



**BOARD OF DIRECTORS  
SAN LORENZO VALLEY WATER  
DISTRICT  
REGULAR MEETING  
AGENDA  
JUNE 1, 2023**

**MISSION STATEMENT:** Our Mission is to provide our customers and future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding service and community relations; to manage and protect the environmental health of the aquifers and watersheds; and to ensure the fiscal vitality of the San Lorenzo Valley Water District.

Notice is hereby given that a regular meeting of the Board of Directors of the San Lorenzo Valley Water District will be held on **Thursday, May 4, 2023, at 6:30 p.m.**, SLVWD Conference Room, 12788 Highway 9, Boulder Creek, and via videoconference and teleconference. Director Fultz will be attending from The Motel 6, 3517 North Highway 101, Lincoln City, OR 97367.

Any person in need of any reasonable modification or accommodation in order to participate in the meeting may contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.

This meeting is being conducted as an in-person meeting under the Brown Act, Government Code section 54953, and a quorum of the Board must participate from the location(s) within the District that are identified above. Members of the public may attend the meeting at the identified location(s). Teleconferencing/videoconferencing access as set forth below is being provided as a convenience only and is not guaranteed. The meeting may continue in person even if teleconferencing/videoconferencing capability is disrupted or unavailable.

To join the meeting click the link below, or type it into your web browser.

Webinar/Public link:

<https://us02web.zoom.us/j/85144108029>

+1 346 248 7799

+1 669 900 6833

+1 253 215 8782

Webinar ID: **85144108029**

*Agenda documents are available on the District website at [www.slvwd.com](http://www.slvwd.com) subject to staff's ability to post the documents before the meeting.*

1. Convene Meeting/Roll Call

2. Additions and Deletions:

*Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by a two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).*

3. Oral Communications:

*This portion of the agenda is reserved for Oral Communications by the public on any subject that lies within the jurisdiction of the District and is not on the agenda. Any person may address the Board of Directors at this time. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once. Please state your name and town/city of residence for the record at the beginning of your statement. Please understand that the Brown Act limits what the Board can do regarding issues not on the agenda. No action or discussion may occur on issues outside of those already listed on today's agenda. Any Director may request that a matter raised during Oral Communication be placed on a future agenda.*

4. New Business:

*Members of the public will be given the opportunity to address each agenda item prior to Board action. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once. Please state your name and town/city of residence for the record at the beginning of your statement.*

- a. GENERAL LEGAL COUNSEL  
Discussion and possible action by the Board regarding General Legal Counsel.
- b. SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY 2023 BOARD ELECTION BALLOT  
Discussion and possible action by the Board regarding SDRMA Election Ballot.

5. Unfinished Business:

*Members of the public will be given the opportunity to address each agenda item prior to Board action. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once. Please state your name and town/city of residence for the record at the beginning of your statement.*

- a. EMERGENCY CONTRACT FOR EXPLORATORY REPAIR OF FAILED QUAIL HOLLOW ROAD MAINLINE TRENCH  
Discussion and possible action by the Board regarding an emergency contract for the failed Quail Hollow Road trench.

- b. BIENNIAL DRAFT BUDGET FISCAL YEAR 2023-2025  
Discussion and possible action by the Board regarding the review of the draft operating budget for FY2023-25.
- 6. Consent Agenda:  
*The Consent Agenda contains items which are considered to be routine in nature and will be deemed adopted by unanimous consent if no Director states an objection. Any item on the consent agenda will be moved to the regular agenda upon request from an individual Director or a member of the public.*
  - a. BOARD OF DIRECTORS MINUTES 5.4.23
- 7. Written Communication: None
- 8. Informational Material: None
- 9. Adjournment

The Next Board of Directors Meeting is Scheduled for June 15, 2023.

**Certification of Posting**

I hereby certify that on May 26, 2023, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, the SLVWD Boardroom, 12788 Highway 9, Boulder Creek, and the Motel 6, 3517 North Highway 101, Lincoln City, Oregon, said time being at least 72 hours in advance of the meeting of the Board of Directors of the San Lorenzo Valley Water District (Government Code Section 54954.2). Executed at Boulder Creek, California on May 26, 2023.

\_\_\_\_\_  
Holly B. Hossack, District Secretary

## MEMO

DATE: May 25, 2023  
TO: Board of Directors, San Lorenzo Valley Water District  
FROM: Rick Rogers, District Manager  
SUBJECT: General Legal Counsel

### STAFF RECOMMENDATION

Read this memo and Direct the District Manager to enter into the attached agreement for General and Special Legal Service between the Law Firm of White Brenner LLP and the San Lorenzo Valley Water District.

### RECOMMENDED MOTION

**I move that: the Board direct the District Manager to enter into a contract with White Brenner LLP for general and special legal services under the terms of the attached agreement.**

### BACKGROUND

The District has contracted with Nossaman LLP for General Legal Services since June 28, 2017.

On May 26, 2023 the District sent notice discharging Nossaman as General and Special Legal Counsel effective May 31, 2023 due to non-performance.

Moving forward there is an immediate need to contract with new legal services.

The District Manager has reached out to White Brenner LLP which specializes in water law with over 30 years of experience and has available staff to start immediately in removing the back log of projects requiring legal counsel. Ms. Brenner will attend the June 1, 2023 Board of Directors meeting by video Conference.

The Districts Procurement Policy Section E provides for Noncompetitive Negotiations (sole-source) when the District Manager deems an emergency exists, with ratification by the Board of Directors. The absence of legal counsel is considered an emergency.

#### **PRIOR COMMITTEE ACTION**

None

#### **FISCAL IMPACT**

TBD

#### **ENVIRONMENTAL IMPACT**

None

#### **ATTACHMENTS**

- White Brenner LLP Contract
- Nossaman's contract 2017
- Procurement Policies and Procedures

## AGREEMENT FOR GENERAL AND SPECIAL COUNSEL LEGAL SERVICES

**THIS AGREEMENT FOR GENERAL AND SPECIAL COUNSEL LEGAL SERVICES** (“Agreement”) is made and entered into this 1<sup>st</sup> day of June 2023, by and between San Lorenzo Valley Water District, a California political subdivision (“District”), and the law firm of White Brenner LLP, a California limited liability partnership (“Firm”). District and Firm may be referred to herein individually as a “Party” or collectively as the “Parties.” There are no other parties to this Agreement.

### RECITALS

A. District is in need of assistance with general counsel services and special counsel services on an as needed basis. District desires to contract with Firm to provide such legal services; Barbara Brenner, a partner attorney at the Firm, is to serve as the primary point of contact with District.

B. The Parties seek to enter into this Agreement to authorize Firm to provide legal counsel services to District upon request by a designated representative of the District.

**NOW, THEREFORE**, in consideration of the mutual covenants entered into between the Parties, and in consideration of the benefits that accrue to each, it is agreed as follows:

### AGREEMENT

**Section 1. Recitals.** The recitals set forth above are incorporated herein by this reference and made part of this Agreement. In the event of any inconsistencies between the recitals and Sections 1 through 22 of this Agreement, Sections 1 through 22 will prevail.

**Section 2 Appointment.** District hereby retains Firm to provide all legal services required by District, and Firm hereby agrees to perform such legal services (“Legal Services”). The District General Manager (“General Manager”) or a District representative as authorized by the District Board of Directors, (“Board”) is authorized and charged with executing this Agreement. Barbara Brenner is hereby appointed General Counsel for District. General Counsel may from time to time assign alternate attorneys employed by Firm to perform the Legal Services set forth in this Agreement.

**Section 3. Effective Date.** This Agreement shall become effective and Firm shall commence performance under the terms of this Agreement on June 1, 2023 (“Effective Date”).

**Section 4. Integrated Agreement.** This Agreement contains all of the agreements of the Parties, and all previous understandings and negotiations are integrated into this Agreement.

**Section 5. Amendment.** The Agreement may be amended at any time by the mutual consent of the Parties by an instrument in writing signed by both Parties. Any non-material change to the Agreement may become effective thirty (30) days following approval of such change in writing by a District representative as authorized by the Board and Firm and shall not require the approval of the Board (e.g., changes to Firm name or address).

## **Section 6. Compensation and Services.**

**6.1. Standard of Performance.** Firm shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Firm is engaged in the geographical area in which Firm practices its profession. Firm shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Firm's profession.

**6.2. Time.** Firm shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 6.1 above and to satisfy Firm's obligations hereunder.

**6.3. Hourly Rate for Legal Services.** All Legal Services provided by Firm for District shall be billed at a blended hourly rate as follows:

**6.3.1. General Counsel Legal Services.** The District shall pay Firm a blended rate of Two Hundred Fifty Dollars (\$250.00) for all attorneys (partners, of counsel, and associates), paralegals and law clerks for all General Counsel Legal Services.

**6.3.2. Special Counsel Legal Services.** District shall pay Firm Four Hundred and Fifty Dollars (\$450.00) for all partners, Three Hundred and Seventy Five (\$375.00) for all other attorneys (of counsels and associates) and Two Hundred Twenty Five and Fifty Dollars (\$225.00) for paralegals and law clerks for all special counsel legal services which include, but are not limited to, litigation, water, complex real estate transactions, enterprise funds, complex environmental, and labor and employment services. Special counsel legal services will be provided in addition to, and billed separately from, the General Counsel Legal Services and is subject to prior approval from the Board before Firm may commence such services.

**6.3.3. CPI Increase.** The rates herein will be adjusted annually on January 1 of each calendar year (the "Anniversary Date") in accordance with an increase in the All Urban Consumer Price Index for the San Francisco-Oakland-San Jose area ("CPI") existing on the Anniversary Date but will not be decreased in the event there is any year-to-year or cumulative decrease in the CPI during the Term of this Agreement, as defined below. Any increase in the monthly Retainer as a result of an increase to the CPI will be rounded up to the nearest quarter cent. Any changes in the Firm's rates shall become effective following a thirty (30) day notice to the District.

**6.4. Outside Counsel.** If Firm requires assistance from attorneys not associated or affiliated with Firm who specialize in a specific field (e.g., workers compensation attorney), Firm will charge and District agrees to pay the billing rates for those attorneys. Firm shall obtain the consent of the General Manager prior to engaging any attorney not affiliated or associated with Firm to provide legal services to District.

**6.5. Costs, Expenses & Advances.** District shall pay for costs, expenses and advances incurred by Firm on behalf of District, and services provided by or obtained through the Firm on

behalf of District (“Costs & Advances”). Such Costs & Advances shall be the actual cost of the service obtained and there shall be no mark-up of the Costs by the Firm. Costs & Advances include, but are not limited to: outside courier service, court runner service, court reporter services, and transportation costs. The Parties agree that District shall pay the Costs & Advances of copying and printing at a rate of twenty cents (\$0.20 cents) per page as adjusted annually by the CPI. Automobile mileage will be calculated at the rate per mile that is provided by the Internal Revenue Service at the time the expense is incurred. The District shall pay Costs & Advances for reasonable expenses associated with meals and lodging in accordance with the District’s policy for such reimbursements. All Costs & Advances shall be itemized on the Firm’s monthly invoice to the District and shall be due pursuant to Section 6.8 of this Agreement.

**6.6. Legislative/Lobbying Services.** District authorizes Firm to provide legislative and governmental relation services to the District as its registered lobbyist in the State of California. Governmental relation and lobbying services for the District may include updating the District on potential legislation impacting the District’s interests and informing legislative committees of the District’s positions on relevant legislation. Firm shall not charge or invoice District for legislative services under the compensation structure set forth in this Agreement.

**6.7. Included Services.** Notwithstanding any other provision in this Agreement to the contrary, District will not be required to pay any separate or additional charge for the following:

- a. Secretarial, word processing or clerical services which are included in the hourly rates of the Firm’s legal professionals; and
- b. Charges associated with telephone or facsimile services.

**6.8. Invoices and Statements.**

a. Firm shall provide District with an itemized statement or invoice for fees, costs, expenses and advances incurred on a monthly basis. All statements and invoices shall indicate the basis for all charges, including the hours worked or cost incurred, the hourly rate, and a brief description of the work performed. Firm will establish separate billing projects for specific matters and funding categories as District may direct.

b. Payments shall be made by District to Firm within thirty (30) days of receipt of any statement or invoice, except for those specific items on an invoice that are contested or questioned and are returned by District with a written explanation of the question or contest, within thirty (30) days of receipt of the statement or invoice. Payments made to Firm more than thirty (30) days after the due date shall draw interest at ten percent (10%) per annum, except as otherwise set forth herein.

**6.9. Payment of Taxes.** Firm is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.



**6.10. Authorization to Perform Services.** Firm is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from District.

**Section 7. Term and Termination.** This Agreement shall begin on the Effective Date. The initial term of the Agreement shall be for a period of five (5) years from the Effective Date. Following the initial term, the Agreement shall automatically renew for a period of five (5) years commencing on the anniversary of the Agreement's Effective Date, unless District or Firm gives notice of its intention not to renew the Agreement at least thirty (30) days before the start of the subsequent term ("Term"). Upon termination, Firm shall be entitled to, and District shall immediately pay, all amounts owed to Firm. District, however, may condition payment of such compensation upon Firm delivering to District copies of any or all reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, specifications, records, files, or any other documents or materials, in electronic or any other form, that Firm prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder. Originals of attorney work product shall remain the property of Firm.

**Section 8. Independent Contractor and Assignment.**

**8.1. Independent Contractor.** Firm shall perform all Legal Services required under this Agreement as an independent contractor of District and shall remain, at all times as to District, a wholly independent contractor with only such obligations as are required under this Agreement. Neither District nor any of its employees shall have any control over the manner, mode, or means by which Firm, its agents or employees, render the Legal Services required under this Agreement, except as otherwise set forth. District shall have no voice in the selection, discharge, supervision or control of Firm employees, servants, representatives, or agents, or in fixing their number, compensation, or hours of service.

**8.2. Assignment and Subcontracting.** District and Firm recognize and agree that this Agreement contemplates personal performance by Firm and is based upon a determination of Firm's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to District for entering into this Agreement was and is the professional reputation and competence of Firm. Firm may not assign this Agreement or any interest therein without the prior written approval of the General Counsel. Firm shall not subcontract any portion of the performance contemplated and provided for herein, other than to outside counsel as described in Section 6.4 of this Agreement, without prior written approval of District.

**Section 9. Conflicts.**

**9.1. No Present Conflicts.** Firm has no present or contemplated employment that is adverse to District. Firm agrees that it shall not represent clients in matters, either litigation or non-litigation, against District. However, Firm may have past and present clients, or may have future clients, who, from time to time, may have interests adverse to District, and Firm reserves the right to represent such clients in matters not connected with its representation of District.

**9.2. Duty to Disclose Future Conflicts.** If a potential conflict of interest arises in Firm’s representation of two clients, if such conflict is only speculative or minor, Firm shall inform District and seek waivers from each client with regard to such representation. However, if real conflicts exist, Firm would withdraw from representing either client in the matter and assist them in obtaining special counsel.

**9.3. No Conflict in Violation of Government Code section 1090.** Firm may serve other clients, but none whose activities within the corporate limits of District or whose business, regardless of location, would place Firm in a “conflict of interest,” as that term is defined in the rules of professional responsibility governing Firm’s profession, unless such conflict may be waived by District and District chooses to waive such conflict in writing.

**Section 10. Errors and Omissions Insurance Coverage.**

**10.1. Insurance Coverage.** During the Term of this Agreement, Firm shall at all times maintain insurance coverage for Errors and Omissions with a limit not less than One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate. A certificate of insurance shall be provided to District within thirty (30) days of execution of this Agreement. In the event that any coverage required by this section is reduced, limited or materially affected in any manner, Firm shall provide written notice to District at Firm’s earliest possible opportunity and in no case later than thirty (30) days after Firm is notified of the change in coverage.

**10.2. Remedies.** In addition to any other remedies District may have, if Firm fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, District may, at its sole option, exercise any of the following remedies, which are alternatives to other remedies District may have and are not the exclusive remedy for Firm’s breach:

- a. Order Firm to stop work under this Agreement or withhold any payment that becomes due to Firm hereunder, or both stop work and withhold any payment, until Firm demonstrates compliance with the requirements hereof; or
- b. Terminate this Agreement.

**Section 11. Legal Requirements.**

**11.1. Governing Law.** The laws of the State of California shall govern this Agreement.

**11.2. Compliance with Applicable Laws.** Firm and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.

**11.3. Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Firm and any subcontractors shall comply with all applicable rules and regulations to which District is bound by the terms of such fiscal assistance program.

**11.4. Licenses and Permits.** Firm represents and warrants to District that Firm and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature legally required to practice their respective professions. Firm represents and warrants to District that Firm and its employees, agents, and any outside counsel shall, at their sole cost and expense, keep in effect at all times during the Term of this Agreement any licenses, permits, and approvals legally required to practice their respective professions. In addition to the foregoing, Firm and any outside counsel shall obtain and maintain during the Term of this Agreement any required business licenses from District.

**Section 12. Severability.** In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement are declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties herein.

**Section 13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall be deemed one and the same instrument.

**Section 14. Work Product.**

**14.1. Records Created as Part of Firm's Performance.** Firm hereby agrees to deliver copies of all reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Firm prepares or obtains pursuant to this Agreement to District upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for District and are not necessarily suitable for any future or other use.

**14.2. Firm's Books and Records.** Firm shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to District under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to Firm pursuant to this Agreement.

**14.3 Inspection and Audit of Records.** Any records or documents that Section 14.2 of this Agreement requires Firm to maintain shall be made available for inspection, audit, or copying at any time during regular business hours, upon oral or written request of District.

**Section 15. Notices.** Any notice or communication required hereunder between District and Firm must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If

given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent; or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to District: San Lorenzo Valley Water District  
13060 Hwy 9  
Boulder Creek, CA 95006  
Attention: Rick Rogers, General Manager  
Tel: (831) 818-3207

If to Firm: White Brenner, LLP  
1414 K Street, 3<sup>rd</sup> Floor  
Sacramento, California 95814  
Attention: Barbara A. Brenner  
Tel: (916) 468-0625  
Fax: (916) 468-0951

**Section 16. Entire Agreement.** This Agreement, together with its specific references, attachments and exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties and covenants made by and between the Parties hereto with respect to the subject matter of this Agreement. Unless set forth herein, neither Party shall be liable for any representations made, expressed or implied, not specifically set forth herein.

**Section 17. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by the state or federal law in order to enter into this Agreement had been fully complied with.

**Section 18. Document Preparation.** This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

**Section 19. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and based upon the advice of that counsel, freely entered into this Agreement.

**Section 20. No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

**Section 21. Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the Parties.

**Section 22. Attorney's Fees and Costs.** If any action at law, or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between District and Firm as of the date of execution by District.

**SAN LORENZO VALLEY WATER DISTRICT,**  
a California political subdivision

By: \_\_\_\_\_  
\_\_\_\_\_

Date Signed: \_\_\_\_\_

**WHITE BRENNER, LLP**  
a California limited liability partnership

By: \_\_\_\_\_

Barbara A. Brenner, Partner

Date Signed: \_\_\_\_\_



RECEIVED  
JUN 28 2017  
SAN LORENZO VALLEY  
WATER DISTRICT

ATTORNEYS AT LAW

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Refer To File: 502665.-0001

June 20, 2017

Brian Lee  
San Lorenzo Valley Water District  
13060 Highway 9  
Boulder Creek, CA 95006

Re: **Engagement Agreement for Legal Services as General Counsel to San Lorenzo Valley Water District**

Dear Brian,

We are very pleased to have the opportunity to provide legal services to SAN LORENZO VALLEY WATER DISTRICT ("District"). (The terms "you" and "yours" as used in this letter shall refer to the District). We expect that these services will be provided principally by attorneys resident in our Los Angeles office, although we may call upon attorneys in our other offices to provide advice or assistance on your matter if appropriate. This letter will serve to record our agreement of the terms and conditions of our representation only after completing a review of all conflicts and acceptance of the engagement by Firm Management.

1. You have asked us and we agree to represent the District with respect to general counsel legal services. Special counsel services on complex matters and/or litigation may also be provided under this agreement.

2. The Client has appointed **Brian Lee, General Manager**, as its designee to receive our billings and other information with respect to this agreement and to give us instructions as to how we are to provide service to the Client under this agreement.

3. The District is our client for the specific matters on which we are engaged, and that we shall not be deemed to represent any of its affiliates unless we expressly agree to do so in writing. Further, our representation of the District does not include a representation of the individuals or entities that are officers, directors, joint ventures, employees or members of such entities. There is no attorney-client relationship between the Firm and any such related person or entity. The attorney-client privilege is solely between the District and the Firm. Any proposed expansion of the representation to include any such related persons or entities shall be subject to and contingent upon execution of an engagement letter directly with those persons or entities.

4. On matters covered by this agreement, we agree to provide such legal services as we determine are reasonably required to represent the District; to take reasonable steps to keep you informed of facts and developments concerning the subject matter of this engagement

as they come to our attention; and to respond to your reasonable inquiries. The Firm's lawyers have no obligation to share information, even information material to the representation, if that information was learned while representing other clients and is confidential to those other clients. You agree to cooperate with us, to keep us informed of developments, to abide by this agreement and to pay our statements for services in accordance with the provisions below.

