



156 S. Broadway, Ste. 270, Turlock, CA 95380

(209) 538-5688 (phone) (209) 538-5788 (fax)

Board Meeting Agenda

December 15, 2022, at 12:00 p.m.

156 S. Broadway, Turlock CA 2nd Floor- Yosemite Conference Room

*Chair, Amy Bublak
Vice Chair, Javier Lopez
Director, Pam Franco
Director, Bret Silveira
Director (alternate), James Casey
Director (alternate), Nicole Larson*

*General Manager, Robert Granberg
Interim Legal Counsel, Richard P. Shanahan
Finance Director, Isaac Moreno
Board Secretary, Angelica Gonsalves*

THIS MEETING WILL BE OPEN TO THE PUBLIC.

OR

JOIN BY CLICKING ON THE MEETING

LINK: <https://us02web.zoom.us/j/95105738084?pwd=RElpd0EyKzMxZiQ4VmVkRExIS1M0Zz09>

Passcode: 9510573808

OR

JOIN BY ACCESSING THE ZOOM WEBSITE: <https://zoom.us/join>

WEBINAR ID: 951 0573 8084 Passcode: 9510573808

OR

JOIN BY TELEPHONE: 669-900-6833

WEBINAR ID: 951 0573 8084 Passcode: 9510573808

NOTICE REGARDING NON-ENGLISH SPEAKERS: The Stanislaus Regional Water Authority (SRWA) meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

EQUAL ACCESS POLICY: If you have a disability which affects your access to public facilities or services, contact the Board Secretary at the phone number set forth above. The Board is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the Board to process and respond to your request.

NOTICE: Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Board on any item appearing on the agenda, including Consent Calendar and Scheduled Matters, before or during the Board's consideration of the item.

AGENDA PACKETS: Prior to the Stanislaus Regional Water Authority Board meeting, a complete Agenda Packet (excluding any closed session materials) is available for review on the SRWA's website at www.stanrwa.com and in the Board Secretary's Office at 156 S. Broadway, Suite 270, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Board after distribution of the Agenda Packet are also available for public inspection in the Board Secretary's Office at the address set forth above. Such documents may be available on the SRWA's website subject to staff's ability to post the documents before the meeting.

1. A. CALL TO ORDER
- B. SALUTE TO THE FLAG
- C. ROLL CALL
2. RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS: None

3. **A. SPECIAL BRIEFINGS:** None
- B. STAFF UPDATES:**
 1. General Manager Update (*Granberg*)
 2. Finance Director Report (*Moreno*)
 3. City of Turlock Hiring Update (*Goodman*)
- C. PUBLIC PARTICIPATION:** This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.
4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS**
5. **CONSENT CALENDAR:** Information concerning the Consent items listed below has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the Consent items is set forth in the explanation of the individual items.
 - A. *Motion:* Approving minutes of regular meeting of November 17, 2022
6. **PUBLIC HEARINGS:** None
7. **SCHEDULED MATTERS:**
 - A. *Motion:* Approve the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement SRWA and the Cities of Turlock and Ceres and authorize and direct the General Manager to sign the Agreement (*Granberg*)
 - B. *Motion:* Approve a General Manager Services Agreement with the City of Turlock (*Granberg*)
 - C. *Resolution 2022-010:* Consider adoption of Resolution No. 2022-010 concerning approval of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (*Proposition 50*) Funding Agreement and related actions (*Granberg*)
8. **MATTERS TOO LATE FOR THE AGENDA**
9. **BOARD ITEMS FOR FUTURE CONSIDERATION**
10. **BOARD COMMENTS:** Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.
11. **NEXT MEETING DATE:** January 19, 2023, in Ceres
12. **CLOSED SESSION:** Closed session for public employee performance evaluation of the General Manager position

13. ADJOURNMENT

December 15, 2022

To: SRWA Board

From: Isaac Moreno, Finance Director

Subject: Financial Summary as of December 8, 2022

Attached Financial Documents include:

Activity for YTD Fiscal June 30, 2022

- 1 – SRWA financial status as of 12-08-2022 for the 2021-22 fiscal year (Exhibit A):
 - Revenue received from the participating agencies \$75,030,000
 - Prop 68 and SRF proceeds \$91,280,426.00
 - Expenses paid total \$186,815,887.09

Activity for YTD Fiscal June 30, 2023

- 1 – SRWA financial status as of 12-08-2022 for the 2022-23 fiscal year (Exhibit B):
 - Revenue received from the participating agencies \$42,448,342
 - Prop 68 and SRF proceeds \$9,476,399
 - Expenses paid total \$22,460,733.02

- 2 – SRWA financial status – project-to-date as of 12-08-2022 (Exhibit C):
 - Revenue life to date totals \$266,360,314.56 which is composed of:
 - Contributions from participating agencies \$184,449,642.37
 - Draws on SRF proceeds \$73,006,825
 - Prop 68 Grant proceeds \$27,750,000
 - Interest income \$117,369.19

Expenses project-to-date total \$173,486,807.27 (Removed City reimbursement)
Cumulative unexpended Revenues \$ 17,513,558.09

We received notification from the State Water Resources Control Board that SRF draws 9, 10, and 11 totaling \$26,206,818 have been received and processed for payment. In addition, draw #12 was submitted on November 30th.

Stanislaus Regional Water Authority
For FY 2021-22 (Updated 12-08-2022)

Account Name	Original Budget	Amendments	Amended Budget 2021-22	Unaudited Actual 2021-22	Ceres	Turlock	TID	Other Proceeds	Totals for 2021-22
REVENUES									
Interest Income			0	(12,152.49)	(6,076.25)	(6,076.25)	0.00		(12,152.49)
34910 Integrated Water Mgmt Grant	1,450,225		1,450,225						
34911 Water Smart Grant	1,478,440		1,478,440						
34900_001 Agency Contribution - City of Turlock	303,100		303,100	48,775,000.00		48,775,000.00			48,775,000.00
34900_002 Agency Contribution - City of Ceres	371,520		371,520	24,795,000.00	24,795,000.00				24,795,000.00
34900_004 Agency Contribution - Turlock Irrigation District	1,000		1,000	1,460,000.00			1,460,000.00		1,460,000.00
34912 Prop 68 Grant for Surface Water Project			0	27,750,000.00				27,750,000.00	27,750,000.00
35440 SRF Funding Proceeds	112,836,795		112,836,795	63,530,426.00				63,530,426.00	63,530,426.00
Total Revenues	116,441,080	0	116,441,080	166,298,273.51	24,788,923.76	48,768,923.76	1,460,000.00	91,280,426.00	166,298,273.51
EXPENSES									
Pre-Treatment Plant Construction Project Expenses (950-53-552)									
43060_012 Contact Services Program Mgmt	277,900		277,900	207,819.24	101,223.87	106,570.62	24.75		207,819.24
43195 Special Legal Counsel	25,000		25,000	15,166.19	7,583.10	7,583.09			15,166.19
43332 Permitting	7,000		7,000	0.00	0.00	0.00			0.00
43332_002 Permitting - Water Rights Acquisition	5,000		5,000	0.00	0.00	0.00			0.00
45002_000 TID - electrical service	452,109		452,109	217.50	72.49	145.01	0.00		217.50
51001 Property Acquisition - facility site			0	0.00	0.00	0.00	0.00		0.00
51001 Property Acquisition - infiltration gallery			0	0.00	0.00	0.00	0.00		0.00
51001 Property Acquisition - Geer Road easement			0	0.00	0.00	0.00	0.00		0.00
51001 Property Acquisition - delivery facilities			0	0.00	0.00	0.00	0.00		0.00
51800_001 Wet Well Design			0	0.00	0.00	0.00	0.00		0.00
51801_001 Wet Well Construction			0	0.00	0.00	0.00	0.00		0.00
51801_002 Construction Contract (Overaa)			0	0.00	0.00	0.00	0.00		0.00
51801_005 Construction Management (Inferrera)			0	0.00	0.00	0.00	0.00		0.00
51801_005 Environmental (Horizon)	2,000		2,000	0.00	0.00	0.00	0.00		0.00
Treatment Plant Construction - SRF funding eligible (950-53-553)									
43060_012 Contract Services - Program Mgmt Services	1,425,952		1,425,952	876,930.60	362,807.03	495,271.02	18,852.55		876,930.60
43195 Special Legal Counsel	50,000		50,000	18,736.03	9,183.46	9,183.48	369.09		18,736.03
43329 Environmental Services	66,200		66,200	61,087.10	26,058.83	26,104.15	8,924.12		61,087.10
43332 Permitting	112,000		112,000	5,596.00	0.00	5,596.00	0.00		5,596.00
CDFW LSAA for 3 lateral crossings					0.00	0.00	0.00		0.00
Stanislaus County - Aldrich Road crossing					0.00	0.00	0.00		0.00
Stanislaus County - Lateral 2, 2.5 & 3 crossing					0.00	0.00	0.00		0.00
43332_001 Permitting - Environmental Mitigation			0	0.00	0.00	0.00	0.00		0.00
Transplant credits					0.00	0.00	0.00		0.00
Mitigation credits					0.00	0.00	0.00		0.00
51802_001 Regional Trtmt Plant - Design/Build Contract	55,619,985		55,619,985	93,647,395.72	31,651,130.31	60,804,931.62	1,191,333.79		93,647,395.72
51802_002 Regional Trtmt Plant - Contract Management	501,960		501,960	446,525.79	144,451.09	293,278.14	8,796.56		446,525.79
Administrative Expenses (950-53-552)									
43055_002 Consultant Audit	10,000		10,000	4,806.00	2,403.00	2,403.00			4,806.00
43060_021 Contract Services General Manager	300,000		300,000	211,463.31	105,731.66	105,731.65			211,463.31
43060_023 Contract Services Watershed Sanitary Survey			0	1,785.00	892.50	892.50			1,785.00
43105_003 Interdepartmental Admin Support			0	0.00	0.00	0.00			0.00
Clerical	17,500		17,500	0.00	0.00	0.00			0.00
Financial/Accounting	25,000		25,000	0.00	0.00	0.00			0.00
44001_000 Supplies	300		300	0.00	0.00	0.00			0.00
44035 Photocopies	500		500	0.00	0.00	0.00			0.00
44040_000 Postage	500		500	0.00	0.00	0.00			0.00
47010 Bank Charges	700		700	0.00	0.00	0.00			0.00
47040_000 Dues	4,500		4,500	4,180.00	2,090.00	2,090.00			4,180.00
47095_000 Training	1,000		1,000	0.00	0.00	0.00			0.00
47091 Reimbursement to Ceres				32,199,620.79	32,199,620.79				32,199,620.79
47092 Reimbursement to Turlock				59,080,805.21		59,080,805.21			59,080,805.21
rational Expenses									
TBD Operations and Maintenance									
TBD Agency Administration									
TBD Operations Contingency									
53027_001 SRF Loan-Interest	0		0	33,752.61	11,249.74	22,502.87	0.00		33,752.61
Total Expenditures	58,905,106	0	58,905,106	186,815,887.09	64,624,497.87	120,963,088.36	1,228,300.86	0.00	186,815,887.09
Revenues Over (Under) Expenditures	57,535,974	0	57,535,974	(20,517,613.58)	(39,835,574.12)	(72,194,164.61)	231,699.14	91,280,426.00	(20,517,613.58)

Stanislaus Regional Water Authority
 For FY 2022-23 (Updated 12-08-2022)

Account Name	Original Budget	Amendments	Amended Budget 2022-23	Unaudited Actual 2022-23	Ceres	Turlock	TID	Other Proceeds	Totals for 2022-23
REVENUES									
Interest Income			0	0.00	0.00	0.00	0.00		0.00
34910 Integrated Water Mgmt Grant			0						
34911 Water Smart Grant			0						
34900_001 Agency Contribution - City of Turlock	39,754,728		39,754,728	26,588,442.00		26,588,442.00			26,588,442.00
34900_002 Agency Contribution - City of Ceres	22,189,606		22,189,606	14,832,641.00	14,832,641.00				14,832,641.00
34900_004 Agency Contribution - Turlock Irrigation District	1,473,907		1,473,907	1,027,259.00			1,027,259.00		1,027,259.00
34912 Prop 68 Grant for Surface Water Project			0					0.00	0.00
35440 SRF Funding Proceeds			0	9,476,399.00				9,476,399.00	9,476,399.00
Total Revenues	63,418,241	0	63,418,241	51,924,741.00	14,832,641.00	26,588,442.00	1,027,259.00	9,476,399.00	51,924,741.00
EXPENSES									
Pre-Treatment Plant Construction Project Expenses (950-53-552)									
43060_012 Contact Services Program Mgmt	90,927		90,927	55,364.80	26,724.90	28,639.90	0.00		55,364.80
43195 Special Legal Counsel	50,000		50,000	21,908.85	10,954.42	10,954.43	0.00		21,908.85
43332 Permitting			0		0.00	0.00			0.00
43332_002 Permitting - Water Rights Acquisition			0						0.00
45002_000 TID - electrical service	452,109		452,109		0.00	0.00	0.00		0.00
51001 Property Acquisition - facility site			0		0.00	0.00	0.00		0.00
51001 Property Acquisition - infiltration gallery			0		0.00	0.00	0.00		0.00
51001 Property Acquisition - Geer Road easement			0		0.00	0.00			0.00
51001 Property Acquisition - delivery facilities			0		0.00	0.00			0.00
51800_001 Wet Well Design			0						0.00
			0						0.00
			0						0.00
51801_001 Wet Well Construction			0						0.00
51801_002 Construction Contract (Overaa)			0						0.00
51801_002 Construction Management (Inferrera)			0						0.00
51801_005 Environmental (Horizon)	2,000		2,000						0.00
			0						0.00
Treatment Plant Construction - SRF funding eligible (950-53-553)									
43060_012 Contract Services - Program Mgmt Services	1,425,952		1,425,952	200,399.46	80,075.48	115,792.36	4,531.62		200,399.46
43195 Special Legal Counsel	50,000		50,000	175.00	85.78	85.78	3.44		175.00
43329 Environmental Services	66,200		66,200	9,201.82	3,867.57	4,085.64	1,248.61		9,201.82
43332 Permitting	112,000		112,000			0.00			0.00
					0.00	0.00	0.00		0.00
					0.00	0.00	0.00		0.00
					0.00	0.00	0.00		0.00
43332_001 Permitting - Environmental Mitigation			0						0.00
					0.00	0.00	0.00		0.00
					0.00	0.00	0.00		0.00
51802_001 Regional Trtmt Plant - Design/Build Contract	55,619,985		55,619,985	18,935,128.71	6,024,039.33	12,398,694.50	512,394.88		18,935,128.71
51802_002 Regional Trtmt Plant - Contract Management	501,960		501,960	114,574.45	37,064.83	75,252.50	2,257.12		114,574.45
Administrative Expenses (950-53-552)									
43055_002 Consultant Audit	10,000		10,000	720.00	360.00	360.00			720.00
43060_021 Contract Services General Manager	300,000		300,000	76,004.41	38,002.21	38,002.20			76,004.41
43060_023 Contract Services Watershed Sanitary Survey			0		0.00	0.00			0.00
43105_003 Interdepartmental Admin Support			0						0.00
	12,500		12,500		0.00	0.00			0.00
	25,000		25,000		0.00	0.00			0.00
44001_000 Supplies	300		300		0.00	0.00			0.00
44035 Photocopies	500		500		0.00	0.00			0.00
44040_000 Postage	500		500	30.32	15.16	15.16			30.32
47010 Bank Charges	700		700		0.00	0.00			0.00
47040_000 Dues	4,500		4,500	4,180.00	2,090.00	2,090.00			4,180.00
47095_000 Training	1,000		1,000		0.00	0.00			0.00
				3,043,045.20	3,043,045.20				3,043,045.20
47091 Reimbursement to Ceres									
47092 Reimbursement to Turlock									
Debt Expenses									
53027_001 SRF Loan-Interest	1,987,719		1,987,719		0.00	0.00	0.00		0.00
Operational Expenses									
TBD Operations and Maintenance	2,206,419		2,206,419						
TBD Agency Administration	247,969		247,969						
TBD Operations Contingency	250,000		250,000						
Total Expenditures	63,418,240	0	63,418,240	22,460,733.02	9,266,324.88	12,673,972.47	520,435.67	0.00	22,460,733.02
Revenues Over (Under) Expenditures	1	0	1	29,464,007.98	5,566,316.12	13,914,469.53	506,823.33	9,476,399.00	29,464,007.98

