they are unreadable, missing, or obviously incorrect at the time of submission. Once the EDRs are submitted to PSMFC they will be scanned into electronic files and values data entered into the database. This could take several weeks to complete. Although there is uncertainty regarding the date at which

EDRs will be data entered, assume for the purposes of this proposal that all EDR data for 2010 will be available July 11th, 2011.

There are two basic sections to the EDRs, the Certification Pages (3 & 4) that contain the identifying information for the entity submitting the EDR and the Data Tables that contain the operational, cost, and earnings data collected for each entity. One EDR is collected per vessel or processor and if one owner has several vessels or plants, they are required to submit one for each. Once received by PSMFC, each EDR is stamped with a BookletID that is a unique identifier and used for tracking purposes, this number is what is recorded along with the data in the database.

Submissions for 2009 EDRs were: 84 Catcher Vessels, 16 Shoreside Processors, 6 Catcher Processors and 2 Stationary Floating Processors. The audits will be a random sampling of this population determined by the statistical sampling method provided by the auditor to determine the number of audits to perform in each EDR type.

### Scope of Work

The general protocol for validating EDR data values is the following:

EDR records are selected for audit by random selection, or in the instance of anomalous reported values or apparent non-compliance, non-random selection. In both cases, the procedures are largely the same. NMFS will identify a subset of EDR data elements to be audited in all random and non-random audits. The subset of data elements selected for audit varies each year, but typically comprises a set of 20-25 separate elements for each sector. Additional data elements/values may be identified for specific non-random audits. The auditor will review the EDR records and communicate with the submitters to request supporting records for the specific values to be verified. The auditor may request and review copies of additional data or records provided by the EDR submitter, including but not limited to: previously audited or reviewed financial statements, worksheets, tax returns, invoices, receipts, and other original documents substantiating the data. It is not possible to define the exact nature of the supporting information an auditor may be provided with when conducting an audit because each company has their own style of financial recordkeeping. Some follow-up communication may be necessary to identify and receive the necessary records.

Using the supporting records supplied by the EDR submitter, the auditor will validate the reported values. Validation includes evaluating the quality of supporting documentation supplied as the basis for verification of reported EDR values; identification and classification of reporting errors; and, where possible, identifying a correction and quantifying the amount of reporting error for each audited data value. Some of the information collected in EDRs is not maintained in submitter records exactly as described in the EDR form, requiring the submitter to derive or approximate the value to report (e.g. by pro rata distribution). In these instances, the method of approximation and any calculations must be documented by the submitter to be validated. The auditor will review and evaluate the methods used for consistency with standard accounting practices, validate calculations, and where appropriate, quantify the error and identify a correction. Criteria for validation and classification of supporting records and reporting errors are described below.

Validation results for each audited data value will be recorded by auditors in a statistical database that is appropriately structured for import into a relational database by PSMFC. Conformance to database standards and attention to data integrity in recording and conveyance of audit result data to PSMFC is a critical element in the proposal evaluation. In addition, the auditor will provide a document summarizing the methods and results, including any additional quantitative and/or qualitative findings not captured in the audit results database.

#### Sampling protocol

The principal goals of the validation audit process are to ensure accurate and complete reporting by submitters and to quantify the data quality of the EDR database as a whole. To minimize the burden on submitters, the process employs random selection of a representative sample of the population of EDR records. As noted above, the number of EDR submissions is small, and the ability to use randomized sampling to support statistical inference is limited, particularly within specific sectors. To the extent practicable, your proposal should address alternative sampling methods to achieve a representative sample and the potential for both statistical and qualitative inference of audit results to the out-of-sample EDR population.

#### Selection of audits and data preparation:

- NMFS will select the EDR data elements to be audited for all audits.
- The Auditor determines sufficient sample size for random audit selections of EDR and makes those selections from list of vessels and processors provided by PSMFC.
- NMFS will analyze the EDR data submitted for anomalies and select records as appropriate for non-random audits.
- PSMFC will compile the data from selected EDRs into a report from which the Auditor will validate as agreed to with PSMFC.
- PSMFC will supply the contact information and assist with making arrangements between the Auditor and the EDR submitter.
- The Auditor shall not complete and/or submit Economic Data Reports (EDR) as the designated representative of BSAI Crab Rationalization EDR while under contract for this work. In the event that the Auditor knowingly provides information for a client for the express purpose of reporting in a BSAI Crab Rationalization EDR, the Auditor must disclose this fact when samples are being selected for this audit.