5. All general counsel services shall be billed at \$370 per hour for up to 30 hours of work each month, and all general counsel services exceeding 30 hours of work in any month shall be billed at \$390 per hour. All special counsel services shall be billed at the special counsel rates set forth on Attachment "A." Special counsel services shall include: (1) litigation, including judicial and administrative actions; (2) bond and financial services; (3) complex real estate transactions, construction and design/build contracts (not including more routine work such as preparation and review of standardized contracts, title review, etc.); (4) legislative representation; (5) work related to external (non-District) development projects and other legal services requested by outside parties; (6) LAFCO and annexation matters; and (7) other complex matters mutually agreed upon by the Firm and the District. In the event of any uncertainty as to whether particular services fall within one of the aforementioned categories, then at the time the services are requested, the Firm and the District will confer and reach agreement on whether such services are to be billed at general counsel or special counsel hourly rates.

6. Our fees for services provided to you pursuant to this agreement will be calculated and billed at set forth in Attachment "A" hereto. Our statements for services will provide you with a description of the services performed, the date they were performed, the time devoted to your matters and the specific hourly rate of the attorney, paralegal or clerk that performed the services on your behalf. The Firm shall submit bills for general counsel services separately from bills for special counsel services.

7. The hourly rates of individuals who are currently expected to perform services with respect to your matters are set forth on Attachment "A" hereto and will generally be recorded and billed in one tenth hour increments. If other personnel are asked to perform services, you will be informed of their billing rates on the first statement following their initial service. We expect that the attorneys listed on Attachment "A" will render the bulk of the services. From time to time, our rate structure in general, or the rates of particular attorneys, paralegals or clerks, may be increased. If so, you will be advised of the new rates. The new rates shall apply to all work performed after you have been advised of the new rates.

8. Notwithstanding any other provision of this agreement, the hourly rates set forth on Attachment "A" shall remain in effect and shall not increase through and including June 30, 2018. If the rates increase after June 30, 2018, the new rates shall remain in effect through and including the immediately following June 30. In no event shall the rates increase more than once in any twelve-month period from July 1 through June 30.

9. Our hourly rates apply to all time spent on your behalf, including but not limited to court appearances; motion practice; preparing, analyzing, reviewing and revising correspondence and documents; factual and legal research; consultation and advice; conducting negotiations; engaging in depositions and other discovery; conferences; preparing for and conducting trials and appeals; travel time; conferring with other attorneys in our Firm, or

with witnesses or attorneys also involved in the matter; and such other services of a professional nature as this engagement may require.

10. We will ordinarily incur various costs and expenses or will provide certain in-house services while performing legal services. You agree to pay for these items in addition to our fees for legal services. The costs and expenses and in-house services may include, but will not necessarily be limited to, filing fees fixed by law or assessed by courts or other agencies; court reporters' fees; witness fees; experts' fees; consultants' fees; process server fees; investigation expenses; out of town travel expenses; electronic discovery data hosting charges, long distance telephone charges; messenger and private courier delivery charges; photocopying and other reproduction services; computerized research charges; and similar items.

In accordance with our Firm policies we currently charge \$1 per page for outgoing faxes and 20 cents per page for reprographic and printing services. External costs and expenses are charged at our cost, including computerized research and electronic evidence data processing. Where the Firm maintains a fixed subscription contract with a vendor for computerized research, you will be charged for the actual cost incurred by the Firm during the given month which often results in substantial discounts of the vendor's regular rates. We will not charge you for word processing, overtime expenses associated with administrative or secretarial personnel, telephone calls within the United States and similar items unless these items are unusually large in amount and we obtain your agreement in advance. We will not add a "handling" charge for costs and expenses incurred on your behalf.

11. We are not required to advance payment for any external expenses. If for any reason we advance a payment for external expenses, you agree to promptly pay our invoices with those charges. In addition, we may submit those charges directly to you and ask that you pay such charges directly to the vendors, in a timely manner. If you do not make timely payments to vendors, we reserve the right to pay those vendors on your behalf and include such charges in our statements and require reimbursement from you. It is important that vendors be promptly reimbursed so that we can retain good professional relationships with those vendors.

12. Our files for work prepared pursuant to this agreement are your property. We will release our files for work performed pursuant to this agreement to you or to anyone else you designate upon your written request delivered to the attorney in charge of this matter. However, you agree that we may, in our sole discretion, copy all or any portion of the file and charge the copying costs to you, and that we may have a reasonable period of time before releasing the documents to you or anyone else you designate in order to copy all or any portion of the files you have directed us to surrender. We will, from time to time, send portions of your files that are not currently needed to an off-site storage facility. The cost of this facility will be our sole expense. However, we are not the guarantor of the security of any off-site storage facility. Accordingly, you agree that the Firm will not be responsible for any damages which may occur as a result of the loss of any of your files which we store at an off-site storage facility. You also agree that we may, after the passage of two years without our having performed any work for you pursuant to this engagement for services, destroy your files unless you provide us with written instruction to forward the files to you or to another person you designate.



13. You agree to keep us informed of any change in your address, telephone numbers, or electronic mail address so that we may effectively communicate with you. We will also advise you promptly of any change in the Firm's business address, electronic mail address or telephone or facsimile numbers. You agree that we may communicate with you via electronic mail or wireless telephone even though these media may be less secure than alternative means of communication.

14. To aid in your matters, it may become necessary to hire experts, consultants or investigators. Such persons will be employed by us on your behalf, not by you, so as to protect any privileged work; but we will not hire such persons unless you approve and also agree to pay their fees and charges. The responsibility to pay for their services is solely yours.

15. We will send you monthly statements for fees and costs incurred. Payment is due within 30 days of the date of invoice. If not paid within the 30 days, interest shall accrue at the rate of 12% per annum from said due date. You agree to read your statements carefully and promptly notify the Firm of any error.

16. You may discharge us as your attorneys at any time. We may withdraw as your attorneys with or without your consent, as long as permitted by law. Some of the reasons that may cause us to withdraw include but are not limited to the following: your breach of this agreement; your failure to pay our bills on time; your refusal to cooperate with us; your refusal to follow our advice on a material matter; the development of irreconcilable disagreement between you and us as to the conduct of the engagement; or any other fact or circumstance that would render our continuing representation contrary to your interests, or to law, or to the rules of professional conduct. Failure to withdraw as your attorneys on any one occasion shall not be a waiver of our right to do so if such other occasions arise.

If you discharge us, or if we elect to withdraw, you agree to secure forthwith other counsel of your own selection to represent you and, if we are your attorneys of record in any litigation, to cooperate fully in substituting such new counsel as your attorneys of record in the litigation.

17. Nothing in this agreement and nothing in our statements to you should be construed as a guarantee or promise about the outcome of your matter or any phase thereof. Comments about the course or outcome of your matter or any phase thereof which we may make from time to time are expressions of opinion only. You acknowledge that the amount of legal fees and costs which may be incurred on your behalf pursuant to this agreement is not capable of precise prediction; and you acknowledge that we have made no guarantees or promises and that you have set no limits with regard to the cost of services we provide you.

18. Except for a claim for the District's failure to pay fees for professional services and/or expenses, if any dispute arises out of, or relates to, a claimed breach of this agreement, the professional services rendered by attorneys, or any other disagreement of any nature, type or description regardless of the facts or legal theories which may be involved, such dispute shall be resolved by binding arbitration before the Los Angeles Office of JAMS (or similar alternative dispute resolution firm should JAMS cease to operate), by a panel of three arbitrators. Discovery shall be permitted pursuant to the provisions of Code of Civil Procedure section 1283.05. Each side shall bear its own costs and attorneys' fees.

19. Any dispute as to the District's failure to pay fees for professional services and/or expenses shall, subject to the provisions of Business and Professions Code sections 6200 et seq., be resolved in the appropriate Superior Court of the State of California. The party prevailing in an action regarding a dispute as to the client's failure to pay fees for professional services and/or expenses shall be entitled to recover from the other party the prevailing party's actual attorneys' fees and costs incurred, including expert witness fees, witness fees, and associated expenses, whether or not the action proceeds to judgment. For the purposes of enforcing this agreement, and as otherwise required by law, you agree that this agreement may be disclosed to a court or arbitrator.

20. This agreement is made under and shall be construed in accordance with the substantive laws of the State of California without reference to its choice of law rules.

21. We carry professional liability insurance which would cover the services we will be providing to you under the terms of this agreement. That insurance is subject to a significant self-insured retention.

22. This agreement will take effect when you sign this agreement and return it to us; but its effect will be retroactive to the date we first performed services on your behalf. The District agrees that its performance under this agreement and its payment of the fees and costs required hereunder shall be in Los Angeles, California.

23. This agreement constitutes a single, integrated written contract expressing the entire agreement of the District and our Firm. There is no other agreement, written or oral, express or implied, between the parties with respect to the subject matter of this agreement. This agreement may be modified only in a writing signed by all the parties. This agreement shall be construed by giving effect to the plain meaning of its terms.

We are very proud of our client relationships, and occasionally identify clients to others who ask about our client base, or in institutional materials. Unless you object in writing, we assume that you agree that we may state that we represent you in such matters as we deem appropriate, although of course we would not publish or disseminate any confidential information.

If these terms are acceptable to you, please sign in the space provided below on both this copy and the enclosed copy, and return one copy of this agreement to us in the envelope enclosed for your convenience, and retain the other copy for your files.

We appreciate your confidence in our Firm and look forward to working with you.

Sincerely,



Gina R. Nicholls  
for Nossaman LLP

**ACCEPTANCE**

I have read and understand the foregoing terms and agree to them as of the date that Nossaman LLP first provided services to SAN LORENZO VALLEY WATER DISTRICT.

Dated: June 28, 2017

SAN LORENZO VALLEY WATER DISTRICT

By: *Brian C. Lee*

Printed Name: Brian C. Lee

Title: District Manager

<b>FOR ACCOUNTING USE ONLY</b>	
Client Name: _____	
Matter Name: _____	
Client Number: _____	

**ATTACHMENT "A"**

**SCHEDULE/EXPLANATION OF FEES**

The District will pay the Firm according to the schedule of hourly rates set forth below. Billing Rates charged in one-tenth hour increments:

**General Counsel Services**

Up to 30 hours each month	\$370 per hour (blended rate)
In excess of 30 hours in any month	\$390 per hour (blended rate)

**Special Counsel Services**

<u>TIMEKEEPER</u>	<u>HOURLY RATE</u>
Gina Nicholls, Associate	\$385
Alfred Smith, Partner	\$495
Bill Pellman, Partner	\$495
Carl Blumenstein, Partner	\$495
John Kennedy, Partner	\$495
Mary Lynn Coffee, Partner	\$495
Danielle Gensch, Partner	\$475
Katherine Thursby , Associate	\$425
Bernadette Duran-Brown, Partner	\$400
Willis Hon, Associate	\$300
Tara Paul, Associate	\$300
Allison Callaghan, Associate	\$300
Stephanie Clark, Associate	\$295
Lois Broussard, Paralegal	\$275

**DISBURSEMENTS**

Fax per page .....\$ 1.00  
Copy per page.....\$ 0.20

*AS*  
\_\_\_\_\_  
Nossaman Partner  
Initials

*BCZ*  
\_\_\_\_\_  
Client's Initials

**SAN LORENZO VALLEY WATER DISTRICT  
RESOLUTION NO. 21 (20-21)**

**SUBJECT: PROCUREMENT POLICIES AND PROCEDURES OF THE  
SAN LORENZO VALLEY WATER DISTRICT**

WHEREAS, the Board of Directors ("Board") of the San Lorenzo Valley Water District ("District") seeks to ensure that all procurement transactions of the District comply with the highest standards of governmental ethics and that the value of public funds is maximized by efficiently and economically obtaining supplies, equipment, construction, and services in compliance with all applicable state and federal laws; and

WHEREAS, the attached Procurement Policies and Procedures of the District are intended to be comprehensive and shall supersede and replace any and all previously adopted procurement policies and/or procedures, including without limitation Article XIV (Contracts and Purchasing) of the Rules and Regulations of the District and Article IV (Contracts and Purchasing) of the Policies and Procedures of the District; and

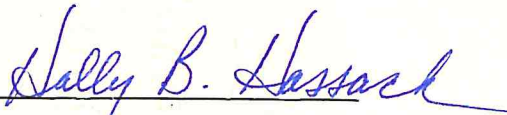
WHEREAS, the attached Procurement Policies and Procedures of the District set forth a Code of Conduct to govern individuals engaged in District procurement activities that is consistent with, and does not abrogate or supersede the District's approved Conflict of Interest Code; and

NOW, THEREFORE, BE IT RESOLVED by the Board of the District that the attached Procurement Policies and Procedures is hereby adopted and approved, and it shall take effect immediately and shall supersede and replace any and all previously adopted procurement policies and/or procedures.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Directors of the San Lorenzo Valley Water District, County of Santa Cruz, State of California, on the 6th day of May 2021, by the following vote of the members thereof:

AYES: G. Mahood, L. Henry, J. Ackemann, B. Fultz, M. Smolley  
NOES:  
ABSENT:  
ABSTAIN:

  
Holly B. Hossack,  
District Secretary

# **San Lorenzo Valley Water District Procurement Policies & Procedures**

**Adopted by the Board of Directors  
May 6, 2021 Resolution 21 (20-21)**

## **Sections:**

### **1. GENERAL PROCUREMENT STANDARDS**

- A. Code of Conduct**
- B. Fair Competition**
- C. Solicitation Procedures**
- D. Environmentally Preferable Purchasing Guidelines**

### **2. PURCHASING CYCLE**

- A. New Vendor Procedure**
- B. Purchasing Authority**
- C. Purchase Requisitions/Orders**
- D. Payment Methods**

### **3. PROCUREMENT METHODS**

- A. Micro-Purchases**
- B. Small Purchases**
- C. Sealed Bids**
- D. Competitive Proposals**
- E. Noncompetitive Negotiate**
- F. Contract Change Orders**

### **4. CONTRACTING**

- A. General Services**
- B. Professional Services**
- C. Public Works Projects**

### **5. FEDERAL FUNDING REQUIREMENTS**

- A. Contract Provisions**
- B. Federal Awarding Agency or Pass-Through Entity Review**
- C. Time and Materials Contracts**
- D. Contract Cost and Price**
- E. Contracting with Small and Minority Business, Women's Business Enterprises, and Labor Surplus Area Firms**

## 1. GENERAL PROCUREMENT STANDARDS

### A. Code of Conduct (CFR §200.318)

The purpose of the Code of Conduct is to give guidance to District staff so that they may conduct themselves in a manner that will be compatible with the best interests of San Lorenzo Valley Water District and maintain compliance with California Government Code §1090, *et seq.* All representatives of the District including District employees are expected to conduct themselves in a professional and ethical manner, maintaining high standards of integrity and the use of good judgment. Employees are expected to be principled in their business interactions and act in good faith with individuals both inside and outside the District.

The following Code of Conduct governs the performance, behavior and actions of the District, including employees, appointed or elected officials, volunteers, consultants, or agents (collectively referred to as “District staff”) who are engaged in any aspect of procurement, including, but not limited to, purchasing goods and services, awarding contracts and grants, and the administration and supervision of contracts or subcontracts:

- No employee, appointed or elected official, volunteer, consultant, or agent of the District shall participate in the selection, award, or administration of a contract if a conflict of interest exists under applicable law. The District Manager, at his sole discretion, may also require any employee, official, volunteer, consultant or agent of the District to refrain from participation in the selection, award, or administration of a contract to avoid the appearance of conflict of interest.
- A conflict would arise if the employee, a Board member, any member of his or her immediate family, his or her partner or partner’s immediate family, or an organization which employs or is about to employ any of the parties indicated herein, has a real or apparent financial or other interest in, or receives tangible personal benefit from, the firm selected for an award. It is imperative that the employee disclose to the District Manager as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties. (Immediate family members are defined as a spouse, domestic partner, legal guardian, son, daughter, mother, father, sister, brother, grandparents, or grandchild. Adopted, half-, and step- members are also included in immediate family).
- No employee, appointed or elected official, volunteer, consultant, or agent of the District shall do business with, award contracts to, or show favoritism toward a member of his or her immediate family, his or her partner or partner’s immediate family, or to any company, vendor, contractor, or parties to subcontractors who either employ or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of federal, state and local procurement laws and policies established to maximize free and open competition among qualified vendors.
- District staff may not solicit, accept or agree to accept any gratuity for themselves, their immediate families or others that would or could result in personal gain. Personal gain may result not only in cases where an employee or immediate family member has a significant interest in a firm, or subcontractor or a firm, with which the District does business but also when an employee or immediate family member receives any gift or

special consideration as a result of any transaction or business dealings involving the District. The following items are not considered gratuities:

- Discounts or concessions routinely available to the general public;
- Items less than twenty-five dollars (\$25) that are turned over to the District for general District use;
- Inexpensive advertising items bearing the name of the vendor, such as pens, cups, candy, calendars, etc. that have a monetary value of less than twenty-five dollars (\$25).

Disciplinary actions, up to and including termination for cause, will apply to any violation of these conflict of interest standards, in accordance with District policy, and/or, as applicable, a collective bargaining agreement, employment contract, or contract for services.

This Code of Conduct supplements, and does not abrogate, the District's Conflict of Interest Code. All representatives of the District are expected to follow all applicable requirements of the District's Conflict of Interest Code and this Code of Conduct.

## **B. Fair Competition (CFR §200.319)**

District staff must discharge their duties impartially to assure fair competition among responsible vendors. All vendors will be treated equally and fairly at all times by all District staff, with equal information given to each vendor who participates in the procurement process. Prequalified lists of persons or firms, or products used in acquiring goods or services, are to be kept current and include enough qualified sources to ensure maximum open and fair competition.

- District staff may not place unreasonable restrictions on competition, including any of the following:
  - Placing unreasonable requirements on vendors to qualify for a procurement
  - Requiring unnecessary experience and bonding
  - Noncompetitive pricing practices between vendors or affiliated companies
  - Awarding noncompetitive contracts to consultants that are on retainer contracts
  - Organizational conflicts of interest
  - Specifying a brand name product instead of allowing an equal product to be offered (brand names may be specified in instances where no grant funding is applicable to the project as long as the procurement remains competitive)
  - Non-compliance with sole source restrictions
  - Precluding potential bidders from qualifying during the solicitation
  - Any arbitrary action in the procurement process
- District staff shall ensure that any vendor that develops or drafts specifications, requirements, statements of work, invitation for bids, requests for qualifications, or requests for proposals for a procurement is excluded from competing in that procurement.
- Procurements that involve any federal grant funds shall be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable



federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

- All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standard to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used as a means to define the performance or other relevant requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated.
- Bids and proposals shall identify all the requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

### **C. Solicitation Procedures (CFR §200.318(d)-(i))**

The District has established written procurement procedures to provide oversight over the conservative utilization of resources, including any federal funding.

- Acquisition of unnecessary or duplicative items must be avoided. Consideration should be given to consolidating or dividing procurements to obtain a more economical purchase. When appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services, the District shall enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- Procurement of federal excess and surplus property in lieu of purchasing new equipment and property is encouraged whenever such use is feasible and reduces project costs.
- Value engineering clauses may be used in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- Contracts shall only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.

Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

- Records will be maintained sufficient to detail the history of the procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. The District's will be the repository for said records which shall be maintained according to the District's written record retention schedule.
- The District alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the District of any contractual responsibilities under its contracts. A federal awarding agency will not substitute its judgment for that of the District unless the matter is primarily a federal concern. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

#### **D. Environmentally Preferable Purchasing Guidelines**

The District is committed to the conservation of environmental resources and will support, whenever practical and possible, the purchase of recycled and environmentally preferable products.

- Reducing Waste at the Source
  - Purchase durable, reusable or refillable products whenever feasible.
  - Print multi-page documents on both sides. Set printer defaults for double-sided.
  - Purchase remanufactured or used products when feasible.
  - Reduce packaging. Reusable, recyclable or compostable packaging is preferred.
- Buying Recycled Content Products
  - Office paper and envelopes should contain at least 30% recycled content.
  - Janitorial paper should contain at least 40% recycled content.
  - Request that printing vendors use recycled content paper.
- Saving Energy, Water, and other Natural Resources
  - Use efficient interior lighting, indoors and outPurchase electronics with U. S. EPA Energy Star certification when available.
  - Purchase bio-based products - products made from plant-based material. Look for paper, bags, food & beverage containers, and cutlery that are biodegradable and compostable. Products from non-wood, bio-based sources are preferred.

Where possible and appropriate, try to use reclaimed building materials.

## 2. PURCHASING CYCLE

### A. New Vendor Procedure

Before making purchases by any method other than petty cash, the vendor needs to be approved and set up in the District's financial software. New vendors must fill out, sign, and submit an IRS W9 Request for Taxpayer Identification Number form and provide complete vendor contact information, including an email address for the party responsible for receiving purchase orders or invoices.

The District's standard payment terms are Net 30, meaning a check must be issued to the vendor no more than thirty days after the invoice date. In specific instances the District and vendor may have agreed to alternate terms and payment must be made within those terms to receive a discount.

### B. Purchasing Authority

The following purchase authority thresholds apply for all expenditures approved in the fiscal year budget. Unbudgeted single expenditures exceeding \$20,000 must be approved by the Board of Directors prior to purchase. On a quarterly basis, a report for any unbudgeted expenditures exceeding \$5,000 will be presented to the Board by the District Manager.

District Manager Approval	Up to \$30,000
Board of Directors Approval	Over \$30,000

### C. Purchase Requisitions/Orders

The purpose of a purchase order or requisition is to obtain written authorization before the purchase is made or work commences on a project. Purchases of greater than \$5,000 made without a purchase order are considered unauthorized and employees making such purchases may be subject to disciplinary action. Purchases made without the requisite prior approval may not be honored for payment by the District.