Stanislaus Regional Water Authority
Project to Date (updated as of 12-08-2022)

	City of Ceres	City of Turlock	TID	Other Proceeds	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2022	Actuals For 2022-23	Total
Agency Contributions								
Received from Agencies - through 6-30-2022	47,629,297.10	90,086,287.50	4,285,715.77		142,001,300.37	142,001,300.37		142,001,300.37
Received from Agencies - 2022-23	14,832,641.00	26,588,442.00	1,027,259.00		42,448,342.00		42,448,342.00	42,448,342.00
Interest Income	58,156.32	58,054.26	1,158.61		117,369.19	117,369.19	0.00	117,369.19
Prop 68 Grant Proceeds				27,750,000.00	27,750,000.00	27,750,000.00		27,750,000.00
SRF Proceeds				73,006,825.00	73,006,825.00	63,530,426.00	9,476,399.00	73,006,825.00
Total Revenue	62,520,094.42	116,732,783.76	5,314,133.38	100,756,825.00	285,323,836.56	233,399,095.56	51,924,741.00	285,323,836.56
Expenditures								
Pre-Treatment Plant Construction Project Expenses (950-52-553)								
Government Relations	(74,723.55)	(74,723.55)	0.00		(149,447.10)	(149,447.10)	0.00	(149,447.10)
Environmental Services (Phase I)	(250,664.65)	(250,664.65)	(32,520.11)		(533,849.41)	(533,849.41)	0.00	(533,849.41)
Project Management Services	(3,467,724.51)	(3,617,551.63)	(169,093.63)		(7,254,369.77)	(7,199,004.97)	(55,364.80)	(7,254,369.77)
Special Legal Expenses	(234,208.07)	(234,208.08)	(5,302.43)		(473,718.58)	(451,809.73)	(21,908.85)	(473,718.58)
Wet Well Design (West Yost)	(166,904.88)	(206,872.74)	(93,444.40)		(467,222.02)	(467,222.02)	0.00	(467,222.02)
Fees to Stan County-CEQA related to wet well	(1,136.63)	(1,136.62)	0.00		(2,273.25)	(2,273.25)		(2,273.25)
Permitting	(17,768.08)	(17,768.09)	0.00		(35,536.17)	(35,536.17)	0.00	(35,536.17)
Permitting - Water Rights Acquisition	(36,240.88)	(36,240.89)	0.00		(72,481.77)	(72,481.77)	0.00	(72,481.77)
Water Shed Survey	(40,660.67)	(40,660.67)	0.00		(81,321.34)	(81,321.34)	0.00	(81,321.34)
Property Acquisition - facility site	(479,756.19)	(959,656.32)	0.00		(1,439,412.51)	(1,439,412.51)	0.00	(1,439,412.51)
Property Acquisition - infiltration gallery	(246,925.80)	(493,925.69)	0.00		(740,851.49)	(740,851.49)	0.00	(740,851.49)
Property Acquisition - Geer Road easement	(92,272.49)	(145.01)	0.00		(92,417.50)	(92,417.50)	0.00	(92,417.50)
Property Acquisition - delivery facilities	(7,393.88)	(7,393.88)	0.00		(14,787.76)	(14,787.76)	0.00	(14,787.76)
Wet Well Construction								
Construction Contract	(1,888,242.96)	(3,769,413.84)	(1,414,414.20)		(7,072,071.00)	(7,072,071.00)	0.00	(7,072,071.00)
Construction Management	(145,962.80)	(291,378.94)	(109,335.45)		(546,677.19)	(546,677.19)	0.00	(546,677.19)
Environmental (Phase II)	(103,524.75)	(155,193.07)	(47,798.97)		(306,516.79)	(306,516.79)	0.00	(306,516.79)
Contractor Financial Evaluation	(18,944.30)	(18,944.30)	(761.40)		(38,650.00)	(38,650.00)	0.00	(38,650.00)
TID - electrical service	(1,507.99)	(3,016.44)	0.00		(4,524.43)	(4,524.43)	0.00	(4,524.43)
Treatment Plant Construction - SRF funding eligible (950-53-553)								
Contract Services - Program Mgmt Services	(812,063.62)	(1,130,306.14)	(37,087.99)		(1,979,457.75)	(1,779,058.29)	(200,399.46)	(1,979,457.75)
Special Legal Counsel	(27,155.06)	(27,155.08)	(1,091.39)		(55,401.53)	(55,226.53)	(175.00)	(55,401.53)
Environmental Services	(81,927.47)	(82,867.01)	(27,890.45)		(192,684.93)	(183,483.11)	(9,201.82)	(192,684.93)
Permitting	(8,605.81)	(52,381.44)	0.00		(60,987.25)	(60,987.25)	0.00	(60,987.25)
Permitting - Environmental Mitigation	(47,339.25)	(94,660.75)	(35,500.00)		(177,500.00)	(177,500.00)	0.00	(177,500.00)
Regional Trtmt Plant - Design/Build Contract	(49,153,831.08)	(98,085,312.64)	(2,277,927.65)		(149,517,071.37)	(130,581,942.66)	(18,935,128.71)	(149,517,071.37)
Regional Trtmt Plant - Contract Management	(257,244.60)	(522,282.09)	(15,665.29)		(795,191.98)	(680,617.53)	(114,574.45)	(795,191.98)
Administrative Support								
Clerical Services	(26,719.28)	(26,719.28)	0.00		(53,438.56)	(53,438.56)	0.00	(53,438.56)
Accounting Services	(30,275.54)	(30,275.52)	0.00		(60,551.06)	(60,551.06)	0.00	(60,551.06)
Interim JPA attorney	(22,662.50)	(22,662.50)	0.00		(45,325.00)	(45,325.00)	0.00	(45,325.00)
Interim General Manager	(121,991.80)	(121,991.80)	0.00		(243,983.60)	(243,983.60)	0.00	(243,983.60)
General Manager	(444,380.67)	(444,380.65)	0.00		(888,761.32)	(812,756.91)	(76,004.41)	(888,761.32)
External Audit	(14,498.00)	(14,498.00)	0.00		(28,996.00)	(28,276.00)	(720.00)	(28,996.00)
Contract Services Watershed Sanitary Survey	(892.50)	(892.50)	0.00		(1,785.00)	(1,785.00)	0.00	(1,785.00)
Supplies and other Miscellaneous Expenses	(12,895.62)	(12,895.61)	0.00		(25,791.23)	(21,580.91)	(4,210.32)	(25,791.23)
Reimbursement to Ceres	(35,242,665.99)				(35,242,665.99)	(32,199,620.79)	(3,043,045.20)	(35,242,665.99)
Reimbursement to Turlock	0.00	(59,080,805.21)	0.00		(59,080,805.21)	(59,080,805.21)	0.00	(59,080,805.21)
Debt Expenses								
SRF Loan-Interest	(11,249.74)	(22,502.87)	0.00		(33,752.61)	(33,752.61)	0.00	(33,752.61)
Total Expenditures	(93,590,961.61)	(169,951,483.50)	(4,267,833.36)	0.00	(267,810,278.47)	(245,349,545.45)	(22,460,733.02)	(267,810,278.47)
Contributions over (under) Expenditures - project to date	500.00	(53,218,699.74)	1,046,300.02	100,756,825.00	17,513,558.09	(11,950,449.89)	29,464,007.98	17,513,558.09



SRWA
STANISLAUS REGIONAL
WATER AUTHORITY

3B3
December 15, 2022

To: SRWA Board
From: Dale Goodman, City of Turlock Municipal Director
Subject: Staffing update 12/7/2022

SRWA Water Treatment Plant Staffing Update - 12/07/22

Plant Manager (1)	re-advertising
Operations Supervisor (1)	background
Senior Instrument & Control Technician (1)	background
Senior Maintenance Technician (1)	advertised, closes 12/09/22, interviews 12/19-23/22
Maintenance Technician II (1)	advertised, closes 12/09/22, interviews 12/19-23/22
Senior Operator (5)	advertised, closes 12/09/22, interviews 12/19-23/22
Operator II (2)	advertised, closes 12/09/22, interviews 12/19-23/22
Operator I (2)	advertised, closes 12/09/22, interviews 12/19-23/22
Staff Services Assistant (1)	working from active candidate list



1. A. **CALL TO ORDER:** Chair Bublak called the meeting to 12:00 p.m.

B. **SALUTE TO THE FLAG**

C. **ROLL CALL**

PRESENT: Director Bret Silveira, Director Pam Franco, Vice Chair Javier Lopez, Chair Amy Bublak

ABSENT:

2. **RECOGNITION, APPOINTMENTS, ANNOUNCEMENTS & PRESENTATIONS:** None

3. A. **SPECIAL BRIEFINGS:** None

B. **STAFF UPDATES:**

1. General Manager Granberg provided a presentation on design-build project activities, design build contract status, environmental clearance/permitting, other activities, funding/financing update, public outreach, and shared project photos.

Chair Bublak opened public participation.

Chair Bublak closed public participation.

2. Finance Director Moreno provided an update on financial activities as of November 10, 2022. Revenue and expenses reviewed.

Chair Bublak opened public participation.

Chair Bublak closed public participation.

3. Dale Goodman provided an update on the City of Turlock staff recruitment effort. City of Turlock has made an offer for the Plant Manager and are waiting for a response. Interviews have been completed for Operations Supervisors and Senior Instrument and Control Technician. The rest of the positions will be advertised on November 18, 2022.

Director Silveira asked how many applicants applied for each position and were interviewed. Dale Goodman responded that there were six applicants for Project Manager but only one was interviewed. For Operations Supervisor, there were six applicants but only t had the qualifications so those were interviewed. There were ten applicants for the Senior Instrument and Control Technician but only five had the qualifications to move to the interview process.

Chair Bublak opened public participation.

Milt Trieweiler, City of Turlock resident, asked what the contingency plan is if City of Turlock does not fill the positions.

DRAFT

Dale Goodman responded that they are working on the contingency plan if they have trouble filling any of the positions.

General Manager Granberg indicated SRWA is assisting moving with the City of Turlock operations plan, but if things do not go as planned, the board can look at going back and having SRWA manage the plant.

Chair Bublak closed public participation.

C. PUBLIC PARTICIPATION:

Chair Bublak opened public participation.

Milt Trieweiler, City of Turlock resident, looked over contract and asked how much time the City of Turlock attorney has put into the contract to make sure City of Turlock can fulfill everything stated.

Chair Bublak closed public participation.

4. DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS: None

5. CONSENT CALENDAR:

- A. **Action:** Motion by Director Franco, seconded by Director Silveira, to approving the minutes of the special meeting of September 22, 2022, with corrections removing first action on item 7A and amending last sentence. Motion carried 4/0 by the following vote:

Director Franco	Director Silveira	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

- B. **Action:** Motion by Director Franco, seconded by Director Silveira, to approving the minutes of the special meeting of October 7, 2022. Motion carried 4/0 by the following vote:

Director Franco	Director Silveira	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

6. PUBLIC HEARINGS: None

7. SCHEDULED MATTERS:

- A. General Manager Granberg presented the key provisions of the draft agreement, scope of services, SRWA Rights, compensation, committees, and discussed Approval of the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement between SRWA and the Cities of Turlock and Ceres in substantially the form as presented at this meeting and authorize and direct the General Manager to finalize and sign the Agreement with such additions and changes as deemed necessary or advisable by the General Manager upon consultation with the Board Chair and General Counsel.