#### Data verification and analysis:

- The Auditor will contact and solicit supporting information from the selected EDR submitters for data elements specified by NMFS.
- The Auditor will review and verify reported values based upon supporting information provided. For each reported data value audited, verification includes:

- Evaluate and classify the quality of supporting documentation supplied as the basis for verification of reported EDR values
- Evaluate methods and calculations used to derive or approximate the reported value
- Identify and classify reporting errors
- Where possible, identify an appropriate correction to the reported value and quantify the amount of reporting error
- Criteria and codes for classification of qualitative results are provided below
- The Auditor will follow up on missing or inaccurate data to validate and correct the data.
- The Auditor will identify and confirm with the submitter appropriate changes to data when missing or inaccurate.
- The Auditor will identify general problems with the data and the data collection process (e.g., the EDR forms and instructions, submission deadlines, submitter compliance) and make recommendations for future reporting as appropriate.

### Deliverables:

- **Progress reports**
  - The Auditor will submit verbal or written updates to PSMFC and NMFS every two to three weeks to validate work and resolve questions or issues encountered.
  - Progress reports will act as intermittent deliverables to ensure quality of work and to address any problems that may arise throughout the project.
  - Invoices should include number of hours charged to project for recordkeeping and budgeting purposes.
- **Final project report and database**
  - A brief document outlining Methods and Conclusions of the audit.
    - Describe quality of records provided for support (3<sup>rd</sup> party documentations vs. calculations on the back of envelopes)
    - General compliance with audits (did they have to be continually reminded to provide documentations or did they provide all that you needed at the first request?)
    - Did you notice any directional bias in the data (generally provided lower values in the EDR vs. what was found in the audit?)
    - Difficulty with particular questions in the EDR.
    - Estimates by submitters on how long it took to complete EDR initially
    - Estimates by submitters on how long it took to prepare for audit

- Database including original value of audited variable, corrected value validated through the audit, coded qualitative support analysis for both the original and corrected value (the latter should be only 1, 5,6, 7, 9 or 10) from the Support Analysis codes (second table )below. The table below is an example of what will be provided to PSMFC by the Auditor in Excel worksheet format/online web form.
  - PSMFC will provide the contact information, BookletID, table\_name, Variable and Original Value of each variable to be audited.
  - The Auditor will provide the “Original Support Analysis” code of 1-10, any “Corrected Values” and the “Corrected Support Analysis” code of 1, 5, 6, 7, 9 or 10.

**Database Example**

BookletID	Table_name	Variable	Original Value	Original Support Analysis (1-10)	Corrected Value	Corrected Support Analysis (1,5,6,7,9 or 10)
2010V-4000A	5.2 Capital Expenditures	Total_expenditure	250,456	6	254,005	5

Support classification codes used to record qualitative evaluation of originally submitted values and any corrected values identified during audit:

<b>Audit codes</b>	<b>Original value is substantiated by documentation?</b>	<b>Audit documentation</b>	<b>Validation result</b>	<b>Measurement error effect type</b>	<b>Correction</b>
<b>1*</b>	Yes	Yes (same as original)	No error; reported value is clearly substantiated by complete records	None	No
<b>2</b>	Yes	Yes (same as original)	Calculation error	Respondent	Yes
<b>3</b>	Yes	Yes (same as original)	Misinterpretation of question	Questionnaire - wording	Yes
<b>4</b>	Yes	Yes (same as original)	Estimate is based on original documentation but flawed assumptions/logic	Questionnaire - specification + Respondent	Yes
<b>5*</b>	Yes	Yes (same as original)	Data cannot be reported precisely as specified in EDR form and must be estimated; estimate is based on appropriate documentation and sound assumptions/logic and is considered validated	Questionnaire - specification	No
<b>6*</b>	Yes	Yes (updated)	Original value was reported correctly based on original documentation, but corrected based on updated documentation	Questionnaire - specification	Yes
<b>7*</b>	No	No	Reported value is "best guess", not derived from records; no valid value is available	Questionnaire - specification + Respondent	No
<b>8</b>	No	Yes (new)	Original value is unsubstantiated; correction based on new documentation	Questionnaire - specification + Respondent error	Yes
<b>9*</b>	No	No	No data reported	None	No
<b>10*</b>	No	No	Item "Not Applicable" to vessel	None	No

