



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

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

The Chair of the Stanislaus Regional Water Authority Board of Directors has called a special meeting of the Board for the date, time, location, and business as set forth below. This August 18, noon special meeting will be held in lieu of the August 18, 3:30 p.m. regular Board meeting

Special Board Meeting Agenda

August 18, 2022, at 12:00 p.m.

2701 4th Street, Ceres, CA, First Floor, Council Chambers

*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. SEATING CAPACITY WILL BE LIMITED TO THE FIRST 14 PEOPLE, ON A FIRST COME FIRST SERVE BASIS. COMPLIANCE WITH ALL HEALTH & SAFETY GUIDELINES INCLUDING COVID-19 SCREENING, TEMPERATURE CHECKS, FACE COVERINGS, AND PHYSICAL DISTANCING MEASURES WILL BE REQUIRED FOR IN-PERSON ATTENDANCE. PLEASE PLAN TO ARRIVE APPROXIMATELY 15 MINUTES PRIOR TO THE SCHEDULED MEETING START TIME TO ALLOW FOR SCREENING PROCESSES.

OR

JOIN BY CLICKING ON THE MEETING

**LINK: <https://us02web.zoom.us/j/95105738084?pwd=RElpd0EyKzMxZjQ4VmVhRExIS1M0Zz09>
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*)
- 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 special meeting of July 21, 2022
 - B. *Motion*: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2021
6. PUBLIC HEARINGS: None
7. SCHEDULED MATTERS:
 - A. *Discuss Regional Surface Water Supply Project- Estimated First Year Operating Costs (Granberg)*
 - B. *Resolution 2022-06: Authorizing and consenting to enter the Joint Protection Programs of the Association of California Water Agencies- Joint Powers Insurance Authority (Granberg)*
 - C. *Resolution 2022-07: Authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities (Granberg)*
 - D. *Motion: Approve Memorandum of Understanding (MOU) Regarding County of Stanislaus/SRWA County Road Encroachment Permit and authorize and direct the General Manager to sign the MOU following County of Stanislaus approval (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: September 15, 2022, Regular meeting in Turlock

12. CLOSED SESSION: None

13. ADJOURNMENT



3B2
August 18, 2022

To: SRWA Board
From: Isaac Moreno, Finance Director
Subject: Financial Summary as of August 15, 2022

Attached Financial Documents include:

Activity for YTD Fiscal June 30, 2022

- 1 - SRWA financial status as of 8-15-2022 for the 2021-22 fiscal year (Exhibit A):
Revenue received from the participating agencies \$166,310,426.00
Prop 68 and SRF proceeds \$91,280,426.00
Expenses paid total \$128,918,397.11

 - 2 - SRWA financial status - project-to-date as of 8-15-2022 (Exhibit B):
Revenue life to date totals \$233,405,541.05 which is composed of:
Contributions from participating agencies \$142,001,300.37
Draws on SRF proceeds \$63,530,426.00
Prop 68 Grant proceeds \$27,750,000
Interest income \$123,814.68
- Expenses project-to-date total \$187,418,302.86 (Removed City reimbursement)
Cumulative unexpended Revenues \$ 45,953,485.58

Activity for YTD Fiscal June 30, 2023

Although expenditures have occurred during this fiscal year, invoices are just now starting to be received. The following invoices have been received and are being process for payment this week:

Horizon	\$4,358.00
Granberg	\$18,922.50
BKS	\$2,100.00

Reimbursements to City's:

One reimbursement for each city of the SRF proceeds has been processed. Turlock's was for draw 1 and 2 for \$33,388,397.02, well Ceres has received draws 1 through 7 \$32,199,620.79.

Stanislaus Regional Water Authority

For FY 2021-22 (Updated 8-15-2022)

3B2

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		0.00	0.00	0.00		0.00
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	166,310,426.00	24,795,000.00	48,775,000.00	1,460,000.00	91,280,426.00	166,310,426.00
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
43332_002 Permitting - Water Rights Acquisition	5,000		5,000						0.00
45002_000 TID - electrical service	720		720	217.50	72.49	145.01	0.00		217.50
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
51001 Property Acquisition - delivery facilities			0		0.00	0.00			0.00
Treatment Plant Construction - SRF funding eligible (950-53-553)									
43060_012 Contract Services - Program Mgmt Services	1,863,480		1,863,480	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	184,940		184,940	60,432.10	25,777.17	25,822.50	8,832.43		60,432.10
43332 Permitting	133,000		133,000	5,596.00		5,596.00			5,596.00
51802_001 Regional Trtmt Plant - Design/Build Contract	113,006,185		113,006,185	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	527,855		527,855	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		0.00	0.00			0.00
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
Clerical	17,500		17,500		0.00	0.00			0.00
Financial/Accounting	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		0.00	0.00			0.00
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
34900_001 Reimbursement to Turlock				33,388,397.02		33,388,397.02			33,388,397.02
Debt Expenses									
53027_001 SRF Loan-Interest	0		0	33,752.61	11,249.74	22,502.87	0.00		33,752.61
Total Expenditures	116,441,080	0	116,441,080	128,918,397.11	32,422,192.42	95,267,995.52	1,228,209.17	0.00	128,918,397.11
Revenues Over (Under) Expenditures	0	0	0	37,392,028.89	(7,627,192.42)	(46,492,995.52)	231,790.83	91,280,426.00	37,392,028.89

Stanislaus Regional Water Authority
Project to Date (updated as of 8-15-2022)

	City of Ceres	City of Turlock	TID	Other Proceeds	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2021	Actuals For 2021-22	Total
Agency Contributions								
Received from Agencies - through 6-30-2021	22,834,297.10	41,311,287.50	2,825,715.77		66,971,300.37	66,971,300.37		66,971,300.37
Received from Agencies - 2021-22	24,795,000.00	48,775,000.00	1,460,000.00		75,030,000.00		75,030,000.00	75,030,000.00
Interest Income	60,552.89	61,920.95	1,340.84		123,814.68	123,814.68		123,814.68
Prop 68 Grant Proceeds				27,750,000.00	27,750,000.00		27,750,000.00	27,750,000.00
SRF Proceeds				63,530,426.00	63,530,426.00	0.00	63,530,426.00	63,530,426.00
Total Revenue	47,689,849.99	90,148,208.45	4,287,056.61	91,280,426.00	233,405,541.05	67,095,115.05	166,310,426.00	233,405,541.05
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	(3,440,999.61)	(3,588,911.73)	(169,093.63)		(7,199,004.97)	(6,991,185.73)	(207,819.24)	(7,199,004.97)
Special Legal Expenses	(223,253.65)	(223,253.65)	(5,302.43)		(451,809.73)	(436,643.54)	(15,166.19)	(451,809.73)
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)	(92,200.00)	(217.50)	(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	(731,988.14)	(1,014,513.78)	(32,556.37)		(1,779,058.29)	(902,127.69)	(876,930.60)	(1,779,058.29)
Special Legal Counsel	(27,069.28)	(27,069.30)	(1,087.95)		(55,226.53)	(36,490.50)	(18,736.03)	(55,226.53)
Environmental Services	(77,778.24)	(78,499.72)	(26,550.15)		(182,828.11)	(122,396.01)	(60,432.10)	(182,828.11)
Permitting	(8,605.81)	(52,381.44)	0.00		(60,987.25)	(55,391.25)	(5,596.00)	(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	(43,129,791.75)	(85,686,618.14)	(1,765,532.77)		(130,581,942.66)	(36,934,546.94)	(93,647,395.72)	(130,581,942.66)
Regional Trtmt Plant - Contract Management	(220,179.77)	(447,029.59)	(13,408.17)		(680,617.53)	(234,091.74)	(446,525.79)	(680,617.53)
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	(406,378.46)	(406,378.45)	0.00		(812,756.91)	(601,293.60)	(211,463.31)	(812,756.91)
External Audit	(11,735.00)	(11,735.00)	0.00		(23,470.00)	(23,470.00)	0.00	(23,470.00)
Contract Services Watershed Sanitary Survey	(892.50)	(892.50)	0.00		(1,785.00)	0.00	(1,785.00)	(1,785.00)
Supplies and other Miscellaneous Expenses	(10,790.46)	(10,790.45)	0.00		(21,580.91)	(17,400.91)	(4,180.00)	(21,580.91)
Reimbursement to Turlock	0.00	(33,388,397.02)	0.00		(33,388,397.02)	0.00	(33,388,397.02)	(33,388,397.02)
Debt Expenses								
SRF Loan-Interest	(11,249.74)	(22,502.87)	0.00		(33,752.61)	0.00	(33,752.61)	(33,752.61)
Total Expenditures	(52,122,331.28)	(131,582,418.19)	(3,747,306.00)	0.00	(187,452,055.47)	(58,533,658.36)	(128,918,397.11)	(187,452,055.47)
Contributions over (under) Expenditures - project to date								
	(4,432,481.29)	(41,434,209.74)	539,750.61	91,280,426.00	45,953,485.58	8,561,456.69	37,392,028.89	45,953,485.58
unexpended participant contributions =		(45,326,940.42)					0.00	



1. **A. CALL TO ORDER:** Chair Bublak called the meeting to order 3:30 p.m.