The purchase order/requisition must contain the following information:

- Vendors – If known, suggested vendors whose product was purchased in the past and was satisfactory.
- Requisition date – The date the requisition is written.
- Originator – Employee completing the requisition.
- Approval – Manager approving the requisition.
- Required date – A definite date by which delivery is needed.
- Quantity and unit
- Unit price
- Account number
- Signature
- Any related project or work order code

The following items do not require the use of a purchase order, but are sometimes covered under a contract or agreement. When possible, a contract purchase order should be used:

- Annual maintenance payments
- Annual lease payments or lease agreements
- Annual permits
- Debt payments and administration
- Employee salary and benefits
- Insurance
- Memberships/dues
- Postage
- Refunds/rebates
- Utility payments

Splitting purchases is prohibited. Splitting purchases means the intentional separation of a District purchase or project into smaller portions to avoid any of the provisions of the procurement process, including but not limited to purchase requisition submission, purchase requisition approval limits, quote/bid requirements, or prevailing wage requirements for public works projects. Blanket or contract purchase orders must be established with vendors from whom numerous regular purchases are made which, annually, exceed the \$5,000 purchase order threshold.

Expenditure increase changes to contract amounts or quantities ordered, regardless of dollar amount, must be submitted as a change order to the original purchase order and will be subject to the same purchase approvals as the original purchase order. Small changes for tax, shipping and handling can be approved by the Director of Finance

#### **D. Payment Methods**

##### **Check Requests:**

Check requests should be used when payment must accompany an order, and for such things as magazine subscriptions and organizational dues. A check is requested by completing the check request form. Please attach the purchase order/requisition for the item or service required to the check request form.

##### **Credit Card:**

Supervisors and Department Heads may make credit card purchases only when the vendor will not accept a purchase order, when a documented emergency renders the purchase order process infeasible, or when payment must be made in advance, i.e. signing up for training or travel. All credit card purchases must be pre-approved, ideally on a Credit Card Pre-Approval form, by a Department Head and the Finance Director or District Manager (depending on threshold for purchasing authority), regardless of the dollar amount of the purchase. All supporting documentation for the purchase shall be forwarded to Accounts Payable, noting the date the credit card purchase was made.

**Petty Cash:**

Expenses \$25 or less incurred by employees for District purposes may be reimbursed from petty cash. All expenses must include a receipt and be approved by the Department Head before submission for reimbursement.

### 3. PROCUREMENT METHODS

<u>Type of Purchase*</u>	<u>District Threshold</u>	<u>Approval Process</u>	<u>Requirements</u>
Micro-Purchase	Less than \$500	○ Dept. Manager front end	○ No purchase order (PO) necessary
	Up to \$5,000	○ Dept. Manager front end	○ No PO necessary ○ At least 1 price quote required
Small Purchase	\$5,001 - \$30,000	○ District Manager front end	○ 3 competitive price quotes required ○ PO required
Standard Purchase	Over \$30,000	○ Board of Directors front end	○ Sealed bid or competitive proposal ○ PO required

*\*For public works projects of any size, competitive procurement must comply with the California Public Contracts Code.*

Purchased materials, supplies, components or chemicals that will be in contact with drinking water must be NSF 60/61 certified.

#### A. Micro-Purchases (< \$5,001) (2 CFR §200.320(a))

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and adjusted periodically for inflation. To qualify as a micro-purchase for District purposes, the items must be included in the annual budget.

- To the extent practicable, the District must distribute micro-purchases equitably among qualified suppliers.
- Micro-purchases may be awarded without a purchase order and without soliciting competitive quotations if the expenditure is approved in the annual budget and the District considers the price to be reasonable.
- Department managers can approve the initial purchase, followed by the District Manager approval of the final invoice.

- As of the date of this policy, the federal micro-purchase threshold is \$10,000. The District has adopted a lower threshold for micro-purchases of \$5,000.
- Public works projects that qualify as micro-purchases may still be subject to wage rate requirements established by the California Department of Industrial Relations (DIR) or, in the case of federally funded construction projects, the Davis-Bacon Act (see section on Public Works Projects and Federal Funding Requirements).

#### **B. Small Purchases (\$5,001 - \$30,000) (2 CFR §200.320(b))**

Small purchase procedures are relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified acquisition threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 and periodically adjusted for inflation. Small purchases require submission of a purchase requisition.

- If small purchase procedures are used, price or rate quotations shall be obtained from at least three (3) qualified sources, evidence of which must be submitted with the purchase requisition. Exceptions include items where there are clearly and legitimately only one or two sources capable of supplying the item, or in the event of a documented emergency.
- As of the date of this policy, the federal simplified acquisition threshold \$250,000; however, to maintain effective internal controls and mitigate audit risk the District has adopted a lower small purchase threshold of \$30,000 for purchases already approved in the annual budget.
- District Manager must approve the initial purchase order prior to the purchase being made.

#### **C. Sealed Bids (> \$30,000) (2 CFR §200.320(c))**

Competitive sealed bids are publicly solicited and a firm fixed-price contract is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the Request for Proposals (RFP) or Invitation for Bids (IFB), is the lowest in price. Upon obtaining bids, purchases greater than \$30,000 must be approved by the Board of Directors prior to issuing a purchase order.

According to 2 CFR §200.320(c)(1), this method is appropriate when the following conditions exist:

- A complete, adequate and realistic specification or purchase description is available, which can exist for some construction projects, vehicle or inventory purchases.
- Two or more responsible bidders are willing and able to compete effectively for the business.
- The procurement lends itself to a firm fixed-price contract (lump sum or unit) and the selection of the successful bidder can be made principally on the basis of price.

If the sealed bid method is used, the following conditions, as set down in 2 CFR §200.320(c)(2) apply:

- The RFP (or IFB) must be publicly advertised.
- Bids must be solicited from an adequate number of known suppliers, and bidders must be provided a sufficient response time prior to the date set for opening bids.
- The RFP (or IFB), which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be publicly opened at the time and place prescribed in the RFP (or IFB).
- A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually employed.
- Bids may be rejected if there is a sound documented reason. Consultation with the District Manager and/or District Counsel may be appropriate prior to rejecting a bid.

**D. Competitive Proposals (> \$30,000) (2 CFR §200.320(d))**

This procurement method requires formal solicitation, includes fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The solicitation will usually include evaluative factors other than price and these factors should be spelled out in the solicitation document, as well as how the factors will be weighted in final consideration of bids. Upon obtaining bids, purchases greater than \$30,000 must be approved by the Board of Directors prior to issuing a purchase order.

If this method is used, the following requirements apply:

- RFPs must be publicized and identify all evaluation factors and their relative importance.
- Proposals must be solicited from an adequate number of qualified sources so as to ensure competition.
- The methods for conducting technical evaluations of the proposals received and for selecting recipients may include, but are not limited to, oral interviews, reference checks, past performance, availability to perform work, and appropriate certifications as determined by project scope.
- Written procedures are required for all RFP technical evaluations and must be retained in the event of a single audit.
- Any response that takes exception to any mandatory items in this proposal process may be rejected and not considered.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the District, with price and other qualitative factors considered.

A review and selection committee may be appointed to evaluate and rank the proposals and may be comprised as follows:



- The committee may include the District Manager or designee, appropriate staff members, qualified members from another agency, or qualified and unbiased members of the professional discipline being considered.
- Board and/or committee member(s) may participate if so authorized at the time of RFP approval.
- The number of consultants to be interviewed shall be at the District Manager's or designee's discretion unless the Board provides specific direction.

#### Architectural and Engineering Services

Competitive proposal procedures *must* be used for qualifications-based procurement of architectural, landscape architectural, engineering, environmental, land surveying, and construction management services (collectively "A/E" professional services) whereby competitors' qualifications are evaluated through a Request for Qualifications (RFQ) and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This qualification method, where price may not be used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services, even when A/E firms are a potential source to perform the proposed service.

#### Inventory Purchases

Inventory purchases must be made through a pre-qualified supplier with the exception of sole source inventory items. The District may require pre-qualified suppliers submit a competitive price quote on 100 of the most frequently purchased inventory items and agree to honor that pricing for a minimum of one year, unless extenuating circumstances arise, or provide price quotes on an as needed order basis. Inventory orders, regardless of price, require a purchase requisition in order to receive items in the inventory system.

#### **E. Noncompetitive Negotiation (2 CFR §200.320(d))**

Also known as sole-source procurement, this procurement method may be appropriate only when one or more of the following criteria are met:

- The item is available only from a single source. The District must document why the individual or firm it has selected has the unique capability required and documentation must be retained.
- The District Manager deems an emergency exists and determines that the public health, safety or welfare of the community would be affected if the normal solicitation procedures were followed. Emergency purchases which would otherwise require formal solicitation must be submitted to the Board of Directors for ratification at the next regular Board meeting after purchase is authorized.
- In the event federal funding is utilized, the federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the District.

- After solicitation of a number of sources, competition is deemed inadequate and no other recourse for procurement is available.

#### Intergovernmental Contracts

Contracts with other governmental agencies can be excluded from the competitive bidding/proposal requirements.

### **F. Contract Change Orders**

The District Manager is authorized to execute contract change orders (CCO) for projects in progress within the following guidelines:

- The total of all CCO's may not exceed the amount approved in the budget or amended by the Board for the project.
- Each CCO must be within the Board authorized scope of work for the contract. Out-of-scope (supplemental agreements) must be separately bid or separately authorized by the Board of Directors.
- Public Works Projects must be in construction, defined as the time period between Notice to Proceed and final completion/beneficial occupancy.

## **4. CONTRACTING**

### **A. General Services**

The purchase of general services (other than professional services, as defined below) under a service contract or agreement requires the signature of the Board President or District Manager and should not exceed a two-year term.

### **B. Professional Services**

Professional services are those services requiring a high degree of professional, educational or technical skill such as services rendered by architects, landscape architects, engineers, environmental engineers, environmental planners, surveyors, construction managers, economists, bond counsel, bond underwriters, financial advisors, appraisers, actuaries, attorneys, auditors, software service providers, web designers, and others. Professional services may be procured for three-year contracts, with an option to extend into one or two additional years as long as contract performance is satisfactory and pricing remains competitive. Longer contracts preclude competitive procurement standards and are discouraged on that basis. Professional services associated with a public works project may be approved for a multi-year contract that coincides with the term of the project at the discretion of the Board of Directors. In instances where a shorter term contract could result in significant disruption of District operations, such as legal services or information/communication technology services, the District may approve an extended contract.

The District Manager or management designee is authorized to negotiate a contract detailing scope of work and fair and reasonable compensation with the firm whose competitive proposal ranked highest during the evaluative process. If the District is unable to negotiate a satisfactory contract with the highest ranked firm, negotiations may be formally terminated and the firm dismissed from further consideration. Negotiations may continue with subsequently ranked firms until an agreement is reached. The substance of previous negotiations will not be divulged by District staff in discussions with subsequently ranked firms, and the submittals of unsuccessful candidates will be considered confidential. If no agreement is reached the District may consider republicizing the procurement. Choosing less than qualified consultants is not in the public interest and not consistent with the obligation of the District to protect the health, safety and welfare of the public.

When engaging professional services for a federally funded non-construction project, provision 2 CFR §200.308(c)(1)(vi) states, "Unless described in the application and funded in the approved federal awards, the sub-awarding, transferring or contracting out of any work under a federal award" requires prior approval from the granting agency.

## C. Public Works Projects

### Prevailing Wage Requirements:

Public works projects are defined, for prevailing wage purposes, in California Labor Code Section 1720 to include construction (including design, inspection or surveying), alteration, demolition, installation, or repair, paid for in whole or in part out of public funds. No contractors or subcontractors may be awarded a contract for a public works project unless registered with the California Department of Industrial Relations' Public Works Contractor Registration Program.

#### District Responsibilities:

- Register project with the Department of Industrial Relations (DIR) by filing a PWC-100 form within 5 days of the award of the contract (failure to provide timely submission can jeopardize state funding)
- Obtain prevailing wage rates from DIR
- Notify potential contractors that they must register with DIR prior to bidding
- Certify proof of contractor registration before awarding bid
- Require contractors to post jobsite notices on public works requirements
- Ensure contractor is paying prevailing wages in compliance with public works laws
- Report any suspected violations to the Labor Commissioner

#### Contractor Responsibilities:

- Register with the Department of Industrial Relations (DIR) as a public works contractor
- Pay prevailing wages
- Follow apprenticeship requirements
- Maintain and submit certified payroll records

A small project exemption exists for maintenance projects that do not exceed \$15,000 or new construction, demolition, alteration or repair projects that are less than \$25,000. Contractors who work exclusively on small projects that qualify for exemption are not required to register as a public works contractor or file electronic certified payroll reports but are still required to maintain certified payroll records and provide them to the Labor Commissioner's office and the District on request. The District does not need to file a PWC-100 form for exempt projects.

### Surety (Bonding) Requirements:

For public works construction contracts or subcontracts the District has established the following sureties:

- A bid guarantee from each bidder equivalent to ten percent (10%) of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- A faithful performance bond on the part of the contractor for no less than 100 percent (100%) of the contract amount. A performance bond is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- Required for contracts and subcontracts exceeding \$30,000: A payment bond on the part of the contractor for no less than 100 percent (100%) of the contract amount. A payment bond is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. The District must approve the bond before work begins and is not allowed to release payment to the contractor without an approved payment bond. This threshold is less than the District's threshold for sealed bids or competitive proposals but exceeds the threshold for small purchases requiring competitive pricing. A design professional is not considered a direct contractor in this instance and is therefore exempt from the bond requirement.
- A maintenance bond on the part of the contractor for no less than ten percent (10%) of the contract amount or \$3,000, whichever is greater, to remain in effect for a minimum of two years after the completion and acceptance of work performed under the contract. A maintenance bond protects the District against defects and faults in materials, workmanship, and design.

Federally funded contracts exceeding \$250,000 require, at a minimum, the bonding requirements listed under items 1, 2, and 3 (2 CFR §200.325).

## 6. FEDERAL FUNDING REQUIREMENTS

### A. Contract Provisions (Federal Funding) (2 CFR §200.326)

All contracts using federal funding shall comply with the following provisions as applicable:

- Contracts for more than the federally mandated simplified acquisition threshold (currently set at \$250,000), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- All contracts in excess of \$10,000 must address termination for cause and for convenience by the District including the manner by which it will be effected and the basis for settlement.
- Equal Employment Opportunity: All contracts, when funded in whole or partly by monies derived from the federal government (either directly or indirectly), must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- Davis-Bacon Act: Construction contracts in excess of \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148). Contractors must be required to pay laborers and mechanics wages not less than the prevailing wage as determined by the Secretary of Labor and must be required to pay wages not less than once a week. Each bid solicitation published by the District must contain the current prevailing wage determination. Any award of the contract must be conditioned on contractor's acceptance of that wage determination and suspected or reported violations of this act shall be immediately reported to the Federal awarding agency. *[Projects controlled by the District must comply with State of California Department of Industrial Relations (DIR) requirements, including contractor and project registration, certified payroll reporting, and payment of California's prevailing wage rates, if they exceed corresponding Davis-Bacon rates, regardless of federal funding provisions].*
- Copeland "Anti-Kickback" Act: Applies to construction contracts in excess of \$2,000. It prohibits kickbacks in construction contracts funded with Federal monies. Contractors and subcontractors or subrecipients shall be prohibited from inducing any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled and suspected or reported violations shall be immediately reported to the Federal awarding agency.
- Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708): Where applicable, all contracts awarded by the District in excess of \$2,000 for construction contracts and in excess of \$2,500 for other contracts that involve the employment of

mechanics or laborers shall include a provision for compliance with sections 102 and 107 of the Contract Work Hours and Safety Standards Act (40 USC §§327-333), as supplemented by the Department of Labor regulations (29 CFR Part 5). Under §102 of the act, each contractor shall be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in the workweek. Section 107 of the act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions that are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies, material or articles ordinarily available on the open market or to contracts for transportation or transmission of intelligence.

- **Rights to Inventions Made Under a Contract or Agreement:** If the federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements.”
- **Clean Air Act & Federal Water Pollution Control Act:** Contracts and sub grants in excess of \$150,000 must contain a provision that requires the recipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act, as amended. Suspected or reported violations must be reported to the federal awarding agency and the regional office of the Environmental Protection Agency (EPA).
- **Energy Policy and Conservation Act:** Mandatory standards and policies relating to energy efficiency that are contained in a state energy conservation plan issued in compliance with the Energy Policy and Conservation Act must be followed as appropriate.
- **Debarment and Suspension:** A contract award must not be made to parties listed on the System for Award Management’s (SAM) “List of Parties Excluded from Federal Procurement or Non-Procurement Programs,” in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 and 12689 “Debarment and Suspension.” SAM exclusions contain the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- **Byrd Anti-Lobbying Amendment:** Contractors that apply or bid for an award of \$100,000 or more must certify that they will not and have not used federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award. Contractors must also disclose any

lobbying with non-federal funds that takes place in connection with obtaining any federal award.

- Procurement of Recovered Materials (2 CFR §200.322): A non-federal entity that is a state agency, or agency of a political subdivision of a state, and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in the guidelines of the EPA at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase of the items exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000. Other requirements include procuring solid waste management services in a manner that maximizes energy and resource recovery and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

**B. Federal Awarding Agency or Pass-Through Entity Review (>\$250,000) (2 CFR §200.324)**

- The District shall make available, upon request of the federal awarding agency or pass-through entity, technical specifications on proposed procurements where the federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the District desires to have the review accomplished after a solicitation has been developed, the federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.
- The District will make available upon request, for the federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
  - Procurement procedures or operations fails to comply with the procurement standards in this part
  - The procurement is expected to exceed the simplified acquisition threshold (\$250,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation
  - The procurement, which is expected to exceed the simplified acquisition threshold, specifies a “brand name” product
  - The proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement
  - A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold



- The District is exempt from the pre-procurement review in item 2 of this section if the federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.
- The District may request that its procurement system be reviewed by the federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis.
- The District may self-certify its procurement system. Such self-certification must not limit the federal awarding agency's right to survey the system. Under a self-certification procedure, the federal awarding agency may rely on written assurances from the District that it is complying with these standards. The District must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

### **C. Time and Materials Contracts (2 CFR §200.318(j))**

A time and materials contract may not be used for a federally funded procurement unless 1) the contract includes a not-to-exceed price that the contractor exceeds at its own risk; and 2) the Board has determined that no other type of contract is suitable and the reasons for unsuitability are well documented. A time and materials type contract refers to a contract whose cost is the sum of the actual cost of materials plus direct labor hours charged at a fixed hourly rate that include wages, administrative expenses and profit. Because the contract price is likely open-ended, this type of contract provides no positive profit incentive for cost control or labor efficiency. A higher degree of oversight is required in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

### **D. Contract Cost and Price (2 CFR §200.323)**

A price analysis is the process of comparing total price among comparable offers, whereas a cost analysis is the process of reviewing individual elements of cost that make up the overall price. If it is requested that costs are broken out in the submission of bid or proposal, each of the elements must be analyzed to determine whether it is fair, reasonable and beneficial to the overall deliverable. As part of the selection process, some form of cost or price analysis must be performed and documented in connection with every procurement in excess of the District's small purchase threshold (\$100,000), including contract modifications.

- The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, independent estimates shall be made prior to receiving bids and proposals.
- For federally funded contracts, profit shall be negotiated as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past

performance, and industry profit rates in the surrounding geographical area for similar work

- Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the District under Subpart E- Cost Principles of Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

**E. Contracting with Small and Minority Business, Women’s Business Enterprises, and Labor Surplus Area Firms (2 CFR §200.321)**

All necessary affirmative steps will be taken to assure that minority business, women’s business enterprises, and labor surplus area firms are used when possible.

Affirmative steps include:

- Placing qualified small and minority businesses and women’s business enterprises on solicitation lists.
- Assuring that small and minority businesses and women’s business enterprises are solicited whenever they are potential sources.
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women’s business enterprises.
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women’s business enterprises.
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

## MEMO

**DATE:** May 25, 2023  
**TO:** Board of Directors, San Lorenzo Valley Water District  
**FROM:** Rick Rogers, District Manager  
**SUBJECT:** 2023 Special District Risk Management Authority  
(SDRMA) Board of Directors Election

**WRITTEN BY:** District Secretary  
**PRESENTED BY:** District Manager

### STAFF RECOMMENDATION:

Read the attached Election Packet with Candidates' Statements of Qualifications (4), and direct staff to prepare the Official 2023 Election Ballot.

### RECOMMENDED MOTION (BOLD TYPE)

I move that: **the Board instruct staff to vote for (list no more than 3 candidates) for the Special District Risk Management Authority Board of Directors.**

- **Robert Swan (incumbent)**
- **Acquanetta Warren**
- **Jesse Claypool (incumbent)**
- **Sandy Seifert-Raffelson (incumbent)**

## BACKGROUND

SDRMA Board of Directors 2023 Election began in January with the opening of nominations. On May 11, 2023, SDRMA's Election Committee reviewed the nomination documents and confirmed that the 4 candidates met the qualifications requirements, and those names are included on the Official Election Ballot.

The signed (wet signature) Official Election Ballot must be sealed and received by mail or hand delivered at SDRMA's office on or before 4:30 p.m. on Tuesday, August 8, 2023 at:

SDRMA Election Committee  
1112 "I" Street, Suite 300  
Sacramento, CA 95814

Important balloting and election dates:

- August 8, 2023: deadline for members to return the signed Official Election Ballot
- August 9-11, 2023: Ballots are opened and counted.
- August 10-11, 2023: Election results are announced and candidates are notified.
- November 1-2, 2023: Newly elected Directors are invited to attend SDRMA Board Meeting (Sacramento).
- January 2024: Newly elected Directors are seated, and Board officer elections are held.