\*denotes audit codes that should be used to classify corrected values

For purposes of creating an estimate for the proposal request, audit variables will be:

EDR Table	Data Element	EDR Types: V=Catcher Vessel, C=Catcher Processor, F=Stationary Floating Processor, S=Shoreside Processor
BSAI Crab Activity Table 1.0	Fishery Code	V, C, F, S
	Days Fishing	V, C
	Days Traveling and offloading	V, C
	Crab Processing Days	C, F, S
Crab Sales, Gross Revenue Table 2.0	Fishery code	V
	Harvest Quota Permit Class (A, B or C shares)	V
	Gross revenue from ex-vessel sale	V
Labor Payments Table 4.1 (3.1 for Shoreside)	Fishery code	V,C, S, F
	Crab harvesting Labor, number of paid harvest crew by fishery	V, C
	Crab harvesting labor, total crew labor payment by fishery	V, C
	Crab harvesting labor, Captain's labor payment by fishery	V, C
	Crab processing labor, No. of crew with pay determined by processing work by fishery	C
	Crab processing labor, average no. of crab processing positions by fishery	C, S, F
	Crab processing labor, total man-hours by fishery	S, F
Annual Costs by Location (Table 5.2 for Vessels, 6.3 for Floating and Shoreside, 7.2 for Catcher Processor EDRs)	Location code	V,C,S,F
	Annual costs; Capital investments	V,C,S,F
	Annual costs; Capital investments, Crab-only cost indicator	V,C,S,F
Annual Totals for All Fisheries (Table 6.0 for Catcher Vessels, 7.0 for Shoreside and Floaters, 8.0 for Catcher Processors)	Annual totals for all fisheries, processing days	C, S, F
	Annual totals for all fisheries, days at sea	V, C
	Annual totals for all fisheries, round pounds caught and retained	V,C
	Annual totals for all fisheries, landings, gross revenue	V
	Annual totals for all fisheries, product sales, FOB revenue	C, S, V
	Annual totals for all fisheries, finished pounds processed	C, S, F
Revenue Shares Table 4.3	Fishery code	V
	Vessel owner's percentage of net share, by fishery	V
	Harvest crew percentage of net share, by fishery	V
	Captain's percentage of net share, by fishery	V
BSAI Crab Processing Activity Table 1.a-f	Raw crab pounds processed	C, S, F
Raw Crab Purchases from Delivering Vessels (Table 5a-f Shoreside and Floating, Table 6 a-f Catcher Processor)	Fishery code	C,S, F
	Code for IFQ typ used for landing of purchased crab	C,S, F
	Total pounds of raw crab purchased by crab grade and size	C,S, F
	Total gross cost of raw crab purchased by crab grade and size	C,S, F

Please provide the final hourly rate you would bill to PSMFC for conducting this work. Include with it the position titles of employees involved, their hourly rate and the tasks that that position would be involved with.

For example:

Principle Lead @\$150/hour	CPA @ \$120/hour	Clerk @ \$45/hour
<ul style="list-style-type: none"> <li>• Signs contract</li> <li>• Finalizes methodologies with PSMFC and NMFS</li> <li>• Writes final report</li> </ul>	<ul style="list-style-type: none"> <li>• Data checking</li> <li>• Conducts audits</li> </ul>	<ul style="list-style-type: none"> <li>• Writes summary reports on audits</li> <li>• follows up with submission of supporting documents</li> </ul>

A document published by the Office of Management and Budget (OMB) on Measuring and Reporting Sources of Error in Surveys may provide some guidance, it is available online at [www.fcsm.gov/01papers/SPWP31\\_final.pdf](http://www.fcsm.gov/01papers/SPWP31_final.pdf)

