



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

(209) 668-5349 (phone) (209) 538-5788 (fax)

## Special Board Meeting Agenda

June 27, 2024 at 12:00 p.m.

1235 Aldrich Road, Hughson, CA - Stanislaus Regional Water Authority

Chair, Amy Bublak  
Vice Chair, Javier Lopez  
Director, Pam Franco  
Director, Bret Silveira  
Director (alternate), Rosalinda Vierra  
Director (alternate), Kevin Bixel

General Manager, Christopher Fisher  
Legal Counsel, Jennifer Buckman  
Finance Director, Isaac Moreno  
Board Secretary, Nichole Fiez

### THIS MEETING WILL BE OPEN TO THE PUBLIC IN PERSON.

**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](http://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:**

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

**B. STAFF UPDATES:**

1. General Manager Update (*Fisher*)

**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 the minutes of special meeting of May 13, 2024

**6. PUBLIC HEARINGS:** None

**7. SCHEDULED MATTERS:**

A. Motion: Approving a Professional Services Agreement with Jacobs Engineering Group, Inc. for Project Management, SCADA and OT Support, and Process Support and Training at Stanislaus Regional Water Authority Water Treatment Plant for a period of three (3) fiscal years not to exceed \$935,662, over the term of the Agreement beginning June 27, 2024 and ending June 27, 2027 (Estrada)

B. Motion: Accepting the Stanislaus Regional Water Authority's audited Financial Statements for the fiscal year ended June 30, 2022 (Moreno)

C. Resolution 2024-XXX: Adopting the Annual Budget for the Stanislaus Regional Water Authority for the 2024-25 Fiscal Year and Adopting a minimum cash reserve target for 2024-25 (Moreno)

**8. BOARD ITEMS FOR FUTURE CONSIDERATION**

**9. 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. CLOSED SESSION:** None

**12. ADJOURNMENT**



# REGIONAL SURFACE WATER SUPPLY PROJECT

**Agenda Item 3.B.  
General Manager's Update**

**June 27, 2024**

# Project Update

- Design-Build Contract Status
- Environmental Clearance/Permitting
- Operations Agreement
- Funding/Financing Update
- TID Recycled Water Update
- Public Outreach
- Project Photos





# Design-Build Project Activities

# Design-Build Contract Status

As of May 31, 2024

<b>Original Contract</b>	<b>\$ 195,400,357.00</b>
Net of Change Orders (50)	\$ 1,095,715.48
Contract Sum to Date	\$ 196,496,072.48
Completed to Date	\$ 196,351,044.87 (99.9%)
Balance to Finish	\$ 145,027.61 (0.1%)

# DB Contract Status

- Final punch list - Completed
- Amendment No. 11 of West Yost Agreement executed for a time only extension to June 30<sup>th</sup> 2025
- Amendment No. 3 of Montrose Environmental Agreement executed for a time only extension to June 30<sup>th</sup> 2025
- Final Change Orders to be completed:
  - Lime slurry pipeline realignment
  - Check valves on sample lines
  - Drain lines on ozone sample taps
  - Additional fencing at RWPS
  - Facility card access changes
- Spare parts - Complete
- Engineering, Instrumentation and controls support - agenda Item
- Contractual Final Completion Date: September 15, 2024
  - Change order executed to extend final completion to allow time for completion of change orders requested by SRWA



# Environmental Clearance / Permitting

- Elderberry trees removed for raw water pump station fence
  - Revegetation plan implemented at Fox Grove Park
  - Fox Grove/County Staff were satisfied with the improvements
- Encroachment Permits closed with County for pipeline installation / roadwork
- Permit for Clearwell discharge to land approved 6/14/2024
- SRWA gained exemption for CV-SALTS 6/6/2024
- SRWA requested a meeting with FEMA for LOMR and changing requirements surrounding the recent LOMR application
- Air Board (SJVAPD) permitting completed but Permit to Operate issuance has been delayed citing backlog
- Notice of Termination for Stormwater Pollution Prevention Plan will be requested when recent hydroseeding bears grass



# Operations Agreement – Monthly Update

Section	Action
4.2	Staffing – SRWA extended an offer for a Senior Operator
4.3(A)	Standard Operating Procedures – Completed
4.3(B)	Site Security contract – Executed
4.3(B)	CMMS hierarchy developed and uploaded in the sandbox. Currently in QA/QC
4.3(D)	Landscaping Agreement awarded to Green Horizon in accordance with the purchasing policy
4.5	Undelivered recycled water to TID was invoiced on May statement
4.6	AWIA Risk & Resilience and Emergency Response planning begins 7/10/2024
4.6	Urban Water Management Plan project scheduled to start July
4.6	Watershed Sanitary Survey - consulting with MID to share costs for the study (as done previously)
4.8(B)	Annual Budget – on agenda
4.9	Ponding and erosion damage repairs completed site wide
4.10	Revised Injury and Illness Prevention Plan to include Central Safety Committee bylaws, and Workplace violence prevention plan adopted 5/28/2024
4.16	Warranty process has been defined and is being followed; to date 17 warranty items have been submitted

# Funding/Financing Update



## SRF Loan

Disbursement Requests 1 - 32 submitted  
1 – 30 received = \$188,220,945

SRF Loan Repayment included principal amount for 2024 which was earlier than anticipated. Staff worked with Water Resources Control Board to adjust reserve requirement to alleviate the potential budget shortfall.