SDRMA Board members serve on the Board for a 4-year term. There are 3 seats up for election this year.

## **PRIOR COMMITTEE ACTION**

None

## **FISCAL IMPACT**

None

## **ENVIRONMENTAL IMPACT**

None

## **ATTACHMENTS AND RELEVANT LINKS TO DISTRICT WEBSITE**

- Election Ballot Instructions
- Official Election Ballot
- Candidates' Statements of Qualifications (4)



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

## 2023 BOARD OF DIRECTORS ELECTION

### OFFICIAL ELECTION BALLOT ATTACHED

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This is an official election packet that contains items that require ACTION by your Agency's governing body for the selection of up to three (3) candidates to the SDRMA Board of Directors.

#### ELECTION PACKET ENCLOSURES

- Election Ballot Instructions
- Official Election Ballot (Action Required)
- Candidate's Statements of Qualifications (4)



## SDRMA'S BOARD OF DIRECTORS ELECTION BALLOT INSTRUCTIONS

Notification of nominations for three (3) seats on the Special District Risk Management Authority's (SDRMA's) Board of Directors was mailed to the membership in January 2023.

On May 11, 2023, SDRMA's Election Committee reviewed the nomination documents submitted by the candidates in accordance with SDRMA's Policy No. 2022-06 Establishing Guidelines for Director Elections. The Election Committee confirmed that (4) candidates met the qualification requirements, and those names are included on the Official Election Ballot.

The Official Election Ballot along with a Statement of Qualifications as submitted by each candidate is posted to the SDRMA MemberPlus portal along with these instructions. Election instructions are as follows:

1. The Official Election Ballot must be used to ensure the integrity of the balloting process.
2. Print a copy of this ballot, then select up to three (3) candidates. Your agency's governing body must approve the Official Election Ballot at a public meeting. **Ballots containing more than four (4) candidate selections will be considered invalid and not counted.**
3. The signed Official Election Ballot MUST be sealed and received by mail or hand delivery at SDRMA's office on or before 4:30 p.m. on Tuesday, August 8, 2023 to the address below. Faxes or electronic transmissions are NOT acceptable.  
Special District Risk Management Authority  
Election Committee  
1112 "I" Street, Suite 300  
Sacramento, California 95814
4. The four-year terms for newly elected Directors will begin on January 1, 2024, and terminate on December 31, 2027.
5. Important balloting and election dates are:
  - **August 8, 2023: Deadline for members to return the signed Official Election Ballot.**
  - **August 9-11, 2023:** Ballots are opened and counted.
  - **August 10-11, 2023:** Election results are announced, and candidates notified.
  - **November 1-2, 2023:** Newly elected Directors are invited to attend SDRMA board meeting (Sacramento).
  - **January 2024:** Newly elected Directors are seated, and Board officer elections are held.

Please do not hesitate to contact SDRMA's Management Analyst Candice Richardson at [crichardson@sdrma.org](mailto:crichardson@sdrma.org) or 800-537-7790 if you have any questions regarding the election and balloting process.

**OFFICIAL 2023 ELECTION BALLOT**  
**SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**  
**BOARD OF DIRECTORS**

**VOTE FOR ONLY THREE (3) CANDIDATES**

Mark each selection directly onto the ballot, voting for no more than three (3) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than three (3) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery at SDRMA on or before 4:30 p.m., Tuesday August 8, 2023. Faxes or electronic transmissions are NOT acceptable.

- ROBERT SWAN** (INCUMBENT)  
Director, Groveland Community Services District
- ACQUANETTA WARREN**  
Vice Chair, Local Agency Formation Commission for San Bernardino County
- JESSE CLAYPOOL** (INCUMBENT)  
Board Chair, Honey Lake Valley Resource Conservation District
- SANDY SEIFERT-RAFFELSON** (INCUMBENT)  
General Manager, Herlong Public Utility District

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2023 by the:

\_\_\_\_\_

**at a public meeting** by the following votes:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ATTEST:  
  
\_\_\_\_\_

APPROVED:  
  
\_\_\_\_\_



**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate\* Bob Swan  
District/Agency Groveland Community Services District (GCSD)  
Work Address P.O. Box 350, Groveland CA 95321  
Work Phone (209) 962-7131 Cell Phone (408) 398-4731

\*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

I have been a member of the SDRMA Board for two terms. I would like to be elected to a third term because:

1. As a board member of Groveland CSD, I am very aware of the great value that smaller districts get from their membership in SDRMA, and I'd like to continue to support the Authority's great member services.
2. While the organization continues to operate well, thanks to its experienced and motivated staff, we are once again going through a period of management change. I believe that Board continuity is particularly important at such a time.
3. The California re-insurance market continues to be challenging. I believe that my eight years of board experience will be helpful as we negotiate the potentially tricky economic future.
4. Personally, I feel that we have a very well-functioning and collegial Board, and I find it both challenging and enjoyable to be part of it.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

1. SDRMA Board: Member since 2016, presently Vice President. I am our representative on the CSDA Legislative Committee (and a member in my own right), and on the Alliance Executive Council.
2. Groveland CSD Board: Member since appointment in June 2013. I was Board President 2014-2018.
3. Member of Board of Southside Community Connections, which is a 501(c)(3) nonprofit in Groveland that provides transportation, educational, social and recreational services to seniors and differently-abled folks in the Groveland area. I was on this Board from 2018 through 2022, mostly as Treasurer.
4. Board Member (Treasurer) of Pine Cone Performers, a local community choral and acting group, since 2010.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)**

Background: BS Physics, MS Computer Science. 3 years in USAF. 30 years in the semiconductor industry as engineer, engineering manager, business unit director.

Skills, etc.: Very familiar with financial reports and cost accounting. Working knowledge of computer and communications technology. In my work life, I managed geographically distributed organizations with up to 150 technical personnel and up to \$120 million in annual sales. I'm pretty good at helping groups work together to achieve consensus (or, failing that, acceptable compromise).

In recent years, most of my volunteer work has been in driving folks (who can't drive themselves) to medical appointments, shopping, and the like. This is one of the services of Southside Community Connections.

I'm also a pretty decent choral singer, but that's not relevant to this application.

**What is your overall vision for SDRMA? (Response Required)**

Our vision statement is "To be the exemplary public agency risk pool of choice for California special districts and other public agencies". To achieve this vision, I believe we must focus on:

(1) maintaining long-term financial stability, by ensuring that there is a fair allocation of cost versus risk across the membership, continuously evaluating the appropriate level of risk retention, and using creative ideas like our "captive" reinsurance agency to enhance our cash position.

(2) continue to expand our risk management training and assistance services. We have made significant improvements in this area by bring it internal to the Authority.


(3) continue to emphasize services to our core membership: small to mid-sized districts with limited options for insurance.

(4) ensure that SDRMA remains a desirable workplace, and maintain our highly-qualified and responsive staff.

Above all, remember that this is an insurance pool, owned by its member agencies, and maintain an overarching focus on member service and support. Make certain that we will be here for our members.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

4/11/2023

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted**. No statements are endorsed by SDRMA.

Candidate\* **ACQUANETTA WARREN**  
 District/Agency **Local Agency Formation Commission (LAFCO) for San Bernardino County**  
 Work Address **1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490**  
 Work Phone **(909)388-0480** Home Phone

\*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

As a City Mayor I have been fortunate to serve on regional boards that include special district representation: San Bernardino Countywide Oversight Board and Southern California Water Coalition's Board of Trustees. I realize that special districts, especially the smaller districts, are not included in the conversation for a variety of matters. Currently, I serve on San Bernardino LAFCO and the California Association of LAFCOs, which do have robust special district representation. I believe that my skills, experience, and understanding can contribute to SDRMA. Specifically, I want to contribute by developing programs that would help member agencies maximize their protection and minimize their risks.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

I currently serve as mayor for the City of Fontana. This is my fourth term, and my focus has been bolstering economic development, creating educational opportunities, improving public safety, and advocating for a healthier community. As mayor, I have been fortunate to serve on:

- San Bernardino LAFCO since 2014, serving currently as Vice Chair of the Commission. I am also a Board Member of the statewide organization of LAFCOs, CALAFCO, serving as Treasurer
- San Bernardino County Transportation Authority: Board of Directors, General Policy Committee, and Transit Committee
- San Bernardino County Racial Equity Committee for the San Bernardino Council of Governments
- San Bernardino Countywide Oversight Board

In addition, I am the current Chair for the Southern California Water Coalition's Board of Trustees as well as Co-Chair of its Task Force for Water Equity, Access, and Affordability.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?  
(Response Required)**


Aside from being Mayor for the City of Fontana, I am currently the District Director for the Second Supervisorial District for San Bernardino County and I coordinate district services and communications with constituents, I oversee community outreach efforts, as well as supervise district staff.

In addition to local-level involvement, I have served on the State Park Commission and as a trustee of the United States Conference of Mayors, an official non-partisan organization of cities in the United States with populations of 30,000 or more. I have also served in community organizations such as Water/Recycled Water Projects and Development Processing for New Communities, Casa Colina Rehabilitation Hospital Board of Directors, and the Upland YMCA Board of Directors.

**What is your overall vision for SDRMA? (Response Required)**

My vision for SDRMA is to ensure that it continues to be the best risk management agency, who will continue to listen and communicate with its member agencies. I would strive to make sure SDRMA continues to provide excellent service, provide educational and training programs that are beneficial to its member agencies, and offer more resources that add value to its members. Lastly, I want to make sure SDRMA operates in the highest ethical manner with complete transparency.

**I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.**

Candidate Signature  Date 4/25/2023

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.**

Candidate\* Jesse D. Claypool  
District/Agency Honey Lake Valley Resource Conservation District  
Work Address USDA Service Center 170 Russell Avenue, Suite C, Susanville, CA 96130  
Work Phone 530-257-7271 Cell Phone 530-310-0232

\*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

My interest for being on the SDRMA Board of Directors is because I believe it is imperative for there to be a knowledgeable and experienced voice on the Board with the perspective of the small to mid-size special district. In addition, I am eager to continue working with SDRMA staff and fellow Board members, providing relevant and affordable solutions, available to all special districts.

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

The vast amount of understanding and experience that I've gained as a current member of the SDRMA Board of Directors will undoubtedly aide as I continually strive to be an increasingly effective member of the SDRMA Board of Directors going forward.

In addition to being a current SDRMA Board member, I am currently Chairman of the Board for the Honey Lake Valley Resource Conversation District and a board member of a Regional Water Managment Group. Previously I have served on the following, Lassen County's Civil Grand Jury, two terms, CSDA Professional Development committee, two terms, Janesville Union School District trustee, Technical Advisory Committee for the prevention of violence against schools K-12, two terms, and CSDA Member Services committee, two terms.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**


**What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)**

I have attended various board member trainings and completed leadership and governance classes, including the following; CSDA's Extraordinary Leadership Training and CSDA's Special District Leadership Academy. I have received CSDA's Recognition in Special District Governance certificate and successfully completed Executive Education in Public Policy at University of Southern California, Sol Price School of Public Policy.

**What is your overall vision for SDRMA? (Response Required)**

My continued vision for SDRMA is to be effective within the communities they serve. With focused attention to affordable solutions, administered by a team of highly dedicated professional staff, SDRMA will continue to be an industry leader providing affordable solutions to its members.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature  Date 4/20/2023

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – **no attachments will be accepted**. No statements are endorsed by SDRMA.

Candidate\* Sandy Seifert-Raffelson  
District/Agency Herlong Public Utility District  
Work Address P O Box 115, Herlong CA 96113  
Work Phone (530)827-3150 Cell Phone (530)310-4320

\*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

**Why do you want to serve on the SDRMA Board of Directors? (Response Required)**

I am a current Board member of SDRMA and feel that I have added my financial and general manager background to make a better-informed decision for SDRMA members. As a Board member, I continue to improve my education of insurance issues and look forward to representing small District's and Northern California as a voice on the SDRMA Board. I feel I am an asset to the Board with my degree in Business and my 35 plus years' experience in accounting and special districts.

I understand the challenges that small District face every day when it comes to managing liability insurance, worker's compensation and health insurance for a few employees with limited revenue and staff. My experience in small districts give me an appreciation of the importance of risk management services and programs, especially for smaller District that lack expertise within. I feel I am an asset to this Board, and would love a chance to stay on 4 more years!

**What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)**

While serving on the SDRMA Board, I have been privilege to be Secretary of the Board, Vice-President and currently President. I have served on CSDA's Audit and Financial committee's for several year; I have served on the SRLF Board and current President; Northeastern Rual Health Clinic Board; Fair Board; School and Church boards; 4-H Council and leader for 18 years; and UC Davis Equine Board. In the past 30 years, I have learn that there is no "I" in Board and it can be very rewarding to part of a team that makes a difference for others.

As part of my many duties working for Herlong PUD, I worked to form the District and was directly involved with LAFCo, Lassen County Board of Supervisors and County Clerk to establish the initial Board of Directors and first policies for HPUD. I have administered the financial portion of 2 large capital improvement projects with USDA as well as worked on the first ever successful water utility privatization project with the US Army and department of Defense. I am currently in the middle of a 14 million infrastructure project with SRF monies. I am also the primary administrator of two federal contract for utility services.

**Special District Risk Management Authority  
Board of Directors  
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)**

I have my Bachelor's Degree in Business with a minor in Sociology. I have audit small districts and worked for a small district for almost 18 years. I am a good communicator and organizer. I have served on several Boards and feel I work well within groups or special committee. I am willing to go that extra mile to see things get completed.

I believe in recognition for jobs well done. I encourage incentive programs that get members motivated to participate and strive to do their very best to keep all losses at a minimum and reward those with no losses.

With HPUD and with SDRMA both boards and employees have worked hard to receive their District of Distinction and their District of Transparency.

I feel I am a good leader with people skills that can accomplish what is necessary to keep a District or JPA moving forward.

**What is your overall vision for SDRMA? (Response Required)**

SDRMA Staff and Board work together to bring Special Districts affordable insurance for the pool they serve. By

listening to the needs of all California Special Districts and meeting those needs at a reasonable price that Special Districts can afford. I would continue advocating for these continued efforts and rewarding continue education for all Districts and employees.

I see SDRMA pool continuing for centuries and serving those needs.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature *Janet Seifert Rappelson* Date 4/17/2023



## MEMO

**DATE:** May 26, 2023  
**TO:** Board of Directors, San Lorenzo Valley Water District  
**FROM:** Rick Rogers, District Manager  
**SUBJECT:** Emergency Contract for Exploratory Repair of Failed Quail Hollow Road Mainline Trench

**WRITTEN BY:** Josh Wolff, District Engineer  
**PRESENTED BY:** Josh Wolff, District Engineer

### STAFF RECOMMENDATION

Authorize an expenditure of time and materials (T&M) not to exceed (NTE) \$250,000.00 for exploration of the failed potable water main trench in Quail Hollow Road

### RECOMMENDED MOTION

I move that:

*The Board directs the District Manager to enter into a contract with Anderson Pacific Engineering Construction, Inc. in an amount not to exceed \$250,000.00 for the purpose of repair of the failed potable water main in Quail Hollow Road.*

### BACKGROUND

In 2021 and 2022, the District contracted for construction of a new 12-inch potable water main in Quail Hollow Road, running from approximately the intersection of Quail Hollow Road and West Zayante Road to the District's

facility at the intersection of Quail Hollow Road and Cumora Lane. This construction was completed in 2022. Backfill of the trench and restoration of the paving was accomplished according to the Santa Cruz County Standard Detail EP-1, which specifies sand bedding for the pipe, 2-sack slurry for backfill, and asphaltic concrete (AC) for surface restoration. Surface restoration included a tee cut as required by EP-1. At the completion of construction, Santa Cruz County accepted the paving restoration and the District accepted the potable water main construction.

During the unprecedented storms experienced by the District in January of 2023, the AC installed during the 2022 project was observed to sink. In the immediate aftermath of the storms, the District consulted with Santa Cruz County Public Works (DPW), then executed an emergency contract with Anderson Pacific Engineering Construction, Inc. (APEC) to remove the previously installed steel plates, excavate the previously installed slurry, and restore the roadway in conformance with EP-1. This work proved impossible to complete due to the exceedingly high water table and presence of large volumes of water flowing less than 2-feet below grade. The District again consulted with DPW; the joint decision was made to backfill the excavation with drain rock, re-install steel plates, and return to the area to make a permanent repair after the subgrade had dried out.

Quail Hollow Road is a heavily travelled commute route, which has resulted in the installed plates regularly being shifted out of position, despite being welded, pinned, and ramped. As such, DPW and District Staff have determined that another attempt should be made to repair the road. APEC has completed several difficult projects for the District on an emergency

basis, leading Staff to identify APEC as the preferred contractor for this repair.

The proposed repair will be exploratory in nature. Neither DPW nor District Staff are able to completely identify the extent of the failed subgrade, so the plan must be to excavate a portion of the failed AC and subgrade, make a repair, and move on to the next portion of the failure. DPW and Staff are in agreement that this staged and exploratory methodology will provide the greatest probability of a successful repair. In addition, Staff and DPW have determined that backfill for this repair should not conform to EP-1, as there is some debate as to the contribution of the slurry wedge to the failure. Instead, backfill will be accomplished using sand/native material (this area is in the Sand Hills habitat), Class II aggregate base (AB), and AC.

## **ENVIRONMENTAL REQUIREMENTS**

As all work will take place within the existing paved roadway, there are no environmental requirements beyond a prohibition on equipment or vehicles leaving the existing paved roadway.

## **PRIOR COMMITTEE ACTION**

None

## **FISCAL IMPACT**

This work has not been budgeted, based on the emergency nature of the repair. The contract provides a NTE value of \$250,000.00. Final cost is difficult to determine given the exploratory nature of the repair.

## ATTACHMENTS AND RELEVANT LINKS TO DISTRICT WEBSITE

- Draft Contract
- Billable Rates

## SAN LORENZO VALLEY WATER DISTRICT

### EMERGENCY CONSTRUCTION CONTRACT

#### AGREEMENT

THIS AGREEMENT (hereafter, "Agreement") is made on this 25<sup>th</sup> day of May, 2023 by and between SAN LORENZO VALLEY WATER DISTRICT OF SANTA CRUZ COUNTY, a public agency of the State of California, with its headquarters at Boulder Creek, California, herein referred to as the "District," and ANDERSON PACIFIC ENGINEERING CONSTRUCTION, INC. located at 1370 Norman Avenue Santa Clara, CA 95054, represented by Scott Schumacher, hereafter referred to as the "Contractor" (Telephone: (408) 970-9900, "Emergency" Telephone: Sam Duckworth (408) 318-1691.) District and Contractor are each a "Party" to this Agreement, and are collectively referred to herein as "Parties."

**Emergency/Exigency Sole Source Agreement** – This Agreement is being entered into on a sole-source basis during emergency conditions resulting from winter storms with widespread flooding and landslides that have caused extensive failure through of a District-owned utility trench (potable water main), requiring the immediate expenditure of public money to safeguard life, health, property, and essential government services. The purpose of this Agreement is utilize immediately available and responsible contractor services to safeguard and restore essential water services needed for public health and safety by constructing a temporary water main in place of the damaged water main.

Contractor acknowledges that the District must transition to a competitively bid contract once the emergency or exigency ends, or as soon as a "time-and-materials" contract is no longer appropriate.

Contractor shall provide the District with a designated emergency contact available by phone 24-hours per day and 7-days per week.

**Project Description** – Contractor is to provide labor, equipment and materials on an as needed emergency basis when requested by the District (the "Work"). The Work is described in **Exhibit "A"**, and generally consists of exploration and repair of the failed mainline trench in Quail Hollow Road, and includes, but is not limited to, provision of backfill and paving materials, excavation, evaluation of failure extent, backfill, compaction, traffic control, shoring, reestablishment of alignment of existing pipeline, and asphalt paving.

All the Work shall be performed in accordance with District Standards AWWA Standards, and Santa Cruz County Encroachment Permit Requirements.

**Term and Timing Requirements** - Period of service under this Agreement will become effective on the date first stated above ("execution date"), and will continue through July 31, 2023 ("termination date"). Time is of the essence for the performance of all Work under this Agreement.

The District may, at its sole discretion, extend this Agreement by written notice given to Contractor no more than 14 days before the termination date.

**Compensation** - Performance of the Work under this Agreement shall be on a time and material basis in accordance with the labor and equipment rate schedule outlined in **Exhibit "B"**, unless otherwise modified

and mutually agreed in writing. The total compensation for all Work performed under the terms and conditions of this Agreement shall not exceed \$250,000 and zero cents.

**Guarantee** - Contractor warrants that

- a. All Work shall be performed by personnel who are careful, skilled, experienced, and competent in their respective trades or professions;
- b. Materials and equipment furnished under the Agreement will be of good quality and new unless otherwise required or permitted by the Agreement, the Work will be free from defects not inherent in the quality required or permitted; and
- c. Work shall be performed in a good and workmanlike manner.

**Meetings** - Contractor shall meet with the District regularly, as specified by the District, to report progress. In addition to the regular progress meetings, coordination meetings may be called by either District or Contractor when either party determines that there is a need to discuss the Work. Contractor shall prepare meeting minutes and submit to District within one week after the meeting.

**Correspondence** - Contractor shall furnish District copies of any written correspondence between Contractor and other parties pertaining specifically to the Agreement.

**Ownership of Materials** - All materials which Contractor is required to prepare or develop in the performance and completion of the Work under the Agreement, including without limitation any drawings, specifications, documents, calculations, maps, sketches, notes, reports, data, models and samples, and any and all inventions and copyrightable material contained therein, shall become the sole and exclusive property of District when made or prepared whether delivered to District or not, subject to Contractor's right to use the same to perform the Work under the Agreement. Such materials shall, together with any materials furnished to Contractor by District under the Contract, be delivered to District upon request and in any event upon completion or termination of the Agreement. District and its authorized representatives may use any such materials delivered by Contractor without Contractor's permission.