### Proposal Evaluation Criteria

The following criteria and evaluation weightings will be used for evaluating proposals:

1. **Staff experienced in working with West Coast and/or Alaska Financial Fishery data. (35 percent)** The Auditing party must demonstrate knowledge of West Coast and/or Alaska fisheries, and have worked with financial fisheries data in the past two years.
2. **Cost and time proposed to complete (25 percent)** Provide total cost per hour that you would bill PSMFC for conducting the Data Review, Audits and Reporting. Identify position titles, their hourly wage and tasks each position would be involved with. Please provide an estimated time to complete verification for the 2010 year (assume contacts list by June 30<sup>th</sup>, data receipt by July 11, 2011).
3. **Feasibility and design of proposed auditing and verification process (40 percent).** Please describe the methodology you plan to use to verify that the information reported in the EDRs is consistent with that contained in the submitter’s financial records (e.g., forensic accounting methodologies, record checking). Describe how you plan to select EDRs for random auditing and present the statistical sampling method you will use to decide the number of audits to perform. Describe how you plan to minimize or eliminate the possibility for strategic reporting behavior by submitters.

### **Proposal Selection Procedures**

All proposals will be evaluated and scored individually in accordance with the above evaluation criteria by a PSMFC coordinated review panel. Submitters may be asked to supply supplemental information as required by PSMFC prior to the award.

### **RPF Details**

#### **Amendments to Solicitations**

If this solicitation is amended, all terms and conditions that are not amended remain unchanged. All bidders shall acknowledge receipt of any amendment to this solicitation by the date and time specified in the amendment(s).

#### **Submission, Modification, Revision, And Withdrawal Of Proposals**

Deadline for proposals is 5:00 PM (Pacific), February 28, 2011.

Proposals shall be submitted to:

Pacific States Marine Fisheries Commission  
205 SE Spokane St. Suite 100  
Portland, OR 97202  
Attn: Geana Tyler  
Phone: (503) 595-3100  
Email: gtyler@psmfc.org

Subject Line for email submissions: BSAI Crab Economic Data Report Data Validation

Proposals and modifications to proposals MUST be submitted in paper media or via Email.

#### **The proposal must contain:**

- The name of the solicitation;
- The name, address, and telephone and email addresses of the bidder;
- Names, titles, and telephone and email addresses of persons authorized to negotiate on the bidder's behalf with the PSMFC in connection with this solicitation;
- Name, title, and signature of person authorized to sign the proposal. Proposals signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the issuing office;
- Information on costs and time to perform the work
- Description of previous experience involving west coast and/or Alaska fisheries data
- Description of methodology proposed to use for data validation, method to use for random sampling of EDR population and description of how you plan to minimize or eliminate the possibility for strategic reporting behavior by submitters.
- Any such information as the bidder deems appropriate to evaluate experience and technical qualifications such as a portfolio.

The PSMFC reserves the right to consult with and to consider information from its own sources, including information from state and federal agencies regarding the bidder's prior performance or the status of outstanding investigations or warrants involving the bidder.

#### **Late proposals:**

Any proposal, modification, or revision received at the PSMFC office designated in the solicitation after the exact time specified for receipt of offers is "late" and will not be considered unless:

- There is acceptable evidence to establish that it was received at the PSMFC installation designated for receipt of offers and was under the PSMFC's control prior to the time set for receipt of offers; or It is the only proposal received.
- A late modification of an otherwise successful proposal that makes its terms more favorable to the PSMFC, will be considered at any time it is received.
- Acceptable evidence to establish the time of receipt at the PSMFC installation includes the time/date stamp of that installation on the proposal wrapper, other documentary evidence of receipt maintained by the installation, or oral testimony or statements of PSMFC personnel.
- An emergency or unanticipated event interrupts normal PSMFC processes so that proposals cannot be received at the office designated for receipt of proposals by the exact time specified in the solicitation and urgent PSMFC requirements preclude amendment of the solicitation. The time specified for receipt of proposals will be deemed to be extended to the same time of day specified in the solicitation on the first work day on which normal PSMFC processes resume.