## Awarded Grants

IRWM = \$5.8M

Received to Date = \$5.22M

Prop 50 = \$5M

Received to Date = \$3.98M

# TID Recycled Water Update

- Undelivered recycled water billed on May 13<sup>th</sup> invoice
  - 2/22/23 - 3/20/2024 (prorated): 487.67AF for the non-irrigation season
  - 3/21/2024 - 4/30/2024: 367.71 AF invoiced
- Consent item for amending COT NPDES permit to discharge recycled water to TID lateral 5.5 on track for February 2025 State Water Control Board meeting
- Estimate for the Hydraulic Modeling Assessment prepared by Corollo for the alternate discharge location is \$70K (cost covered by SRWA)

# Public Outreach

- Website and Social Media fully transferred to City of Turlock
- No customer calls re: water quality



# Raw Water Pump Station Looking Northeast





# Water Treatment Plant Looking North







**SRWA**  
STANISLAUS REGIONAL  
WATER AUTHORITY

[www.stanrwa.com](http://www.stanrwa.com)





1. A. **CALL TO ORDER:** Chair Bublak called the meeting to 9:30 a.m.

B. **SALUTE TO THE FLAG**

C. **ROLL CALL**

PRESENT: Director Bret Silveira, Director Pam Franco, Vice Chair Javier Lopez (arrived at 9:47 a.m.), Chair Amy Bublak

ABSENT: N/A

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

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

B. **STAFF UPDATES:** None

C. **PUBLIC PARTICIPATION:**

Chair Bublak opened public participation.

There were no comments, and Chair Bublak closed public participation.

4. **DECLARATION OF CONFLICTS OF INTEREST AND DISQUALIFICATIONS:**

None

5. **CONSENT CALENDAR:**

A. Motion: Approving the minutes of the regular meeting of April 18, 2024

**Action:** Motion by Director Franco seconded by Director Silveira, to adopt the Consent Calendar, and carried 3/0 by the following vote:

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

6. **PUBLIC HEARINGS:** None

7. **SCHEDULED MATTERS:**

A. Discussion: Continuation of discussion of Stanislaus Regional Water Authority's purchase of undelivered recycled water from Turlock Irrigation District (Fisher)

General Manager Fisher started the discussion per the report and answered questions from the Board.

Chair Bublak opened public participation.



There were no comments, and Chair Bublak closed public participation.

B. Presentation: Draft SRWA O&M Budgets for Fiscal Year 2024-2025 (Moreno)

Finance Director Moreno presented the draft SRWA O&M Budget for the fiscal year 2024-2025, and answered questions from the Board.

Chair Bublak opened public participation.

There were no comments.

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:** June 20, 2024
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 9:56 a.m.

*Respectfully submitted,*

**DRAFT**

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Nichole Fiez, Board Secretary



From: Salena Estrada, SRWA Water Treatment Plant Manager

Prepared by: Janice Virgo, Staff Services Assistant

**1. ACTION RECOMMENDED:**

Motion: Approving a Professional Services Agreement with Jacobs Engineering Group, Inc. for Project Management, SCADA and OT Support, and Process Support and Training at Stanislaus Regional Water Authority Water Treatment Plant for a period of three (3) fiscal years not to exceed \$935,662, over the term of the Agreement beginning June 27, 2024 and ending June 27, 2027.

**2. DISCUSSION OF ISSUE:**

**Background**

A. The Stanislaus Regional Water Authority (SRWA) Water Treatment Plant requires support of the equipment and processes, which entails: Project Management (PM) for Maintenance of the Operational Technology (OT) and Supervisory Control and Data Acquisition/Industrial Control (SCADA/ICS) systems, Water Treatment Plant performance process, and Training to optimize Water Treatment Plant performance processes on a time-and-material basis.

Task	2024-2025	2025-2026	2026-2027
Project Management	\$26,346.00	\$27,150.00	\$27,954.00
SCADA and OT Support	\$93,316.00	\$100,036.00	\$106,064.00
Process Support	\$114,504.00	\$117,672.00	\$120,840.00
Process Training	\$65,700.00	\$67,260.00	\$68,820.00
Per Annual Total	\$299,866.00	\$312,118.00	\$323,678.00
<b>Total</b>	<b>\$935,662.00</b>		

**Competitive Solicitation**

SRWA is unable to solicit bids as Jacobs Engineering Group Inc., are the subject matter experts in this system design; They exclusively use this platform and have engineered the system integration.

## **Recommendation**

Staff is recommending an authorization to award the Agreement to Jacobs Engineering as they are the current Engineering Firm that has been contracted since the start of construction. Their contract longevity with Stanislaus Regional Water Authority reflects their work ethic and their ability to provide continuous service.

### **BASIS FOR RECOMMENDATION:**

- A. The SRWA Water Treatment Plant's current platform consists of an exclusively engineered system, comprised of tightly integrated software and hardware components. Program modifications and maintenance of the systems require specifically trained staff to make changes to the specialized design system, which Jacobs Engineering has extensive knowledge of.
- B. Jacobs Engineering Group, Inc. will be able to supply SCADA Software, Technical Support, and Operator Training via On-Site and Remote Training.