B. SALUTE TO THE FLAG

C. ROLL CALL

PRESENT: Director James Casey (Alternate), Director Pam Franco, Vice Chair Javier Lopez,
Chair Amy Bublak

ABSENT: Director Bret Silveira

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. Granberg advised board of potential delay of the project due to electrical switchgear to June 2024. Project team is working to mitigate impact.

Chair Bublak opened public participation.

Chair Bublak closed public participation.

Vice Chair Lopez asked about the causes to the delay of the switchgears and if the switchgears have been paid for. General Manager Granberg indicated the manufacturer has supply issues due to the pandemic. The switchgears were ordered over a year ago, but Jacobs has not billed us for them. Vice Chair Lopez asked if there have been any alternatives considered instead of waiting. General Manager responded that they are working on finding alternatives and determining if parts can be found to complete the switchgears. The Raw Water Pump Station switchgear is coming in September 2023 and the other two are not expected to come in until January 2024. This can delay the start up the plant until June 2024. Director Franco added that this will cause another year of paying interest of the bonds and that is not acceptable for both cities. Finance Director has the financial and cost impacts on the delay. General Manager responded the rest of the project is going to be completed as far as it can without the switchgear. General Manager said Eaton is not the only one experiencing delays, it is across the whole industry and that components are hard to find. Director Casey indicated we should not suffer the financial burden of the delay.

Director Franco asked if the MOU with the Board of Supervisors was already taken for review. Director Franco asked for the board to see it before it is presented to the Board of supervisors. General Manager Granberg said road restoration was brought up

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at a previous meeting and SRWA is responsible for about a hundred ninety thousand. The county is wanting to know how it will find the money through credit or road funds that will total their commitment. Director Franco said she does not recall seeing the MOU before it was presented. The Board asked to see the agreement for approval before it is presented to the Board of Supervisors.

2. Finance Director Moreno provided an update on financial activities as of July 18, 2022. Revenue and expenses reviewed.

Chair Bublak opened public participation.

Chair Bublak closed public participation.

C. PUBLIC PARTICIPATION:

Chair Bublak opened public participation.

Chair Bublak closed public participation.

4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:** None

5. CONSENT CALENDAR:

Action: Motion by Director Franco, seconded by Vice Chair Lopez, approving the minutes of the Regular Meeting of June 16, 2022. Motion carried 4/0 by the following vote:

Director Franco	Director Casey	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

6. **PUBLIC HEARINGS:** None

7. SCHEDULED MATTERS:

- A. General Manager Granberg asked for approval to enter the Joint Protection Programs of the Association of California Water Agencies- Joint Powers Insurance Authority.

Chair Bublak opened public participation. None of the members of the public spoke. Chair Bublak closed public participation.

Action: **Resolution 2022-006** Motion authorizing and consenting General Manager to enter the Joint Protection Programs of the Association of California Water Agencies- Joint Powers Insurance authority. (*Motion failed due to lack of votes*)

- B. The board discussed not wanting to setup up employee benefit program since the delay of the switchgear may be delaying live dates of the plant.

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Action: Resolution 2022-007 Motion by Director Franco, seconded by Silveira, approving and authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities. (*Motion failed due to lack of votes*)

Action: Motion by Vice Chair Lopez, seconded by Director Franco, to table both items 7A and 7B to a future meeting for consideration until the board knows the true operating date for both cities. Motion carried 4/0 by the following vote:

Director Franco	Director Casey	Vice Chair Lopez	Chair Bublak
Yes	Yes	Yes	Yes

C. West Yost presenters Monique Day and Lindsay Smith on recycle water "purple pipe". Overview of definitions of recycled water, recycle water benefits, applications statewide, applications at City of Turlock, and the application at City of Ceres.

Chair Bublak opened public participation. None of the members of the public spoke. Chair Bublak closed public participation.

8. **MATTERS TOO LATE FOR THE AGENDA:** None
9. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None
10. **BOARD COMMENTS:** None
11. **NEXT MEETING DATE:** August 18, 2022, Regular meeting in Ceres
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 4:24 p.m. Motion carried unanimously.

Respectfully submitted,

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Angelica Gonsalves, Board Secretary



From: Isaac Moreno, Finance Director

Prepared by: Isaac Moreno, Finance Director

1. ACTION RECOMMENDED:

Motion: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2021

2. DISCUSSION OF ISSUE:

The Authority's independent external auditors, Maze & Associates, have completed the Authority's annual audit for the fiscal year ended June 30, 2021 and a copy of their audit report is attached to this Staff report.

The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) and General Accounting Standards Board (GASB) by Finance Staff from the City of Turlock who provide accounting assistance to the Authority. The external auditors have the responsibility to audit these statements in accordance with GAAP with the goal of determining whether the financial statements are free of material misstatement. If this goal can be supported with the results of their audit, the external auditor will issue an unqualified or "clean" opinion. The above listed financial statements contain an unqualified opinion.

Within the financial statements is a narrative section titled "Management's Discussion and Analysis (MD&A)" (see page 3 in the statements). The MD&A provides the reader with an introduction, overview, and analysis of the Authority's basic financial statements. It explains the significance of the numbers in the financial statements.

As of June 30, 2021, total assets of \$67,820,502 were offset by liabilities of \$2,858,210. Assets primarily consist of \$56.4 million in capital assets, this is an increase of 262% from the prior year. This represents contractual expenditures incurred in the development of the project including construction of a water treatment facility and finished water pipelines to Turlock and Ceres.

3. FISCAL IMPACT / BUDGET AMENDMENT:

No fiscal impact

4. GENERAL MANAGER'S COMMENTS:

Recommends acceptance.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

None as Staff is only asking for acceptance of these reports.

STANISLAUS REGIONAL WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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STANISLAUS REGIONAL WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stanislaus Regional Water Authority
Turlock, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the change in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

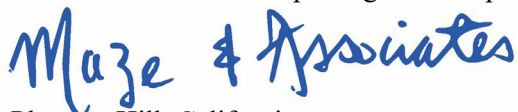
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Pleasant Hill, California
July 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides an overview and analysis of the financial activities of the Stanislaus Regional Water Authority (the Authority) for the year ended June 30, 2021 with comparative information for June 30, 2020. It is provided in order to enhance the information in the financial audit and should be reviewed together with that report.

THE PURPOSE OF THE AUTHORITY

The Authority was established by the Cities of Ceres, Modesto and Turlock on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority and in December 2015 the Authority's Bylaws as well as the Joint Powers Authority Agreement were amended to reflect this change. Currently only the Cities of Ceres and Turlock (Participants) are participating members of the Authority.

The Participants are interested in finding and evaluating surface water supply options and facilities to supplement the ground-water potable water sources currently serving the municipal and industrial water customers within their service areas. Each of the cities is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating City. The Participants have formed this Joint Powers Authority (JPA) for the purpose of making responsible decision related to the development and operation of the future RSWSP.

FINANCIAL HIGHLIGHTS

- At June 30, 2021 the Authority's assets exceed liabilities by \$64,962,292 (net position).
- Total net position increased by \$47,035,252 over the balance at June 30, 2020 of \$17,927,040.
- Total Authority operating revenues for 2020-2021 were \$248,944 compared to operating expenses of \$297,024. The Authority also expended \$40,804,824 on project costs which were capitalized and are presented on the Statement of Net Position as "Capital assets not being depreciated".