Proposals may be withdrawn by written notice received at any time before award. Proposals may be withdrawn via facsimile received at any time before award. Proposals may be withdrawn in person by the bidder or an authorized representative, if the identity of the person requesting withdrawal is established and the person signs a receipt for the proposal before award.

Bidders shall submit proposals in response to this solicitation in English and in U.S. dollars.

Bidders may submit modifications to their proposals at any time before the solicitation closing date and time, and may submit modifications in response to an amendment, or to correct a mistake at any time before award.

Bidders may submit revised proposals only if requested or allowed by PSMFC.

Proposals may be withdrawn at any time before award. Withdrawals are effective upon receipt of notice by the PSMFC Administrative Contact.

#### **Offer Expiration Date**

Proposals in response to this solicitation will be valid for 90 days following the time specified for solicitation of offers (unless a different period is proposed by the bidder). Restriction on Disclosure and Use of Information

Bidders that include in their proposals data that they do not want disclosed to the public for any purpose, or used by the PSMFC except for evaluation purposes, shall:

Mark the title page with the following legend:

“This proposal includes data that shall not be disclosed outside the PSMFC and shall not be duplicated, used, or disclosed--in whole or in part--for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this bidder as a result of--or in connection with--the submission of this data, the PSMFC shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the PSMFC's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets [insert numbers or other identification of sheets]”; and

Mark each sheet of data it wishes to restrict with the following legend:

“Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal.”

### **Contract Award**

The PSMFC intends to award a contract or contracts resulting from this solicitation to the responsible bidder(s) whose proposal(s) represents the best value after evaluation in accordance with the requirements of this solicitation.

The PSMFC may reject any or all proposals if such action is in the PSMFC's interest.

The PSMFC may waive informalities and minor irregularities in proposals received.

The PSMFC intends to evaluate proposals and award a contract without discussions with bidders (except clarifications as described in FAR 15.306(a)). Therefore, the bidder's initial proposal should contain the bidder's best terms from a cost or price and technical standpoint. The PSMFC reserves the right to conduct discussions if it determines them to be necessary. If the PSMFC determines that the number of proposals that would otherwise be in the competitive range exceeds the number at which an efficient competition can be conducted, the PSMFC may limit the number of proposals in the competitive range to the greatest number that will permit an efficient competition among the most highly rated proposals.

The PSMFC reserves the right to make an award on any item for a quantity less than the quantity offered, at the unit cost or prices offered, unless the bidder specifies otherwise in the proposal.

The PSMFC reserves the right to make multiple awards if, after considering the additional administrative costs, it is in the PSMFC's best interest to do so.

Exchanges with bidders after receipt of a proposal do not constitute a rejection or counteroffer by the PSMFC.

The PSMFC may determine that a proposal is unacceptable if the prices proposed are materially unbalanced between line items or sub-line items. Unbalanced pricing exists when, despite an acceptable total evaluated price, the price of one or more contract line items is significantly overstated or

understated as indicated by the application of cost or price analysis techniques. A proposal may be rejected if the PSMFC determines that the lack of balance poses an unacceptable risk to the PSMFC.

If a cost realism analysis is performed, cost realism may be considered by the source selection authority in evaluating performance or schedule risk.

A written award or acceptance of proposal mailed or otherwise furnished to the successful bidder within the time specified in the proposal shall result in a binding contract without further action by either party.

The PSMFC may disclose the following information in post award debriefings to other bidders:

- The overall evaluated cost or price and technical rating of the successful bidder;
- The overall ranking of all bidders, when any ranking was developed by the agency during source selection; and
- A summary of the rationale for award.

After evaluation of the proposals and selection of a proposed contractor, PSMFC will notify all offerors, via email, of the results within three (3) business days.

### **Questions**

All questions regarding this RFP must be submitted, in writing, to the PSMFC Administrative Contact by January 24, 2011. Responses to the questions will be distributed to all parties who have notified PSMFC of their intent to submit a proposal.

## **Special Contract Award Requirements**

### **Conflict of Interest**

The Contractor warrants that, to the best of the Contractor's knowledge and belief, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest, as defined in FAR Subpart 9.5, or that the Contractor has disclosed all such relevant information.