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

The Water Treatment Plant has sufficient funding budgeted in the FY 2024-25 municipal budget in Fund "Contractual Services" Account No. 950-53-550.43314 "Contract Help - Services"

### **4. GENERAL MANAGER'S COMMENTS:**

Recommend approval

### **5. ENVIRONMENTAL DETERMINATION:**

This action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378 (Project) of the CEQA guidelines. This action consists of "organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment" and therefore is not considered a project.

### **6. ALTERNATIVES:**

- A. Board may choose not to approve the agreement with Jacobs Engineering; however, this alternative is not recommended as the Stanislaus Regional Water Authority does not have OT Support, and SCADA/ICS support that is essential to operating the Water Treatment Plant.

### **7. ATTACHMENTS:**

- A. Professional Services Agreement  
Exhibit A: Jacobs Stanislaus Regional Water Authority Scope of Work

SRWA– Services Agreement rev 2023-09-29.docx

## **Stanislaus Regional Water Authority Services Agreement 2024-145**

This Agreement is entered into as of the date last signed and dated below by and between Stanislaus Regional Water Authority, a local government agency (“SRWA”), and Jacobs Engineering Group Inc., a Delaware Corporation (“Contractor”), who agree as follows:

### **1 Scope of Work**

Contractor shall perform the work and render the services described in the attached Exhibit A (the “Work”). Contractor shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

### **2 Payment**

2.1 SRWA shall pay to Contractor a fee based on:

Contractor’s time and expenses necessarily and actually expended or incurred on the Work in accordance with Contractor’s fee schedule on the attached Exhibit A.

The fee arrangement described on the attached Exhibit A.

The Work shall total maximum not to exceed \$935,662 for a period of three (3) years over the term of the Agreement. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by SRWA. Contractor’s fee includes all of Contractor’s costs and expenses related to the Work.

2.2 At the end of each month, Contractor shall submit to SRWA an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, SRWA shall pay the invoice within 30 days of its receipt.

### **3 Term**

3.1 This Agreement shall take effect on the above date and continue in effect for: (a) three (3) years from the Effective Date, (b) completion of the Work, or (c) termination as provided below, whichever occurs first. Time is of the essence in this Agreement. If Exhibit A includes a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by SRWA for good cause shown by Contractor. If Exhibit A does not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

3.2 This Agreement may be terminated at any time by SRWA upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be



fairly compensated for all work performed to the date of termination as calculated by SRWA based on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

#### **4 Professional Ability of Contractor**

4.1 Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. SRWA has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field for similar scope in the location and timeframe of this Project.

4.2 The following individuals are designated as key personnel and are considered to be essential to the successful performance of the work hereunder: see the attached approved scope. Contractor agrees that these individuals may not be removed from the Work or replaced without compliance with the following sections:

4.2.1 If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, Contractor shall immediately notify SRWA and shall, subject to SRWA's concurrence, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

4.2.2 Each request for approval of substitutions must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by SRWA to evaluate the proposed substitution. SRWA shall evaluate Contractor's request and SRWA shall promptly notify Contractor of its decision in writing.

#### **5 Conflict of Interest**

Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and SRWA's conflict of interest code because Contractor will perform the Work independent of the control and direction of the SRWA or of any SRWA official, other than normal contract monitoring, and Contractor possesses no authority with respect to any SRWA decision beyond the rendition of information, advice, recommendation or counsel.

## **6 Contractor Records**

6.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. SRWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

6.2 In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

## **7 Ownership of Documents**

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to SRWA (“Work Product”) shall be the property of SRWA, and SRWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast, and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without SRWA’s prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, SRWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast, and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If SRWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then SRWA shall hold Contractor harmless against all claims, damages, losses, and expenses arising from such reuse or modification. For any Work Product provided to SRWA in paper format, upon request by SRWA at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to SRWA in a readable, transferable, and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

## **8 Confidentiality of Information**

8.1 Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used or obtained by SRWA or created by Contractor in connection with the performance of the Work under this Agreement (the “Confidential Material”). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by SRWA. Contractor also shall not

disclose any Confidential Material to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in advance in writing by SRWA. If there is a question whether Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

8.2 Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by SRWA or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, SRWA policies and directives, and best industry security practices and standards.

8.3 If any person or entity, other than SRWA or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. In the event that the parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

8.4 Unless otherwise directed in writing by SRWA, upon contract completion or termination, Contractor must destroy all Confidential Materials (written, printed and/or electronic) and shall provide a written statement to SRWA that such materials have been destroyed.

## **9 Compliance with Laws**

9.1 General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

9.2 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance.

9.2.1 This section 9.2 applies if the Work includes either of the following:

9.2.1.1 Labor performed during the design, site assessment, feasibility study and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this section 9.2 applies only to workers performing the pre-construction and post-construction work.

9.2.1.2 “Maintenance” work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any SRWA facility, plant, building, structure, utility system or other property (“SRWA Facility”) in a safe and continually usable condition, (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any SRWA Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on SRWA machinery and equipment, and (iii) landscape maintenance. “Maintenance” excludes (i) janitorial or custodial services of a routine, recurring or usual nature, and (ii) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some “maintenance” work and other work that is not “maintenance,” then this section 9.2 applies only to workers performing the “maintenance” work.