THE BASIC FINANCIAL STATEMENTS

The basic financial statements comprise the Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position. The Statement of Net Position provides information about the financial position of the Authority as a whole, including all its capital assets and long-term liabilities. The Statement of Revenues, Expenses and Change in Net Position explains in detail the change in net position for the year.

The Statement of Net Position presents information on the Authority's assets, liabilities and deferred outflows/inflows of resources; the difference between them representing the Authority's net position. Net position includes the amount invested in capital assets.

The Statement of Revenues, Expenses and Change in Net Position presents information showing total revenues versus total expenses and shows how the Authority's net position changed during the fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years.

**Stanislaus Regional Water Authority
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2021**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of Authority's operations and significant accounting policies and clarify unique financial information.

The following is a condensed Statement of Net Position for the Authority as of June 30:

Statement of Net Position

	2021	2020
Assets		
Cash	\$ 6,183,614	\$ 2,769,574
Accounts receivable	5,250,000	368
Interest receivable	15,082	5,285
Capital assets not being depreciated	56,371,806	15,566,982
Total assets	<u>67,820,502</u>	<u>18,342,209</u>
Liabilities		
Accounts payable	2,858,210	415,169
Total liabilities	<u>2,858,210</u>	<u>415,169</u>
Net position:		
Net investment in capital assets	56,371,806	15,566,982
Unrestricted	8,590,486	2,360,058
Total net position	<u>\$ 64,962,292</u>	<u>\$ 17,927,040</u>

The following is a condensed Statement of Revenues, Expenses and Change in Net Position for the years ended June 30:

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020
Operating Revenues	\$ 248,944	\$ 26,776
Operating Expenses	<u>297,024</u>	<u>317,180</u>
Net Operating Income	(48,080)	(290,404)
Non-Operating Revenues		
Interest Income	47,426	57,752
Net Income (Loss) before capital contributions	(654)	(232,652)
Capital Contributions From Participating Agencies	47,035,906	6,179,424
Change in net position	47,035,252	5,946,772
Net position, July 1	17,927,040	11,980,268
Net Position, June 30	<u>\$ 64,962,292</u>	<u>\$ 17,927,040</u>

**Stanislaus Regional Water Authority
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2021**

FINANCIAL ACTIVITIES OF THE AUTHORITY AS A WHOLE

This analysis focuses on the net position and change in net position of the Authority's activities in the statement of net position and statement of revenues, expenses and change in net position.

As of June 30, 2021, total assets of \$67,820,502 were offset by liabilities of \$2,858,210. Assets primarily consist of \$56.4 million in capital assets. These represent contractual expenditures incurred in the development of the project including work required to prepare and issue the Environmental Impact Report; the development of the design, size and scope of the potential treatment facility; and the development of design and specifications as well as construction costs associated with the construction of a wet well and treatment facility.

The completion of these tasks will provide the Authority Board with the information and documents necessary to make final decisions related to the size and scope of the project and the type of water treatment facilities that the Authority may decide to construct as well as the environmental documents necessary to proceed with the project. On June 29, 2020 the Authority awarded a design-build contract for the project to CH2M Hill Engineers, Inc. for an amount not to exceed \$195,400,357 which includes all project components except the individual Project Participants' terminal facilities. The Regional Surface Water Supply Project (RSWSP) has begun construction within this fiscal year and is anticipated to be completed plus operational in mid to late 2023.

Operating revenues are used to fund operating expenses and capital contributions are used to fund the capitalized project costs. The Participants have entered into various cost sharing agreements which provide the methodology for allocating costs based on each Participant's beneficial use of the project. As the project progresses, these agreements are revisited to ensure that each Participant's beneficial use and corresponding proportional share of costs is appropriately assigned.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

These Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances. Questions about this report should be directed to the City of Turlock, Finance Department, at 156 South Broadway, Suite 110, Turlock, CA 95380.

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets

City of Turlock Investment Pool (Note 2)	\$6,183,614
Accounts receivable	5,250,000
Interest receivable	<u>15,082</u>
Total Current Assets	11,448,696

Non-Current Assets

Capital assets not being depreciated (Note 3)	<u>56,371,806</u>
Total Assets	<u>67,820,502</u>

LIABILITIES

Current Liabilities

Accounts payable	<u>2,858,210</u>
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NET POSITION (Note 4)

Investment in Capital Assets	56,371,806
Unrestricted	<u>8,590,486</u>
Total Net Position	<u><u>\$64,962,292</u></u>

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES	
Participant operating contributions	\$248,944
OPERATING EXPENSES	
Administrative services	247,495
Contractual services	49,529
Total Operating Expenses	297,024
Operating Income	(48,080)
NON-OPERATING REVENUES	
Interest income	47,426
Net income (loss) before capital contributions	(654)
Capital contributions from participating agencies (Note 3)	47,035,906
Change in Net Position	47,035,252
Net Position, beginning of year	17,927,040
Net Position, end of year	\$64,962,292

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from participants	\$248,944
Payments for administrative services	(247,495)
Payments to suppliers	<u>(65,977)</u>
Net Cash Provided by Operating Activities	<u>(64,528)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	41,786,274
Acquisition of capital assets	<u>(38,345,335)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>3,440,939</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>37,629</u>
Net Cash Flows	3,414,040
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>2,769,574</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$6,183,614</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	(\$48,080)
Change in assets and liabilities:	
Accounts payable	<u>(16,448)</u>
Net Cash Provided by Operating Activities	<u><u>(\$64,528)</u></u>

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Description and Reporting Entity*

The Stanislaus Regional Water Authority (the Authority) was originally established by the Cities of Ceres, Modesto, and Turlock (Participants) on September 26, 2011. In November 2015, the City of Modesto formally withdrew from membership in the Authority. Subsequently, the Authority's governing documents were amended to reflect Modesto's withdrawal as well as to revise the functional administrative duties of the remaining participants and the composition of the Board of Director's, which now consists of two members of the City Council for each City participant.

The Participants are interested in finding and evaluating surface water supply options and facilities to supply water to the municipal and industrial customers within their service areas. Each of the Participants is authorized to develop, obtain, and serve a municipal and industrial water supply, pursuant to California law. The Participants are working with the Turlock Irrigation District (TID) to develop a Regional Surface Water Supply Project (RSWSP) that will provide a safe and reliable high-quality surface water supply for the long-term drinking water needs of each participating city. The Participants formed the Authority as a Joint Powers Authority (JPA) for the purpose of making responsible decisions related to the development and operation of the future RSWSP. Each Participant is responsible for its share of expenditures incurred by the Authority during a fiscal year pursuant to various funding/cost sharing agreements approved by the Authority's Board of Directors and each Participant's respective governing body.

Since December 2015, the City of Turlock assumed responsibility for the processing all financial transactions and accounting for the Authority. The following is a summary of the significant accounting policies.

B. *Basis of Presentation*

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

C. *Fund Accounting*

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred, regardless of when cash changes hands. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as non-operating expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS

The Authority participates in the City of Turlock’s cash and investment pool.

Cash and investments of the Authority are pooled with other City of Turlock funds. The Authority’s portion of this pooled amount was \$6,183,614 at June 30, 2021. At June 30, 2021, the City’s investment pool was unrated. The Authority can spend cash at any time without prior notice or penalty. Interest earned on pooled cash and investments is credited to each participant in the pool based on each participant’s average quarterly cash and investment balance. Detailed information concerning the City of Turlock’s pooled cash and investments, including information regarding the fair value of investments, may be found in the City of Turlock’s Basic Financial Statements. As of June 30, 2021, the fair value of the Authority’s position in the pool is the same as the value of its pool shares.

Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority’s investment in the City’s investment pool is not subject to the fair value hierarchy.

NOTE 3 – CAPITAL ASSETS

Capital assets acquired by the Authority are recorded at cost and are depreciated using the straight-line method over estimated useful lives. The Authority has set the capitalization threshold for reporting capital assets at \$5,000. Operating expenses include depreciation on all depreciable capital assets. Repairs and maintenance are charged to expense when the services are rendered.