The Contractor agrees that if an actual or potential organizational conflict of interest is discovered after award, the Contractor will make full disclosure in writing to the Principal Investigator. This disclosure shall include a description of actions that the Contractor has taken or proposes to take, after consultation with the Principal Investigator, to avoid, mitigate, or neutralize the actual or potential conflict.

Remedies – The Principal Investigator may terminate this contract for convenience, in whole or in part, if it deems such termination necessary to avoid an organizational conflict of interest. If the Contractor was aware of a potential organizational conflict of interest prior to award or discovered an actual or potential conflict after award and did not disclose or misrepresented relevant information to the Principal Investigator, PSMFC may terminate the contract for default, debar the Contractor from PSMFC contracting, or pursue such other remedies as may be permitted by law or this contract.

The Contractor further agrees to insert provisions that shall conform substantially to the language of this clause, including this paragraph, in any subcontract, personnel agreement, or consultant agreement hereunder.

## Indemnification

Indemnification – Contractor shall indemnify and hold harmless PSMFC and its officers, agents, employees, boards and commissions, against any and all loss, damages, liability, claims, suits, costs and expense whatsoever, including reasonable attorneys fees, regardless of the merits or outcome of any such claim or suit arising from or in any manner connected to Contractor’s negligent performance of services provided or work conducted or performed pursuant to this agreement.

## Insurance

Minimum Coverages Required. The Contractor selected for this project will be required to present evidence to show, at a minimum, the amounts of insurance coverage indicated below. Contractor is also responsible for its Subcontractors maintaining sufficient limits of the same coverage required by Contractor and the Contractor is responsible for collecting Certificates of subcontractors, as per below:

- Workers’ Compensation and Employer’s Liability – The Contractor is required to comply with any applicable labor codes, acts, laws or statutes, State or Federal, for the location where Contractor performs work. If occupational diseases are not compensable under those statutes, they shall be covered under the employer’s liability section of the insurance policy. If in States with exclusive or monopolistic funds that do not permit workers’ compensation to be written by private carriers, Contractor is required to comply with any applicable labor, codes, acts, laws or statutes of such States and shall have Workers’ Compensation and Employer’s Liability Stop-Gap coverage in the amount of \$1,000,000 each accident, and each employee and each accident.
- Employer’s Liability coverage shall be required of at least \$1,000,000 for Bodily Injury or Death, each employee and each accident. If in States with exclusive or monopolistic funds that do not permit workers’ compensation to be written by private carriers, Contractor is required to comply with any applicable labor, codes, acts, laws or statutes of such States and shall have Workers’ Compensation and Employer’s Liability Stop-Gap coverage in the amount of \$1,000,000 each accident, each employee and each accident.
- Comprehensive or Commercial General Liability (Bodily Injury and Property Damage) Insurance including the following supplementary coverage: (A) Contractual Liability to cover liability assumed under this contract; (B) Products hazard coverage for any and all products or completed operations provided or furnished by or on behalf of Contractor for all services rendered; (C) Completed operations hazard coverage, for any claims relating to defects or deficiencies in goods, products, services or materials used or rendered by the Contractor; (D) Broad Form Property Damage Liability Insurance; (E) Policy coverages shall be primary; (E) an action “in rem” shall be treated as if it were an action “in personam”; (F) all coverages subject to coverage territory of the United States of America, including its territories and possessions, and International waters or airspace; (G) Occurrence form (F) Aircraft, Auto or Watercraft exception to exclusion shall be amended from “less than 26 feet long” to “Non-owned watercraft without length limitation” or an equivalent insurance form that affords broad form bodily injury, death, non-owned vessel liability, property damage on an occurrence basis for non-owned vessels operating in Inland or International waters. Commercial General Liability shall be required in the amount of \$1,000,000 each occurrence, \$2,000,000 General Aggregate, \$1,000,000 Products/Completed Operations, \$1,000,000 Personal and Advertising Injury, \$100,000 Fire Damage Legal Liability, for each claim or occurrence. If equivalent coverage is placed for broad form bodily injury, death, non-owned vessel liability, property damage, coverage shall be required in the amount of \$1,000,000 each claim or occurrence on an occurrence basis form.
- Business Automobile Liability shall be required in the amount of \$1,000,000 each occurrence

combined single limit for bodily injury and property damage, including \$1,000,000 owned, hired or non-owned liability for such states operating within, as applicable. Coverage shall be at least as broad as the Insurance Service (ISO) Business Auto Coverage comprehensive form covering Automobile Liability for Code "1" any auto.