DRAFT

Director Franco asked Dale Goodman asked if there would be a problem for City of Turlock managing vehicles. Dale Goodman said there would not be a problem to take the management of the vehicles, but they are running into problem ordering new vehicles, but they do have current fleet to start until the new purchased vehicles are delivered. Finance Moreno added that SRWA can own the fleet and City of Turlock can maintain them. Director Silveira commented that Turlock rate payers may question why there are extra vehicles and being sent to the treatment plant for use. Vice Mayor Lopez questioned the liability of the vehicles. Legal Counsel Shanahan responded that he recommends for City of Turlock to own the vehicles since City of Turlock employees will be maintaining and using and charge SRWA a rental fee. Finance Director Isaac added that the easiest way to coordinate that would be for City of Turlock to lease the vehicles and turn them in when the lease is up. Leased vehicles would not be considered an asset for City of Turlock, but this is something they still need to work out. Director Silveira asked who has the liability of an employee getting hurt in one of these vehicles. Legal Counsel Shanahan responded that this would depend on who owns and holds the insurance on the vehicles. Both attorneys and City Managers of the Cities will work this out for the board in the final draft.

Chair Bublak opened public participation.

Milt Trieweiler, City of Turlock resident, asked if the current General Manager Granberg and Legal Counsel Shanahan are going to stay on the board when this transfers to City of Turlock. He added how are we going to know if this is really going to save money and if this will save money on the long term. Finance Director Isaac responded that there is a financial savings to a degree depending on the hiring as they come in as it was presented in previous meetings. City of Turlock is absorbing some of the overhead costs as savings. Legal Counsel Shanahan added that the SRWA board will provide direction but their need for legal counsel will decrease but he recommends they still have legal services. General Manager Granberg indicated that the role of the general manager is addressed in the agreement.

Reagan Wilson, Turlock City Manager, said there was a phone call between the Cities about the general manager position. Wilson indicated that they agreed that the general manager be a City of Turlock employee. Director Silveira indicated that in meetings in the past they did not decide who the general manager may be. Director Silveira indicated the best way to fix this issue is to amend the agreement page 14 by removing sentence "The General Manager may be a Ceres employee or other individual." Director Silveira indicated this will allow a City of Turlock to be considered for the General Manager position. Vice Chair Lopez asked we remove that sentence to open it up for City of Turlock. Chair Bublak asked if everyone has talked about that section in the making of the contract. City Manager Wilson indicated this was a topic that was brought up in conversations. George Petrulakis, City Attorney from City of Turlock, indicated they spoke regarding the hiring of the General Manager is separate action to the operating agreement. Petrulakis said the conversation was about the termination provisions of the contract for the General Manager and the issues of Ceres being able to terminate independently. Petrulakis said the main concern is the time constraints so going with the approved City of Turlock proposal of the General Manager being a Turlock employee. Director Silveira indicated that way it is written it would not let City of Turlock employee be the General Manager, so he suggested we remove that sentence from the agreement. Legal Counsel Shanahan said that can be changed. Legal Counsel Shanahan

DRAFT

pointed out that the 5% pay for the General Manager needs to be included in the agreement. Board requested to bring this back for a second review before approval.

Chair Bublak closed public participation.

Action: Motion to approve the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement between SRWA and the Cities of Turlock and Ceres in substantially the form as presented at this meeting and authorize and direct the General Manager to finalize and sign the Agreement with such additions and changes as deemed necessary or advisable by the General Manager upon consultation with the Board Chair and General Counsel. *(Action failed due to lock of any motion)*

- A. General Manager Granberg discussed Resolution 2022-008 adopting a procurement and purchasing policy.

Chair Bublak opened public participation.

No one from the public spoke.

Chair Bublak closed public participation.

Action: Motion by Director Silveira, seconded by Director Franco to approve Resolution 2022-008 adopting a procurement and purchasing policy. Motion carried 4/0 by the following vote:

Director Franco	Director Silveira	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

- B. General Manager Granberg discussed Resolution 2022-009 adopting an expense reimbursement and payment policy.

Finance Director Moreno indicated that the policy is not in line with the City of Turlock, and it needs a little more cleaning up but it can be addressed at a later date. Chair Bublak asked if the Finance Director of Ceres has reviewed it. Director Silveira asked to table this item until the Finance Director has reviewed the policy.

Chair Bublak opened public participation.

No one from the public spoke.

Chair Bublak closed public participation.

Action: Motion to approve Resolution 2022-009 adopting an expense reimbursement and payment policy. *(Action failed due to lock of any motion)*

8. MATTERS TOO LATE FOR THE AGENDA: None

9. BOARD ITEMS FOR FUTURE CONSIDERATION: None

DRAFT

10. **BOARD COMMENTS:** None
11. **NEXT MEETING DATE:** December 15, 2022, Regular meeting Turlock
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 1:07 p.m. Motion carried unanimously.

Respectfully submitted,

DRAFT

Angelica Gonsalves, Board Secretary

From: Robert Granberg, General Manager
Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Motion: Approve the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement between SRWA and the Cities of Turlock and Ceres and authorize and direct the General Manager to sign the Agreement

2. DISCUSSION OF ISSUE:

SRWA staff prepared a draft Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement (Agreement) between the Authority and cities. This latest draft includes input received at the November 18, 2022 Board meeting and subsequent input from the cities.

The Agreement describes the scope of services to provide operations and maintenance staffing to ensure 24-hour per day, 7-day per week surface water treatment in accordance with federal and State drinking water standards and delivery of finished water to the member Cities in accordance with each City's dedicated capacity. In addition to operations and maintenance service, the Agreement defines budgeting, payments, audits, General Manager, and vehicle and equipment purchases obligations.

3. FISCAL IMPACT / BUDGET AMENDMENT:

The current Fiscal Year 2022/23 budget included \$2,206,419 for operations and maintenance, \$247,969 for administration, and \$250,000 for operational contingencies, totaling \$2,704,388. These estimates were based on hiring a Plant Manager and Water Operations Supervisor by October 1, 2022, with the balance of plant staff in early 2023. The City of Turlock proposal hiring timeline is later in the fiscal year, coupled with lower salary estimates, thereby reducing the fiscal impact for Fiscal Year 2022/23. The exact reduction in the operations and maintenance budget estimate is not known at this time and is dependent on the actual hiring timeline.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board directed SRWA staff to develop an Operations Agreement for City of Turlock operations staffing in lieu of hiring its own staff, therefore no alternative is presented.

**STANISLAUS REGIONAL WATER AUTHORITY
REGIONAL SURFACE WATER SUPPLY PROJECT
OPERATIONS AGREEMENT**

THIS AGREEMENT is made this December 1, 2022 by and between the Stanislaus Regional Water Authority, a joint powers authority (“SRWA”), City of Turlock, a general law city (“Turlock”), and City of Ceres, a general law city (“Ceres”), who agree as follows:

1. Definitions. For purposes of this Agreement, these words and phrases shall have the following meanings:

1.1. “Acceptance Date” means the acceptance date of the CH2M HILL-constructed Project Facilities as determined pursuant to the Design-Build Contract.

1.2. “Agreement” means this Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement.

1.3. “Applicable Law” means any federal, state, or local statute, law, code, regulation, court decision, order, or standard that applies to the Operation of the Project Facilities or any other task, transaction, or matter contemplated by this Agreement, and including all registration, licensing, and certification requirements imposed by any government agency with jurisdiction.

1.4. “Approvals” mean the permits, licenses, entitlements, and approvals that are required under Applicable Law to Operate the Project Facilities, including, but not limited to, permits, licenses, entitlements, and approvals required to comply with the federal and state safe drinking water and other water quality laws and regulations.

1.5. “Board” means the Governing Board of the SRWA.

1.6. “Capital Costs” mean the costs of construction (including procurement of materials, parts and equipment, construction, construction management and related field services, design assistance during construction, as-built drawings, start-up, and testing), planning, designing, land and rights-of-way acquisition, environmental documentation and permitting (including any mitigation costs or filing fees related to permitting), and the funding of a reasonable capital reserve relating to the repair, replacement, modification, and improvement of the Project Facilities.

1.7. “Ceres” means the City of Ceres.

1.8. “Cities” mean the City of Ceres and City of Turlock. “City” means one of the Cities.

1.9. “CH2M HILL” means CH2M HILL Engineers, Inc.

1.10. “Dedicated Capacity” means the capacity of the Project Facilities dedicated to each City. The City of Ceres share is 33.3% and the City of Turlock share is 66.7%. The Cities may adjust the Dedicated Capacity shares in accordance with Joint Powers Agreement article 23.

1.11. “Design-Build Contract” means the Design-Build Contract for the Regional Surface Water Supply Project dated July 6, 2020 between SRWA and CH2M HILL, as amended.

1.12. “Fixed Operating Costs” mean the Project-related Operating costs that are incurred irrespective of the amount of water conveyed through the Project Facilities, including, but not limited to, employee salaries, benefits, and expenses, subcontractor, consultant, and service provider costs, debt service costs on any loans, bonds, or other indebtedness issued to finance Capital Costs, financing costs, overhead, and insurance.

1.13. “Force Majeure” means an act, event, or condition that (a) is beyond the reasonable control of the Party claiming Force Majeure, (b) materially interferes with or delays performing an obligation of the Party under this Agreement, and (c) the Party, by the exercise of due diligence, is unable to prevent or overcome. Subject to the foregoing, Force Majeure includes a labor dispute such as a strike or lockout (except a labor dispute involving employees of a Party), failure or refusal of any person or entity (other than a Party) to comply with an agreement to obtain or ship material or equipment, industrial disturbance, act of a public enemy, war, blockade, insurrection, riot, epidemic, civil disturbance, explosion, sabotage, threat of physical harm or damage resulting in the evacuation or shutdown of a Party’s facilities, landslide, lightning, earthquake, volcanic eruption, fire, flood, washout, other natural disaster (except weather conditions normal for the area), and restraint by court order or government agency (other than a Party) having jurisdiction over the Party. Force Majeure does not include any act, event, or condition that is the result of the Party’s willful or negligent act, error or omission, failure to exercise reasonable diligence, or breach of this Agreement.

1.14. “General Manager” means the SRWA General Manager as appointed by the Board.

1.15. “Governing Documents” mean the following agreements, permits, and other documents:

- A. Joint Powers Agreement (as defined below);
- B. Water Sales Agreement dated July 28, 2015 between SRWA and TID, as amended;
- C. TID/SRWA Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project dated April 16, 2020 between SRWA and TID;
- D. Design-Build Contract (as defined above);
- E. Regional Surface Water Supply Phase 3 Project Design and Construction Funding Agreement dated February 28, 2020 among SRWA, Cities, and TID;
- F. SRF Loan Agreement (as defined below);
- G. SRF Related Funding Agreement (as defined below);
- H. Proposition 1, Round 1 Integrated Regional Water Management (IRWM) Implementation Grant, Agreement No. 4600013859, dated May 24, 2021;
- I. CEQA Surface Water Supply Project Mitigation Monitoring and Reporting Plan dated August 2018;
- J. Approvals governing or regulating Operations of the Project Facilities, including: Domestic water supply permit for the Project Facilities to be issued by the State Water

Resources Control Board Division of Drinking Water for Water System 5010043; County of Stanislaus/SRWA Pipeline Maintenance Agreement dated xxx; County of Stanislaus Septic Permit no. xxx; San Joaquin Valley Air Pollution Control District Permit to Operate no. xxx; and, NPDES Permits for Low Threat Discharges to Surface Water.

K. Applicable written manufacturers’ specifications, instructions, and safety requirements for Project Facilities related equipment, machinery, facilities, instrumentation, or controls;

L. SRWA Bylaws;

M. SRWA procurement and purchasing policy;

N. SRWA expense reimbursement policy; and

O. Annual SRWA budget as approved by the Board;

as the same may be amended or modified from time to time during the term of this Agreement.

1.16. “Joint Powers Agreement” means the Amended Drinking Water Supply Project Joint Exercise of Powers Agreement Between the Cities of Ceres and Turlock for the Purpose of Creating a Joint Powers Authority Responsible for Decisions in Certain Matters Pertaining to the Municipal and Industrial Water Supply Programs for the Aforementioned Public Entities dated December 15, 2015, as amended.

1.17. “Operate” means operate, maintain, manage, monitor, upgrade, repair, replace, modify, and improve and “Operation” means operation, maintenance, management of, monitoring of, upgrade, repair, replacement, modification, and improvement.

1.18. “Operating Costs” means Fixed Operating Costs and Variable Operating Costs.

1.19. “Parties” mean SRWA, City of Ceres, and City of Turlock. “Party” means one of the Parties.

1.20. “Plant Manager” is defined at section 4.2(A).

1.21. “Points of Delivery” mean the points of interconnection between the Project Facilities and the City water supply systems at which treated water enters the respective City terminal tanks as shown in Design-Build Contract Appendix 5.

1.22. “Policy Committee” means the Policy Committee established by section 12.

1.23. “Project” means the SRWA Regional Surface Water Supply Project as described in the Joint Powers Agreement and Design-Build Contract.

1.24. “Project Facilities” mean and consist of (a) the water treatment plant, raw water pump station, raw water transmission main, finished water transmission mains, and all appurtenant and related structures, buildings, tanks, basins, piping, pumps, meters, machinery, electrical instrumentation and controls, monitoring and communications equipment, heating, ventilation and air conditioning equipment, chemical and other storage and feed systems, and other equipment and facilities constructed by CH2M HILL and accepted

by SRWA pursuant to the terms of the Design-Build Contract, (b) the river intake infiltration gallery constructed by TID in 2002-03, and (c) the wet well and associated improvements constructed by SRWA in 2018-20 pursuant to its Raw Water Pump Station, Phase 1 Project.

1.25. “Project Sites” mean the real property parcels and easements on which the Project Facilities are located.

1.26. “Records” is defined at section 4.7(A).

1.27. “Services” mean the services, operations, and tasks to be provided and performed by Turlock as described in section 4.

1.28. “SRF Loan Agreement” means the Stanislaus Regional Water Authority and California State Water Resources Control Board Construction Installment Sale Agreement dated September 23, 2021.

1.29. “SRF Related Funding Agreement” means the SRWA Regional Surface Water Supply Project SRF-Related Funding Agreement dated February 1, 2021 among SRWA and the Cities.