**Confidentiality** - Except as otherwise expressly authorized by District, or as necessary for Contractor to perform the Work, Contractor shall not at any time, in any manner whatsoever, either directly or indirectly, disclose to any person or entity any information of any kind or description, whether oral or written, concerning District or any matters affecting or relating to the Work. Contractor shall refer all requests for information regarding the Work to the District representative. Contractor's obligations under this section shall survive the termination of the Contract.

The Contractor acknowledges that certain documents provided under the Contract are subject to disclosure under the Public Records Act.

**Termination at District's Option** - District shall have the right at any time to terminate, with or without cause, further performance of the Work in whole or in part by written notice to Contractor specifying the date of termination. On the date stated, Contractor shall discontinue performance of the Work and shall preserve work in progress and completed work product, and shall turn over such work product in accordance with District's instructions. If Contractor has completely performed all obligations under the Contract up to the date of termination, Contractor shall be entitled to compensation for costs incurred in performance of the Work prior to termination.

**Workers' Compensation Insurance** - By its authorized signature hereunder, Contractor certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Contractor will comply with such provisions before commencing the performance of the work of this agreement.

**Indemnification** - To the fullest extent permitted by law, Contractor shall indemnify and hold harmless and defend the District, its directors, officers, employees, agents, or authorized volunteers, and each of them from and against:

- a. Any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind or nature whatsoever for, but not limited to, injury to or death of any person including District and/or Contractor, or any directors, officers, employees, or authorized volunteers of District or Contractor, and damages to or destruction of property of any person, including but not limited to, District and/or Contractor or their directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly connected with the work to be performed under this agreement, however caused, regardless of any negligence of District or its directors, officers, employees, or authorized volunteers, except the sole willful misconduct or active negligence of District or its directors, officers, employees, agents, or authorized volunteers;
- b. Any and all actions, proceedings, damages, costs, expenses, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Contractor;
- c. Any and all losses, expenses, damages (including damages to Contractor's works for the District itself), attorneys' fees, and other costs, including all costs of defense, which any of them may incur with respect to the failure, neglect, or refusal of Contractor to faithfully perform the work and all of the Contractor's obligations under this Agreement. Such costs, expenses, and damages shall include all costs, including attorneys' fees, incurred by the District in any lawsuit to which it is a party.

Contractor shall defend, at Contractor's own cost, expense and risk, any and all such suits, actions, or other legal proceedings of any kind that may be brought or instituted against the District or its directors, officers, employees, agents, or authorized volunteers. District shall notify Contractor of any such suits, actions, claims, or other legal proceedings arising from Contractor's performance of this Agreement within 7 days of District's knowledge of such claim or proceeding, according to the Notice provisions included herein.

Contractor shall pay and satisfy any judgment, settlement, award or decree that may be rendered against the District or its directors, officers, employees, agents, or authorized volunteers, in any and all such suits, actions, or other legal proceedings.

Contractor shall reimburse the District or its directors, officers, employees, or authorized volunteers, for any and all legal expenses and costs incurred by any of them in connection with any of the duties of Contractor or any actions taken by Contractor pursuant to the terms of this Agreement or in enforcing the indemnity herein provided.

Contractor's obligation to indemnify the District shall not be restricted to insurance proceeds, if any, received by the District, or its directors, officers, employees, agents, or authorized volunteers.

## GENERAL CONDITIONS

**Licensing Requirements** – Contractor shall have a General Engineering License “A.” Contractor shall also have a properly trained and licensed welder on staff, or shall sub-contract any welding work to a properly trained and licensed welder. Contractor shall be registered with the Department of Industrial Relations such that Contractor can be found through the California Department of Industrial Relations’ Public Works Contractor Search tool.

**Laws, Regulations and Permits** - Contractor shall provide all notices required by law and shall comply with all laws, ordinances, rules and regulations pertaining to the conduct of work performed for the District. Contractor shall be liable for any and all violations of law in connection with work furnished to the District by Contractor. If Contractor or its representatives observe that the construction drawings or specifications are at variance with any law or ordinance, rule or regulation, Contractor shall promptly notify the District in writing and any necessary changes shall be made by written instruction or change order. If the Contractor performs any work with knowledge that it is contrary to any applicable laws, ordinances, rules or regulations and without first giving written notice to the District, the Contractor shall bear all costs arising therefrom.

**Prevailing Wage** – Contractor shall pay, at a minimum, all employees and sub-contractors who conduct work for the District under this Agreement the prevailing wage for such work in the State of California, as determined by the California Department of Industrial Relations. In no case may Contractor pay any employee or sub-contractor less than the prevailing wage for work performed in furtherance of this Agreement, as such prevailing wage is determined by the California Department of Industrial Relations.

**Safety** - Contractor shall execute and maintain the Work so as to avoid injury or damage to any person or property. Contractor shall comply with the requirements and specifications relating to safety measures applicable to the particular operations or kinds of work.

In carrying out the Work, Contractor shall at all times exercise all necessary precautions to ensure the safety of employees appropriate to the nature of the work and the conditions under which Contractor’s work is to be performed. Contractor shall be in compliance with all applicable federal, state and local statutory and regulatory requirements including, but not limited to, California Department of Industrial Relations (Cal/OSHA) regulations, and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act. Safety precautions, as applicable, shall include, but shall not be limited to: adequate life protection and life saving equipment; adequate illumination; instructions in accident prevention for all employees, such as the use of machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection, and other safety devices; equipment and wearing apparel as necessary or lawfully required to prevent accidents, injuries, or illnesses; and adequate facilities for the proper inspection and maintenance of all safety measures.

Contractor shall be responsible for the safeguarding of all utilities. No less than two working days before beginning work, the Contractor shall call the Underground Service Alert (USA) in order to determine the location of sub-structures. The Contractor shall immediately notify the District and the applicable utility owner if Contractor disturbs, disconnects, or damages any utility.

In accordance with Section 6705 of the California Labor Code, Contractor shall submit to the District specific plans that disclose details of provisions for worker protection from caving ground during



excavations of trenches that are five feet or more in depth (“trench safety plan”). The trench safety plan shall be submitted to and must be accepted by the District before the Contractor may commence excavation. The trench safety plan shall have details showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground. If the trench safety plan varies from the shoring system standards established by Cal/OSHA, the trench safety plan shall be prepared by a California registered civil or structural engineer. As part of the trench safety plan, a note shall be included stating that the registered civil or structural engineer certifies that the trench safety plan complies with the Cal/OSHA Construction Safety Orders, or that the registered civil or structural engineer certifies that the trench safety plan is not less effective than the shoring, bracing, sloping or other provisions of the Cal/OSHA Construction Safety Orders. In no event shall the Contractor use a shoring, sloping, or protective system less effective than that required by the Cal/OSHA Construction Safety Orders. Submission of a trench safety plan in no way relieves the Contractor of the requirement to maintain safety in all areas of the work site at all times. If excavations or trench work requiring a Cal/OSHA permit are to be undertaken, Contractor shall submit its permit with the trench safety plan to the District before work begins.

The names and telephone numbers of at least two medical doctors practicing in the vicinity and the telephone number of the local ambulance service shall be prominently displayed adjacent to telephones.

**Invoicing and Payment** - On the first day of each month, or the working day closest thereafter, Contractor shall invoice for that portion of the Work performed during the preceding month. All costs, expenses, and other amounts so invoiced shall be substantiated and supported by equipment time slips, invoices, timesheets, receipts, and other documents satisfactory to the District. Such documentation shall include a narrative of the Work performed. Such invoice, after receipt in form satisfactory to the District and verified by the District, shall be paid within 45 days. No payments shall be construed to be an acceptance of defective Work or relieve Contractor of any of its contractual obligations.

Payments may be withheld by District when it reasonably believes that (1) the materials or workmanship are defective, (2) any claim has been filed against Contractor or District arising out of the Work, (3) Contractor has failed to make payments properly to subcontractors, or (4) Contractor has failed to meet a deadline for Work covered by the payment request.

**Commercial General Liability and Automobile Liability Insurance** - Contractor shall provide and maintain the following commercial general liability and automobile liability insurance:

**Coverage** - Coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:

1. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)
2. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)

**Limits** - Contractor shall maintain limits no less than the following:

1. General Liability - Three million dollars (\$3,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply

separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to the San Lorenzo Valley Water District) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

**Required Provisions** - The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The District, its directors, officers, employees, agents, and authorized volunteers shall be additional insureds (via ISO endorsement CG 2010, CG 2033, or insurer's equivalent for general liability coverage) as respects: liability arising out of activities performed by or on behalf of Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; and automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its directors, officers, employees, agents, or authorized volunteers.
2. For any claims related to work undertaken by the Contractor pursuant to this Agreement, the Contractor's insurance shall be the primary insurance as respects the District, its directors, officers, employees, agents, or authorized volunteers. Any insurance, self-insurance, or other coverage maintained by the District, its directors, officers, employees, agents, or authorized volunteers shall not contribute to any such claims or to the Contractor's insurance.
3. Any failure to comply with reporting or other provisions of the Contractor's insurance policies, including breaches of warranties, shall not affect coverage provided to the District, its directors, officers, employees, agents, or authorized volunteers.
4. Contractor's insurance shall apply separately to each insured against whom a claim is made or suit is brought, up to and including the limits of the insurer's liability.
5. Each insurance policy required by this Agreement shall state, or be endorsed to state, that coverage shall not be canceled by the insurance carrier or the Contractor, except after thirty (30) days' prior written notice by U.S. mail has been given to the District. In the event that the insurance premium has not been paid by Contractor, coverage may be canceled upon ten (10) days' written notice provided to the District via U.S. mail.

Such liability insurance shall indemnify the Contractor and its sub-contractors against loss from liability imposed by law upon, or assumed under contract by, Contractor or its sub-contractors for damages on account of bodily injury (including death), property damage, personal injury, completed operations, and products liability.

Contractor's general liability policy shall cover bodily injury and property damage liability, owned and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support liability.

The automobile liability policy shall cover all owned, non-owned, and hired automobiles.

All such insurance carried by Contractor shall be provided on policy forms and through companies satisfactory to the District.

**Deductibles and Self-Insured Retentions** - Any deductible or self-insured retention must be declared to and approved by the District. At the option of the District, the insurer shall either reduce or eliminate such deductibles or self-insured retentions.

**Acceptability of Insurers** – Contractor's insurance shall be placed with insurers holding a current A.M. Best Rating of at least A:VII, or the equivalent, if such equivalent or other rating is approved by the District in its sole discretion.

**Workers' Compensation and Employer's Liability Insurance** - Contractor and any and all sub-contractors shall insure (or be a qualified self-insured) all of their employees working on or about the construction site, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California and any Acts amendatory thereof, and any other applicable laws relating to workers' compensation insurance. Contractor shall provide employer's liability insurance with limits of no less than \$1,000,000 per accident, a \$1,000,000 disease policy limit, and a \$1,000,000 disease limit for each employee.

**Responsibility for Work** - Until the completion and final acceptance by the District of all the work included in and implied by this Agreement, the work shall be Contractor's care and charge, and Contractor shall be solely responsible therefor. Contractor shall rebuild, repair, restore and make good all injuries, damages, re-erectments, and repairs occasioned or rendered necessary by causes of any nature whatsoever.

Contractor shall provide and maintain builder's risk insurance (or an installation floater) covering all risks of direct physical loss, damage to or destruction of the work performed by Contractor in the amount specified in the General Conditions, to insure against such losses until final acceptance of the Contractor's work by the District. Such insurance shall insure, at a minimum, against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse. The District, its directors, officers, employees, agents and/or authorized volunteers shall be named insureds on any such policy. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for the District, nor shall such progress payments be construed as relieving Contractor or its subcontractors of responsibility for loss from any direct physical loss, damage, or destruction occurring prior to final acceptance of the Contractor's work by the District.

Contractor shall waive all rights of subrogation against the District, its directors, officers, employees, agents, or authorized volunteers.

**Evidences of Insurance** - Prior to execution of this Agreement, the Contractor shall file with the District a certificate of insurance (Acord Form 25-S or equivalent) signed by the insurer's representative evidencing the coverage required by this Agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against the District.

Such evidence shall also include confirmation that coverage includes or has been modified to include Required Provisions 1-5.

Contractor shall, upon demand of the District, deliver to the District such insurance policy or policies and the receipts for Contractor's payment of any and all premiums thereon.

**Continuation of Coverage** - If any of the required coverages expire during the term of this Agreement, the Contractor shall deliver the renewal certificate(s), including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against District, to the District at least ten (10) days prior to the existing insurance policy's expiration date.

**Sub-Contractors** - In the event that Contractor employs sub-contractors as part of the work covered by this Agreement, it shall be Contractor's responsibility to require and confirm that each sub-contractor meets the minimum insurance requirements specified above.

**Independent Contractor** - Contractor's personnel performing services under the Agreement shall at all times be under the Contractor's exclusive direction and control and shall be employees of Contractor and not employees of District. Contractor shall pay all wages, salaries and other amounts due its employees in connection with the Contract and shall be responsible for all reports and obligations respecting them, including Social Security tax, income tax withholding, unemployment compensation, worker's compensation, employee benefits and similar matters. Contractor shall defend, indemnify, protect, and hold harmless the District its directors, officers, employees, agents, or authorized volunteers, and each of them, from any and all damages, losses, claims, suits, costs, liabilities, or actions of every kind or description (including attorneys' fees) incurred or brought for, or on account of, Contractor's violation or alleged violation of any of the foregoing requirements.

**Nondiscrimination and Equal Opportunity Employment**- During the performance of the Agreement, Contractor shall not discriminate against any person or group of persons on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, or sexual orientation. Contractor confirms that it has an equal employment opportunity policy ensuring equal employment opportunity without regard to race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, or sexual orientation; and that it maintains no employee facilities segregated on the basis of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, or sexual orientation.

**Compliance with Americans with Disabilities Act** - Contractor shall not discriminate against, or fail to make reasonable accommodation of any person covered by the Americans with Disabilities Act (ADA) of 1990, 42 U.S.C. §§ 12101-12213, as amended (the "Act"), or fail to comply with any provision of the Act in the course of its performance of its obligations under the Agreement, or in any way connected with District. Contractor shall defend, indemnify, protect, and hold harmless the District its directors, officers, employees, agents, or authorized volunteers, and each of them, from any and all damages, losses, claims, suits, costs, liabilities, or actions of every kind or description (including attorneys' fees) incurred or brought for, or on account of, Contractor's violation or alleged violation of the Act in the course of performance of its obligations under the Agreement, or in any way connected to District by Contractor, its agents, its subcontractors, its subconsultant, or any officers, partners, or employees of any of the foregoing.

**Notices** – All notices, demands, payments, requests, consents, or other communications which this Agreement either contemplates, authorizes, requires, or permits either party to give to the other party shall be in writing and shall be sent by electronic mail (e-mail) and/or personally delivered, and/or sent by registered or certified U.S. mail, postage pre-paid, return receipt requested, addressed to the respective parties as follows:

To District: San Lorenzo Valley Water District  
Attn: District Manager  
13060 Hwy 9  
Boulder Creek, CA 95006  
Email: [rogers@slvwd.com](mailto:rogers@slvwd.com)

With a Copy to: District Counsel

To Contractor: Scott Schumacher  
1370 Norman Avenue  
Santa Clara, CA 95054  
Email: [scott@andpac.com](mailto:scott@andpac.com)

A change in address may be made by notifying the other party in accordance with this Section.

**Governing Law/Venue** – The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the State of California. The appropriate venue for any action brought to enforce or declare its terms shall be brought in the appropriate state or federal court in the County of Santa Cruz.

**Severability** – Should any provisions herein be found or deemed invalid or in contravention of California law, such provision shall be deemed not a part of this Agreement. All other provisions of this Agreement shall remain valid and enforceable, and shall remain in full force and effect.

**Successors and Assigns** - This Agreement is binding on the successors, assigns, and heirs of the District and Contractor, respectively.

**Non-Assignment** – This Agreement shall not be assigned or transferred, nor shall any of Contractor’s rights hereunder be delegated or subcontracted without the prior written consent of the District.

**No Third Party Beneficiary** – This Agreement shall inure to the benefit of and be binding upon the Parties. This Agreement is not intended to and shall not be for the benefit of third parties who are not expressly included herein.

**Headings** – The headings contained in this Agreement have been inserted for convenience and ease of reference only, and in no way define or limit the scope or interpretation of this Agreement.

**Entire Agreement** – This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are superseded.

**Waiver** - No covenant, term or condition, or the breach thereof, shall be deemed waived except by written consent of the Party against whom the waiver is claimed. Any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition. Acceptance by District of any performance by Contractor after such time that the performance is due shall not be deemed a waiver of any preceding breach by Contractor other than the failure of performance expressly accepted, regardless of the District's knowledge of such preceding breach at the time of acceptance. No delay or omission by either Party in exercising any relief or power accruing upon non-compliance or failure of performance by the other Party shall impair or be construed as a waiver thereof, unless an intention to waive is expressly set forth in a writing signed by the waiving Party.

**Warranties** - District and Contractor covenant and represent that each respective Party has the full authority to execute, deliver, and perform this Agreement, and that each Party has fully complied with all requirements imposed by law as necessary for the Party to create a lawful and binding Agreement for the term of this Agreement. Each individual signing this Agreement for the District represents and warrants that he or she has the full power and authority, and legal right, to execute this Agreement on behalf of the District, and that the District has taken all necessary actions to authorize the individual signing on behalf of the District's behalf to do. Each individual signing this Agreement on behalf of Contractor represents and warrants that he or she has the full power and authority, and the legal right, to execute this Agreement on behalf of Contractor, and that Contractor has taken all necessary actions to authorize the individual signing on Contractor's behalf to do so.

**Understanding** - Each Party hereto acknowledges that the Party has reviewed this Agreement and has had an opportunity to consult legal counsel, and that the normal rule of construction that ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement or any subsequent amendments hereto.

**Counterparts** - This Agreement may be executed in counterparts, which, taken together, shall be construed as a single, complete Agreement.

[SIGNATURES ON FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, the Parties, for themselves, do hereby agree to the full performance of the covenants herein and have caused this Agreement to be executed on the date first set forth above.

**SAN LORENZO VALLEY  
WATER DISTRICT**

**ANDERSON PACIFIC ENGINEERING  
CONSTRUCTION, INC.**

License No.: \_\_\_\_\_

By: \_\_\_\_\_  
Rick Rogers, District Manager

By: \_\_\_\_\_  
Signature

Name:  
Title:

ATTEST:

ATTEST:

By: \_\_\_\_\_  
Holly Hossack, District Secretary

By: \_\_\_\_\_  
Signature

Name:  
Title:

APPROVED AS TO FORM:

By: \_\_\_\_\_  
District Counsel

**Exhibit "A"**

**Project Scope of Work**



The Project Scope of Work will consist of the following:

1. Set up, maintenance, and breakdown of Traffic Control in conformance with County of Santa Cruz and Caltrans requirements;
2. Removal and replacement of steel plates as needed throughout the project. Plates shall be ramped with cold patch, welded in a minimum of 4 locations 4-inches long per join, and pinned when placed;
3. Remove failed asphalt paving (AC) to expose failed subgrade;
4. Remove additional AC as needed to expose entire subgrade failure volume;
5. Dispose of all removed AC in accordance with local and State requirements;
6. Provide and Replace pipe bedding sand as needed to provide a minimum of 4-inches of bedding below the pipe, bedding alongside the pipe minimum 4-inches to wall of excavation, and 6-inches of bedding above the top of pipe. Compact bedding to 90% Modified Proctor;
7. Provide and Place Class II aggregate base (AB) from top of bedding to bottom of adjacent AC, compact AB to 95% Modified Proctor;
8. Provide and place tack oil on all exposed cut AC faces;
9. Provide and place Type B, ½-inch aggregate AC meeting Santa Cruz County requirements, in lifts of 2-inch maximum thickness to match adjacent existing AC, compact to 95% Modified Proctor
10. Restore roadside drainage as needed; and
11. Restore striping as needed.