*Additional Insured Provision.* Before commencing performance of service, PSMFC shall be named as an additional insured under the Business Auto Liability, Commercial General Liability and Vessel Liability or equivalent Policy coverage. All the above insurance coverages should be endorsed with the ISO form CG 20 09.

*Subrogation Waiver Provision.* Contractor agrees that in the event of loss due to any of the perils for which Contractor is required to provide or perils insured under Business Auto Liability, State Act Workers' Compensation, Employer's Liability, and Comprehensive Commercial General Liability or equivalent Policy coverage, Contractor shall look solely to its insurance for recovery. Contractor shall hereby grant to PSMFC, its officers, agents, employees, boards, commissions, on behalf of any insurer providing Business Auto Liability, State Act Workers' Compensation, Employer's Liability, Comprehensive Commercial General Liability or equivalent Policy coverage to either Contractor or PSMFC with respects to the services of Contractor herein, a waiver of any right to subrogate which any such insurer of said contractor may acquire against PSMFC, its officers, agents, employees, boards, and commissions by virtue of the payment of any loss under such insurances.

*Evidence of Insurance Provision.* Before the final execution of this contract, Contractor and any Subcontractors shall produce a standard Accord form Certificates of Insurance with Insurance Carriers acceptable to the PSMFC, evidencing all required insurances. The Certificate shall also comply with the Additional Insured Provision, Subrogation Waiver Provision and forward actual endorsements from the Contractor's insurance carriers evidencing required coverage amendments.

*Renewal/Cancellation.* The respective Insurance Carriers and the Certificate of Insurance shall allow for a minimum of 30 day written notice of cancellation, non-renewal or reduction of required coverages before the expiration date thereof and the Certificate shall delete the word(s) "endeavor" and the last two lines of a standard Accord Certificate ("But failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives"). Renewal Certificates evidencing the same shall be received 10 days prior to the expiration of the coverages so evidenced. The Certificate evidencing all requirements herein and any reduction of required coverages or cancellation shall be sent to PSMFC Attn: Rick Masters, 205 SE Spokane Suite 100, Portland, OR 97202. Upon request, Contractor shall furnish PSMFC or the appointed Broker the same evidence of insurance for its subcontractors as PSMFC requires of the Contractor.

Approval of the insurances evidenced or the Accord Certificate by PSMFC shall not relieve or decrease the extent to which the Contractor or subcontractor of any tier may be held responsible for payment or any and all damages resulting from its operations. Contractor shall be responsible for all losses not covered by the policy irrespective of no Certificates Filed, expired Certificates, Approved Certificates or for any reason whatsoever.

*Sufficiency of Insurance.* The insurance limits or coverages required by PSMFC are not represented as being sufficient to fully protect the Contractor. Contractor is advised and responsible to determine its own adequate coverage or limits for the Contractor/subcontractor.

*Qualifications.* Insurance companies shall be legally authorized to engage in the business of furnishing insurance in the State of the exposure. All insurance companies shall have a current A.M. Best Rating not less than "A-" and shall be satisfactory to PSMFC.

Modify Insurance Requirements. PSMFC reserves the option, at any time, to require additional Insurance to be provided by Contractor or subcontractor or to otherwise revise the requirements for provided insurance. Any such action shall be deemed a directed change entitling the Contractor/Subcontractor to an increase for the costs incurred due to such change. Contractor/Subcontractor shall provide all such information or records as may be required or helpful in determining additional costs.

If Contractor cannot meet the insurance terms/condition herein, would like to exclude the insurance costs from their bid, and would like to employ the direct brokerage services of a Marine Insurance Specialist, Contractor may request PSMFC to assign an insurance broker that is ready to meet the insurance requirements herein. The appointment of an insurance broker shall not relieve Contractor of any duties or liabilities under this contract.