1.30. “SRWA” means Stanislaus Regional Water Authority.

1.31. “Technical Committee” means the Technical Committee established by section 12.

1.32. “TID” means Turlock Irrigation District.

1.33. “Turlock” means City of Turlock.

1.34. “Utilities” is defined at section 4.4.

1.35. “Variable Operating Costs” mean the Project-related Operating costs that are dependent on, and vary based on, the volume of water actually conveyed through the Project Facilities, including, but not necessarily limited to, the costs of water supplied under the TID Water Sales Agreement, electricity, and chemicals.

2. Recitals. This Agreement is made with reference to the following background recitals:

2.1. The Cities formed SRWA pursuant to the Joint Powers Agreement. SRWA was established to design, construct, own, and operate the Project. In 2015, TID agreed to provide raw water for the Project pursuant to the terms of the Water Sales Agreement dated July 28, 2015, as amended.

2.2. In 2002-03, TID constructed a river intake infiltration gallery. In 2018-20, SRWA and its contractor constructed the wet well and other Raw Water Pump Station, Phase 1 Project improvements part of the Project Facilities, which connect to the existing river intake infiltration gallery.

2.3. In 2020, SRWA and CH2M HILL approved the Design-Build Contract. Since then, CH2M HILL has been designing, constructing, and installing the Project Facilities (excluding the pre-existing Project Facilities referred to in section 2.2) in accordance with the Design-Build Contract. Under the current construction schedule, CH2M HILL expects to substantially complete construction and start acceptance testing and start-up in or about April 2023. After

completion of these tasks and approval by SRWA, SRWA will accept the completed work from CH2M HILL. Commencing on the Acceptance Date, SRWA and its operations staff must begin the operation and management of the Project Facilities. Under the current construction schedule, CH2M HILL expects to achieve the Acceptance Date in or about August 2023.

2.4. In September 2022, Turlock submitted a proposal to SRWA to provide staffing to Operate the Project Facilities. At a meeting on September 22, 2022, the Board preliminarily approved the Turlock proposal subject to the preparation and approval of this Agreement. Government Code section 54981 and the Joint Powers Agreement authorize SRWA to contract with Turlock for the performance by Turlock of municipal services and functions, including utility services.

2.5. The Parties acknowledge that the Services to be performed by Turlock and its staff under this Agreement will directly and significantly further the Cities' objective of providing a safe and reliable water supply to its residents and, consequently, the work to be performed by Turlock staff will further and be consistent with the staff's primary responsibilities as Turlock employees.

3. Term and Termination. This Agreement shall take effect on the date set forth at the top of the Agreement and shall remain in effect until terminated as provided in this section. This Agreement may be terminated as follows: (a) by the mutual written consent of the Parties, which shall specify the termination date; (b) by a Party for any reason upon providing at least one-year prior written notice of termination to the other Parties; (c) by mutual written consent by Ceres and Turlock which shall specify the termination date and upon which Ceres shall have a right of first refusal to Operate the Project Facilities and provide the Services pursuant to a Ceres operations agreement to be approved by the Parties; or, (d) by Turlock for any reason upon providing at least one-year prior written notice of termination to the other Parties and upon which Ceres shall have a right of first refusal to Operate the Project Facilities and provide the Services pursuant to a Ceres operations agreement to be approved by the Parties. Any action to terminate the Agreement requires approval by the Party's governing board. In the event of termination, SRWA will compensate Turlock for Services performed and costs incurred up to the effective date of termination in accordance with section 7. All tangible personal property paid for or reimbursed by SRWA under section 7 shall become the sole property of SRWA upon termination of this Agreement.

4. Scope of Services. Turlock shall perform the following Services for and on behalf of SRWA, subject to Board direction and oversight:

4.1. **Services Generally.** Commencing on the Acceptance Date, Turlock shall Operate the Project Facilities on a 24-hour per day, 7-day per week basis and treat raw water and deliver treated water to the Cities in accordance with the Governing Documents and Applicable Law. Turlock shall be responsible for delivering treated water to the Points of Delivery. Turlock shall Operate the Project Facilities and use its best efforts to ensure that (a) Ceres' share of the Dedicated Capacity is, at all times, fully available for use by Ceres within its service area, and (b) Turlock's share of the Dedicated Capacity is, at all times, fully available for use by Turlock within its service area. Turlock shall provide all labor, services, equipment, tools, material, and supplies required or necessary to properly, competently, and completely perform the Services. Turlock shall determine the method, details, and means of performing the Services (subject to this Agreement), and the Technical Committee may provide comment and input concerning the method, details, and means of performing the Services.

4.2. Pre-Acceptance Date Duties

A. Turlock shall proceed expeditiously to recruit and employ qualified personnel who meet the state licensing and certification requirements and are qualified to staff and Operate the Project Facilities. The initial staffing shall be consistent with the Turlock Water Treatment Plant Staffing Plan, which is attached as Exhibit A. Turlock from time to time may modify the staffing plan in Exhibit A with the approval of the Board, which approval shall not be unreasonably withheld; however, the staffing plan must comply with the staffing and certification requirements in applicable Approvals, including the State Water Resources Control Board Division of Drinking Water permit. The staffing will include a full-time manager of the Project Facilities (the “Plant Manager”) whose sole responsibility shall be managing Turlock’s performance of the Services. The Plant Manager shall be licensed (as required by applicable Approvals, including the State Water Resources Control Board Division of Drinking Water permit), trained, experienced, and proficient in the management and operation of water treatment systems comparable to the Project Facilities.

B. Design-Build Contract section 5.4(A) requires SRWA to “employ or retain water treatment plant operators who are properly licensed by DDW to operate the Plant during the Acceptance Test and pending Acceptance.” It further provides that “(d)uring the time from and after first delivering Finished Water to the City Water Supply Systems and until the Acceptance Date, [CH2M HILL] shall operate the Regional Water Facilities and the other related Project facilities in coordination with and utilizing the SRWA water treatment plant operators.” Turlock shall timely employ sufficient and licensed water treatment plant operators so as to satisfy and allow effective implementation of section 5.4(A).

C. Design-Build Contract section 5.9 and Appendix 7 require CH2M HILL to provide training for the SRWA Operations staff during the Project Facilities start-up period. Turlock and its personnel shall fully and timely participate in the training to be provided under section 5.9 and Appendix 7.

D. Turlock shall structure and implement its hiring plan in such a manner that Operations staff are in place in time for Operations during the Acceptance Test under section 5.4 and training under section 5.9 and that prior to the Acceptance Date there is employed a full, trained, and qualified staff to assume full responsibility for the Operation of the Project Facilities starting on the Acceptance Date. The Plant Manager shall be fully certified on or before the date of the commencement of start-up and initial testing of the Project Facilities. Other employee certifications may be obtained over time pursuant to a timetable approved by the Board to the extent allowed under Applicable Law and the Approvals.

4.3. Operations, Maintenance, and Repair Responsibilities

A. Operation Manual. Turlock shall develop, prepare, implement, and comply with a comprehensive and site-specific operation and maintenance manual containing detailed standard operating and maintenance procedures and other specific instructions, policies, directives, routines, schedules, and other matters relating to the Operation of the Project Facilities. The manual shall incorporate the CH2M HILL-supplied computerized maintenance management system as appropriate under good industry standards for the type and scope Project Facilities. The manual shall be consistent with Applicable Law and good industry methods, techniques, standards, and practices. Turlock shall perform the Services substantially in compliance with the operation and maintenance manual. Turlock shall keep

the operation and maintenance manual current in accordance with changing Applicable Law and good industry methods, techniques, standards, and practices.

B. Maintenance. Turlock shall perform all normal and ordinary maintenance of the equipment, structures, machinery, improvements, and all other property constituting the Project Facilities, keep the Project Facilities in good and neat working order, condition, and repair, and conduct predictive, preventive, and corrective maintenance of the Project Facilities in accordance with and as may be required by the Governing Documents, Applicable Law, operation and maintenance manual, and good industry methods, techniques, standards, and practices. Turlock shall provide, obtain, or make provisions for all labor, materials, supplies, equipment, spare parts, consumables (e.g., fuel, oil, lubricants, chemicals, sand, gravel, office supplies), and services that are necessary or appropriate for the normal and ordinary Operation of the Project Facilities.

C. Major Maintenance and Repairs. In addition to its obligation to perform ordinary maintenance, Turlock shall perform all major maintenance, repairs, and replacement of the machinery, equipment, structures, improvements, and all other property constituting the Project Facilities. Except in emergency situations, Turlock shall notify the Technical Committee about any planned major maintenance, repair, or replacement work at least 30 days prior to commencing the work and, if the work involves a bidding solicitation, the notification shall include a copy of the bid documents. Turlock shall notify the Technical Committee about the total final cost of any major maintenance, repair, or replacement work and the source of funding within 30 days after completion of the work.

D. Project Sites. Turlock shall keep the grounds of the Project Sites (including roads within the water treatment plant and raw water pump station sites) in a neat, orderly, and safe condition, including the cleanup of litter and debris on a regular basis and landscape and irrigation system maintenance (including the replacement of dead or dying plants). Turlock shall maintain and repair all signage, fencing, and other security systems at the Project Sites.

E. Security. Turlock shall be responsible for the security and protection of the Project Facilities, and appropriate cybersecurity to protect Project Facilities' computers, networks, communications, other critical systems, and sensitive information from digital attacks. Turlock shall guard against all damage or injury to the Project Facilities and Project Sites caused by trespass, negligence, vandalism, or malicious mischief of third parties, and shall Operate all surveillance and other security equipment and assets of the Project Facilities.

F. Vehicles. Turlock shall procure (consistent with section 4.5) any vehicles necessary to Operate the Project Facilities. When practicable, Turlock shall provide and arrange for shared use of Turlock vehicles on both Project Facilities Operation and work with other Turlock utilities and departments. Turlock shall own or lease, insure, and be responsible to operate, maintain, and repair such vehicles.

The objective under this section is to assure that the Project Facilities are fully, properly, and regularly maintained, repaired, and replaced in such a manner as to preserve their long-term reliability, durability, and efficiency and provide a reliable and efficient treated water supply to the Cities.

4.4. Utilities. Upon completion of Project construction, the water treatment plant and raw water pump station sites will be served with electricity, internet, and telephone services and an on-site wastewater collection and disposal system (collectively the "Utilities"). SRWA is or

will be the customer on the Utilities accounts. Turlock shall Operate the customer-side of the Utilities and represent SRWA as customer with the Utilities service providers.

4.5. Procurement. Turlock, acting on behalf of SRWA, may procure (including, without limitation, purchase or lease) vehicles, equipment, supplies, and material, approve construction, repair, and maintenance agreements, approve consultant, service provider, and other agreements, arrange and pay for Utilities, and make other purchases and incur other expenditures as necessary or appropriate to Operate the Project Facilities and perform the Services. Any such procurement, approval, or expenditure shall comply with the procedure and limitations set forth in the SRWA procurement and purchasing policy, as the same may be amended from time to time by the Board. The General Manager and Plant Manager and their designees are designated as purchasing agents under the policy. Turlock also shall review, approve, and pay all SRWA invoices, bills, and other demands for payment submitted to SRWA, in accordance with the SRWA procurement and purchasing policy.

4.6. Compliance With Applicable Law and Approvals. Turlock shall perform the Services in accordance with Applicable Law and shall cause all consultants, service providers, or subcontractors to comply with Applicable Law. Turlock shall timely make all filings, applications, and reports necessary to obtain and maintain all Approvals required to be made, obtained, maintained, renewed, or extended under Applicable Law in order to Operate the Project Facilities. Turlock shall comply with and implement the terms and conditions of all required Approvals. Turlock shall prepare all periodic reports, make all information submittals, and provide all notices to all government agencies with jurisdiction as required by the Governing Documents, Applicable Law, and Approvals.

4.7. Project Records

A. General. Turlock shall establish and maintain good and thorough computerized (and, where appropriate or needed, paper) records management systems for safely keeping, storing, and retrieving correspondence, emails, data, records, files, financial information, reports, spreadsheets, plans, specifications, drawings, maps, photographs, computer data file, and other documents (collectively "Records") relating to the Operation of the Project Facilities and Services, for and on behalf of SRWA. These systems will be maintained in such a manner as to isolate SRWA Records from Turlock Records and, for financial information, by Turlock creating a separate fund for SRWA Operations. Turlock shall promptly make SRWA Records available to SRWA and Ceres upon request for review and copying. Turlock shall keep and maintain the Records consistent and in accordance with the City of Turlock records retention policy (or, if SRWA adopts one, the SRWA records retention policy).

B. Financial Records. As part of the SRWA Records, Turlock will prepare and maintain proper, accurate, complete, and current financial books, records, and accounts in accordance with generally accepted accounting principles as applied to local government agencies for all aspects of Project Facilities Operation and Services. Turlock shall Operate the Project Facilities on a July 1 to June 30 fiscal year basis. The financial books and records shall record all expenses and revenue, including direct and indirect personnel expenses, consultant, service provider, and subcontractor costs, costs of material, equipment, and supplies, maintenance, repair and replacement costs, debt service, other Operating expenses, revenue received from the Cities, and any other revenue. The system of auditing, bookkeeping, and accounting of SRWA funds, receipts, deposits, and expenditures shall accurately depict SRWA's financial condition. The financial books and records shall be kept in accordance with

Government Code section 6505, State Controller's Office regulations, other Applicable Law, and the Governing Documents. Turlock shall keep and maintain the SRWA monies and funds separate and apart from Turlock's funds and shall not commingle SRWA money with Turlock money.

C. Annual Audit. The financial books and records shall be in form and substance sufficient to support all financial reporting, including a year-end independent audit of the financial information and preparation of audited year-end financial statements by SRWA's independent public accountant. Turlock shall assist and support SRWA and its outside auditor in connection with the auditor's preparation of audited financial statements, including responding to inquiries and requests for information and responding to and addressing any recommendations or findings included in a final audit.