**Exhibit "B"**

**Labor and Equipment Rate Schedule**

Classification	Billable Rate (ST)	Billable Rate (OT)	Billable Rate (DT)
Construction Specialist	\$ 99.82	\$ 127.85	\$ 155.86
Construction Specialist (Second Shift)	\$ 104.63	\$ 135.05	\$ 165.47
Laborer 1	\$ 98.70	\$ 126.15	\$ 153.61
Labor 1 (Second Shift)	\$ 103.52	\$ 133.37	\$ 163.23
Laborer 2	\$ 98.46	\$ 125.80	\$ 153.13
Laborer 3	\$ 98.30	\$ 125.56	\$ 152.82
Laborer 4	\$ 88.19	\$ 110.37	\$ 132.57
Laborer 6	\$ 100.24	\$ 128.47	\$ 156.69
Laborer 7	\$ 81.94	\$ 101.02	\$ 120.10
Labor App L1	\$ 56.56	\$ 71.28	\$ 89.00
Labor App L2	\$ 81.94	\$ 101.02	\$ 120.10
Labor App L3	\$ 87.39	\$ 109.20	\$ 131.01
Labor App L4	\$ 92.84	\$ 117.38	\$ 141.91

Foreman	\$ 144.20	\$ 190.40	\$ 236.60
Foreman (Second Shift)	\$ 148.94	\$ 197.52	\$ 246.09
Operator 1	\$ 140.29	\$ 184.53	\$ 228.78
Operator 2	\$ 137.87	\$ 180.90	\$ 223.94
Operator 3	\$ 135.52	\$ 177.39	\$ 219.25
Operator 4	\$ 133.34	\$ 174.12	\$ 214.89
Operator 4 (Second Shift)	\$ 140.88	\$ 185.44	\$ 229.98
Operator 5	\$ 131.33	\$ 171.10	\$ 210.86
Operator 6	\$ 129.24	\$ 167.97	\$ 206.68
Operator 7	\$ 127.44	\$ 165.26	\$ 203.07
Operator 8	\$ 125.63	\$ 162.55	\$ 199.48
Operator App L1	\$ 94.90	\$ 117.32	\$ 139.75
Operator App L2	\$ 98.98	\$ 123.45	\$ 147.91
Operator App L3	\$ 103.05	\$ 129.54	\$ 156.05
Operator App L4	\$ 107.14	\$ 135.68	\$ 164.21
Operator App L5	\$ 119.36	\$ 154.02	\$ 188.67

Teamster 1	\$ 109.97	\$ 139.49	\$ 169.01
Teamster 2	\$ 110.45	\$ 140.20	\$ 169.97
Teamster 3	\$ 110.93	\$ 140.93	\$ 170.93
Teamster 4	\$ 111.49	\$ 141.77	\$ 172.04
Teamster 5	\$ 112.04	\$ 142.61	\$ 173.16

Carpenter - General	\$ 134.24	\$ 175.31	\$ 216.37
Carpenter App L1	\$ 74.78	\$ 99.41	\$ 124.05
Carpenter App L2	\$ 83.61	\$ 110.30	\$ 136.98
Carpenter App L3	\$ 91.80	\$ 120.54	\$ 149.28
Carpenter App L4	\$ 95.93	\$ 126.73	\$ 157.53
Carpenter App L5	\$ 117.83	\$ 150.68	\$ 183.53
Carpenter App L6	\$ 121.93	\$ 156.83	\$ 191.73
Carpenter App L7	\$ 126.03	\$ 162.99	\$ 199.96
Carpenter App L8	\$ 130.14	\$ 169.14	\$ 208.16

Cement Mason	\$ 113.13	\$ 147.48	\$ 181.83
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Electrician, Inside Wireman	\$ 144.67	\$ 194.37	\$ 244.08
Electrical Foreman	\$ 156.43	\$ 211.95	\$ 267.45
Electrical App L1	\$ 71.12	\$ 94.63	\$ 118.13
Electrical App L2	\$ 72.99	\$ 97.40	\$ 121.81
Electrical App L3	\$ 83.52	\$ 111.53	\$ 139.56
Electrical App L4	\$ 89.55	\$ 119.83	\$ 150.12
Electrical App L5	\$ 97.01	\$ 129.54	\$ 162.08
Electrical App L6	\$ 105.33	\$ 140.13	\$ 174.93
Electrical App L7	\$ 111.61	\$ 148.65	\$ 185.70
Electrical App L8	\$ 118.02	\$ 157.33	\$ 196.65
Electrical App L9	\$ 125.41	\$ 166.98	\$ 208.55
Electrical App L10	\$ 133.08	\$ 176.91	\$ 220.73

	Billable Rate (ST)	Billable Rate (OT)	Billable Rate (DT)
General Superintendent	\$ 217.50	\$ 326.25	\$ 435.00
Project Manager	\$ 290.00	0	
Project Engineer	\$ 108.75	0	

	Equipment	Rate		
84	CHEVY 2500 PICKUP TRUCK	\$ 47.01		
86	GMC SIERRA 1500 PICKUP TRUCK	\$ 47.01		
87	GMC SIERRA 1500 PICKUP TRUCK	\$ 47.01		
88	GMC SIERRA 2500 PICKUP TRUCK	\$ 47.01		
89	GMC SIERRA 2500 PICKUP TRUCK	\$ 47.01		
92	FORD F150 PICKUP TRUCK	\$ 47.01		
96	FORD F150 PICKUP TRUCK	\$ 47.01		
110	FORD F650 BOBTAIL DUMP TRUCK - 5 CY	\$ 91.68		
112	FORD F650 BOBTAIL DUMP TRUCK - 5 CY	\$ 91.68		
113	2,000 GALLON WATER TRUCK	\$ 68.39		
115	FREIGHTLINER M2 DUMP TRUCK - 5 CY	\$ 91.68		
116	MOROOKA MST-800V	\$ 69.35		
216	GROVE RT-745 CRANE	\$ 201.14		
217	GRADALL 534C FORKLIFT	\$ 62.88		
223	GROVE RT-760 CRANE	\$ 243.76		
224	GROVE RT-58C CRANE	\$ 96.79		
226	GRADALL 534C FORKLIFT	\$ 62.88		
229	GROVE RT-860 CRANE	\$ 213.85		
231	GRADALL 534D-10 FORKLIFT	\$ 98.59		
232	GENIE GS-1930 SCISSOR LIFT	\$ 32.75		
235	GRADALL 534D-9-45 FORKLIFT	\$ 98.59		
236	CAT TH83 FORK LIFT TRUCK	\$ 98.59		
237	CAT TH83 FORK LIFT TRUCK	\$ 98.59		
241	CAT TH83 FORK LIFT TRUCK	\$ 98.59		
300	SAKAI SV201TB-1 PADFOOT WITH BLADE	\$ 64.49		
303	JOHN DEERE 410J BACKHOE LOADER	\$ 99.85		
306	KOBELCO SK140SR EXCAVATOR	\$ 86.71		
322	BOBCAT 773 LOADER	\$ 44.20		
329	KOMATSU WA250 LOADER	\$ 141.28		
331	BOBCAT 773 LOADER	\$ 44.20		
333	HITACHI EX310-LC EXCAVATOR	\$ 109.30		
335	BOBCAT 873 LOADER	\$ 58.40		
338	CAT 330BL EXCAVATOR	\$ 231.49		
345	KOMATSU WA250 LOADER	\$ 141.28		
348	HITACHI EX100 EXCAVATOR	\$ 96.34		
349	BOMAG BW 90AD SMOOTH DRUM ROLLER	\$ 20.16		
351	JOHN DEERE 310E BACKHOE LOADER	\$ 67.96		
353	SULLAIR 185 49HP COMPRESSOR	\$ 35.66		
354	TAKEUCHI TB-016 EXCAVATOR	\$ 12.40		
358	BOBCAT S-185	\$ 58.40		
359	KOMATSU PC400 EXCAVATOR	\$ 261.84		
360	KOMATSU WA380-5 WHEEL LOADER	\$ 195.00		
362	BOMAG BW 90AD SMOOTH DRUM ROLLER	\$ 20.16		
366	DITCH WITCH 3700 TRENCHER	\$ 48.51		
367	KOMATSU PC35 EXCAVATOR	\$ 31.59		
369	KOMATSU PC220 EXCAVATOR	\$ 157.79		
371	CASE CX50B EXCAVATOR	\$ 44.24		
372	CASE CX75 SR EXCAVATOR	\$ 46.26		
373	VOLVO EC240 BLC EXCAVATOR	\$ 140.86		
374	CASE CX50B EXCAVATOR	\$ 44.24		
377	JOHN DEERE 310SG BACKHOE LOADER	\$ 79.14		
378	TAKEUCHI TB-125 EXCAVATOR	\$ 25.05		
383	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
384	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
385	JOHN DEERE JD-210LE LOADER	\$ 66.35		
386	SWEEPER (BOBCAT) BY QUICK ATTACH	\$ 48.33		
387	BOBCAT S-300 SKID-STEER LOADER	\$ 58.40		
388	JOHN DEERE 410K BACKHOE LOADER	\$ 107.19		
389	CAT D4G XL DOZER	\$ 73.86		
390	CAT CB24 VIBRATORY ROLLER	\$ 50.43		
391	KOBELCO SK140SR EXCAVATOR	\$ 86.71		
393	JOHN DEERE 27D COMPACT EXCAVATOR	\$ 27.79		
394	JOHN DEERE 410K BACKHOE LOADER	\$ 107.19		
395	JOHN DEERE 524K WHEEL LOADER	\$ 118.56		
398	CAT CB24B VIBRATORY ROLLER	\$ 62.74		
399	JOHN DEERE 210L LOADER	\$ 67.29		
416	18-FT TILT-BED TRAILER	\$ 2.08		
532	SULLIVAN D210QV COMPRESSOR	\$ 35.66		
534	SULLIVAN D210QV COMPRESSOR	\$ 35.66		
541	LEROI 200 AIR COMPRESSOR	\$ 35.66		
553	MULTIQUIP GENERATOR 70KW	\$ 46.13		
554	SULLIVAN D210QV COMPRESSOR	\$ 35.66		
555	SULLIVAN D210QV COMPRESSOR	\$ 35.66		
563	500 GALLON WATER TRAILER	\$ 4.34		
564	500 GALLON WATER TRAILER	\$ 4.34		
565	500 GALLON WATER TRAILER	\$ 4.34		
571	SULLAIR 185 49HP COMPRESSOR	\$ 35.66		
572	SULLAIR 185 49HP COMPRESSOR	\$ 35.66		
573	VAC-TRON PMD550DT	\$ 25.00		
575	VAC-TRON PMD550DT	\$ 25.00		
580	500 GALLON WATER TRAILER	\$ 4.34		
581	500 GALLON WATER TRAILER	\$ 4.34		
583	500 GALLON WATER TRAILER	\$ 4.34		
700	BOMAG 815-2 ASPHALT PAVER	\$ 93.49		
1005	CHEVY 3500HD CREW TRUCK - PAVING	\$ 52.99		
1006	CHEVY 2500HD PICKUP TRUCK	\$ 47.01		
1009	CHEVY 3500HD CREW TRUCK - UTILITY	\$ 52.99		
1010	FORD F150 PICKUP TRUCK	\$ 47.01		
1011	CHEVY 3500HD CREW TRUCK - CREW	\$ 52.99		
1017	FORD F150 PICKUP TRUCK	\$ 47.01		
1018	FORD F150 PICKUP TRUCK	\$ 47.01		

1019	FORD F250 CREW TRUCK - UTILITY	\$ 52.99		
1020	FORD F250 CREW TRUCK - UTILITY	\$ 52.99		
1024	FORD F150 PICKUP TRUCK	\$ 47.01		
1026	FORD F250 CREW TRUCK - UTILITY	\$ 52.99		
1028	GMC CANYON PICKUP TRUCK	\$ 47.01		
2001	JLG 8042 SKYTRAK TELEHANDLER	\$ 98.59		
2004	JLG 8042 SKYTRAK TELEHANDLER	\$ 98.59		
2005	TEREX RT-110-10 CRANE	\$ 218.78		
2007	JLG 8042 SKYTRAK TELEHANDLER	\$ 98.59		
3001	BOBCAT S-590 SKID-STEER LOADER	\$ 58.40		
3002	BOBCAT S-590 SKID-STEER LOADER	\$ 58.40		
3003	JOHN DEERE 3105K BACKHOE LOADER	\$ 79.70		
3004	JOHN DEERE 17G FT4 EXCAVATOR	\$ 22.46		
3005	KOBELCO SK230 SR LC-5 EXCAVATOR	\$ 154.78		
3006	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
3007	JOHN DEERE 50G EXCAVATOR	\$ 43.66		
3008	HITACHI ZX300LC-6N EXCAVATOR	\$ 210.25		
3009	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
3010	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
3011	JOHN DEERE 710L BACKHOE LOADER	\$ 126.18		
3012	BOBCAT S-650 SKID-STEER LOADER	\$ 58.40		
3013	WEILER P385B ASPHALT PAVER	\$ 159.45		
3014	KOMATSU PC490LC-11 EXCAVATOR	\$ 334.13		
3015	CAT D6KP LGP DOZER	\$ 107.49		
3016	BOBCAT T-740 TRACK LOADER	\$ 58.40		
3017	BOBCAT S-740 SKID-STEER LOADER	\$ 58.40		
3019	KOMATSU WA320-8 WHEEL LOADER	\$ 164.93		
3020	JOHN DEERE 410L BACKHOE LOADER	\$ 107.19		
3021	JOHN DEERE 245G EXCAVATOR	\$ 145.41		
3022		\$ -		
3023	JOHN DEERE 50G EXCAVATOR	\$ 43.66		
3024	JOHN DEERE 210L LOADER	\$ 67.29		
3025	JOHN DEERE 35G EXCAVATOR	\$ 35.05		
3027		\$ -		
5002	PAVE-MATE PM230 BITUMINOUS DISTRIBUTOR	\$ 11.29		
5004	Wanco WVTM(A) Mini Full Matrix CMS	\$ 14.99		
5005	Wanco WVTM(A) Mini Full Matrix CMS	\$ 14.99		
5008	VAC-TRON LP5735DT	\$ 82.31		
7000	5,000 GALLON WATER TRUCK	\$ 117.01		
7001	FORD F750 BOBTAIL DUMP TRUCK - 5 CY	\$ 91.68		
7002	FREIGHTLINER M2 DUMP TRUCK - 7 CY	\$ 91.68		
7005	FORD F650 BOBTAIL DUMP TRUCK - 5 CY	\$ 91.68		
7006	FORD F650 BOBTAIL DUMP TRUCK - 5 CY	\$ 91.68		
7007	2,000 GALLON WATER TRUCK	\$ 68.39		

## MEMO

**DATE:** May 26, 2023  
**TO:** Board of Directors, San Lorenzo Valley Water District  
**FROM:** Rick Rogers, District Manager  
**SUBJECT:** Biennial Draft Budget Fiscal Year (FY) 2023-2025

**WRITTEN BY:** Kendra Reed, Director of Finance  
**PRESENTED BY:** Kendra Reed, Director of Finance

### STAFF RECOMMENDATION

It is recommended that the Board of Directors read the memo, review the second round of operating revenue & expenses, and the non-operating and capital budget for FY2023-2025, and discuss as needed.

### RECOMMENDED MOTION

None

### BACKGROUND

The initial review of the biennial budget for fiscal years 2023-2025 was brought to the 04/11/23 Budget & Finance Committee Meeting and the 04/20/23 Board Meeting. The District's operating revenue and expenses were discussed. A second round is being presented based on feedback from those meetings.

This portion of the Budget will also review the Non-Operating Revenue & Expenses and the Capital Budget.

## **PRIOR COMMITTEE ACTION**

The 1<sup>st</sup> and 2<sup>nd</sup> round operating draft was brought to the 04/11/23 and 05/16/23 Budget & Finance meeting, respectively.

## **FISCAL IMPACT**

None

## **ENVIRONMENTAL IMPACT**

None

## **ATTACHMENTS AND RELEVANT LINKS TO DISTRICT WEBSITE**

- [Link to 04/11/23 Budget & Finance Committee Meeting](#)
- [Link to 05/16/23 Budget & Finance Committee Meeting](#)
- [2<sup>nd</sup> Round Operating Revenue & Expenses](#)
- [Changes in Operating Revenue](#)
- [Changes in Operating Expenses](#)
- [Non-Operating Revenue](#)
- [Non-Operating Expense](#)
- [Capital Budget](#)
- [Statement of Revenues, Expenses, and Changes in Reserves](#)
- [Capital Budget Summary](#)
- [High Level Revenue & Expense Summary](#)
- [Debt Coverage Forecast](#)

# FY23-25 Budget – Summary of Revenue & Expenses

## 2<sup>nd</sup> Round Operating Budget

This is the 2<sup>nd</sup> round draft of the operating revenue & expense budget. This round incorporates feedback from the Budget & Finance Committee and Board of Directors.

## Revenue

It was discussed that the consumption numbers were overly optimistic for factoring in Forest Springs/Bracken Brae customers and CZU home customers. Initially, it was assumed that all Forest Springs/Bracken Brae and CZU homes would be back online and using water again. There was discussion regarding the lengthy rebuild process with the County and how many customers were still going through the permitting process and have not even started building. Staff re-evaluated the consumption assumptions as noted below.

### Consumption

- 1<sup>st</sup> ROUND: FY2024/25 consumption is projected at 625,408 units
  - Staff is projecting consumption to remain the same as FY2023/24 with the District's CURRENT customer base.
  - The extra 15,408 units is assuming:
    - All CZU homes are back online and using an average of 6 units of water per connection per month. Average units per month per connection over the past 6 years is 7 units. District is reducing that by 1 unit to account for homes that may not rebuild and keep parcels empty. 62 remaining connections X 6 average units per month X 12 months = 4,464 annual units
    - Bracken Brae and Forest Springs customers average usage is unknown. District is assuming an average of 6 units of water per connection per month. 152 connections X 6 average units per month X 12 months = 10,944 annual units
- 2<sup>ND</sup> ROUND: FY2024/25 consumption is projected at 616,768 units
  - Staff is projecting consumption to remain the same as FY2023/24 with the District's CURRENT customer base.
  - The extra 6,768 units is assuming:
    - 50% of the remaining homes are back online and using an average of 4 units of water per month. 31 connections X 4 average units per month X 12 months = 1,488 annual units
    - Bracken Brae and Forest Springs customers average usage is unknown. District is assuming an average of 4 units of water per connection per month. Staff will use 110 connections, which is the current customer base of homes that were not burnt during the fires. 110 connections X 4 average units per month X 12 months = 5,280 annual units

### Basic Fee

- FY2023/24 no slotted rate increase



- FY2024/25 basic fee increase includes Bracken Brae and Forest Springs customers and all CZU homes back online – this is based on the District’s CURRENT basic waiver policy that grants customers a 3-year waiver from the basic fee. This waiver expires in August of 2023, but this will be re-evaluated and brought to the Budget & Finance Committee and Board of Directors for a possible extension of the waiver.

## Expenses

### Salaries & Benefits

- Updates made based on MOU negotiations, and updated assumptions based on differences in separated employees vs. new hires
- FY2023/24 – Increase of \$13,502
- FY2024/25 – Increase of \$43,522

### Contract/Professional Services

- FY2023/24
  - Decrease of \$20K for Digital Doc Management
  - Increase of Fuel Reduction Contract of \$25K
  - Increase of \$2K for ESRI Software
  -
- FY2024/25
  - Decrease of \$20K Digital Doc Management
  - Decrease of \$20K Architecture Fees
  - Increase of Fuel Reduction Contract of \$25K
  - Increase of \$2K for ESRI Software

### Maintenance

- FY2024/25
  - Decrease of \$15K for Admin Building Remodel

### General & Administrative

- FY2023/24
  - Increase of \$4,500 for Forgiveness of AR for LIHWAP grant program; will be offset by operating grant
- FY2024/25
  - Increase of \$4,500 for Forgiveness of AR for LIHWAP grant program; will be offset by operating grant

## CHANGES IN OPERATING REVENUE

	FY23/24 Original	FY23/24 New	\$ Change	FY24/25 Original	FY24/25 New	\$ Change	
Water Basic	\$ 3,552,000	\$ 3,552,000	\$ -	\$ 3,643,176	\$ 3,643,176	\$ -	
Water Usage	\$ 7,722,600	\$ 7,722,600	\$ -	\$ 7,917,665	\$ 7,808,283	\$ (109,382)	[1]
Sewer Fund	\$ 173,021	\$ 173,021	\$ -	\$ 173,021	\$ 173,021	\$ -	
Sale of Meters	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ 60,000	\$ -	
Fire Recovery Surcharge	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -	
Operating Grants	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	[2]
Miscellaneous Fees & Charges	\$ 90,000	\$ 90,000	\$ -	\$ 90,000	\$ 90,000	\$ -	
	<b>\$ 12,597,621</b>	<b>\$ 12,602,621</b>	<b>\$ 5,000</b>	<b>\$ 12,883,862</b>	<b>\$ 12,779,480</b>	<b>\$ (104,382)</b>	

[1] Updates made based on Forest Springs/Bracken Brae & CZU Homes consumption. Forest Springs/Bracken Brae usage, staff accounted for the homes that did not burn down at 4 units per month. For the CZU homes, staff assumed that 50% of the remaining 62 homes to be rebuilt will be using water again by 7/1/24, at 4 units per month. For the first round, staff assumed that all homes would be back online.

[2] \$5K increase each FY for LIHWAP Grant Program.