9.2.2 Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to SRWA up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to SRWA the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

9.2.3 If the Work includes labor during pre- or post-construction phases as defined in section 9.2.1.1 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$25,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor’s Public Works Contractor Registration Number: \_\_\_\_\_

9.2.4 If the Work includes maintenance as defined in section 9.2.1.2 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds

\$15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor’s Public Works Contractor Registration Number: \_\_\_\_\_

d. ***“Intentionally omitted”***

**10 Indemnification.**

10.1 Contractor shall indemnify, defend, protect, and hold harmless SRWA, and its officers, and employees (“Indemnitees”) from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and consultant fees, and litigation costs) (collectively a “Claim”) to the extent that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the negligence or willful misconduct of SRWA or its employees or agents. Contractor’s obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

10.2 This section 10.2 applies if the Contractor is a “design professional” as that term is defined in Civil Code section 2782.8. If a court or arbitrator determines that the incident or occurrence that gave rise to the Claim was partially caused by the fault of an Indemnitee, then in no event shall Contractor’s total costs incurred pursuant to its duty to defend Indemnitees exceed Contractor’s proportionate percentage of fault as determined by a final judgment of a court or final decision of arbitrator.

**11 Insurance**

Types & Limits. Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
Commercial general liability	\$2,000,000 per occurrence & \$4,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury
Automobile liability	\$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers’ compensation	Statutory limits	
Employers’ liability	\$1,000,000 per accident	

Professional liability*	\$1,000,000 per claim	
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\*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor, attorney or accountant.

11.1 **Other Requirements.** The general and automobile liability policy(ies) shall be endorsed to name SRWA, its officers, employees, board members, as additional insureds regarding liability arising out of the Work. Contractor’s general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability. SRWA’s insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor’s insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to SRWA. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best’s rating of A:VII or better unless otherwise acceptable to SRWA. Workers’ compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers’ compensation policy must be endorsed to contain a subrogation waiver in favor of SRWA for the Work performed by Contractor.

11.2 **Proof of Insurance.** Upon request, Contractor shall provide to SRWA the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer’s equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

## 12 General Provisions

12.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

12.2 **Independent Contractor.** Contractor’s relationship to SRWA is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor’s employees or agents. Contractor and its officers, employees and agents are not SRWA employees, and they are not entitled to SRWA employment salary, wages or benefits. Contractor shall pay, and SRWA shall not be responsible in any way for, the salary, wages, workers’ compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor’s employees. Contractor shall, to the fullest extent permitted by law, indemnify SRWA, and its officers, employees, board members, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor’s independent contractor status or employment-related liability.



12.3 **Subcontractors.** No subcontract shall be awarded nor any subcontractor engaged by Contractor without SRWA's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in section 11 of this Agreement. Any approved subcontractor shall obtain the required insurance coverages and provide proof of same to SRWA in the manner provided in section 11 of this Agreement.

12.4 **Assignment.** This Agreement and all rights and obligations under it are personal to the parties. The Agreement 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. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

12.5 **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by SRWA to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

12.6 **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

12.7 **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where SRWA's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

12.8 **Notice.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, 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 confirmed receipt. Such notices, etc. shall be addressed as follows:

SRWA:

Stanislaus Regional Water Authority  
Attn: Christopher Fisher  
156 S. Broadway Suite 270  
Turlock, CA 95380  
E-mail: cfisher@turlock.ca.us

Contractor:

Jacobs Engineering Group, Inc.  
Attn:  
2485 Natomas Park Drive Suite 600  
Sacramento, CA 95833  
E-mail: xx@jacobs.com

Notice given as above 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 delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

**12.9 Signatures and Authority.** Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

---

Stanislaus Regional Water Authority:

Dated: \_\_\_\_\_

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

Christopher Fisher  
SRWA General Manager

Jacobs Engineering Group, Inc.:

Dated: \_\_\_\_\_

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

[Name/Title]

# Stanislaus Regional Water Authority On-Call Services

## Scope of Work

### Introduction and Background

The City of Turlock (the City) will provide operation and maintenance (O&M) services for the new Stanislaus Regional Water Authority (SRWA) water supply project infrastructure. The City desires support for:

1. Maintenance of the Operational Technology (OT) and Supervisory Control and Data Acquisition/Industrial Control (SCADA/ICS) systems.
2. Water Treatment Plant performance process support.
3. Training to optimize Water Treatment Plant performance processes.

Jacobs proposes to perform the services described herein for the not-to-exceed amount of \$935,662 over three (3) years on a time-and-materials basis. Refer to Supplement A, Level of Effort Estimate. Jacobs' staff labor will be billed at the per diem rates shown in Supplement B. All expenses will be billed at cost.

### Task 1 - Project Management

Jacobs Project Manager will serve as the City's primary point of contact for requesting support. The Project Manager will be supported by a qualified team to respond and resolve issues. This task includes project management activities performed by the Project Manager and Support Managers including project initiation and contract administration. The project management effort will draw from the labor allowance as needed.

### Assumptions

1. Jacobs cannot guarantee 24/7 on-call support outside of normal business hours. The City will coordinate service requests with Jacobs' Project Manager to expedite responses.
2. This Scope of Work and associated level of effort are based on Jacobs' understanding of the City's system at the time of this Agreement. If new information is developed that materially affects the Scope or level of effort, these changes will be discussed with the City immediately.
3. Jacobs will not be obligated to spend above the estimated fee included in this scope of work without amendment from the City.