D. Allocation of Costs. For the purpose of apportioning the costs of service to the Cities in accordance with the Joint Powers Agreement, Turlock shall allocate all costs and expenses among the categories of Capital Costs, Fixed Operating Costs, and Variable Operating Costs. Cost allocation information shall be estimated annually at the beginning of the fiscal year and in budget preparation and shall be reconciled and finalized as part of the post-fiscal year reconciliation under section 4.8(D).

E. Public Records Act. Turlock acknowledges that SRWA is a local government agency subject to the California Public Records Act and that Project Facilities-related Records (whether SRWA Records or Turlock Records) maintained by Turlock may constitute public records subject to inspection and copying by the public under the Act. Therefore, in the event of a public records request by a member of the public, Turlock shall manage and respond to the request in accordance with the Act.

F. Audit. Turlock shall make such books and records available to the State Auditor, SRWA, and Ceres for inspection, audit, and copying upon reasonable notice during regular business hours to the extent necessary to allow the State Auditor, SRWA, or Ceres to determine to its reasonable satisfaction the accuracy, completeness, currency, and propriety of the books and records, including any charges or request for payment under this Agreement. In accordance with Government Code section 8546.7, the Parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

G. Records Transfer at Termination. In the event of termination of the Agreement, Turlock forthwith shall do the following: (1) Deliver to SRWA or its designee all SRWA Records relating to the Operations, administration, and finances of the Project Facilities, including all SRWA Records stored or maintained on computer hard drives or a storage service; (2) For all SRWA Records stored on computer hard drives or a storage service, move or copy the computer SRWA Records to portable storage (hard drives, flash drives, DVDs, BDs, SD Cards, etc.) in Microsoft Word (.doc, .docx), Excel (.xls, .xlsx), Comma Separated Values (.csv), Portable Document Format (.pdf), or another format generally acknowledged as being an industry-standard format for information exchange between computers, and deliver the portable storage to SRWA or its designee; and (3) Cooperate in good faith and work with SRWA and any designee in transferring the SRWA Records and in otherwise implementing the transition and transfer of the Project Facilities Operations, administration, and finances to SRWA or its designee.

4.8. Budgets and Quarterly Payment Requests

A. Cost Allocation Principles. Operating costs shall be allocated to the Cities based on the following cost allocation principles:

(1) Annual SRF Loan Agreement loan payments shall be determined and allocated in accordance with the SRF Related Funding Agreement;

(2) Other Capital Costs shall be allocated in accordance with each City's share of the Dedicated Capacity;

(3) Fixed Operating Costs shall be allocated in accordance with each City's share of the Dedicated Capacity; and,

(4) Variable Operating Costs shall be allocated based on each City's share of the volume of water actually conveyed through the Project Facilities during the fiscal year.

B. Annual Budget. Turlock shall prepare a proposed annual budget for the Project Facilities Operation and present it to the Board and Ceres at least 45 days prior to the beginning of each fiscal year. Each budget shall include Capital Costs, Fixed Operating Costs, Variable Operating Costs, payment due under the SRF Loan Agreement (together with each City's share of that payment as determined under the SRF Funding Agreement), funding of a reasonable capital reserve fund relating to the repair, replacement, modification, and improvement of the Project Facilities, a reasonable contingency, and revenue to be billed to and collected from the Cities (based on the cost allocation principles in subsection A). Turlock shall prepare the budget and Operate the Project Facilities in compliance with the Joint Powers Agreement, which includes this principle: "In preparing and reviewing budgets for the Project the Authority shall be guided by the principle that the Project shall be operated in as economic manner as practical in accordance with generally accepted municipal and industrial water practices as evidenced by similar size municipal and industrial water systems in Northern California." If approved by the Board, Turlock shall Operate the Project Facilities for the fiscal year in accordance with the approved budget, including any additional appropriation as approved by the Board.

C. Quarterly Payment Requests. Prior to the beginning of each quarter, Turlock shall prepare and provide to the Cities a forecast of funds needed for the upcoming quarter together with a request for payment. The quarterly payment requests shall be based upon the approved budget and the cost allocation principles in subsection A. Within thirty (30) days after receipt of a quarterly payment request, each City shall pay and deposit its quarterly payment request amount with Turlock to fund the Services. Turlock shall collect and deposit payments from the Cities.

D. Annual Reconciliation. At the end of each fiscal year, Turlock shall undertake a year-end reconciliation by determining the actual Operating Costs, City payments, and City volume of water pumped through the Project Facilities for the prior fiscal year and comparing those actual amounts against the budget forecast. The reconciliation shall determine the amount to which the actual Operating Costs and City payment shares exceeded or were less than the quarterly payment requests and payments made by the Cities under subsection C for the year and the difference shall be credited or debited, as appropriate, into the calculation of the projected costs and quarterly payment requests for the subsequent fiscal year's budget.

E. In preparing and managing the SRWA budgets, quarterly payment requests, and financial records, Turlock shall implement and comply with the conditions and requirements of the SRF Loan Agreement and SRF Funding Agreement, including keeping and maintaining required funds.

4.9. Periodic Reports. Turlock shall provide the Board and Ceres with a monthly operations and financial report at each regular Board meeting. Turlock shall prepare and provide to the Board and Ceres an annual report that describes for the preceding year the (a) water deliveries, (b) significant maintenance, repair, rehabilitation, and replacement work, (c) major maintenance, repair, or replacement work planned for the upcoming year, (d) number and type of complaints, (e) significant instances or events of noncompliance with the Agreement, Applicable Law, or Approval, and (f) any other major performance issues or problems. The periodic reports shall be in a form and content to be determined by Turlock staff, the Board, and Ceres.

4.10. Safety. Turlock shall develop and implement an employee health and safety program, including a site-specific written health and safety plan and injury and illness prevention plan designed to implement the requirements of Applicable Law and protect workers and visitors on the Project Sites.

4.11. Sampling, Testing, and Laboratory Work. Turlock shall be responsible for all sampling, laboratory testing and analyses, and quality assurance/quality control procedures and programs required by the Governing Documents and Applicable Law.

4.12. Emergency Action. If at any time Turlock determines in good faith that an emergency exists such that action must be taken to protect the safety of the public or its employees, to protect the safety or integrity of the Project Facilities, or to mitigate the immediate consequences of an emergency, then Turlock shall take all such action it deems in good faith to be reasonable and appropriate under the circumstances. As promptly thereafter as is reasonable, Turlock shall notify the Board Chair and Ceres about the emergency and related actions and expenditures. Turlock shall notify the full Board about the emergency and related actions and expenditures at the next Board meeting. If appropriate in Turlock's judgment and in coordination with the Board Chair, Turlock shall arrange for a special or emergency meeting of the Board. For an "emergency" as defined at Public Contract Code section 1102 involving the need for public works contracting, Turlock shall follow and comply with the emergency contracting procedures at Public Contract Code sections 22050- 22050. The SRWA procurement and purchasing policy delegates to the General Manager and Plant Manager the authority to order emergency contracting action pursuant to Public Contract Code section 22050(a)(1).

4.13. Investigations of Non-Compliance with Applicable Law or Approval. In connection with any actual or alleged Project Facilities or Services related event of non-compliance with Applicable Law or an Approval, Turlock shall (in addition to any other duties required by Applicable Law and Approvals): (a) immediately correct any failure and resume compliance with Applicable Law and Approvals; (b) fully and promptly respond to all inquiries, investigations, inspections, and examinations undertaken by any government agency with jurisdiction; (c) attend all meetings and hearings required by any government agency with jurisdiction; (d) provide and implement all corrective action plans, reports, submittals, and documentation required by any government agency with jurisdiction; (e) pay any resulting fines, assessments, levies, impositions, penalties or other charges; (f) comply with any

corrective action plan filed with or mandated by any government agency with jurisdiction; and (g) notify the Board and Ceres about the event, any consequences, and any corrective actions.

4.14. Non-Compliance with Agreement. If there is any material event of non-compliance with this Agreement, Turlock promptly shall notify the Board and Ceres about the event and resume full compliance with the Agreement.

4.15. Release Notification. Turlock shall be responsible for fulfilling all notification and reporting requirements established by Applicable Law related to any unauthorized release, discharge, leak, or spill of Project Facilities byproducts, residuals, or chemicals, raw water, or treated water into the environment from or in connection with its Operation of the Project Facilities. Turlock shall be responsible for any remediation or cleanup associated with any such unauthorized release, discharge, leak, or spill as may be required by Applicable Law.

4.16. Warranty Enforcement. CH2M HILL has provided warranties and guarantees under the Design-Build Contract. There also are various manufacturers' warranties on new equipment purchased and installed in the Project Facilities. Turlock shall monitor Project Facilities performance and, where appropriate, enforce the existing warranties and guarantees and act as the agent of SRWA in performing that work.

4.17. Relations with Cities. At no cost to the Cities, the Cities shall cooperate with and assist each other in performing their obligations under this Agreement, including providing all information, data, and reports reasonably requested by a City.

4.18. Complaints and Communications. Turlock shall respond in a timely and effective manner to all complaints and communications received by Turlock or SRWA regarding the treatment and distribution of water, odor and air emissions, noise, light emissions, or any other matter related to the Services or Project Facilities. Turlock shall investigate such complaints and communications, report back to the complainant about the outcome of any investigation, and, if it has a valid basis, promptly rectify the matter. Turlock shall establish, maintain, and make publicly known a telephone number, email address, and website to which customer or citizen complaints and communications may be directed.

4.19. Finance Director Services. Turlock (through its Finance Director) shall provide SRWA Finance Director services in accordance with the Joint Powers Agreement and Bylaws.

4.20. Office Space. Turlock may utilize the office space at the Project Facilities for use by its personnel. If SRWA appoints a General Manager who is someone other than a Turlock employee, an office at the Project Facilities shall be reserved for the General Manager.

5. SRWA Rights

5.1. Budget. The Board may adopt an annual budget for the Operation of the Project Facilities.

5.2. Policies. The Board may amend its Bylaws, procurement and purchasing policy, and expense reimbursement policy. The Board may adopt and amend other SRWA policies that could apply to or affect the Project Facilities or Services. Turlock shall comply with any such new or amended Bylaws or policy.

5.3. **Records Review.** SRWA or Ceres at any time during regular business hours may inspect the SRWA-related Records (whether SRWA Records or Turlock Records) that are kept and maintained by Turlock under this Agreement, including computerized Records. SRWA or Ceres also may obtain a copy of any Record.

5.4. **Audit.** SRWA or Ceres, at its cost, may perform or commission an inspection or independent audit of the financial information required to be kept by Turlock under this Agreement. In any financial audit, SRWA may inspect all Records and related source documents to verify all expenses, charges, payments, and reimbursable costs under this Agreement.

5.5. **Access to Project Facilities.** SRWA and Ceres shall have the right at any time, on a 24-hour per day, 365-day per year basis, to visit and inspect the Project Facilities and Project Sites and observe Turlock's performance of the Services. Turlock shall permit and facilitate access to the Project Facilities for such purposes by SRWA officials and personnel and by agents and contractors designated by SRWA.

5.6. **General Manager.** The Board may appoint a SRWA General Manager pursuant to the Joint Powers Agreement and Bylaws.

5.7. **Staffing Plan.** The Board may review and approve any modification to Turlock's Project Facilities staffing plan.

6. Document Ownership. Every SRWA Record or thing prepared, developed, created, or retained by Turlock in connection with the Services provided to SRWA under this Agreement shall be the property of SRWA and subject to its records retention, management, and other applicable policies and regulations. Until SRWA adopts a SRWA-specific records retention policy, SRWA shall be governed by, and Turlock shall comply with and implement, the Turlock records retention policy.

7. Compensation. In consideration of the provision of Services by Turlock, SRWA agrees to pay and reimburse Turlock for its actual, direct, and reasonable costs and expenses incurred in connection with the Services, as provided in this section.

7.1. For labor costs, SRWA shall pay the actual salary or wages and costs of employee benefits for the Turlock employees who work full-time in performing Services under this Agreement. The initial employee positions and estimated costs for Fiscal Year 2022-23 are shown on Exhibit A. The Parties understand that the estimated costs shown in Exhibit A will change over time.

7.2. For Finance Director services, SRWA shall pay a sum equal to 5% of the actual salary of the Turlock Finance Director.

7.3. For overhead, SRWA shall pay a sum equal to 15% of the total sum to be paid under sections 7.1 - 7.2. Overhead includes and covers all Turlock costs and expenses relating to workers' compensation and other insurance, human relations/personnel, payroll, Turlock legal services, use of Turlock buildings and structures, interest, taxes, and administering this Agreement.

7.4. For any business-related travel or other business-related expense incurred by Turlock that is directly related to the Services, SRWA shall reimburse Turlock's actual, direct, necessary, commercially reasonable, and substantiated costs (without markup) in accordance with the SRWA expense reimbursement policy, as the same may be amended from time to time by the Board.

7.5. For vehicle use, SRWA shall pay to Turlock commercially reasonable rental rates at such a price and on such terms as approved by the Technical Committee in consultation with Turlock. For vehicle maintenance and repair, SRWA shall reimburse Turlock's actual and substantiated maintenance and repair costs (without markup) pursuant to section 7.6.

7.6. For other costs and expenses incurred by Turlock in performing the Services (i.e., costs not covered by sections 7.1 - 7.5), SRWA shall reimburse Turlock's actual, direct, necessary, commercially reasonable, and substantiated costs (without markup) for any costs and expenses incurred exclusively in the Operation of the Project Facilities. All such costs and expenses must be consistent with and within the Board-approved budget (except for emergency actions under section 4.12).

By the 15th of the following month, Turlock shall prepare and submit to SRWA an invoice showing the calculation of the sums due under sections 7.1 - 7.6 for the previous month and total fee due for the that month in a form and content satisfactory to SRWA and including an itemization of the reimbursable expenditures. Upon receipt of an invoice, SRWA (through its General Manager) shall evaluate it and confirm whether it is consistent with sections 7.1 - 7.6 and, upon such confirmation, SRWA will pay the invoice to Turlock within ten (10) days of its receipt.