## CHANGES IN OPERATING EXPENSES

	FY23/24 Original	FY23/24 New	\$ Change		FY24/25 Original	FY24/25 New	\$ Change	
Salaries & Benefits	\$ 6,696,501	\$ 6,710,003	\$ 13,502	[1]	\$ 7,067,717	\$ 7,111,239	\$ 43,522	[1]
Contract/Professional Services	\$ 1,230,813	\$ 1,237,813	\$ 7,000	[2]	\$ 1,238,516	\$ 1,225,516	\$ (13,000)	[2]
Operating Expenses	\$ 464,400	\$ 464,400	\$ -		\$ 491,000	\$ 491,000	\$ -	
Maintenance	\$ 239,600	\$ 239,600	\$ -		\$ 272,850	\$ 257,850	\$ (15,000)	[3]
Facilities	\$ 693,625	\$ 693,625	\$ -		\$ 704,145	\$ 704,145	\$ -	
Gen. & Admin.	\$ 510,710	\$ 515,210	\$ 4,500	[4]	\$ 524,310	\$ 528,810	\$ 4,500	[4]
	\$ 9,835,649	\$ 9,860,651	\$ 25,002		\$ 10,298,538	\$ 10,318,560	\$ 20,022	

[1] Updates made based on MOU negotiations, and updated assumptions based on differences in separated employees vs. new hires

[2] FY23/24 - Decrease of \$20K for Digital Doc Management, offset by increase of Fuel Reduction Contract of \$25K and increase of \$2K for ESRI Software; FY24/25 - Decrease of \$20K Digital Doc Management, Decrease of \$20K Architecture Fees, offset by increase of Fuel Reduction Contract of \$25K, and increase of \$2K for ESRI Software

[3] Decrease of \$15K Admin Bldg Remodel

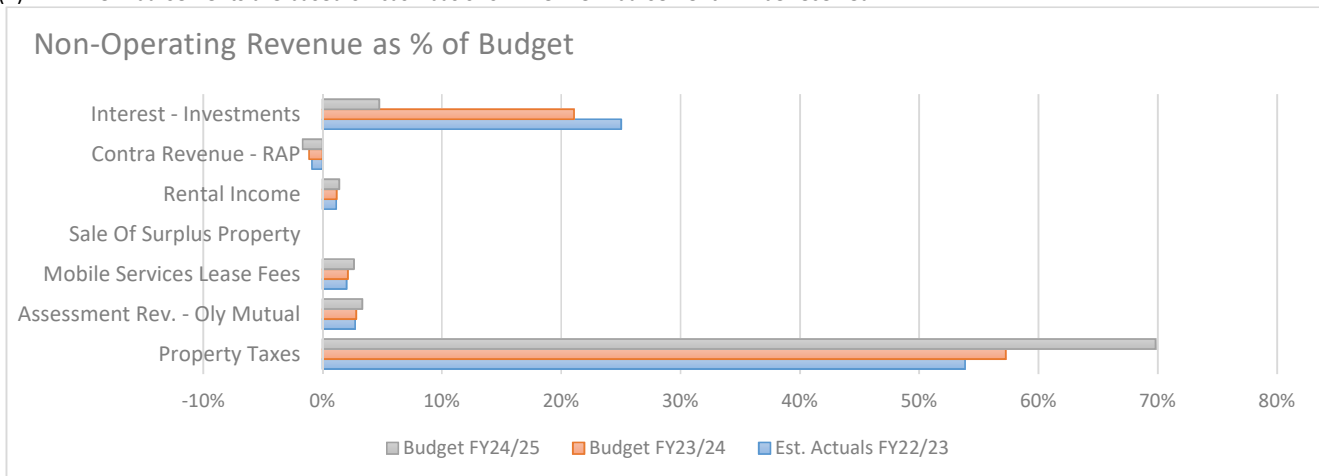
[4] Increase in Forgiveness of AR for LIHWAP Program; this will be offset by operating grant

**Non-Operating Revenue Budget**

					2022/23	2023/24
	2022/23	2022/23	2023/24	2024/25	Budget	Budget
	Estimated	Adopted	Proposed	Proposed	Compared to	Compared to
Non-Operating Revenue	Actuals	Budget	Budget	Budget	2023/24	2024/25
					Proposed	Proposed
					Budget	Budget
Property Taxes	\$ 978,000	\$ 882,669	1,007,340	1,037,560	\$ 124,671	\$ 30,220
Assessment Rev. - Oly Mutual	49,480	48,500	49,500	49,500	1,000	-
Assessment Rev. - Lompico	293,510	295,000	294,000	294,000	(1,000)	-
Mobile Services Lease Fees	36,500	25,000	37,200	39,060	12,200	1,860
Rental Income	20,766	18,500	20,766	20,766	2,266	-
Contra Revenue - RAP <sup>(1)</sup>	(16,245)	(25,000)	(20,000)	(25,000)	5,000	(5,000)
Interest - Investments	454,465	128,255	370,682	70,509	242,427	(300,173)
<b>Total Non-Operating Revenue</b>	<b>\$ 1,816,476</b>	<b>\$ 1,372,924</b>	<b>\$ 1,759,488</b>	<b>\$ 1,486,395</b>	<b>\$ 386,564</b>	<b>\$ (273,093)</b>
<b>Capital Contributions</b>						
Capital Grants	\$ -	\$ -	\$ 4,420,022	\$ -	\$ 4,420,022	\$ (4,420,022)
FEMA Reimbursements <sup>(2)</sup>	200,962	8,466,375	3,057,467	13,281,957	(5,408,908)	10,224,490
<b>Total Capital Contributions</b>	<b>\$ 200,962</b>	<b>\$ 8,466,375</b>	<b>\$ 7,477,489</b>	<b>\$ 13,281,957</b>	<b>\$ (988,886)</b>	<b>\$ 5,804,468</b>

(1) RAP - Rate Assistance Program

(2) FEMA reimbursements are based on cash basis for when reimbursement will be received.



**Non-Operating Expense Budget**

					2022/23	2023/24
					Budget	Budget
					Compared to	Compared to
	2022/23	2022/23	2023/24	2024/25	2023/24	2024/25
	Estimated	Adopted	Proposed	Proposed	Proposed	Proposed
	Actuals	Budget	Budget	Budget	Budget	Budget
<b>Interest Expense</b>						
Felton Loan	22,129	22,129	18,124	14,025	(4,005)	(4,100)
Olympia SRF Loan	31,793	32,712	29,919	27,997	(2,793)	(1,922)
Probation Tank Loan	74,009	74,009	70,739	67,333	(3,270)	(3,406)
2019 \$14.5M COP	495,350	495,350	482,100	468,225	(13,250)	(13,875)
2021 \$15M Loan	342,946	342,167	328,300	313,319	(13,867)	(14,980)
Solar Lease	5,267	5,263	4,007	2,700	(1,256)	(1,307)
<b>Interest Expense</b>	<b>\$ 971,494</b>	<b>\$ 971,630</b>	<b>\$ 933,189</b>	<b>\$ 893,599</b>	<b>\$ (38,441)</b>	<b>\$ (39,590)</b>
				<i>% Change</i>	<i>-4.0%</i>	<i>-4.2%</i>
<b>Debt Principal Payments</b>						
Felton Loan Exp. 2027 @ 2.42%	164,671	164,668	168,676	172,775	4,008	4,100
Olympia SRF Exp. 2037 @ 2.57%	72,607	71,521	74,481	76,403	2,960	1,922
Probation Tank Exp. 2038 @ 4.15%	77,969	77,969	81,238	84,645	3,269	3,407
2019 \$14.5M COP Exp. 2049 @ 2.99%	260,000	260,000	270,000	285,000	10,000	15,000
2021 \$15M Loan Exp. 2041 @ 2.40%	606,584	606,584	621,229	636,228	14,645	14,999
Solar Lease Exp. 2026 @ 3.67%	33,732	33,731	34,992	36,299	1,261	1,307
<b>Debt Principal Expense</b>	<b>\$ 1,215,563</b>	<b>\$ 1,214,473</b>	<b>\$ 1,250,615</b>	<b>\$ 1,291,350</b>	<b>\$ 36,142</b>	<b>\$ 40,735</b>
<b>Other Non-Operating Expenses</b>						
Investment in SMGWA <sup>(1)</sup>	\$ 151,044	\$ -	\$ 164,681	\$ 165,885	\$ 164,681	\$ 1,204
<b>Other Non-Op Expense</b>	<b>\$ 151,044</b>	<b>\$ -</b>	<b>\$ 164,681</b>	<b>\$ 165,885</b>	<b>\$ 164,681</b>	<b>\$ 1,204</b>
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$ 2,338,101</b>	<b>\$ 2,186,103</b>	<b>\$ 2,348,486</b>	<b>\$ 2,350,834</b>	<b>\$ 162,383</b>	<b>\$ 2,348</b>
				<i>% Change</i>	<i>7.4%</i>	<i>0.1%</i>

(1) Santa Margarita Ground Water Agency (SMGWA) - FY23/24 - This amount is from the SMGWA FY2024 Budget. FY24/25 is SMGWA's estimated amount.

**CAPITAL BUDGET**

**ESTIMATED FUTURE YEARS**

PROJECT TYPE	PROJECT NAME	STATUS	FUNDING	FY23/24 BUDGET	FY24/25 BUDGET	FY25/26	FY26/27	FY27/28	EST COMPLETION YR
Tank	Redwood Park (Swim) Tank	ENGINEERING & PLANS	\$14.5M COP	\$ 1,100,000	\$ -				2024
Enviro.	Fall Creek Fish Ladder	IN CONTRACT	\$14.5M COP	\$ 2,300,000	\$ -				2024
Pipe	Lyon Zone Pipe	IN CONTRACT	\$14.5M COP	\$ 4,005,000	\$ -				2024
Pipe	Hermosa Oak Fernwood Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 568,377	\$ -				2024
Pipe	Juanita Woods Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 721,000	\$ -				2024
Pipe	Zayante Drive Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 899,037	\$ -				2024
Tank	Blue Ridge Tank Replacement	IN CONSTRUCTION	\$15M Loan	\$ 976,516	\$ -				2024
Pipe	Orman Road Water Main Replacement	IN CONSTRUCTION	\$15M Loan	\$ 1,051,932	\$ -				2024
Pipe	CZU Bennett Spring Supply /Transmission Main	FEMA/PLANNING	\$15M LOAN / FEMA	\$ -	\$ 700,000				2025
Pipe	CZU Sweetwater Supply Line	FEMA/PLANNING	\$15M LOAN / FEMA	\$ -	\$ -	\$ 300,000	\$ 1,375,000		2027
Pipe	CZU Eckley Pumping Station / Main Line	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 25,000	\$ 375,000				2025
Pipe	CZU Harmon Street 2"	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 580,000	\$ -				2024
Building & Equip.	CZU Five Mile Box & Turbidity Station	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 150,000		\$ 500,000			2024
Pipe	CZU South Zone Distribution Piping	FEMA/PLANNING	\$15M LOAN / FEMA		\$ 250,000	\$ 800,000			2026
Tank	CZU Big Steel Tank Piping	IN CONTRACT	\$15M LOAN / FEMA	\$ 1,250,000					2024
Pipe	CZU Peavine Supply	ENGINEERING & PLANS	\$15M LOAN / FEMA	\$ 750,000	\$ 750,000				2025
Pipe	CZU Alta Via Distribution System Piping	IN CONSTRUCTION	\$15M LOAN / FEMA	\$ 2,100,000	\$ -				2024
Pipe	CZU Big Steel Zone Piping	IN CONTRACT	\$15M LOAN / FEMA	\$ 1,345,000	\$ -				2024
Pipe	2023 Storm - Bennet Spring Raw Water Pipeline Damage	FEMA/PLANNING	FEMA 75%	\$ 150,000					2023
Pipe	2023 Storm - Bull Creek Raw Water Pipeline Damage	FEMA/PLANNING	FEMA 75%	\$ 150,000					2023
Pipe	2023 Storm - Stewart Street Slide/Main Breaks	FEMA/PLANNING	FEMA 75%	\$ -	\$ 700,000				2025
Pump Station	2023 Storm - Madrone Booster Pump Station	IN CONTRACT	FEMA 75%	\$ 140,000	\$ -				2023
Pipe	2023 Storm - Huckleberry Island Main Failure	FEMA/PLANNING	FEMA 75%	\$ 750,000	\$ -				2024
Pipe	2023 Storm - Brookside Drive Road Washout/Pipe Damage	ENGINEERING & PLANS	FEMA 75%	\$ 800,000	\$ -				2024
Repair	Lyon Slide Repair (2017)	ENGINEERING & PLANS	FEMA 75%	\$ 500,000	\$ 5,000,000	\$ 5,000,000			2026
Repair	2023 Storm - Quail Hollow Road Damage	IN CONTRACT	FEMA 75%	\$ 1,000,000	\$ -				2023
Repair	2023 Storm - Lyon Access Road Slide	ENGINEERING & PLANS	FEMA 75%	\$ 300,000	\$ 1,000,000	\$ 500,000			2026
Building & Equip.	CZU Lyon Wtp Accessory Building	PROCUREMENT	FEMA 90%	\$ 20,000	\$ -				2023
Meters	CZU Services & Water Meter Replacement	IN CONSTRUCTION	FEMA 90%	\$ 20,000	\$ 20,000	\$ 15,000			Varies
Pipe	CZU Clear Creek 5 Mile Supply Line	FEMA/PLANNING	FEMA 90%	\$ -	\$ 350,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	2028
Intake	CZU Foreman Creek Intake/Raw Water	IN CONTRACT	FEMA 90%	\$ 1,300,000	\$ -				2024
Pipe	CZU Cool Creek Intake & Piping	FEMA/PLANNING	FEMA 90%		\$ 100,000				2024
Meters	Ami Meter Grant - Route 11-14	PLANNING	GRANT	\$ 200,000	\$ -				2024
Consolidation	Bracken Brae/Forest Springs Consolidation	ENGINEERING & PLANS	GRANT	\$ 1,800,000	\$ 900,000				2024
Tank Maint.	Bear Creek Tank Coating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 300,000			2025
Booster	Madrone Booster Pump Redesign	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -		\$ 500,000		2026
Equip.	Dump Truck	PROCUREMENT	RESERVES	\$ -	\$ 100,000				2025
Pump Station	El Solyo Booster Pump Station	PRELIMINARY PLANNING	RESERVES	\$ -	\$ -	\$ 60,000			2026
Tank	Spring Tank Recoating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ 225,000				2025
Tank	Charlie Tank Recoating	PRELIMINARY PLANNING	RESERVES	\$ -	\$ 225,000				2025
Equip.	Fork Lift Quail 5	PROCUREMENT	RESERVES		\$ -	\$ 45,000			2026
Equip.	Quail Tank Scada Upgrade	PRELIMINARY PLANNING	RESERVES			\$ 100,000			2026
Equip.	Brookdale Trtu Scada Upgrades	PRELIMINARY PLANNING	RESERVES		\$ -	\$ 160,000			2026
Tank	Highland Tank	PRELIMINARY PLANNING	RESERVES			\$ 200,000	\$ 1,500,000		2026
Meters	600 Meter Replacement Program (15/Day)	PRELIMINARY PLANNING	RESERVES		\$ 236,250	\$ 250,000			Varies
Tank Maint.	Brookdale Tank Coating	ENGINEERING & PLANS	RESERVES	\$ 300,000	\$ -				2024
Tank Maint.	Blair Tank Coating	ENGINEERING & PLANS	RESERVES	\$ 325,000	\$ -				2024
Study	Loch Lomond Feasibility Study	PLANNING	RESERVES	\$ 100,000	\$ -				2024
Pipe	Kings Creek Bridge	CALTRANS HOLD	RESERVES	\$ 200,000	\$ 200,000				2025
Pipe	Monaco Ln. Bridge	CALTRANS HOLD	RESERVES	\$ 200,000	\$ 200,000				2025
Tank	Felton Heights Tank	ENGINEERING & PLANS	RESERVES	\$ 100,000	\$ 500,000				2025
Facilities	Fire Hardening - Pump Stations	ENGINEERING & PLANS	Grant/Reserves 50%	\$ 600,000					2024
Pipe	Highway 9 Brookdale CalTrans	ENGINEERING & PLANS	RESERVES	\$ 350,000					2023
	= RESERVE PROJECT PRIORITY			\$ 27,126,862	\$ 11,831,250	\$ 10,230,000	\$ 5,375,000	\$ 2,000,000	

STATUS	DESCRIPTION
ENGINEERING & PLANS	PREPARING ENGINEERING DOCS - CALCULATIONS, PLANS, & SPECIFICATIONS
IN CONTRACT	PROJECT HAS BEEN AWARDED
IN CONSTRUCTION	PROJECT HAS BEGUN CONSTRUCTION
FEMA/PLANNING	PROJECT SUBMITTED TO FEMA/WAITING APPROVAL
PROCUREMENT	EQUIPMENT/VEHICLE WILL BE PURCHASED
PRELIMINARY PLANNING	STAFF ARE EVALUATING PROJECT NEED AND PARAMETERS
CALTRANS HOLD	ON HOLD PENDING SCHEDULE COORDINATION WITH CALTRANS

BREAKDOWN BY FUNDING SOURCE	FY23/24 BUDGET	FY24/25 BUDGET	FY25/26	FY26/27	FY27/28
\$14.5M COP	\$ 6,219,214	\$ -	\$ -	\$ -	\$ -
\$15M Loan	\$ 2,711,152	\$ -	\$ -	\$ -	\$ -
\$15M LOAN / FEMA	\$ 6,200,000	\$ -	\$ -	\$ -	\$ -
FEMA 75%	\$ 2,842,500	\$ 5,025,000	\$ 4,125,000	\$ -	\$ -
FEMA 90%	\$ 1,206,000	\$ 423,000	\$ 1,813,500	\$ 1,800,000	\$ 1,800,000
GRANT	\$ 3,416,166	\$ 900,000	\$ -	\$ -	\$ -
IN EXCESS \$15M LOAN (RESERVES)	\$ 1,505,710	\$ 2,075,000	\$ 1,600,000	\$ 1,375,000	\$ -
IN EXCESS \$14.5M LOAN (RESERVES)	\$ 69,620	\$ -	\$ -	\$ -	\$ -
RESERVES	\$ 1,875,000	\$ 1,686,250	\$ 1,115,000	\$ 2,000,000	\$ -
FEMA DISTRICT COST SHARE (RESERVES)	\$ 1,081,500	\$ 1,722,000	\$ 1,576,500	\$ 200,000	\$ 200,000
<b>Total Capital Projects</b>	<b>\$ 27,126,862</b>	<b>\$ 11,831,250</b>	<b>\$ 10,230,000</b>	<b>\$ 5,375,000</b>	<b>\$ 2,000,000</b>

**INFLOWS FROM CAPITAL CONTRIBUTIONS [1]**

Financed FEMA Reimbursement	\$ 5,580,000	\$ -	\$ -	\$ -	\$ -
Reserve Funded FEMA Reimb.	\$ 4,048,500	\$ 5,448,000	\$ 5,938,500	\$ 1,800,000	\$ 1,800,000
	\$ 9,628,500	\$ 5,448,000	\$ 5,938,500	\$ 1,800,000	\$ 1,800,000

**EST. PHYSICAL CASH INFLOW [2] \$ 3,057,467 \$ 13,281,957 \$ 7,378,500 \$ 6,787,500 \$ 1,800,000**

[1] This is the funding the District is expected to receive from FEMA based on total project expenses incurred in that FY. This is using accrual based accounting in which you recognize revenue/expenses in the period in which they occurred.

[2] This is the funding the District is expecting to physically receive in FEMA Reimbursements. This is using cash basis accounting in which you recognize the revenue/expenses in the period in which the cash is received or paid out.

Statement of Revenues, Expenses and Changes in Reserves

DISTRICT FUNDS	FY2223 Est. Actuals	DISTRICT FUNDS	FY2223 Proposed Budget	DISTRICT FUNDS	FY2324 Proposed Budget	DISTRICT FUNDS	FY2425 Proposed Budget
<i>Beginning Reserve Balance</i>	\$ 6,013,945	<i>Beginning Reserve Balance</i>	\$ 5,802,146	<i>Beginning Reserve Balance</i>	\$ 8,122,526	<i>Beginning Reserve Balance</i>	\$ 6,092,636
<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>	
Operating Revenues <sup>(1)</sup>	\$ 12,676,287	Operating Revenues <sup>(1)</sup>	\$ 13,078,112	Operating Revenues <sup>(1)</sup>	\$ 12,602,621	Operating Revenues <sup>(1)</sup>	\$ 12,779,480
Non-operating Revenues	1,816,476	Non-operating Revenues	1,372,924	Non-operating Revenues	1,759,488	Non-operating Revenues	1,486,395
<b>Total Revenues</b>	<b>\$ 14,492,763</b>	<b>Total Revenues</b>	<b>\$ 14,451,036</b>	<b>Total Revenues</b>	<b>\$ 14,362,109</b>	<b>Total Revenues</b>	<b>\$ 14,265,875</b>
<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>	
Operating Expenses	\$ 8,733,448	Operating Expenses	\$ 9,468,080	Operating Expenses	\$ 9,860,651	Operating Expenses	\$ 10,318,560
Non-operating Expenses	2,338,101	Non-operating Expenses	2,186,103	Non-operating Expenses	2,348,486	Non-operating Expenses	2,350,834
Overhead Absorption <sup>(2)</sup>	(165,000)	Overhead Absorption <sup>(2)</sup>	(150,000)	Overhead Absorption <sup>(2)</sup>	(300,000)	Overhead Absorption <sup>(2)</sup>	(300,000)
<b>Total Expenses</b>	<b>\$ 10,906,549</b>	<b>Total Expenses</b>	<b>\$ 11,504,183</b>	<b>Total Expenses</b>	<b>\$ 11,909,137</b>	<b>Total Expenses</b>	<b>\$ 12,369,395</b>
<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>	
Capital Projects	\$ 6,236,316	Capital Projects	\$ 13,304,250	Capital Projects	\$ 26,986,862	Capital Projects	\$ 10,931,250
Grant/FEMA Funded <sup>(3)</sup>	(330,000)	Grant/FEMA Funded <sup>(3)</sup>	(8,466,375)	Grant/FEMA Funded <sup>(3)</sup>	(7,373,633)	Grant/FEMA Funded <sup>(3)</sup>	(12,486,957)
Debt Funded	(4,428,683)	Debt Funded	(5,927,000)	Debt Funded	(15,130,366)	Debt Funded	-
<b>Capital Project Expenses from Reserves</b>	<b>\$ 1,477,633</b>	<b>Capital Project Expenses from Reserves</b>	<b>\$ (1,089,125)</b>	<b>Capital Project Expenses from Reserves</b>	<b>\$ 4,482,863</b>	<b>Capital Project Expenses from Reserves</b>	<b>\$ (1,555,707)</b>
Increase (Decrease) in Reserves	\$ 2,108,581	Increase (Decrease) in Reserves	\$ 4,035,977	Increase (Decrease) in Reserves	\$ (2,029,891)	Increase (Decrease) in Reserves	\$ 3,452,187
<b>Ending Reserve Balance</b>	<b>\$ 8,122,526</b>	<b>Ending Reserve Balance</b>	<b>\$ 9,838,124</b>	<b>Ending Reserve Balance</b>	<b>\$ 6,092,636</b>	<b>Ending Reserve Balance</b>	<b>\$ 9,544,823</b>

Reserve Balances		Reserve Balances		Reserve Balances		Reserve Balances	
Operating Reserve	\$ 3,275,043	Operating Reserve	\$ 3,550,530	Operating Reserve	\$ 3,697,744	Operating Reserve	\$ 3,869,460
Capital Reserve	2,605,439	Capital Reserve	3,750,000	Capital Reserve	(835,487)	Capital Reserve	1,444,985
Compensated Absences	191,667	Compensated Absences	191,667	Compensated Absences	180,000	Compensated Absences	180,000
Restricted - Fire Recovery	1,760,378	Restricted - Fire Recovery	1,916,667	Restricted - Fire Recovery	2,760,378	Restricted - Fire Recovery	3,760,378
Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000
Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000
		Surplus Reserves	139,260	Surplus Reserves	-	Surplus Reserves	-
	<b>\$ 8,122,526</b>		<b>\$ 9,838,124</b>		<b>\$ 6,092,636</b>		<b>\$ 9,544,823</b>

(1) The Fire Recovery Surcharge is included in the operating revenue. The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be operating, capital or debt related expenditures and will be maintained in a restricted account.