### Deliverables

- Monthly invoice with narrative

### Task 2 - SCADA and OT Support

Jacobs will provide as-needed support services for the SCADA and OT systems as identified and prioritized by the City. The scope of work includes assistance with regular system maintenance activities, as well as troubleshooting and repair in response to system issues. Services will be provided via remote access connection when practical, but the budget includes an allowance for site travel for more involved maintenance activities or to address major failures.

Annual cyber-security assessments shall be performed on the ICS/OT environment and enabling assets, including (but not limited to):

- Networking and server hardware
- PLC's/RTU's
- OIT's
- Workstations

- WAN & remote connectivity (fiber/radio/cellular/satellite)
- Telemetry systems

The first year will include an assessment (years two and three will update and maintain) of the broader cyber-security framework to:

- Identify gaps in both active cyber and governance-based controls
- Prioritize and align risks to ICS/OT critical assets (based on threat/CVE severity, dark-web community awareness & exploitation complexity)
- Define solutions based on reputable standards (NIST 800-82, 53)
- Provide cost estimations (for stakeholders) to justify the costs involved to remediate and monitor

The project budget is an allowance for execution of tasks assigned by the City. The allowance shown in the level of effort estimate is based on the following:

- Regular monthly remote support of the OT systems
- Annual remote cyber-security assessments
- Periodic allowances for SCADA and OT support (up to 40 hours of on-site SCADA support per year, plus 1 week every 4 months for more intensive onsite OT activity)
- Additional as-needed monthly allowances for remote SCADA and OT support (up to 8 hours per month for each system)
- Allowance for travel expenses

Jacobs will provide on-call support during regular business hours, defined as Monday through Friday from 9 a.m. to 5 p.m. Response times shall be in accordance with the following schedule:

- For High Severity Issues where the SCADA application is not functional:
  - a. Response within 30 minutes
- For Medium to Low Severity Issues where the SCADA application is functional and end users have a workaround:
  - a. Response within 1 hour
- For requests for application configuration changes not related to a break\fix:
  - a. Response within 3 days

### Assumptions

1. The City will be responsible for ongoing maintenance and support of all business-side network assets (Jacobs will not be required to support the City's business-side network).
2. The City will maintain ownership and responsibility for the OT and SCADA/ICS.
3. The City will maintain responsibility for all cybersecurity with Jacobs providing a supporting role as needed.
4. All materials will be provided by the City. The level of effort estimate does not include budget for supply of any materials.
5. The City will be responsible for direct contracting of third-party companies as the need arises for resolution of issues outside the Jacobs' scope.
6. This Scope of Work is limited to the SCADA system (Operational Technology and Process and Instrumentation Controls) as depicted in the SRWA2019 Record Documents and does not include systems at remote sites that were not included as part of Jacobs' Design-Build project.
7. Support under this contract does NOT include support for the following systems (hardware or software):
  - a. Site security

- b. Building mechanical
- c. Fire alarm systems
- d. Business Network associated Hardware, Firmware, or Software
- e. Package system process equipment

### Deliverables

- To be determined based on assigned work tasks

### Task 3 - Process Support

Jacobs will provide as-needed professional services to support the performance of the Water Treatment Plant as identified and prioritized by the City. The scope of work includes assistance with troubleshooting equipment issues, including laboratory equipment. Services will be provided remotely when practical, but the budget includes an allowance for site travel for more involved activities or to address major issues.

The project budget is an allowance for execution of tasks assigned by the City. The allowance shown in the level of effort estimate is based on the following:

- Remote support by the Process Support Manager (up to 8 hours per month), Process Engineer (up to 16 hours per month), and Lab Professional (up to 2 hours per month)
- On-site allowance for the Process Support Manager and Process Engineer (up to three 3-day visits per year)
- Allowance for travel expenses

Jacobs will provide on-call support during regular business hours, defined as Monday through Friday from 9 a.m. to 5 p.m. Response times shall be in accordance with the following schedule:

- For High Severity Issues where the Water Treatment Plant needs to be immediately offline:
  - a. Response within 2 hours
- For Medium Severity Issues where the Water Treatment Plant is functional and Operations staff has a workaround:
  - a. Response within 6 hours
- For Low Severity Issues where the questions/concerns are not related to a break\fix:
  - a. Response within 3 days

### Assumptions

1. The City will be responsible for ongoing operations and maintenance all equipment.
2. All materials will be provided by the City. The level of effort estimate does not include budget for supply of any materials.
3. This Scope of Work is limited to the process as depicted in the SRWA2019 Record Documents and does not include systems at remote sites that were not included as part of Jacobs' Design-Build project.

### Deliverables

- To be determined based on assigned work tasks

### Task 3 - Process Training

Jacobs will provide as-needed training to O&M staff to optimize the performance of the Water Treatment Plant as identified and prioritized by the City.

The project budget is an allowance for execution of tasks assigned by the City. The allowance shown in the level of effort estimate is based on the following:

- On-site Training performed by the Process Support Manager (up to six 4-hour trainings per year)
- Allowance for travel expenses

### Assumptions

1. Trainings will occur in-person and on-site at SRWA.
2. The City will identify training topics. Jacobs will prepare the training material to present to O&M staff.
3. All materials will be provided by the City. The level of effort estimate does not include budget for supply of any materials.
4. This Scope of Work is limited to the process as depicted in the SRWA2019 Record Documents and does not include systems at remote sites that were not included as part of Jacobs' Design-Build project.