During fiscal year 2017, the Authority began the Regional Surface Water Supply Project and during fiscal year 2021, costs totaling \$40,804,824 were incurred and project costs to date of \$56,371,806 have been recorded as construction in progress as of June 30, 2021. The Authority participants cities of Ceres and Turlock, contribute a proportionate share of the overall project costs. During fiscal year 2021, the cities of Ceres and Turlock contributed \$15,250,528 and \$30,833,028, respectively and TID contributed \$952,350 to the Project.

**STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 4 – NET POSITION

A. Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions and are described below:

Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter.

Unrestricted describes the portion of Net Position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

NOTE 5 – RELATED PARTY TRANSACTIONS

The Authority reimburses the City of Turlock for administrative and other costs incurred by the City of Turlock on the Authority’s behalf. During the year ended June 30, 2021, contractual service expenditures of \$28,089 were allocated to the Authority from the City of Turlock.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

A. Program Management and Other Contracts

The Authority had the following outstanding commitments at June 30, 2021 related to the Regional Surface Water Supply Project:

Design Build Contract	\$18,045,118
Program Management	1,014,170
Construction Management	162,508
Phase III Environmental Work	111,104

B. Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project

In April 2020, the Authority Board approved a lease with TID to convey leasehold rights in TID’s delivery facilities and underlying real property to the Authority in order to facilitate the Authority’s construction, operation, and maintenance of the facilities that will be located on TID property. The lease will expire in 2065. There will be no separate rent paid under the lease, rather, the water payments to be made by the Authority under the Water Sales Agreement will constitute consideration for the lease. The proposed lease contains standard and commercially reasonable lease terms, including the Authority’s payment of fees, charges, etc. relating to its use of the property; Authority compliance with applicable law and regulations; indemnity; and insurance.

STANISLAUS REGIONAL WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

C. *Acquisition of the Water Treatment Plant Site from Turlock Irrigation District*

The planned water treatment plant site is owned by TID and the Authority's agreement with TID provides that TID agrees to sell the treatment plant site, subject to a reservation of such easements for TID's pipelines to the treatment plant from the pump station and from the treatment plant to the Ceres Main Canal, to the Authority at a sales price of \$1,436,674. In April 2020, the Authority Board approved the acquisition of the site from TID. The site is a 47.9-acre parcel located near the new wet well facility.

NOTE 7 – SUBSEQUENT EVENT

Regional Surface Water Supply Project State Revolving Fund Loan

On September 23, 2021, the Authority entered into a construction installment sale agreement with the California State Water Resources Control Board in the amount of \$212,674,000 to fund the construction of a new surface water treatment plant and construct finished water transmissions to the cities of Ceres and Turlock. The agreement includes a loan component of \$184,924,000 and a grant component of \$27,750,000. The loan bears annual interest of 1.2%, which will be paid annually by January of each year, until one year after the completion of construction. One year after completion of construction which is estimated to be December 31, 2023, the Authority shall make annual principal and interest payments.

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From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. **DISCUSSION ITEM:**

Regional Surface Water Supply Project - Estimated First Year Operating Costs

2. **DISCUSSION:**

After many years of planning, the Stanislaus Regional Water Authority (SRWA) is preparing for operation of the Regional Surface Water Supply Project (RSWSP) facilities in the summer of 2023 to produce potable drinking water for the Cities of Turlock and Ceres. Over the course of the next 9 to 12 months, SRWA plans to retain qualified staff to operate, maintain, and manage the treatment and distribution of finished water to the Cities.

To aid in this planning effort, I have prepared a preliminary estimate of operation and maintenance costs in Fiscal Year 23/24, which are shown in Table 1. These costs do not include existing contracts for legal, program management, construction oversight and environmental contracts assumed to continue for a portion of FY 23/24 for project construction completion and closeout activities. These administrative costs will be included in the FY 23/24 budget. Also note that these are only SRWA costs to treat and deliver wholesale water to the cities. Each city will continue to be responsible for its costs relating to the local, retail delivery of water to users in the community.

Table 1

Cost Category	FY 23/24
Debt Service	
SRF Interest-Only Payment	\$2,338,000
Labor ⁽¹⁾	\$2,915,000
Energy	\$ 520,000
Chemicals	\$ 674,000
Other ⁽²⁾	\$ 609,000
Total	\$7,056,000

⁽¹⁾5% increase over Feb. 2022 estimated labor costs in Table 2

⁽²⁾Other costs includes materials, outside contracts, and expenses not limited to: contract hauling and tip fees; cathodic protection surveys; specialized maintenance services for standby generators, HVAC, ozone generators; pest control; fuel oil for testing generators;

general preventive and corrective maintenance for process equipment and buildings; landscaping; janitorial and supplies; first aid supplies; uniforms; contract laboratory services; computers, and software program support; PLC, HMI, and SCADA software renewals; office supplies; postage; copier; safety training; PPE; payroll services; trash removal; vehicles, vehicle maintenance and fuel; insurance; physicals; travel; continuing education and operator certifications (est. 3/2021).

Assumptions regarding these estimated operating costs are summarized as follows:

- **Debt service** for design and construction of the RSWSP facilities are based on SRF Purchase Agreement loan repayment terms. FY 23/24 includes an interest-only payment. Principal and interest payments begin after project completion in 2024 and will be included in the FY 24/25 budget. An additional one-time SRF Reserve Payment of \$7,591,000 is also due in FY 24/25 as required by the SRF Purchase Agreement.
- **Labor costs** are based the current fiscal year (FY 22/23) operations and administration budget approved in June 2022, adjusted by 3 months according to the latest project completion schedule.
- **Energy costs** are based on guaranteed maximum electricity demand and usage values and current TID electrical rates and projected treated water demands to the Cities (last provided in 2018).
- **Chemical costs** are based on recent chemical dosage assumptions and unit costs for similar chemicals at other Northern California water treatment facilities and projected treated water demands.
- **Repair and rehabilitation costs** for major equipment are based on estimated annual deposits to “escrow” account. Savings for repair and rehabilitation aren’t planned until FY 24/25 and will be covered by the debt coverage deposit required by the SRF Purchase Agreement.

Sources of potential variability in the FY 23/24 estimates shown above are noted here by category:

- **Debt service** - may be reduced if additional grant funding is secured
- **Labor costs** - may vary based on timing and success of recruitment efforts, hired employee salary step, benefit package selections, and date of hire
- **Energy costs** - may vary based on actual treated water demands and the price of electricity
- **Chemical costs** - may vary based on raw water quality, actual treated water demands, and City-driven adjustments to finished water quality (e.g., chlorine residual) and the price of chemicals

- **Annual repair and rehabilitation costs** - not anticipated to vary during early years of SRWA facility operation

On February 17, 2022, the SRWA Board approved staffing levels and salaries that included a total of 18 technical and managerial positions as shown below in Table 2. These positions are required to operate and maintain the RSWSP facilities and are based on similar water treatment operations.

This information is being provided to the Board as a preliminary forecast of the first year's operating costs. It also will aid SRWA and the cities in planning for future SRWA revenue needs. No action is needed at this time.

Table 2

Position	Number of Positions	Hourly Range eff. 07/01/22	Monthly Salary	Annual Salary
Water Treatment Plant Manager	1	\$74.48 - \$90.98	\$12,909 - \$15,770	\$154,913 - \$189,243
Water Treatment Ops Supervisor	1	\$56.93 - \$69.54	\$9,867 - \$12,053	\$118,402 - \$144,641
Administrative Assistant	1	\$27.35 - \$33.41	\$4,740 - \$5,790	\$56,878 - \$69,483
Accountant	1	\$33.57 - \$41.01	\$5,819 - \$7,100	\$69,831 - \$85,305
Human Resources Analyst	1	\$42.74 - \$52.21	\$7,409 - \$9,050	\$88,902 - \$108,604
Senior Operator	5	\$44.43 - \$54.28	\$7,701 - \$9,408	\$92,413 - \$112,892
Operator	2	\$41.00 - \$50.08	\$7,106 - \$8,681	\$85,270 - \$104,167
Apprentice Operator	2	\$33.89 - \$41.40	\$5,875 - \$7,177	\$70,497 - \$86,119
Instrumentation Technician	1	\$51.21 - \$62.56	\$8,877 - \$10,844	\$106,520 - \$130,125
Mechanic	2	\$42.33 - \$51.71	\$7,337 - \$8,962	\$88,039 - \$107,549
General Manager	1	\$87.92 - \$107.41	\$15,239 - \$18,617	\$182,873 - \$223,399
Staff FTE's	18			
Support Services				
Legal Services (Contracted)				\$110,000
Mid-Step Total Annual Salaries w/Benefits @ 1.45x				\$2,776,280

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment for this review and discussion item.