8. Turlock Employer Responsibilities. Turlock staff performing Services under this Agreement shall be and remain at all times employees of Turlock and limited agents of SRWA only for Operating the Project Facilities and performing the Services provided for by this Agreement. Turlock shall comply with and implement all employment-related Applicable Law regarding its employees. Turlock will be solely responsible for paying all employee staff salaries, wages, benefits, pension, taxes, withholding, insurance, and any other required or discretionary compensation. Turlock employees performing the Services shall be subject to Turlock's personnel policies, rules and regulations and, if applicable, collective bargaining agreement(s). Turlock shall be responsible for keeping and maintaining the employment, personnel, and payroll related records and files of its employees. SRWA's sole liability to Turlock for the Services provided under this Agreement shall be payment of the compensation described in section 7.

9. Insurance and Bond

9.1. Turlock shall procure and maintain for the duration of this Agreement workers' compensation insurance or self-insurance covering Turlock staff pursuant to the requirements of the California Labor Code. In accordance with Labor Code section 3602(d), the Parties intend that this obligation constitute a valid and enforceable agreement by which Turlock agrees to obtain, and shall obtain, workers' compensation coverage for Turlock staff working for the SRWA pursuant to this Agreement. SRWA therefore shall not be subject to civil, criminal, or other penalties for failure to provide workers' compensation coverage or tort liability in the event of an injury to or illness of Turlock staff suffered in the course of providing Services to SRWA under this Agreement. Turlock is responsible for reporting any

reportable injuries and illnesses on its OSHA 300 log and for other employer workplace incident reporting obligations involving the Services or its personnel.

9.2. The Parties designate the Turlock Finance Director as the public office and officer who has charge of, handles, and has access to any SRWA funds as required by Government Code section 6505.1. Turlock shall file an official bond in an amount determined by the Parties.

10. Indemnity and Liability

10.1. SRWA shall indemnify, defend, protect, and hold harmless the Cities and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of or in connection with SRWA's negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

10.2. Turlock shall indemnify, defend, protect, and hold harmless SRWA and Ceres and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of or in connection with Turlock's negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

10.3. Ceres shall indemnify, defend, protect, and hold harmless SRWA and Turlock and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of or in connection with Ceres' negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

10.4. These indemnity obligations shall survive and continue in full force and effect after termination of this Agreement for any reason with respect to any actions or omissions that occurred before the date of termination. The indemnity provisions of this section shall apply in lieu of the right of contribution provisions at Government Code sections 895 to 895.8.

10.5. SRWA shall not be responsible or liable for the control, handling, use, disposal, delivery, or distribution of water supplied to the Cities after such water has passed the Points of Delivery to the Cities, nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury, or death, arising out of or connected with the control, handling, use, disposal, or distribution of such water beyond the Points of Delivery. Each City is responsible for the Operation of its water distribution and delivery system beyond the Point of Delivery and related costs.

11. Conflict of Interest. Turlock and its personnel shall comply with applicable conflict of interest laws, including the SRWA conflict of interest code and including (to the extent required by the code) the timely preparation and filing of Form 700 disclosure statements.

12. Committees

12.1. General. The Parties intend to work collaboratively and strive to reach consensus on significant issues and any disagreements or disputes concerning the Operation of Project Facilities, Services, and implementation and administration of this Agreement. The Parties therefore establish these committees to facilitate collaboration and consensus. The committees may meet in person, via videoconference, or via telephone. The committees shall work collaboratively and in good faith in an effort to resolve questions, problems, disagreements, disputes, and other matters brought to the committee. The Plant Manager shall reasonably support the committees and keep the committees informed about the status of the Services.

12.2. Policy Committee. There is established a two-person Policy Committee consisting of each City's City Manager or the City Manager's designee. A City's representative on the Policy Committee shall serve at the pleasure of that City and a City (through action of the City Manager or City Council) may change its representative at any time. The Policy Committee shall meet on an as-needed basis or on such a meeting frequency as determined by the committee. The Policy Committee shall have the following duties and responsibilities: to aid and provide policy and business input and recommendations to Turlock and the General Manager; and, to consider and seek to resolve or provide recommendation concerning such questions, problems, disagreements, disputes, and other matters as may be referred to the committee by a Party, Technical Committee, or General Manager.

12.3. Technical Committee. There is established a four-person Technical Committee consisting of two staff persons to be appointed by each City. A City's representatives on the Technical Committee shall serve at the pleasure of that City and a City may change a representative at any time. The Technical Committee shall meet at least quarterly. The Technical Committee shall have the following duties and responsibilities:

A. Evaluate and coordinate with Turlock on monthly, quarterly, or annual operational goals;

B. Evaluate and make recommendations concerning operational efficiencies to reduce Operating Costs;

C. Evaluate the treatment plant filter re-rating and the effect on plant capacity;

D. Monitor treated water delivery amounts, water quality of delivered water, raw water quantity and quality, and plant performance;

E. Evaluate and advise Turlock about the Project Facilities maintenance and repair plan, major maintenance, repair, and replacement funding, and related budgetary and City water service rate setting issues;

F. Evaluate and advise Turlock on equipment service life, replacement, and asset management;

G. Assist Turlock on preparation of the annual budget;

H. Review and comment on any proposed changes to Turlock's Project Facilities staffing plan;

I. Monitor the need for, timing of, and scope of future Project Facilities expansion or improvement;

J. Monitor cybersecurity risks and evaluate and make recommendations concerning related improvements or modifications;

K. Evaluate and monitor Project effects in the event TID begins pumping raw water for its irrigation purposes and related implementation of and compliance with the 2015 TID/SRWA Water Sales Agreement and 2020 TID/SRWA Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project;

L. Coordinate with Turlock about whether or how to allow public tours of the Project Facilities;

M. Evaluate, mediate, and seek to resolve any dispute or disagreement between Turlock and the General Manager, which either Turlock or the General Manager may refer to the committee; and,

N. Consider and decide or otherwise act on such other matters, questions, duties, and responsibilities as may be referred to the Technical Committee by a Party or the General Manager.

If the Technical Committee is unable to resolve any matter, the Technical Committee, a Party, or the General Manager may refer the matter to the Policy Committee. The Technical Committee shall provide periodic reports and updates to the Board at a frequency directed by the Board.

13. General Provisions

13.1. Entire Agreement. The Parties intend this document to be the sole, final, complete, exclusive, and integrated expression and statement of the terms of their contract concerning the subject matter of this document. This Agreement supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

13.2. Construction and Interpretation. The Parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this Agreement.

13.3. Waiver. The waiver at any time by any Party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

13.4. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by all Parties. Amendment by the Parties requires approval by the respective governing board of each Party.

13.5. Assignment. This Agreement and all rights and obligations under it are personal to the Parties. The Agreement may not be transferred, assigned, or delegated, in whole or in part, whether by assignment, merger, operation of law, or otherwise, by a Party without the prior written consent of the other Parties. Any transfer, assignment, or delegation in violation of this provision is null and void. Such prior written consent requires approval by the respective governing board of each Party.

13.6. Force Majeure. A Party is excused from an obligation under this Agreement in the event that the Party is rendered unable, wholly or in part, by Force Majeure to carry out the obligation. A Party's performance will be suspended only during the continuance of the Force Majeure condition and the Party will perform all other obligations not affected by the Force Majeure condition. Upon the occurrence of an event of Force Majeure, the Party claiming Force Majeure must give notice and full particulars of the Force Majeure in writing to the other Parties and, to the extent reasonably practical, use its best efforts to promptly implement a plan to ensure the continued ability to perform its obligations and promptly bring to an end the Force Majeure condition.

13.7. Third-Party Beneficiary. This Agreement does not create and shall not be construed to create any third-party beneficiaries and this Agreement is for the sole benefit of the Parties. No other person or entity has enforceable rights or remedies under the Agreement.

13.8. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive and are in addition to any other remedies that may be provided by law or equity. A Party's exercise of any remedy under this Agreement will not prejudice or affect the enforcement of any other remedy.

13.9. Further Assurances and Cooperation. In order to carry out and give full effect to this Agreement, each Party will use all reasonable efforts to provide such information, sign and deliver such further instruments and documents, and take such actions as may be reasonably requested by another Party, so long as not inconsistent with the provisions of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement. The Parties will reasonably cooperate with each other to carry out the purpose and intent of this Agreement, including assisting in obtaining Approvals from regulatory agencies required to perform the obligations under this Agreement.

13.10. Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, certified U.S. mail, return receipt requested. (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

<p>SRWA:</p> <p>Secretary Stanislaus Regional Water Authority c/o City of Turlock 156 S. Broadway, Suite 270 Turlock, CA 95380 angelica.gonsalves@ci.ceres.ca.us</p>	<p>City of Turlock:</p> <p>City Manager City of Turlock 156 S. Broadway Turlock, CA 95380 rwilson@turlock.ca.us</p>
<p>City of Ceres:</p> <p>City Manager City of Ceres 2220 Magnolia Street Ceres, CA 95307 alex.terrazas@ci.ceres.ca.us</p>	

Notice given as above will be deemed given (a) when delivered in person, (b) the date of delivery shown on the U.S. mail return receipt, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender’s receipt of an email from the other Parties confirming the delivery of the notice, etc. Any Party may change its contact information by notifying the other Parties of the change in the manner provided above.

14. Condition Precedent. Approval by the SRWA Board of that certain Agreement for General Manager Services between SRWA and Turlock (“General Manager Agreement”) is a condition precedent to this Agreement. Consequently, this Agreement shall only become effective upon the Board’s approval of the General Manager Agreement.

STANISLAUS REGIONAL WATER
AUTHORITY

CITY OF TURLOCK

Dated: _____, 2022

Dated: _____, 2022

By: _____
Robert Granberg
General Manager

By: _____
Reagan Wilson
City Manager

Attest:

Attest:

Approved as to form and content:

Approved as to form and content:

Richard P. Shanahan
General Counsel

George A. Petrulakis
City Attorney

[Type here]

[Type here]

7A

CITY OF CERES

Dated: _____, 2022

By: _____
Alex Terrazas
City Manager

Attest:

Approved as to form and content:

Nubia I. Goldstein
City Attorney

**EXHIBIT A
Turlock Water Treatment Plant Staffing Plan**

**City of Turlock - Municipal Services
SRWA Water Treatment Plant Staffing Proposal**

position	range	#	monthly range	annual range
Water Treatment Plant Manager (T5)	36.1	1	10,411 to 12,655	124,932 to 151,860
Operations Supervisor (T4)	33	1	7,957 to 9,671	95,484 to 116,052
Staff Services Assistant	21	1	4,431 to 5,128	53,172 to 61,536
Senior Water Treatment Plant Operator (T3)	29	5	6,546 to 7,957	78,552 to 95,484
Water Treatment Plant Operator II (T2)	27	2	5,937 to 7,217	71,244 to 86,604
Water Treatment Plant I (T1)	21.9	2	4,634 to 5,633	55,608 to 67,596
Senior Instrumentation & Control Tech (T1)	29	1	6,546 to 7,957	78,552 to 95,484
Senior Electro-Mechanical Maintenance (T2)	29	1	6,546 to 7,957	78,552 to 95,484
Electro-Mechanical Maintenance II (T1)	28	1	6,234 to 7,578	74,808 to 90,936

2022-23 salary range figures
prepared by Dale Goodman

**STANISLAUS REGIONAL WATER AUTHORITY
REGIONAL SURFACE WATER SUPPLY PROJECT
GENERAL MANAGER SERVICES AGREEMENT**

THIS AGREEMENT is made this December __, 2022 by and between the Stanislaus Regional Water Authority, a joint powers authority (“SRWA”) and the City of Turlock, a general law city (“City”), who agree as follows:

1. Definitions. For purposes of this Agreement, these words and phrases shall have the following meanings:

1.1. “Board” means the Governing Board of the SRWA.

1.2. “Bylaws” means the SRWA Bylaws as amended August 1, 2019 as the same may be amended or modified from time to time during the term of this Agreement.

1.3. “City” means the City of Turlock.

1.4. “Design-Build Contract” means the Design-Build Contract for the Regional Surface Water Supply Project dated July 6, 2020 between SRWA and CH2M HILL, as amended.

1.5. “General Manager” means the SRWA General Manager as appointed by the Board.

1.6. “General Manager Services” mean the services, operations, and tasks to be provided and performed by Turlock as described in section 4.

1.7. “Governing Documents” mean the “Governing Documents” as defined in section 1.14 of the Operations Agreement.

1.8. “Joint Powers Agreement” means the Amended Drinking Water Supply Project Joint Exercise of Powers Agreement Between the Cities of Ceres and Turlock for the Purpose of Creating a Joint Powers Authority Responsible for Decisions in Certain Matters Pertaining to the Municipal and Industrial Water Supply Programs for the Aforementioned Public Entities dated December 15, 2015, as amended.

1.9. “Municipal Services Director” means the Municipal Services Director of the City.

1.10. “Operate” means operate, maintain, manage, monitor, upgrade, repair, replace, modify, and improve and “Operation” means operation, maintenance, management of, monitoring of, upgrade, repair, replacement, modification, and improvement.

1.11. “Operations Agreement” means the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement between the SRWA, City, and City of Ceres dated December __, 2022.

1.12. “Parties” mean SRWA and the City. “Party” means one of the Parties.

1.13. “Policy Committee” means the Policy Committee established by section 12 of the Operations Agreement.

1.14. “Project” means the SRWA Regional Surface Water Supply Project as described in the Joint Powers Agreement and Design-Build Contract.

1.15. “Project Facilities” mean and consist of (a) the water treatment plant, raw water pump station, raw water transmission main, finished water transmission mains, and all appurtenant and related structures, buildings, tanks, basins, piping, pumps, meters, machinery, electrical instrumentation and controls, monitoring and communications equipment, heating, ventilation and air conditioning equipment, chemical and other storage and feed systems, and other equipment and facilities constructed by CH2M HILL and accepted by SRWA pursuant to the terms of the Design-Build Contract, (b) the river intake infiltration gallery constructed by TID in 2002-03, and (c) the wet well and associated improvements constructed by SRWA in 2018-20 pursuant to its Raw Water Pump Station, Phase 1 Project.