### Deliverables

- Draft agenda prior to the training
- Presentation and handouts during the training



# Supplement A - LOE Estimate

## Stanislaus Regional Water Authority

### On-Call Services

Draft v. 05/09/24

Task 1 - Project Management  
 Task 2 - SCADA and OT Support  
 Task 3 - Process Support  
 Task 4 - Process Training

Resource	Classification	Task 1 - Project Management												Total Task 1	
		2024	2025	2026	2027	2024		2025		2026		2027		Hours	Costs
		Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hours	Costs		
Smith, Sunshine	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246	24.00	5,400.00	48.00	11,136.00	48.00	11,472.00	24.00	5,904.00	144.00	33,912.00
Brown, Kiel	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246	6.00	1,350.00	12.00	2,784.00	12.00	2,868.00	6.00	1,476.00	36.00	8,478.00
Porter, Will	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-
Carter, Bill	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285	6.00	1,566.00	12.00	3,228.00	12.00	3,324.00	6.00	1,710.00	36.00	9,828.00
Price, Glen	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285		-		-		-		-	-	-
Hendrickson, Lisa	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212	24.00	4,656.00	48.00	9,600.00	48.00	9,888.00	24.00	5,088.00	144.00	29,232.00
Cummings, Jeff	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-
Wille, Ashley	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
Moore, John	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
Feier, Hillary	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
<b>Labor</b>						<b>60.00</b>	<b>12,972.00</b>	<b>120.00</b>	<b>26,748.00</b>	<b>120.00</b>	<b>27,552.00</b>	<b>60.00</b>	<b>14,178.00</b>	<b>360.00</b>	<b>81,450.00</b>
Other Direct Costs (ODCs)															-
Travel															-
Expenses															-
<b>Total by Task</b>						<b>60.00</b>	<b>12,972.00</b>	<b>120.00</b>	<b>26,748.00</b>	<b>120.00</b>	<b>27,552.00</b>	<b>60.00</b>	<b>14,178.00</b>	<b>360.00</b>	<b>81,450.00</b>

# Supplement A - LOE Estimate

## Stanislaus Regional Water Authority

### On-Call Services

Draft v. 05/09/24

- Task 1 - Project Management
- Task 2 - SCADA and OT Support
- Task 3 - Process Support
- Task 4 - Process Training

Resource	Classification	Task 2 - SCADA and OT Support												Total Task 2	
		2024	2025	2026	2027	2024		2025		2026		2027		Hours	Costs
						Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$		
Smith, Sunshine	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-
Brown, Kiel	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246	18.00	4,050.00	36.00	8,352.00	36.00	8,604.00	18.00	4,428.00	108.00	25,434.00
Porter, Will	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-
Carter, Bill	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285		-		-		-		-	-	-
Price, Glen	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285		-	40.00	10,760.00	32.00	8,864.00	32.00	9,120.00	104.00	28,744.00
Hendrickson, Lisa	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-
Cummings, Jeff	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212	68.00	13,192.00	136.00	27,200.00	136.00	28,016.00	68.00	14,416.00	408.00	82,824.00
Wille, Ashley	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
Moore, John	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172	122.00	19,154.00	244.00	39,528.00	244.00	40,748.00	122.00	20,984.00	732.00	120,414.00
Feier, Hillary	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
<b>Labor</b>						<b>208.00</b>	<b>36,396.00</b>	<b>456.00</b>	<b>85,840.00</b>	<b>448.00</b>	<b>86,232.00</b>	<b>240.00</b>	<b>48,948.00</b>	<b>1,352.00</b>	<b>257,416.00</b>
Other Direct Costs (ODCs)															
Travel							7,000.00		14,000.00		14,000.00		7,000.00		42,000.00
<b>Expenses</b>							<b>7,000.00</b>		<b>14,000.00</b>		<b>14,000.00</b>		<b>7,000.00</b>		<b>42,000.00</b>
<b>Total by Task</b>						<b>208.00</b>	<b>43,396.00</b>	<b>456.00</b>	<b>99,840.00</b>	<b>448.00</b>	<b>100,232.00</b>	<b>240.00</b>	<b>55,948.00</b>	<b>1,352.00</b>	<b>299,416.00</b>

# Supplement A - LOE Estimate

## Stanislaus Regional Water Authority

### On-Call Services

Draft v. 05/09/24

Task 1 - Project Management  
 Task 2 - SCADA and OT Support  
 Task 3 - Process Support  
 Task 4 - Process Training