4. GENERAL MANAGER'S COMMENTS:

N/A

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

N/A

From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing and consenting to enter the Joint Protection Programs of the Association of California Water Agencies - Joint Powers Insurance Authority

2. DISCUSSION OF ISSUE:

Background

On February 17, 2022, the Board adopted Resolution No. 2022-003 authorizing the General Manager to seek insurance and employee benefits coverage through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). To obtain liability and workers' compensation insurance coverage, the SRWA must authorize and consent to enter the joint protection programs with various other water districts and agencies entitled the Joint Powers Agreement: Creating the Association of California Water Agencies/Joint Powers Insurance Authority.

The attached coverage proposal details the protection and services afforded by participation in the pooled joint protection programs. The SRWA is being offered \$55,000,000 in liability coverage and statutory limits for workers' compensation coverage.

3. FISCAL IMPACT / BUDGET AMENDMENT:

The current fiscal year budget adopted on June 21, 2022, included a full year of coverage for liability and workers' compensation insurance in the amounts of \$66,986 and \$54,643, respectively. Actual cost for coverage is prorated with an assumed start of coverage of September 1, 2022, resulting in the Respective Allocation Points of \$55,806 for liability coverage and \$45,535 for workers' compensation for the first partial year of coverage.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

By choosing to participate in ACWA JPIA liability and workers' compensation program, SRWA must consent and enter into the joint protection programs of the ACWA JPIA to become eligible for benefit coverage, therefore there is no alternative to the recommended action.



Coverage Proposal
STANISLAUS REGIONAL WATER AUTHORITY



March 21, 2022

Introducing Your Best Protection



OUR MISSION

ACWA JPIA is dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverage and related services to its member agencies.

FORMED BY WATER AGENCIES FOR WATER AGENCIES

Water agencies have a unique set of risks not every provider can cover. In 1979, water agencies banded together to share their risks and associated insurance costs. They empowered ACWA JPIA to provide the best coverage for their needs ... and we delivered.

Today, we are the leader in providing California public water agencies with liability, property, and workers' compensation loss coverage programs as well as employee benefits. Serving only water agencies, our experience, expertise and knowledge are highly tuned to our members' unique requirements.

We are a strong, innovative organization. We continually evolve to serve our members' ever-changing demands with programs designed by them and for them. As your partner, we always battle for your agency's rights and best protection.

ADVANTAGES AT A GLANCE

- Strong, stable risk-sharing pool with over 360 members
- 100 percent member governed, member driven and member focused
- Complete protection programs tailored specifically to water agencies
- Programs with cost savings of 20 to 30 percent compared to commercial insurance
- Value-added services to help reduce claims, keep costs low and protect members
- Trustworthy, reliable and knowledgeable staff dedicated to each member
- Tools, technology and resources to support your agency's needs
- Resourceful, in-house staff with expertise in every service area

WATER AGENCIES HAVE A CHAMPION IN THE JPIA

Public entities created pools beginning in the early 1970s. In fact, ACWA JPIA evolved in 1979 after most commercial insurers abandoned the public entity market. As a result, public entities formed risk pools to reduce and stabilize long-term insurance costs and ensure access to coverage and service critical for local government functions such as the acquisition, treatment and delivery of water.

As a California special district, ACWA JPIA operates as a public entity. We are member owned, member governed and member driven. Our Board of Directors includes a representative from each member's board. Our Board elects an eight-member Executive Committee to work on its behalf with the JPIA management and staff.

Unlike the commercial insurance industry, which uses profits to measure success, ACWA JPIA provides services, coverage and risk management tools with the singular goal of servicing our members. We work closely with each of our members to provide customized programs, resources and services for their needs, no matter the agency size.

HOW WE WORK

Water Agencies must be a member of the Association of California Water Agencies to join the JPIA. Our Board and Executive Committee approve entry into the JPIA. Upon joining, members agree to share the cost of risk by contributing to pooled programs. This pool of funds pays for all member claims and, as a result, reduces the burden of long-term claim costs for all members. At the end of each program year, if claims costs are below anticipated levels, members may be eligible for refunds. ACWA JPIA is proud to be a partner with water agencies throughout California. Quite simply, ACWA JPIA is a proven source of innovation, expertise, education and financial stability.

PROTECTION – EXCLUSIVE TO MEMBERS

PROPERTY PROGRAM

- \$500 million limits
- Pooled retention to \$100,000 per loss
- Includes boiler and machinery

GENERAL, AUTO, EPL AND PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY COVERAGE

- Up to \$55 million limits
- Pooled retention to \$5 million per occurrence
- Funded for catastrophic events
- Excess premium returned to members
- Employment Practices Liability

WORKERS' COMPENSATION

- Over 6,000 employees covered
- Statutory limits
- Pooled retention \$2 million
- No deductible
- In-house claims examiners ranked #1 in California
- Funded for catastrophic events

EMPLOYEE BENEFITS

- HMO, PPO and consumer-driven medical plans
- HMO and PPO dental plans
- Life insurance and disability plans
- Employee assistance and wellness programs

SERVICES – EXCLUSIVE TO MEMBERS

RISK MANAGEMENT SERVICES

- Certified safety professionals on staff
- On-site consultations and risk assessments
- Assistance with safety policies

HUMAN RESOURCES SUPPORT

- Certified human resource professionals on staff
- Employment practices hotline including free legal consultations
- Regional HR group meetings and individual consultations
- Employee handbook/policy reviews
- Model water district job descriptions

EMPLOYEE BENEFITS SERVICES

- Advocacy and claim support
- Legal compliance assistance
- Electronic enrollment system

TRAINING RESOURCES

- On-site, local and regional classes
- Online courses
- Professional development programs

CLAIMS SERVICES

- In-house claims staff
- Specialized legal counsel
- Investigation and defense

EXCLUSIVE SERVICES TO MEMBERS

ACWA JPIA's commitment to your agency's protection does not stop with our liability, property, workers' compensation and employee benefits programs. We provide additional services and consultations to serve as your trusted, long-term partner.

HUMAN RESOURCES

- Employment hotline
- Employee handbook reviews
- Employment training
- Member advocacy
- Benefits Enrollment support
- Consultation and guidance
- Employee assistance
- Model policies
- Sample forms
- Job description manual (ADA compliant; over 70 water district jobs)
- Regional HR group meetings and networking forums
- Pre-employment physical referrals

TRAINING RESOURCES

- On-site, local and regional classes; annual training conferences
- Online training resources, including live and recorded water-industry specific webinars
- Training library with over 600 DVDs
- Professional development program offering certifications in human resources, operations and supervisor basics
- In-depth, year-long senior leadership certificate program
- Staff development
- In-person training

ACWA JPIA partners with a leading provider for customized web based training specific to water agencies, including courses that are eligible for continuing education credits.

EXCLUSIVE SERVICES TO MEMBERS (CONTINUED)

ACWA JPIA's risk management staff partners with member agencies to cost effectively control exposures to potential losses in all insured programs.