1.16. “Project Sites” mean the real property parcels and easements on which the Project Facilities are located.

1.17. “SRWA” means Stanislaus Regional Water Authority.

1.18. “Technical Committee” means the Technical Committee established by section 12 of the Operations Agreement.

1.19. “TID” means Turlock Irrigation District.

2. Recitals. This Agreement is made with reference to the following background recitals:

2.1. The City and the City of Ceres formed SRWA pursuant to the Joint Powers Agreement. SRWA was established to design, construct, own, and operate the Project. In 2015, TID agreed to provide raw water for the Project.

2.2. In 2020, SRWA and CH2M HILL approved the Design-Build Contract. Since then, CH2M HILL has been designing, constructing, and installing the Project Facilities (excluding the pre-existing Project Facilities referred to in section 2.2) in accordance with the Design-Build Contract. Under the current construction schedule, CH2M HILL expects to substantially complete construction and start acceptance testing and start-up in or about April 2023. After completion of these tasks and approval by SRWA, SRWA will accept the completed work from CH2M HILL. Commencing on the Acceptance Date, SRWA and its operations staff must begin the operation and management of the Project Facilities. Under the current construction schedule, CH2M HILL expects to achieve the Acceptance Date in or about August 2023.

2.3. In September 2022, Turlock submitted a proposal to SRWA to provide staffing to Operate the Project Facilities. At a meeting on September 22, 2022, the Board preliminarily approved the Turlock proposal subject to the preparation and approval of this Agreement. Government Code section 54981 and the Joint Powers Agreement authorize SRWA to contract with Turlock for the performance by Turlock of municipal services and functions, including utility services. After September 22, 2022, Board requested General Management Services included in the original City proposal be subject to a separate agreement to memorialize the SRWA role in hiring a General Manager under the Joint Powers Agreement and Bylaws.

2.4. The Parties acknowledge that the General Manager Services to be performed by City and the Municipal Services Director under this Agreement will directly and significantly

further the objectives of the parties to the SRWA of providing a safe and reliable water supply to its residents and, consequently, the work to be performed by the Municipal Services Director will further and be consistent with the director's primary responsibilities as a City employee.

3. Term and Termination. This Agreement shall take effect on the date set forth at the top of the Agreement and shall remain in effect until terminated as provided in this section. This Agreement may be terminated as follows: (a) by the mutual written consent of the Parties, which shall specify the termination date; or, (b) by SRWA upon forty-five (45) days written notice to City; or, (c) by City upon one-hundred twenty (120) days written notice to SRWA. Any action to terminate the Agreement requires approval by the Party's governing board. In the event of termination, SRWA will compensate City for Services performed and costs incurred up to the effective date of termination in accordance with section 6.

4. Scope of Services. Turlock shall provide General Manager Services for and on behalf of SRWA, subject to Board direction and oversight:

4.1. **Services Generally.** Commencing on the Acceptance Date, Turlock shall provide General Manager Services to the SRWA through its Municipal Services Director which shall include the duties described in the Joints Powers Agreement, the Bylaws and the Operations Agreement as well as any other duties delineated by the Board.

4.2. **Governing Documents.** The General Manager shall be responsible for ensuring that SRWA is in compliance with all Governing Documents.

4.3. **Operations Agreement.** The General Manager shall be responsible for ensuring the obligations under the Operations Agreement are performed.

4.4. **Board.** The General Manager shall be responsible for keeping the Board informed of all significant events affecting operations of the SRWA and the Project.

4.5. **Policy Committee and Technical Committee.** The General Manager shall provide, or cause to be provided, the necessary support for the Policy Committee and the Technical Committee as those committees are defined in the Operations Agreement.

4.6. **Public Representation.** Represent SRWA in public meetings with local, state, and federal officials.

5. SRWA Rights

5.1. **Appointment.** The Board appoints the Municipal Services Director as General Manager.

5.2. **Pleasure of the Board.** The General Manager serves at the pleasure of the Board and the Board may therefore dismiss the General Manager at any time and for any reason. Dismissal of the General Manager shall not terminate the Agreement, but the Agreement may be terminated pursuant to section 3.

5.3. **Job Description.** The Board later may approve a General Manager job description, in which case the approved job description shall apply to General Manager Services.

6. Compensation. In consideration of the provision of General Manager Services by the City, SRWA agrees to pay and reimburse Turlock as provided in this section:

6.1. For costs of the General Manager, SRWA shall pay a sum equal to five percent (5%) of the actual salary and costs of employee benefits of the Turlock Municipal Services Director.

6.2. For overhead related to the General Manager, SRWA shall pay a sum equal to 15% of the total sum to be paid under section 6.1. Overhead includes and covers all Turlock costs and expenses relating to workers' compensation and other insurance, human relations/personnel, payroll, Turlock legal services, use of Turlock buildings and structures, interest, taxes, and administering this Agreement.

6.3. For any business-related travel or other business-related expense incurred by the General Manager that is directly related to the General Manager Services, SRWA shall reimburse such actual, direct, necessary, commercially reasonable, and substantiated costs (without markup) in accordance with the SRWA expense reimbursement policy, as the same may be amended from time to time by the Board.

6.4. Any vehicle use by the General Manager shall be covered under the Operations Agreement.

By the 15th of the following month, Turlock shall prepare and submit to SRWA an invoice showing the calculation of the sums due under sections 6.1 - 6.4 for the previous month and total fee due for the that month in a form and content satisfactory to SRWA and including an itemization of the reimbursable expenditures. Upon receipt of an invoice, SRWA (through its General Manager) shall evaluate it and confirm whether it is consistent with sections 6.1 - 6.4 and, upon such confirmation, SRWA will pay the invoice to Turlock within ten (10) days of its receipt.

7. Turlock Employer Responsibilities. Turlock staff performing Services under this Agreement shall be and remain at all times employees of Turlock and limited agents of SRWA only for performing the General Manager Services provided for by this Agreement. Turlock shall comply with and implement all employment-related Applicable Law regarding its employees. Turlock will be solely responsible for paying all employee staff salaries, wages, benefits, pension, taxes, withholding, insurance, and any other required or discretionary compensation. Turlock employees performing the Services shall be subject to Turlock's personnel policies, rules and regulations and, if applicable, collective bargaining agreement(s). Turlock shall be responsible for keeping and maintaining the employment, personnel, and payroll related records and files of its employees. SRWA's sole liability to Turlock for the General Manager Services provided under this Agreement shall be payment of the compensation described in section 6.

8. Insurance

8.1. Turlock shall procure and maintain for the duration of this Agreement workers' compensation insurance or self-insurance covering Turlock staff pursuant to the requirements of the California Labor Code. In accordance with Labor Code section 3602(d), the Parties intend that this obligation constitute a valid and enforceable agreement by which Turlock agrees to obtain, and shall obtain, workers' compensation coverage for Turlock staff working for the SRWA pursuant to this Agreement. SRWA therefore shall not be subject to civil,

criminal, or other penalties for failure to provide workers' compensation coverage or tort liability in the event of an injury to or illness of Turlock staff suffered in the course of providing Services to SRWA under this Agreement. Turlock is responsible for reporting any reportable injuries and illnesses on its OSHA 300 log and for other employer workplace incident reporting obligations involving the Services or its personnel.

9. Indemnity and Liability

9.1. SRWA shall indemnify, defend, protect, and hold harmless the Cities and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of or in connection with SRWA's negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

9.2. Turlock shall indemnify, defend, protect, and hold harmless SRWA and Ceres and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of or in connection with Turlock's negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

9.3. These indemnity obligations shall survive and continue in full force and effect after termination of this Agreement for any reason with respect to any actions or omissions that occurred before the date of termination. The indemnity provisions of this section shall apply in lieu of the right of contribution provisions at Government Code sections 895 to 895.8.

10. Conflict of Interest. Turlock and its personnel shall comply with applicable conflict of interest laws, including the SRWA conflict of interest code and including (to the extent required by the code) the timely preparation and filing of Form 700 disclosure statements.

11. General Provisions

11.1. Entire Agreement. The Parties intend this document to be the sole, final, complete, exclusive, and integrated expression and statement of the terms of their contract concerning the subject matter of this document. This Agreement supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

11.2. Construction and Interpretation. The Parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in construing or interpreting this Agreement.

11.3. Waiver. The waiver at any time by any Party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

11.4. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by all Parties. Amendment by the Parties requires approval by the respective governing board of each Party.

11.5. Assignment. This Agreement and all rights and obligations under it are personal to the Parties. The Agreement may not be transferred, assigned, or delegated, in whole or in part, whether by assignment, merger, operation of law, or otherwise, by a Party without the prior written consent of the other Parties. Any transfer, assignment, or delegation in violation of this provision is null and void. Such prior written consent requires approval by the respective governing board of each Party.

11.6. Force Majeure. A Party is excused from an obligation under this Agreement in the event that the Party is rendered unable, wholly or in part, by Force Majeure to carry out the obligation. A Party's performance will be suspended only during the continuance of the Force Majeure condition and the Party will perform all other obligations not affected by the Force Majeure condition. Upon the occurrence of an event of Force Majeure, the Party claiming Force Majeure must give notice and full particulars of the Force Majeure in writing to the other Parties and, to the extent reasonably practical, use its best efforts to promptly implement a plan to ensure the continued ability to perform its obligations and promptly bring to an end the Force Majeure condition.

11.7. Third-Party Beneficiary. This Agreement does not create and shall not be construed to create any third-party beneficiaries and this Agreement is for the sole benefit of the Parties. No other person or entity has enforceable rights or remedies under the Agreement.

11.8. Remedies Not Exclusive. The remedies provided in this Agreement are cumulative and not exclusive and are in addition to any other remedies that may be provided by law or equity. A Party's exercise of any remedy under this Agreement will not prejudice or affect the enforcement of any other remedy.

11.9. Further Assurances and Cooperation. In order to carry out and give full effect to this Agreement, each Party will use all reasonable efforts to provide such information, sign and deliver such further instruments and documents, and take such actions as may be reasonably requested by another Party, so long as not inconsistent with the provisions of this Agreement and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Agreement. The Parties will reasonably cooperate with each other to carry out the purpose and intent of this Agreement, including assisting in obtaining Approvals from regulatory agencies required to perform the obligations under this Agreement.

11.10. Notices. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, certified U.S. mail, return receipt requested. (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

SRWA: Secretary Stanislaus Regional Water Authority c/o City of Turlock 156 S. Broadway, Suite 270 Turlock, CA 95380 angelica.gonsalves@ci.ceres.ca.us	City of Turlock: City Manager City of Turlock 156 S. Broadway Turlock, CA 95380 rwilson@turlock.ca.us
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Notice given as above will be deemed given (a) when delivered in person, (b) the date of delivery shown on the U.S. mail return receipt, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender’s receipt of an email from the other Parties confirming the delivery of the notice, etc. Any Party may change its contact information by notifying the other Parties of the change in the manner provided above.

12. Condition Precedent. Approval of the Operations Agreement between the three parties to that agreement is a condition precedent to this Agreement. Consequently, this Agreement shall only become effective upon the approval of the Operations Agreement by the Board and the City of Ceres.

STANISLAUS REGIONAL WATER
AUTHORITY

CITY OF TURLOCK

Dated: _____, 2022

Dated: _____, 2022

By: _____
Robert Granberg
General Manager

By: _____
Reagan Wilson
City Manager

Attest:

Attest:

Approved as to form and content:

Approved as to form and content:

Richard P. Shanahan
General Counsel

George A. Petrulakis
City Attorney

From: West Yost Program Management Team

Prepared by: Monique Day, West Yost

1. ACTION RECOMMENDED:

Resolution: Approving the Water Security, Coastal and Beach Protection Act of 2002 (Proposition 50) Funding Agreement and Authorizing the General Manager to Sign the Related Documents

2. DISCUSSION OF ISSUE:

SRWA is continually looking for alternative funding sources, mainly grants, to fund construction of the Regional Surface Water Supply Project (Project). The Water Security, Coastal and Beach Protection Act of 2002 (Proposition 50) offered by the California Department of Water Resources (DWR) provides grants for projects with innovative contaminant removal technologies like ozone treatment. With support from West Yost, SRWA submitted an application for \$3,988,976 million in grant funds from the Proposition 50 grant program in October 2021 for the ozone treatment component of the water treatment plant. This grant application included a 50% cost share (\$3,988,976) for this project element estimated to cost near \$8 million. Construction of this ozone treatment component of the water treatment plant has begun and is now estimated to cost \$8,312,993. The date of eligibility for use of Proposition 50 funds is June 27, 2022. As of this date, \$3,214,077 had been spent on this project leaving approximately \$5,098,916 remaining to complete the ozone treatment component of the Project. State Revolving Loan (SRF) loan funds have been used to pay for the amount spent through prior to June 27, 2022.

On November 29, 2022, the General Manager and West Yost Program Management Team members met with DWR staff and were informed DWR is prepared to contribute \$5 million in grant funding to the Ozone Treatment Project since SRWA is now considered a disadvantaged community and the cost-share proposed in the application could therefore be waived.

On December 7, 2022, DWR provided a Letter of Commitment (attached) that DWR is prepared to commit \$5 million in grant funds to SRWA subject to terms and conditions.

To be eligible for a funding agreement, DWR requires a resolution from the governing body authorizing a representative from the SRWA to enter into a funding agreement with DWR. The draft resolution proposes the SRWA General Manager or designee to sign a funding agreement on behalf of the SRWA.

3. FISCAL IMPACT/BUDGET AMENDMENT:

The anticipated Proposition 50 grant funding amount is \$5,000,000. If approved, this funding will reduce the SRF loan amount by the same amount, thus reducing SRWA's debt and, ultimately, reducing project costs to Ceres and Turlock.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board could elect to not adopt the resolution and therefore, not authorize the execution of the Proposition 50 funding agreement with DWR, thereby increasing the SRF loan by \$5,000,000.