Resource	Classification	Task 3 - Process Support												Total Task 3	
		2024	2025	2026	2027	2024		2025		2026		2027		Hours	Costs
						Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$		
Smith, Sunshine	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-
Brown, Kiel	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-
Porter, Will	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246	96.00	21,600.00	192.00	44,544.00	192.00	45,888.00	96.00	23,616.00	576.00	135,648.00
Carter, Bill	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285	84.00	21,924.00	168.00	45,192.00	168.00	46,536.00	84.00	23,940.00	504.00	137,592.00
Price, Glen	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285		-		-		-		-	-	-
Hendrickson, Lisa	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-
Cummings, Jeff	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-
Wille, Ashley	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172	12.00	1,884.00	24.00	3,888.00	24.00	4,008.00	12.00	2,064.00	72.00	11,844.00
Moore, John	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-
Feier, Hillary	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172	36.00	5,652.00	72.00	11,664.00	72.00	12,024.00	36.00	6,192.00	216.00	35,532.00
<b>Labor</b>						<b>228.00</b>	<b>51,060.00</b>	<b>456.00</b>	<b>105,288.00</b>	<b>456.00</b>	<b>108,456.00</b>	<b>228.00</b>	<b>55,812.00</b>	<b>1,368.00</b>	<b>320,616.00</b>
Other Direct Costs (ODCs)							-		-		-		-		-
Travel							5,400.00		10,800.00		10,800.00		5,400.00		32,400.00
<b>Expenses</b>							<b>5,400.00</b>		<b>10,800.00</b>		<b>10,800.00</b>		<b>5,400.00</b>		<b>32,400.00</b>
<b>Total by Task</b>						<b>228.00</b>	<b>56,460.00</b>	<b>456.00</b>	<b>116,088.00</b>	<b>456.00</b>	<b>119,256.00</b>	<b>228.00</b>	<b>61,212.00</b>	<b>1,368.00</b>	<b>353,016.00</b>

# Supplement A - LOE Estimate

## Stanislaus Regional Water Authority

### On-Call Services

Draft v. 05/09/24

Task 1 - Project Management Task 2 - SCADA and OT Support Task 3 - Process Support Task 4 - Process Training																	
Resource	Classification	Task 4 - Process Training												Total Task 4		Grand Total	
		2024	2025	2026	2027	2024		2025		2026		2027		Hours	Costs	Hours	Costs
						Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$				
Smith, Sunshine	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-	144.00	33,912.00
Brown, Kiel	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246		-		-		-		-	-	-	144.00	33,912.00
Porter, Will	Project Professional	\$ 225	\$ 232	\$ 239	\$ 246	12.00	2,700.00	24.00	5,568.00	24.00	5,736.00	12.00	2,952.00	72.00	16,956.00	648.00	152,604.00
Carter, Bill	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285	72.00	18,792.00	144.00	38,736.00	144.00	39,888.00	72.00	20,520.00	432.00	117,936.00	972.00	265,356.00
Price, Glen	Senior Professional	\$ 261	\$ 269	\$ 277	\$ 285		-		-		-		-	-	-	104.00	28,744.00
Hendrickson, Lisa	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-	144.00	29,232.00
Cummings, Jeff	Staff Professional 2	\$ 194	\$ 200	\$ 206	\$ 212		-		-		-		-	-	-	408.00	82,824.00
Wille, Ashley	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-	72.00	11,844.00
Moore, John	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172		-		-		-		-	-	-	732.00	120,414.00
Feier, Hillary	Staff Professional 1	\$ 157	\$ 162	\$ 167	\$ 172	24.00	3,768.00	48.00	7,776.00	48.00	8,016.00	24.00	4,128.00	144.00	23,688.00	360.00	59,220.00
<b>Labor</b>						<b>108.00</b>	<b>25,260.00</b>	<b>216.00</b>	<b>52,080.00</b>	<b>216.00</b>	<b>53,640.00</b>	<b>108.00</b>	<b>27,600.00</b>	<b>648.00</b>	<b>158,580.00</b>	<b>3,728.00</b>	<b>818,062.00</b>
Other Direct Costs (ODCs)							-		-		-		-		-		-
Travel							7,200.00		14,400.00		14,400.00		7,200.00		43,200.00		117,600.00
<b>Expenses</b>							<b>7,200.00</b>		<b>14,400.00</b>		<b>14,400.00</b>		<b>7,200.00</b>		<b>43,200.00</b>		<b>117,600.00</b>
<b>Total by Task</b>						<b>108.00</b>	<b>32,460.00</b>	<b>216.00</b>	<b>66,480.00</b>	<b>216.00</b>	<b>68,040.00</b>	<b>108.00</b>	<b>34,800.00</b>	<b>648.00</b>	<b>201,780.00</b>	<b>3,728.00</b>	<b>935,662.00</b>

**Supplement B - Rate Schedule**  
**Jacobs Engineering Group**  
**Professionals and Technicians\***  
Hourly Billing Rates\*\*

Classification	Rates			
	2024	2025	2026	2027
Principal	\$270	\$278	\$286	\$295
Senior Professional	\$261	\$269	\$277	\$285
Project Professional	\$225	\$232	\$239	\$246
Staff Professional 2	\$194	\$200	\$206	\$212
Staff Professional 1	\$157	\$162	\$167	\$172
Technician	\$172	\$177	\$182	\$188
Office Support	\$122	\$126	\$130	\$134

**Notes:**

\* includes engineering, consulting, planner and scientist disciplines

\*\*These rates are effective January 1, 2024 through December 31, 2027



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, 2022

**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, 2022 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 5 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, 2022, total assets of \$210,707,594 were offset by liabilities of \$135,225,900. Assets primarily consist of \$151.6 million in capital assets, this is an increase of 169.0% 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.

**7. ATTACHMENTS:**

A. SRWA Basic Financial Statements for the Year Ended June 30, 2022

**STANISLAUS REGIONAL WATER AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**STANISLAUS REGIONAL WATER AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Stanislaus Regional Water Authority (the Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

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, 2022, and the change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 dated May 6, 2024, 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 solely 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.

*Maye & Associates*

Pleasant Hill, California  
May 6, 2024

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2022 with comparative information for June 30, 2021. It is provided in order to enhance the information in the financial statements 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 decisions related to the development and operation of the future RSWSP.