RISK MANAGEMENT STAFF

- Certified Safety Professionals (CSPs)
 - Authorized to teach 10 and 30-hour OSHA and DOSH asbestos courses
 - Staff certified in water distribution, treatment and wastewater
 - On-staff electrical engineer
 - On-staff certified disability management professional
 - On-staff certified industrial hygienist
 - On-staff certified ergonomic assessment specialists
 - On-staff enterprise risk management PRIMA faculty trainer
 - On-staff chartered industrial gas consultant
 - On-staff property appraisers
-

EMPLOYEE BENEFIT SERVICES

- California licensed life and health agent
 - Direct member advocacy for employees with questions or claim issues
 - Assistance with legal compliance – Affordable Care Act
 - Electronic benefits enrollment system allows self-enrollment, district oversight and robust reporting
-

CLAIMS SERVICES

- Experienced in-house claims staff and state-certified examiners experienced with JPIA member agencies
- Statewide claims resources including investigators, adjusters and specialized legal counsel
- Aggressive investigation and defense of questionable claims
- Diligent pursuit of subrogation rights



Liability Coverage Quotation

LIABILITY PROGRAM LIMIT \$55,000,000 *

SUB-LIMITS:

- \$ 5,000,000 - Terrorism
- \$10,000,000 – Communicable Disease
- \$45,000,000 – Subsidence; Lead; Mold

INCLUDES:

- | | |
|---|--------------------------------|
| Bodily Injury | Property Damage |
| Errors & Omissions | Employment Practices Liability |
| Public Officials Errors & Omissions Liability | Inverse Condemnation |
| Accidental Pollution Liability | Automobile Liability |

**Coverage afforded for drones that follow FAA Rules and Regulations Part 107 of Title XIV*

Retrospective Allocation Point (RAP) **\$10,000**

10/1/21 TO 10/1/22 ESTIMATED DEPOSIT PREMIUM: \$68,335

Deposit premium based on estimated annual payroll of \$1,915,000.



Workers' Compensation & Employers Liability Coverage Quotation

WORKERS' COMPENSATION

Limit of Coverage..... Up to Statutory Limits

EMPLOYER'S LIABILITY

Bodily Injury by Accident.....**\$4,000,000**
 Bodily Injury by Disease - each employee.....**\$4,000,000**
 Bodily Injury by Disease - coverage limit.....**\$4,000,000**

Class Code	Classification	Estimated Annual Payroll	Rate 7/1/2021	Estimated Annual Deposit
7520	Waterworks Operations	\$ 1,473,000	.0406	\$ 59,804
8810	Clerical	\$ 442,000	.0077	\$ 3,403
Total		\$ 1,915,000		\$ 63,207

Economy of Size Discount – 9% \$ (5,689)

Discounted Premium \$ 57,519

Experience Modification Factor 1.00

Estimated 7/1/21-22 Deposit Premium \$ 57,519

Deposit premium is payable on a quarterly reporting basis. No up-front deposit is required. Retrospective Allocation Point \$10,000 minimum.



Premium Summary

Program	Estimated Annual Premium	Estimated Annual Premium – 2 program participation
Liability Coverage	\$ 68,335	\$ 66,968
Workers' Compensation Coverage	\$ 57,519	\$ 54,643

SUBJECTIVITIES:

1. Participation requires an initial three-year commitment;
2. Favorable risk assessment;
3. Submit employee handbook for review;
4. ACWA JPIA Executive Committee approval;
5. Board resolution to join JPIA programs;
6. Application to State Dept. of Industrial Relations for a Certificate of Consent to Self-Insure.



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

<p>A RESOLUTION AUTHORIZING AND CONSENTING TO ENTER THE JOINT PROTECTION PROGRAMS OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES - JOINT POWERS INSURANCE AUTHORITY</p> <hr/>	<p>} } } } } } } }</p>	<p>RESOLUTION NO. 2022-006</p>
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WHEREAS, Stanislaus Regional Water Authority (Authority) plans to obtain liability and workers’ compensation insurance coverage through the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA) liability and workers’ compensation programs;

WHEREAS, by Resolution 2022-003, the Authority approved the “Joint Powers Agreement: Creating the Association of California Water Agencies/Joint Powers Insurance Authority” for the purpose of participating in the Joint Powers Insurance Authority created thereby, which since its formation has provided for and administered joint protection programs as more fully set forth in that agreement, and authorized and directed the General Manager to finalize, approve, and sign the Agreement on behalf of SRWA; and

WHEREAS, the ACWA-JPIA joint protection programs offer significant advantages to this Authority in terms of cost, liability protection, property protection, workers’ compensation protection, and services, and entering such programs, on the conditions hereinafter set forth, appears to be in the best interest of the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Stanislaus Regional Water Authority as follows:

Section 1. That Stanislaus Regional Water Authority hereby consents pursuant to the above-mentioned Joint Powers Agreement, and the resolutions and policies enacted in implementation of such Agreement, to enter said joint protection programs.

Section 2. That the Authority hereby elects to join the Liability and Workers’ Compensation Programs sponsored by ACWA-JPIA.

Section 3. That the Authority hereby selects \$10,000 as its Retrospective Allocation Point (RAP) for the first partial year of participation under ACWA-JPIA's cost allocation formula for liability exclusive of dam failure liability.

Section 4. That the Authority hereby selects \$10,000 as its Retrospective Allocation Point (RAP) for the first partial year of participation under ACWA-JPIA's cost allocation formula for workers' compensation liabilities.

Section 5. That the Treasurer of this Authority is hereby authorized to pay to ACWA-JPIA its first deposit premium.

Section 6. That the Secretary of the Authority Governing Board is directed to certify a copy of this resolution and to forward the same resolution, the signed Joint Powers Agreement, and the ACWA-JPIA deposit premium payment promptly by mail to the Association of California Water Agencies-Joint Powers Insurance Authority, P.O. Box 619082, Roseville, California, 95661, at which time coverage will commence the first day of September 2022.

PASSED AND ADOPTED at a regular meeting of the Governing Board of the Stanislaus Regional Water Authority held on the 18th day of August 2022, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves, Board
Secretary

From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Resolution: Authorizing application to the Director of Industrial Relations, State of California for a certificate of consent to self-insure workers' compensation liabilities

2. DISCUSSION OF ISSUE:

Background

On February 17, 2022, the Board adopted Resolution No. 2022-003 approving the Association of California Water Agencies (ACWA) Joint Powers Agreement creating the ACWA Joint Powers Insurance Authority (JPIA) and authorizing and directing the General Manager to apply for and arrange liability and workers' compensation insurance and employee benefits coverage through the ACWA JPIA. The ACWA JPIA workers' compensation program requires SRWA to obtain a certificate of consent to self-insure workers' compensation liabilities from the State of California, Department of Industrial Relations.

The attached application to the State Department of Industrial Relations for a certificate of consent to self-insure workers' compensation liabilities is necessary to satisfy the ACWA JPIA requirement.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment required to file an application with the State Department of Industrial Relations. The cost to participate in the ACWA JPIA workers' compensation program is covered by separate resolution.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

By choosing to participate in ACWA JPIA workers' compensation program, SRWA must apply to the State Department of Industrial Relations for this certificate to consent to self-insure workers' compensation liabilities, therefore there is no alternative to the recommended action.

State of California
Department of Industrial Relations
Office of Self-Insurance Plans
11050 Olson Drive, Suite 230
Rancho Cordova, Ca. 95670
Phone (916) 464-7000
Fax (916) 464-7007



State of California
Department of Industrial Relations
OFFICE OF SELF-INSURANCE PLANS

**APPLICATION FOR CERTIFICATE OF CONSENT
TO SELF-INSURE AS A PUBLIC AGENCY EMPLOYER SELF-INSURER**
All questions must be answered. If not applicable, enter "N/A".

To the Director of the Department of Industrial Relations: The public agency employer identified below submits the following information to obtain a Certificate of Consent to Self-Insure the payment of workers' compensation under California Labor Code Section 3700.