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



December 7, 2022

Stanislaus Regional Water Authority
Attention: Robert Granberg
156 S Broadway, Suite 270
Turlock, California 95380

Dear Mr. Granberg:

WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 WATER CODE, DIVISION 26.5 COMMENCING WITH SECTION 79500 (PROPOSITION 50) CHAPTER 6b – LETTER OF COMMITMENT TO FUND STANISLAUS REGIONAL WATER AUTHORITY - PROJECT P50-5010043-295

Your application for funding under Proposition 50, Safe Drinking Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, has been reviewed by the Department of Water Resources (DWR) and the State Water Resources Control Board (State Water Board). DWR and State Water Board have determined that Project number P50-5010043-295, as proposed by Stanislaus Regional Water Authority, is eligible for a grant in the amount of \$5,000,000.

Enclosed is the Proposition 50 Letter of Commitment (LOC) between Stanislaus Regional Water Authority and the State of California. This LOC provides for a maximum grant of \$5,000,000, to fund a portion of preliminary and construction costs of the ozone disinfection component of the Water Treatment Plant in order to bring the Tuolumne River water up to safe drinking water standards. Please sign the LOC and **return the signed LOC no later than thirty (30) calendar days** following the date of this letter.

Please mail the signed LOC to:

State of California
California Department of Water Resources
Division of Fiscal Services
Attention: Iesha Williams
715 P Street, 6th Floor
Sacramento, CA 95814

Failure to comply with any of the terms and conditions or requirements listed in the LOC and/or Funding Agreement may result in DWR withdrawing the Funding Agreement.

Mr. Granberg
December 7, 2022
Page 2

DWR commends Stanislaus Regional Water Authority for taking steps to enhance the provision and protection of the drinking water supplied to its customers.

If you have any questions regarding this letter, please contact Iesha Williams at iesha.williams@water.ca.gov

Sincerely,

Jeremy Callihan

Jeremy Callihan, Manager
Asset Management Office
Division of Fiscal Services

Enclosures

cc: (See attached list)

Mr. Granberg
December 7, 2022
Page 3

cc: Monique Day, P.E., West Yost
mday@westyost.com

Mally Vue, Water Resources Control Engineer, Office of Sustainable Solutions
mally.vue@waterboard.ca.gov

Bhupinder Sahota, Sr Sanitary Engineer, Div of Drinking Water
bshota@waterboards.ca.gov

**Proposition 50
Chapter 6b
Letter of Commitment Attachment**

Application for funding under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 has been reviewed by the Department of Water Resources (DWR) and the State Water Resources Control Board (State Water Board). The Water Board has determined that Project number **P50-5010043-295**, as proposed by the Applicant, **Stanislaus Regional Water Authority**, is eligible for a grant in the amount of **\$5,000,000**.

Funding is contingent upon compliance by **Stanislaus Regional Water Authority**, with the following terms and conditions and the availability of funds. Compliance shall be determined at the sole discretion of DWR or its authorized representative. Items must be submitted to DWR as directed. **Stanislaus Regional Water Authority** is encouraged to begin fulfilling the terms and conditions within this Letter of Commitment (LOC) immediately.

- I. Not later than January 7, 2023, unless otherwise specified in this letter, Stanislaus Regional Water Authority shall complete all requirements of this Section I. All items under Section I must be submitted before a Funding Agreement will be issued for signature by Stanislaus Regional Water Authority's authorized representative.**
1. Submit a resolution, which has been reviewed and approved by DWR and by **Stanislaus Regional Water Authority's** governing body, designating (an) official(s) with legal authority to:
 - a. sign the Funding Agreement;
 - b. approve claims for reimbursement;
 - c. sign the Budget and Expenditure Summary form, copy enclosed;
 - d. sign the Final Release form, copy enclosed; and
 - e. sign a certification that the Project is complete and ready for final inspection.

Note: Person(s) signing the Budget and Expenditure Summary and Project completion certification must be a registered engineer(s) or person(s) approved by State Water Board.

Stanislaus Regional Water Authority may submit a draft of the resolution(s) to DWR for review prior to taking it to **Stanislaus Regional Water Authority** board or governing body for adoption or approval. DWR may then review the draft and make recommendations in advance, thus avoiding unnecessary delays in issuance of **Stanislaus Regional Water Authority's** Funding Agreement. DWR cannot accept a resolution that does not meet the program requirements. **Stanislaus Regional Water Authority** is encouraged to commence satisfaction of the above DWR

Stanislaus Regional Water Authority
P50-5010043-295

requirements immediately. Any concerns or comments should be directed to DWR.

2. **Stanislaus Regional Water Authority** shall submit one hundred percent (100%) final plans and specifications to the State Water Board District Office for review and approval.

II. Prior to final execution of the Funding Agreement by DWR, the following items must be provided:

1. Complete and sign a Payee Data Record (STD 204), copy enclosed. This form is to be returned with the signed Funding Agreement.
2. Sign and return Funding Agreement documents to DWR within 30 calendar days of the receipt of the Funding Agreement package.

Failure to timely comply with DWR Requirements in Sections I and II may result in a withdrawal of this LOC. Should this occur, **Stanislaus Regional Water Authority's** Project will be bypassed but will remain on the project priority list. **Stanislaus Regional Water Authority** may submit a new application for future funding only after receiving another letter of invitation from the Water Board. If for any unforeseen reason **Stanislaus Regional Water Authority** is unable to comply with any of the above requirements, **Stanislaus Regional Water Authority** should contact DWR and the State Water Board as soon as possible.

III. Before any funds may be disbursed under terms of the Funding Agreement, the following items must be provided:

1. Evidence that a separate checking account or a separate ledger has been established to account for funds received from DWR.

Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. If this bank account is not used solely to account for funds received from DWR, **Stanislaus Regional Water Authority** must establish a ledger within **Stanislaus Regional Water Authority's** accounting system identifying the Project number and Proposition 50 Funding Agreement number.

2. Submit an initial Project budget of eligible Project costs approved by the State Water Board on a DWR Budget and Expenditure Summary form.

IV. General Requirements

1. If **Stanislaus Regional Water Authority** is required to provide matching funds, with each disbursement claim submitted, **Stanislaus Regional Water Authority** must submit acceptable documentation that an equal

amount has been expended, from non-DWR sources for eligible Project costs.

2. If any materials submitted to satisfy the conditions of this LOC are deemed inadequate, **Stanislaus Regional Water Authority** must submit additional information as specified, and within a timeframe designated by DWR.
3. **Stanislaus Regional Water Authority** must commence the Project within 120 calendar days of execution of Funding Agreement by DWR.
4. **Stanislaus Regional Water Authority** must complete Project within three (3) years of execution of Funding Agreement by DWR.
5. Subsequent to Funding Agreement execution, **Stanislaus Regional Water Authority** may request a **one-time** increase in funding. Approval of **Stanislaus Regional Water Authority's** request may be granted or denied at the sole discretion of DWR, and is subject to funding availability
6. This LOC is not an authorization to begin the Project. Unless prior written approval from DWR is received, initiation of the Project prior to the execution of a Proposition 50 Funding Agreement may affect DWR participation in reimbursement of eligible costs.
7. **Stanislaus Regional Water Authority** may be reimbursed only for such eligible Project costs consisting of eligible construction and preliminary expenses incurred after June 27, 2022.
8. Reimbursements will not occur until the Funding Agreement has been executed.
9. **Stanislaus Regional Water Authority** shall comply with all the applicable provisions of Labor Code, Division 2, Part 7, Chapter 1, Article 2, commencing with Section 1770 and implementing regulations regarding labor compliance monitoring and prevailing wage requirements.

V. **Special Conditions to be Included in the Funding Agreement**

1. **Stanislaus Regional Water Authority** may be reimbursed only for such eligible project costs consisting of eligible construction and preliminary expenses incurred after June 27, 2022.
2. If the State or the State Water Resources Control Board (State Water Board) determines that facilities or components previously constructed are not eligible for funding, or that environmental compliance or labor compliance was incomplete, any change orders or costs associated with

removing or modifying those facilities will not be considered eligible expenses.

3. Notwithstanding any other term or condition of this Agreement, **Stanislaus Regional Water Authority** is not required to provide Matching Funds.
4. **Stanislaus Regional Water Authority** shall conduct the study in such manner that the objectives and goals as stated in the submitted technical report and its subsequent revisions shall be achieved. Any changes or modifications to the approved study proposal must be submitted to the State and the State Water Board for review and comment.
5. **Stanislaus Regional Water Authority** shall provide expeditiously status reports no less frequently than quarterly, starting with the execution of this Agreement. These reports must accompany any disbursement request and are a condition precedent to any disbursement. At a minimum the reports will contain the following information:
 - a. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, percent schedule elapsed;
 - b. Operation and maintenance costs analysis to date
 - c. Raw Water Data Analysis to date;
 - d. A listing of change orders including amount, description of work, and change in contract amount and schedule; and
 - e. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.
6. **Stanislaus Regional Water Authority** shall submit to the State and the State Water Board a summary of comments received from the Project Technical Advisory Committee members regarding the progress reports and the draft final report.
7. Notwithstanding any other provision of this Agreement, including but not limited to Article A-8, **Stanislaus Regional Water Authority** shall not supply water from the Project facilities to the distribution system prior to receiving approval from the State Water Board.
8. **Stanislaus Regional Water Authority** shall submit a draft Final Report to the State and the State Water Board six (6) months prior to Project Completion Date, as specified in Article A-8 of the Funding Agreement.
9. **Stanislaus Regional Water Authority** shall submit draft operation and maintenance manuals for each site to the State and the State Water Board four (4) months prior to the Project Completion Date for review and approval.

10. **Stanislaus Regional Water Authority** shall submit the final operation and maintenance manual for the Project as part of the final project deliverables to the State and the State Water Board on or before the Project Completion Date, as specified in Article A-8 of the Funding Agreement.
11. **Stanislaus Regional Water Authority** shall submit the final report to the State and the State Water Board on or before Project Completion Date, as specified in Article A-8 of the Funding Agreement. The final report must include all relevant materials and methodology, results, innovations, inventions, conclusions, and recommendations. Where possible, the final report shall also identify additional efforts that will be needed prior to the application of the research results.
12. **Stanislaus Regional Water Authority** shall submit to the State and the State Water Board a detailed plan and schedule for public dissemination of results of the project 60 days prior to Project Completion Date, as specified in Article A-8 of the Funding Agreement.
13. During the Term of this Agreement, **Stanislaus Regional Water Authority** shall request approval of any change(s) to the Scope of Work. Thereafter, the State Water Board shall notify **Stanislaus Regional Water Authority** whether additional environmental review is necessary as result of the change(s).

Note: Pursuant to Government Code Section 8546.7, the contracting parties shall be subject to the examination and audit of the State or any agent thereof, and the State Auditor.

The signed LOC shall be submitted to:

State of California
California Department of Water Resources
Division of Fiscal Services
Attention: Iesha Williams
715 P Street, 6th Floor
Sacramento, CA 95814

The signature below of the authorized representative for **Stanislaus Regional Water Authority** indicates the acceptance of the terms and conditions of this LOC as well as intent to proceed with the Project as proposed. This LOC does not constitute an obligation to enter into a Funding Agreement. The authorized representative for **Stanislaus Regional Water Authority** must sign this LOC at the space provided below and return it within 30 calendar days of receipt to DWR. Failure to sign and return this LOC within the timeframe specified will result in a bypass of this Project.

Stanislaus Regional Water Authority
P50-5010043-295

The terms and conditions set forth in this LOC are acceptable to **Stanislaus Regional Water Authority** and it is our intention to continue with this Project as proposed.

Signature: _____ Date: _____

Print Name: _____

Title: _____

Address: _____

[street]

[city]

[state]

[zip code]



**BEFORE THE GOVERNING BOARD OF THE STANISLAUS REGIONAL
WATER AUTHORITY**

**IN THE MATTER OF EXECUTING A SECURITY, }
 COASTAL AND BEACH PROTECTION ACT OF }
 2002 (PROPOSITION 50) FUNDING }
 AGREEMENT AND AUTHORIZING THE }
 GENERAL MANAGER TO SIGN THE RELATED }
 DOCUMENTS }**

RESOLUTION NO. 2022-010

WHEREAS, on October 20, 2021, by Resolution 2021-004, the SRWA Governing Board authorized the General Manager to apply for a Proposition 50 Funding Program Grant to the California Department of Water Resources for the Regional Surface Water Supply Project; and

WHEREAS, an application was submitted to the Department of Water Resources for a \$3,988,976 grant with a 50% cost-share under the Proposition 50 Program for the Ozone Treatment component (the “Project”) of the Regional Surface Water Supply Project; and

WHEREAS, on November the 29th, 2022 the Authority was informed that SRWA is considered a disadvantaged community and the previously proposed cost-share could be waived; and

WHEREAS, on December 7, 2022, the State of California issued a Letter of Commitment to the Authority committing grant funds in the amount of \$5 million under the Proposition 50 Program for the Project, subject to terms and conditions; and

WHEREAS, prior to the State of California issuing a Proposition 50 Funding Agreement, the Stanislaus Regional Water Authority is required to pass a resolution authorizing an officer to execute the Funding Agreement and amendments, designating a person to approve claims for reimbursement, designating a person (preferably a registered engineer) to sign the Budget and Expenditure Summary, designating a person (preferably a registered engineer) to sign Certification of Project Completion, and designating a person to sign the Final Release form; and

WHEREAS, the Authority has legal authority and is authorized to enter into a funding agreement with the State of California.

BE IT RESOLVED AND ORDERED, that the General Manager, or designee, is hereby authorized to approve and sign the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) Funding Agreement and any amendments thereto on behalf of the Authority;

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, or designee, is hereby authorized to approve Claims for Reimbursement under the Proposition 50 Program for the Project;

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, or designee, is hereby authorized to execute the Budget and Expenditure Summary under the Proposition 50 Program for the Project;

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, or designee, is hereby authorized to sign the Final Release Form under the Proposition 50 Program for the Project; and

BE IT FURTHER RESOLVED AND ORDERED, that the General Manager, or designee, is hereby authorized to certify that the project is complete and ready for final inspection.

PASSED AND ADOPTED at a regular meeting of the Governing Board of the Stanislaus Regional Water Authority on December 15, 2022, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves, Board Secretary