(2) Overhead absorption is typically employee labor time that is capitalized for work performed on capital project in lieu of an outside consultant.

(3) FEMA/Grant reimbursements are being based on cash basis accounting to represent the actual cash flow needs. Accrual based accounting will recognize the 90% & 75% FEMA portion at the time being spent in the audit.



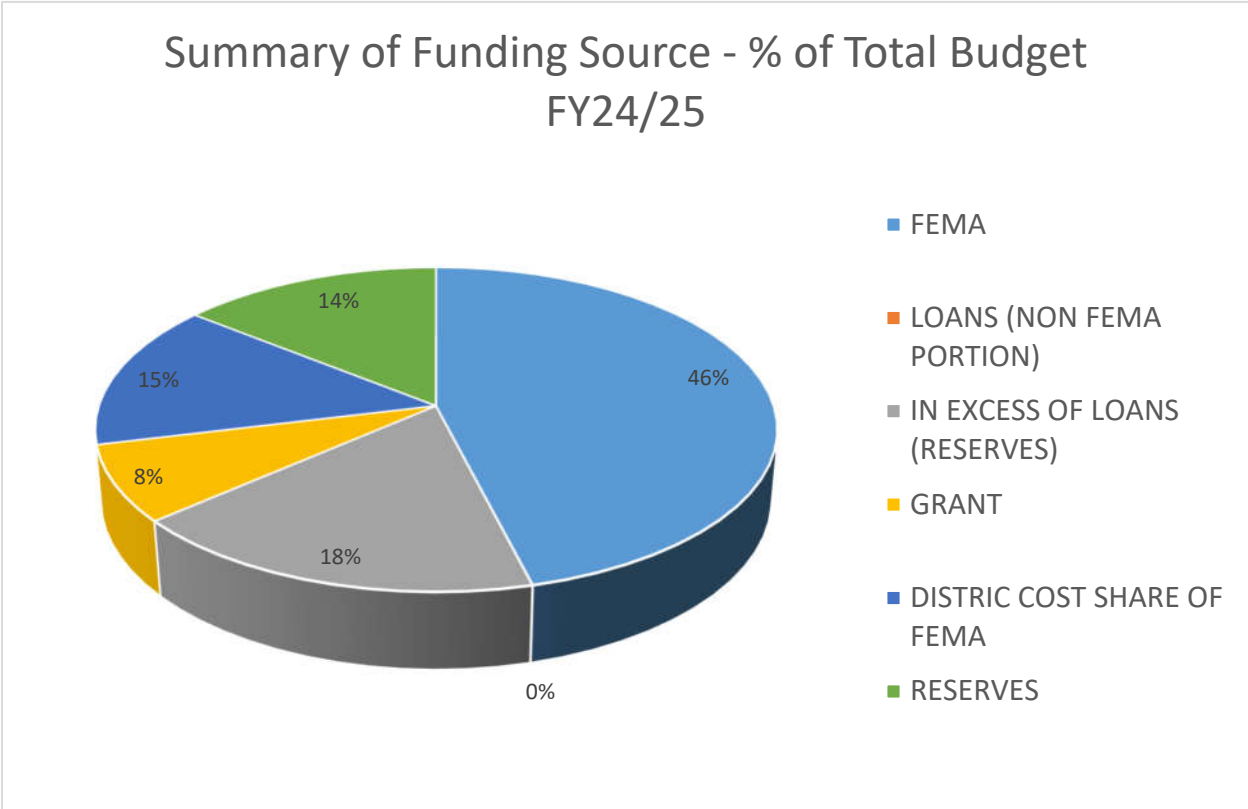
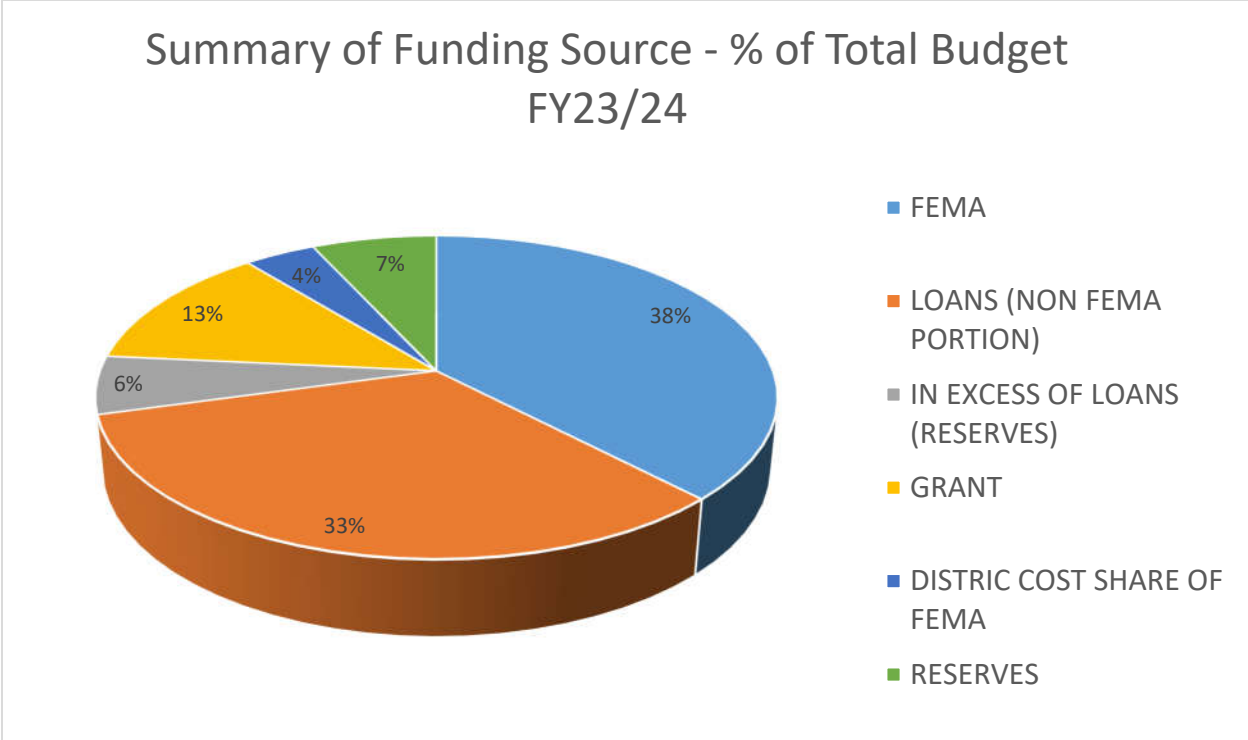
# CAPITAL BUDGET SUMMARY

## BREAKDOWN OF FUNDING SOURCES

Below is a breakdown of the total project costs broken down into the high level funding sources.

SUMMARY OF FUNDING SOURCE	FY23/24 TOTAL	% OF TOTAL BUDGET	FY24/25 TOTAL	% OF TOTAL BUDGET
FEMA	\$ 10,248,500	38%	\$ 5,448,000	46%
LOANS (NON FEMA PORTION)	\$ 8,930,366	33%	\$ -	0%
IN EXCESS OF LOANS (RESERVES)	\$ 1,575,330	6%	\$ 2,075,000	18%
GRANT	\$ 3,416,166	13%	\$ 900,000	8%
DISTRIC COST SHARE OF FEMA	\$ 1,081,500	4%	\$ 1,722,000	15%
RESERVES	\$ 1,875,000	7%	\$ 1,686,250	14%
	<b>\$ 27,126,862</b>	<b>100%</b>	<b>\$ 11,831,250</b>	<b>100%</b>

- The FEMA projects make up 38% and 46% of the total Capital Budget for FY23/24 & FY24/25, respectively.
- District Cost Share of FEMA is the portion of FEMA that is not reimburseable (10% for CZU fire projects and 25% for the recent storm projects); this makes up 4% and 15% of the total capital budget for FY23/24 and FY24/25, respectively.
- In Excess of Loans – For the \$14.5M & \$15M Loans, most of the projects are coming in over budget, so the overage of those projects will need to come out of reserves; 6% and 18% for FY23/24 & FY24/25, respectively.
  - The majority of these excess funds being from FEMA projects.



## DISCUSSION ITEMS

- The District's main focus is to complete the projects that are loan and grant funded, as those have project completion deadlines and designated funds. District staff have then identified reserve funded projects that should be made a high priority. These are shown on the Capital Budget highlighted in yellow.
- The District will then review all projects quarterly to provide updates on the status of FEMA projects, expenses incurred, funding received, etc.
- FEMA reimbursement process is long and drawn out. The large projects are in the final review stages, so we are hopeful to have the projects obligated no later than the end of FY23/24.
  - FEMA Obligation means that the funds have been designated to the District for reimbursement.
  - Our main goal is to get the large raw & potable water projects from the CZU fires obligated so we can start taking draw downs on project expenses incurred to date. Staff then plans to submit invoices monthly, so eventually we will also have reimbursement checks coming in monthly to help with cash flow concerns.

## High Level Revenue & Expense Summary

Operating Revenue & Expense	2022/23	2022/23	2023/24	2024/25	2022/23	2023/24
	Estimated	Adopted	Proposed	Proposed	Compared to	Compared to
Operating Revenue	Actuals	Budget	Budget	Budget	Proposed	Proposed
					Budget	Budget
Water Basic	\$ 3,548,856	\$ 3,536,400	\$ 3,552,000	\$ 3,643,176	\$ 15,600	\$ 91,176
Water Usage	7,580,309	8,231,131	7,722,600	7,808,283	(508,531)	85,683
Sewer Fund	173,019	173,021	173,021	173,021	0	-
Sale of Meters	100,000	32,000	60,000	60,000	28,000	-
Fire Recovery Surcharge	988,971	1,000,000	1,000,000	1,000,000	-	-
Operating Grants	200,000	-	5,000	5,000	5,000	-
Miscellaneous Fees & Charges	85,131	105,560	90,000	90,000	(15,560)	-
<b>Total Operating Revenue</b>	<b>\$ 12,676,287</b>	<b>\$ 13,078,112</b>	<b>\$ 12,602,621</b>	<b>\$ 12,779,480</b>	<b>\$ (475,491)</b>	<b>\$ 176,859</b>
<b>Operating Expenses</b>						
Salaries & Benefits	\$ 5,970,346	\$ 6,607,296	\$ 6,710,003	\$ 7,111,239	102,707	401,236
Contract/Professional Services	997,151	1,008,645	1,237,813	1,225,516	229,168	(12,297)
Operating Expenses	480,116	455,450	464,400	491,000	8,950	26,600
Maintenance	204,332	202,700	239,600	257,850	36,900	18,250
Facilities	620,042	725,795	693,625	704,145	(32,170)	10,520
Gen. & Admin.	461,461	468,194	515,210	528,810	47,016	13,600
<b>Total Operating Expenses</b>	<b>\$ 8,733,448</b>	<b>\$ 9,468,080</b>	<b>\$ 9,860,651</b>	<b>\$ 10,318,560</b>	<b>\$ 392,571</b>	<b>\$ 457,909</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 3,942,839</b>	<b>\$ 3,610,032</b>	<b>\$ 2,741,970</b>	<b>\$ 2,460,920</b>	<b>\$ (868,062)</b>	<b>\$ (281,050)</b>
					% Change	% Change
					-24.0%	-10.2%
<b>Non-Operating Revenue &amp; Expense</b>						
<b>Total Non-Operating Revenue</b>	<b>\$ 1,816,476</b>	<b>\$ 1,307,000</b>	<b>\$ 1,759,488</b>	<b>\$ 1,486,395</b>	<b>\$ 452,488</b>	<b>\$ (273,093)</b>
Interest Expense	\$ 971,494	\$ 971,630	\$ 933,189	\$ 893,599	(38,441)	(39,590)
Debt Payments	\$ 1,215,563	\$ 1,214,473	\$ 1,250,615	\$ 1,291,350	36,142	40,735
Other Non-Op Exp	\$ 151,044	\$ -	\$ 164,681	\$ 165,885	164,681	1,204
<b>Total Non-Operating Expenses</b>	<b>\$ 2,338,101</b>	<b>\$ 2,186,103</b>	<b>\$ 2,348,486</b>	<b>\$ 2,350,834</b>	<b>\$ 162,383</b>	<b>\$ 2,348</b>
<b>NON-OPERATING INCOME (LOSS)</b>	<b>\$ (521,625)</b>	<b>\$ (879,103)</b>	<b>\$ (588,998)</b>	<b>\$ (864,439)</b>	<b>\$ 290,105</b>	<b>\$ (275,441)</b>
<b>TOTAL INCOME (LOSS)</b>	<b>\$ 3,421,214</b>	<b>\$ 2,730,929</b>	<b>\$ 2,152,972</b>	<b>\$ 1,596,481</b>	<b>\$ (577,957)</b>	<b>\$ (556,491)</b>

## DEBT COVERAGE FORECAST

	YR 1 2023/24 Proposed Budget	YR 2 2024/25 Proposed Budget	YR 3 2025/26 Forecast	YR 4 2026/27 Forecast	YR 5 2027/28 Forecast	ASSUMP. % Change
<b>Regular Operating Revenue</b>						
Water Basic	\$ 3,552,000	\$ 3,643,176	\$ 3,643,176	\$ 3,643,176	\$ 3,643,176	0%
Water Usage	7,722,600	7,808,283	7,808,283	7,808,283	7,808,283	0%
Sewer Fund	173,021	173,021	173,021	173,021	173,021	0%
Sale of Meters	60,000	60,000	60,000	60,000	60,000	0%
Fire Recovery Surcharge	1,000,000	1,000,000	1,000,000	-	-	0%
Operating Grants	5,000	5,000	5,000	5,000	5,000	0%
Miscellaneous Fees & Charges	90,000	90,000	90,000	90,000	90,000	0%
<b>Total Operating Revenue</b>	<b>\$ 12,602,621</b>	<b>\$ 12,779,480</b>	<b>\$ 12,779,480</b>	<b>\$ 11,779,480</b>	<b>\$ 11,779,480</b>	
<b>Non-operating Revenue</b>						
Property Taxes	\$ 1,007,340	\$ 1,037,560	\$ 1,068,687	\$ 1,100,748	\$ 1,133,770	3%
Assessment Rev. - Oly Mutual	49,500	49,500	49,500	49,500	49,500	0%
Assessment Rev. - Lompico	294,000	294,000	294,000	294,000	294,000	0%
Mobile Services Lease Fees	37,200	39,060	39,060	39,060	39,060	0%
Rental Income	20,766	20,766	20,766	20,766	20,766	0%
Contra Revenue - Rate Assist. Prog.	(20,000)	(25,000)	(25,000)	(25,000)	(25,000)	0%
Interest - Investments	370,682	70,509	70,509	70,509	70,509	0%
<b>Total Non-Operating Revenue</b>	<b>\$ 1,759,488</b>	<b>\$ 1,486,395</b>	<b>\$ 1,517,522</b>	<b>\$ 1,549,583</b>	<b>\$ 1,582,605</b>	
<b>Operating Expenses</b>						
Salaries & Benefits	\$ 6,710,003	\$ 7,111,239	\$ 7,609,026	\$ 8,141,658	\$ 8,711,574	7%
Contract/Professional Services	1,237,813	1,225,516	1,250,026	1,275,027	1,300,527	2%
Operating Expenses	464,400	491,000	500,820	510,836	521,053	2%
Maintenance	239,600	257,850	263,007	268,267	273,632	2%
Facilities	693,625	704,145	746,394	791,177	838,648	6%
Gen. & Admin.	515,210	528,810	544,674	561,015	577,845	3%
<b>Total Operating Expenses</b>	<b>\$ 9,860,651</b>	<b>\$ 10,318,560</b>	<b>\$ 10,913,947</b>	<b>\$ 11,547,980</b>	<b>\$ 12,223,280</b>	
<b>TOTAL INCOME (LOSS)</b>	<b>\$ 4,501,458</b>	<b>\$ 3,947,315</b>	<b>\$ 3,383,055</b>	<b>\$ 1,781,083</b>	<b>\$ 1,138,805</b>	
<b>TOTAL DEBT SERVICE</b>	<b>\$ 2,183,805</b>	<b>\$ 2,184,949</b>	<b>\$ 2,182,853</b>	<b>\$ 2,183,978</b>	<b>\$ 2,184,353</b>	
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.06</b>	<b>1.81</b>	<b>1.55</b>	<b>0.82</b>	<b>0.52</b>	
<i>Excluding Fire Recovery Surcharge</i>	<b>1.60</b>	<b>1.35</b>	<b>1.09</b>	<b>0.82</b>	<b>0.52</b>	



**BOARD OF DIRECTORS  
SAN LORENZO VALLEY WATER  
DISTRICT  
REGULAR MEETING  
MINUTES  
MAY 4, 2023**

**Thursday, May 4, 2023, at 5:30 p.m.**, SLVWD Conference Room, 12788 Highway 9, Boulder Creek, and via videoconference and teleconference

**1. Convene Meeting: 5:30 p.m.  
Roll Call**

Board Members Present:

Mark Smolley, President  
Jeff Hill, Vice President  
Jayme Ackemann, Director  
Bob Fultz, Director  
Gail Mahood, Director

Staff Present:

Rick Rogers, District Manager  
Gina Nicholls, District Counsel \*  
Holly Hossack, District Secretary

**2. Additions and Deletions to Closed Session Agenda: None**

**3. Oral Communications Regarding Items in Closed Session: None**

**4. Adjournment to Closed Session: 5:32 p.m.**

**5. Re-Convene Meeting: 6:30 p.m.  
Roll Call**

Board Members Present:

Mark Smolley, President  
Jeff Hill, Vice President  
Jayme Ackemann, Director  
Bob Fultz, Director  
Gail Mahood, Director

Staff Present:

Rick Rogers, District Manager  
Gina Nicholls, District Counsel \*  
Holly Hossack, District Secretary

\*attended remotely

Josh Wolff, District Engineer \*

**6. Report of Actions Taken in Closed Session:**

G. Nicholls reported that the Board voted unanimously in favor of the District entering into a stipulation for judgement in the Vaughn Case, Santa Cruz Superior Court Case No. 22CV02734.

**7. Additions and Deletions:**

R. Rogers requested that Item 12a be removed from the agenda.

**8. Oral Communications:** None

**9. President's Report**

Pres. Smolley noted a written communication email stating that the Santa Margarita Groundwater Agency has received approval from the State Department of Water Resources on the Groundwater Sustainability Plan. Thanks to the Board and staff for their work.

**10. Unfinished Business:** None

**11. New Business:**

a. RATIFICATION OF EMERGENCY CONTRACT FOR QUAIL HOLLOW ROAD

R. Rogers requested that the Board limit discussion on this item due to potential litigation.

J. Wolff introduced and explained this item.

Discussion by the Board and staff regarding:

- Temporary repairs

A motion was made and seconded to ratify the Emergency Contract for Anderson Pacific for the repair of the trench failure not to exceed \$108,000.

B. Holloway wanted to know when the Board was made aware of the potential litigation. What was wrong with the work last year?

Advice of counsel was not to respond to Mr. Holloway.

The motion passed unanimously.

b. RATIFICATION OF EMERGENCY CONTRACT FOR MAIN RELOCATION AT CA-9 & PARK DRIVE

J. Wolff introduced and explained this item.

Discussion by the Board and staff regarding:

\*attended remotely

- Location of the relocated pipe
- Slide potential in the future
- Permanent, complete, under budget, and FEMA eligible repair

A motion was made and seconded to ratify the emergencies services contract for the existing main for the not to exceed value of \$49,187.

B. Holloway asked about the FEMA & State reimbursements.

**12. Consent Agenda:**

- a. BOARD OF DIRECTORS MINUTES 4.6.23 - Pulled from the agenda
- b. BOARD OF DIRECTORS MINUTES 4.20.23 - Approved

**13. District Reports:** None

**14. Written Communication:**

- Email from J. Speigel 4.26.23
- Email from Santa Margarita Groundwater Agency 4.27.23

**15. Adjournment** 6:49 p.m.

Minutes Approved \_\_\_\_\_

\_\_\_\_\_  
Holly B. Hossack