LEGAL NAME OF APPLICANT (Show exactly as on Charter or other official documents):

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Federal Tax ID # of Group: _____

CONTACT - Who Should Correspondence Regarding This Applicant Be Addressed To:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

TYPE OF PUBLIC ENTITY (Check one):

City and/or County School District Police and/or Fire District Hospital District

Joint Powers Authority Other (describe): _____

TYPE OF APPLICATION (Check one):

New Application Reapplication (Merger/Unification) Reapplication (Name Change)

Other (describe): _____

Date Self-Insurance Program will begin: _____

CURRENT WORKERS' COMPENSATION PROGRAM

Currently Insured with State Fund Policy # _____ Expiration Date: _____

Currently Self Insured, Certificate # _____

Other (describe): _____

CLAIMS ADMINISTRATION

Who will be administering your agency's workers' compensation claims? (Check one)

JPA will administer

Third Party Administrator, TPA Certificate # _____

Public entity will self-administer

Insurance Carrier will administer

Name of Third Party Administrator:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

of claims reporting locations to be used to handle Agency's claims: _____

Does applicant currently have a California Certificate of Consent to Self-Insure? Yes No

If yes, what is the current Certificate Number: _____

Total Number of Affiliate's California employees to be covered by Group: _____

AGENCY EMPLOYER

Current # of Agency Employees: _____ # of Public Safety Employees (police//fire): _____

If school District, # of certificated employees: _____

Will all Agency employees be covered by this self-insurance plan? Yes No

If 'No', explain who is not covered and how workers' compensation coverage will be provided to the excluded employees:

JOINT POWERS AUTHORITY

Will applicant be a member of a JPA for workers' compensation ?

Yes No (If 'yes', complete the following)

Effective date of JPA Membership: _____ JPA Certificate # _____

Name of JPA: _____

AGENCY SAFETY PROGRAM

Does the Agency have a written Injury and Illness Prevention Program (IIPP)? Yes No

Individual responsible for Agency workplace safety and IIPP program:

Name: _____ Title: _____

Company Name: _____

Address: _____

City: _____ State: _____ Zip + 4: _____ - _____

Phone: _____ E-Mail: _____

SUPPLEMENTAL COVERAGE

1.) Will your program be supplemented by any insurance or pooled coverage under a **STANDARD** workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

2.) Will your program be supplemented by any insurance or pooled coverage under a **SPECIFIC EXCESS** workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

Retention Limits: _____

3.) Will your program be supplemented by any insurance or pooled coverage under an **AGGREGATE EXCESS** (stop loss) specific excess workers' compensation insurance policy? Yes No (If 'Yes', complete the following):

Name of Excess Pool/Carrier: _____

Policy #: _____ Effective Date of Coverage: _____

Retention Limits: _____

RESOLUTION FROM GOVERNING BOARD

Attach a properly executed Governing Board Resolution. See attached sample resolution on page 5.

CERTIFICATION

The undersigned on behalf of the applicant hereby applies for a Certificate of Consent to Self-Insure the payment of workers' compensation liabilities pursuant to Labor Code Section 3700. The above information is submitted for the purpose of procuring said Certificate from the Director of Industrial Relations, State of California. If the Certificate is issued, the applicant agrees to comply with applicable California statutes and regulations pertaining to the payment of compensation that may become due to the applicant's employees covered by the Certificate.

X _____ DATE: _____
SIGNED: Authorized Official / Representative

Printed Name

Title

Agency Name

RESOLUTION NO.: _____ DATED: _____

**A RESOLUTION AUTHORIZING APPLICATION
TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA
FOR A CERTIFICATE OF CONSENT TO SELF-INSURE
WORKERS' COMPENSATION LIABILITIES**

At a meeting of the _____
(Enter Name of the Board)

of the _____
(Enter Name of Public Agency, District, Etc.)

a _____ organized and existing under the
(Enter Type of Agency, i.e., County, City, School District, etc.)

laws of the State of California, held on the _____ day of _____, 20____,

the following resolution was adopted:

RESOLVED, that the above named public agency is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities and representatives of Agency are authorized to execute any and all documents required for such application.

IN WITNESS WHEREOF: I HAVE SIGNED AND AFFIXED THE AGENCY SEAL.

X _____ DATE: _____
SIGNED: Board Secretary or Chair

Printed Name

Title

Agency Name

Affix Seal Here



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

<p>A RESOLUTION AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CALIFORNIA FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS' COMPENSATION LIABILITIES</p> <hr/>	<p>} } } } } } } }</p>	<p>RESOLUTION NO. 2022-007</p>
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WHEREAS, Stanislaus Regional Water Authority (Authority) is a joint powers authority organized and existing under the Joint Exercise of Powers Law (Government Code §§ 6500 - 6599.3) and the joint powers agreement approved by the Cities of Ceres and Turlock;

WHEREAS, the Authority previously has not employed any persons, but plans to hire employees in the future;

WHEREAS, the Authority plans to obtain workers' compensation coverage for its employees through the Association of California Water Agencies-Joint Powers Insurance Authority (ACWA-JPIA) workers' compensation program; and

WHEREAS, the ACWA-JPIA workers' compensation program requires the Authority to obtain a certificate of consent to self-insure workers' compensation liabilities from the State of California;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Stanislaus Regional Water Authority that the Stanislaus Regional Water Authority is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a certificate of consent to self-insure workers' compensation liabilities

and representatives of the Authority are authorized to execute any and all documents required for such application.

PASSED AND ADOPTED at a regular meeting of the Governing Board of the Stanislaus Regional Water Authority held on the 18th day of August 2022, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves, Board
Secretary

From: Robert Granberg, General Manager

Prepared by: Robert Granberg, General Manager

1. ACTION RECOMMENDED:

Motion: Approve Memorandum of Understanding (MOU) Regarding County of Stanislaus/SRWA County Road Encroachment Permit and authorize and direct the General Manager to sign the MOU following County of Stanislaus approval.

2. DISCUSSION OF ISSUE:

Finished water pipelines to serve the cities from the Regional Water Treatment Plant were installed within existing or by-usage County Road rights-of-way pursuant to the County's statutory franchise right (Public Utilities Code section 10101) and Encroachment Permit ENCR 190-2021 to CH2MHill Engineers, Inc., a wholly owned subsidiary of Jacobs, dated April 20, 2021.

For some roadway segments, the County has asked SRWA to provide a 2" grind and overlay (road resurfacing) of the adjacent lane in lieu of patch repairs of SRWA damaged areas. This approach would result in a uniform full existing-width roadway of consistent surface treatment thereby providing a smoother overall travel way.

The County would like to take advantage of the presence of SRWA's Design Build contractor (Jacobs) and its road reconstruction/repair equipment, materials, and economies of scale to participate in, and compensate SRWA for, the road resurfacing work.

SRWA and the County have evaluated and discussed the terms of the encroachment permit, the pipeline installation-related impacts to the affected County roads, and the County's request for road resurfacing of adjacent roadway segments. The parties therefore have prepared the attached Memorandum of Understanding (MOU) to confirm and memorialize the scope of SRWA's road reconstruction and repair obligations under the encroachment permit and the terms of County participation in the adjacent lane road resurfacing work. The MOU will be incorporated as part of the encroachment permit.

The completed cost to construct the County-requested Road resurfacing work is \$1,086,746. SRWA will contribute the equivalent of 2 feet of road resurfacing for the entire length of roadway segments on Fox and Berkeley Rds., or 17.25% of the total cost calculated to be \$187,464. County's contribution would be \$899,282.

3. FISCAL IMPACT / BUDGET AMENDMENT:

The Design Build contract includes an allowance item for SRWA-damaged adjacent lane repairs in the amount of \$3,628,624. Compensation to Jacobs for the completed work in the amount of \$1,086,746 has been completed through the contract change order process, therefore no budget amendment is required.

The County's road restoration contribution will be a combination of a credit issued for Jacobs-paid permit costs and payment to SRWA, resulting in a reduction in the overall project cost of \$3,441,160.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board could choose to not enter into this MOU and be obligated to compensate Jacobs for the entire cost of pavement restoration.

**MEMORANDUM OF UNDERSTANDING REGARDING COUNTY OF STANISLAUS/SRWA
COUNTY ROAD ENCROACHMENT PERMIT**

THIS MEMORANDUM OF UNDERSTANDING Regarding County of Stanislaus/SRWA County Road Encroachment Permit ("MOU") is made as of _____, 2022, between Stanislaus Regional Water Authority ("SRWA") and County of Stanislaus ("County"), and is made with reference to the following facts:

A. SRWA is a joint powers authority created by the Cities of Ceres and Turlock to develop the Regional Surface Water Supply Project that will provide treated surface water to those Cities. SRWA has constructed, among other infrastructure, water transmission pipelines to convey treated water from a new water treatment plant to each City. SRWA's pipeline are located within existing County Road rights-of-way or County Roads located in non-dedicated alignments pursuant to its statutory franchise right (Public Utilities Code section 10101) or pursuant to Encroachment Permit ENCR 190-2021 issued to CH2MHill Engineers, Inc., a wholly owned subsidiary of Jacobs Engineering Group Inc., on April 20, 2021, attached hereto as Exhibit A and made a part hereof ("Encroachment Permit").

B. SRWA has completed installation of a pipeline in the roadways shown in the Encroachment Permit. In connection with the pipeline installation, SRWA's contractor (or contractor's subcontractor) performed road reconstruction and repair work required by the encroachment permit and County-requested road restoration.

C. For the entire length of the roadway segments on Fox and Berkeley Roads installation (shown on Exhibit B attached hereto and made a part hereof), the County requested to take advantage of SRWA's pipeline-related road reconstruction effort to economically provide a 2" grind and overlay of the entire width of the adjacent lane road segment.

D. The installation of the SRWA pipeline caused damage to the adjacent opposing lane of the roadway for which SRWA is responsible for repairing. In lieu of such repair and in connection with County's desire to resurface the entire width of the adjacent roadway lane as described above, SRWA agreed to contribute the cost of labor and materials to resurface the equivalent of 2 feet of the adjacent lane road segment.

E. As set forth in that certain letter from Jacobs Engineering Group dated May 6, 2022 (attached hereto as Exhibit C and made a part hereof), and Jacobs' subsequent total cost summary dated June 22, 2022, the total cost to perform County requested road resurfacing is One Million Eighty-Six Thousand Seven Hundred and Forty Six Dollars (\$1,086,746, rounded) constituting the ("Total Resurfacing Cost").

F. SRWA's contribution of 2 feet of road resurfacing in lieu of its repair obligations has been calculated to be \$187,464 or 17.25% of the above total cost ("SRWA Cost Percentage"), leaving the County's contribution to be \$899,282 or 82.75% ("County Cost Percentage").

G. SRWA and County have agreed on a final road closure fee of \$495,000 to which the County shall credit against its reimbursement obligations under this MOU ("County's Road Closure Credit"). The balance of \$404,282 shall be paid to SRWA as described in 2.5 below.

H. The parties have prepared this MOU to confirm and memorialize the scope of SRWA's road reconstruction and repair obligations under the encroachment permit and the terms of County participation in the adjacent lane road resurfacing work.

NOW THEREFORE, in consideration of the foregoing, and of the mutual promises contained herein, the parties hereby agree as follows:

1. Incorporation of Recitals. The Recitals in Paragraphs A through H above are hereby incorporated as if set forth herein.

2. Adjacent Lane Resurfacing. SRWA provided road resurfacing of those certain roadway segments of Fox and Berkeley Roads as shown on Exhibit B adjacent to SRWA's road restoration work.

2.1 The County understands that the road resurfacing work is not a structural repair and, therefore, will not prohibit alligator cracking from occurring in the future. The 2" grind and overlay does not include a warranty of the roadway or for new pavement failures due to existing failed subgrades.

2.2 County's reimbursement obligation under this MOU shall be the product of the Total Resurfacing Cost multiplied by the County Cost Percentage ("County's Reimbursement Obligation").

2.3 SRWA shall prepare and submit to the County a request for reimbursement of road resurfacing costs, up to the amount shown in 2.2 above and will include a copy of the contractor requisition(s).

2.4 County's Reimbursement Obligation shall be satisfied first from County's Road Closure Credit of \$495,000.

2.5 The balance of the County's Reimbursement Obligation of \$404,282 shall be paid to SRWA within sixty (60) days.

3. Indemnity. SRWA shall hold County, its agents, officers, officials, and employees harmless from and save, defend and indemnify against them any and all claims, losses, liabilities and damages from every cause, including but not limited to injury to person or property or wrongful death or any legal challenges arising out of whether the County has dedicated rights of way along the alignments of the project or whether the County has the authority to allow SRWA pipelines to be placed in the aforementioned alignments, with the indemnity to include reasonable attorney's fees, and all costs and expenses, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by SRWA, its agents, officers, officials or employees, except to the extent that the act or omission arises from the gross negligence or willful misconduct of County, its agents, officers, officials, or employees relating to or during the performance of its obligations under this MOU.

4. General Provisions

4.1. Entire Contract. The parties intend this MOU to be the sole, final, complete, exclusive, and integrated expression, and statement of the terms of their agreement concerning the subject matter of this MOU. This MOU supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the subject matter of this MOU, except those other documents that may be expressly referenced in this MOU. This MOU is intended to be used in conjunction with the Encroachment Permit subject to the order of precedence set forth in the following section.

- 4.2. Order of Precedence. If there is any inconsistency between the encroachment permitting documents, the following order of precedence shall apply:
- 4.1.1 Encroachment Permit
 - 4.1.2 This MOU
 - 4.1.3 Table 1 – Proposed Road Restoration for SRWA Regional Water Supply Project (attached hereto as Exhibit D and made a part hereof)
- 4.3. Construction and Interpretation. The parties agree and acknowledge that this MOU has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this MOU. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this MOU.
- 4.4. Assignment. This MOU and all rights and obligations under it are personal to the parties. The MOU may not be transferred, assigned, delegated, or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party.
- 4.5. Further Assurances and Cooperation. In order to carry out and give full effect to this MOU, 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 the other party, so long as not inconsistent with the provisions of this MOU and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this MOU. The parties will reasonably cooperate with each other to carry out the purpose and intent of this MOU, including providing assistance in obtaining approvals and permits from regulatory agencies required to perform the obligations under this MOU.
- 4.6. Amendment. This MOU may be modified or amended only by a later writing approved and signed by all parties.
- 4.7. Governing Law. This MOU will be interpreted, governed by, and construed under the laws of the State of California, without giving effect to any conflict of law principles.
- 4.8. Notices. Any notice, consent, approval, or other communication (collectively “Notice”) required or permitted to be given under this MOU shall be in writing and delivered or sent either (a) in person, (b) by prepaid, first-class U.S. mail, (c) by a nationally recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with a confirmed receipt. Any Notice so delivered or sent will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first-class U.S. mail, (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 party confirming the receipt of the emailed Notice. Notices required or permitted to be given under this MOU shall be addressed as follows:

<p><u>SRWA:</u></p> <p>Robert L. Granberg General Manager Stanislaus Regional Water Authority 156 S. Broadway, Suite 270 Turlock, CA 95380 granbergassociates@gmail.com</p>	<p><u>County:</u></p> <p>David A. Leamon Public Works Director Stanislaus County 1716 Morgan Road Modesto, CA 95358 leamond@stancounty.com</p>
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Any party may change its contact information by notifying the other party(ies) of the change in the manner provided above.

- 4.9. Authority to Execute. Each person executing this MOU represents and warrants that he is duly authorized and has legal authority to execute and deliver this MOU. Each party represents and warrants to the other that the execution and delivery of this MOU and the performance of such party's obligations hereunder have been duly authorized.
- 4.10. Counterparts. This MOU may be executed in counterparts, which together shall constitute the same and entire MOU.

[signatures appear on following page]

IN WITNESS WHEREOF, the parties hereto have entered into this MOU as of the date first written above.

STANISLAUS REGIONAL WATER
AUTHORITY, a Joint Powers Authority
of the State of California

COUNTY OF STANISLAUS,
a political subdivision of the State of California

By: _____
Robert L. Granberg
General Manager

By: _____
Terrance Withrow
Chairman of the Board

Attest: _____
Angelica Gonsalves
Secretary

Attest: _____
Elizabeth A. King, Clerk of the Board of Board
Supervisors of the County of Stanislaus,
State of California

Approved as to Form:

Approved as to Content:
Department of Public Works

By: _____
Richard Shanahan, Counsel

By: _____
David Leamon, Director

Approved as to Form:
Thomas E. Boze, County Counsel

By: _____
G. Michael Ziman, Deputy County Counsel

Exhibit A

Encroachment Permit

[behind this page]

Exhibit B

Fox and Berkeley Roads Roadway Segments

[behind this page]

Exhibit C

Letter from Jacobs dated May 6, 2022

[behind this page]

Exhibit D

Table 1

[behind this page]