### FINANCIAL HIGHLIGHTS

- At June 30, 2022 the Authority's assets exceed liabilities by \$75,481,694 (net position).
- Total net position increased by \$10,519,402 over the balance at June 30, 2021 of \$64,962,292.
- Total Authority operating revenues for 2021-2022 were \$75,030,000 compared to operating expenses of \$288,252. The Authority also expended \$95,245,355 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 and Statement of Cash Flows. 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 net 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, 2022**

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**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash	\$ 40,452,050	\$ 6,183,614
Accounts receivable	18,573,789	5,250,000
Interest receivable	64,594	15,082
Capital assets not being depreciated	151,617,161	56,371,806
Total assets	<u>210,707,594</u>	<u>67,820,502</u>
<b>Liabilities</b>		
Loan payable	82,104,215	-
Accounts payable	52,855,972	2,858,210
Interest payable	265,713	-
Total liabilities	<u>135,225,900</u>	<u>2,858,210</u>
<b>Net position:</b>		
Net investment in capital assets	69,512,946	56,371,806
Unrestricted	5,968,748	8,590,486
Total net position	<u>\$ 75,481,694</u>	<u>\$ 64,962,292</u>

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

**Stanislaus Regional Water Authority  
Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2022**

**Statement of Revenues, Expenses and Changes in Net Position**

	2022	2021
Operating Revenues	\$ 790,000	\$ 248,944
Operating Expenses	288,252	297,024
Net Operating Income	501,748	(48,080)
Non-Operating Revenues		
Interest Revenue (Loss)	(426,207)	47,426
Interest Expense	(265,713)	
Net Income (Loss) before capital grants and contributions	(190,172)	(654)
Capital Grants	27,750,000	
Capital Contributions from Participating Agencies	74,240,000	47,035,906
Capital Reimbursements to Participating Agencies	(91,280,426)	
Change in net position	10,519,402	47,035,252
Net position, July 1	64,962,292	17,927,040
Net Position, June 30	\$ 75,481,694	\$ 64,962,292

**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, 2022, total assets of \$210,707,594 were offset by liabilities of \$135,225,900. Assets primarily consist of \$151.6 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 wet well and treatment facility. In addition to participant contributions, the project is being funded by a construction installment sale agreement with the State Water Resources Control Board comprised of a grant of \$27.75 million and loan of up to \$184.924 million. The Authority received the grant and drew down \$82.1 million of the loan during fiscal year 2022.

The completion of these tasks provided 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 decided 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 RSWSP has continued construction within this fiscal year and is anticipated to be completed and operational in early 2024.



**Stanislaus Regional Water Authority  
Management's Discussion and Analysis (continued)  
For the Year Ended June 30, 2022**

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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, 2022

ASSETS

Current Assets

City of Turlock Investment Pool (Note 2)	\$40,452,050
Accounts receivable	18,573,789
Interest receivable	<u>64,594</u>
Total Current Assets	59,090,433

Non-Current Assets

Capital assets, not being depreciated (Note 3)	<u>151,617,161</u>
Total Assets	<u>210,707,594</u>

LIABILITIES

Current Liabilities

Accounts payable	52,855,972
Interest payable	<u>265,713</u>
Total Current Liabilities	53,121,685

Long-Term Liabilities

State Revolving Loan Payable (Note 4)	<u>82,104,215</u>
Total Liabilities	<u>135,225,900</u>

NET POSITION (Note 5)

Net Investment in Capital Assets	69,512,946
Unrestricted	<u>5,968,748</u>
Total Net Position	<u><u>\$75,481,694</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, 2022

OPERATING REVENUES	
Participant operating contributions	\$790,000
OPERATING EXPENSES	
Administrative services	247,758
Contractual services	40,494
Total Operating Expenses	288,252
Operating Income	501,748
NON-OPERATING REVENUES (EXPENSES)	
Interest revenue (loss)	(426,207)
Interest (expense)	(265,713)
Total Nonoperating Expenses	(691,920)
Net income (loss) before capital grants and contributions	(190,172)
Capital grants	27,750,000
Capital contributions from participating agencies (Note 3)	74,240,000
Capital reimbursements to participating agencies (Note 4)	(91,280,426)
Change in Net Position	10,519,402
Net Position, beginning of year	64,962,292
Net Position, end of year	\$75,481,694

See accompanying notes to the financial statements

STANISLAUS REGIONAL WATER AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from participants	\$790,000
Payments for administrative services	(229,758)
Payments to suppliers	<u>(33,326)</u>
Net Cash Provided by Operating Activities	<u>526,916</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	27,750,000
Capital contributions	79,490,000
Reimbursement of prior capital contributions	(45,102,063)
Acquisition of capital assets	(91,451,124)
Issuance of loan	<u>63,530,426</u>
Net Cash Provided by Capital and Related Financing Activities	<u>34,217,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>(475,719)</u>
Net Cash Flows	34,268,436
CASH AND INVESTMENTS AT BEGINNING OF YEAR	<u>6,183,614</u>
CASH AND INVESTMENTS AT END OF YEAR	<u><u>\$40,452,050</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$501,748
Change in assets and liabilities:	
Accounts payable	<u>25,168</u>
Net Cash Provided by Operating Activities	<u><u>\$526,916</u></u>

See accompanying notes to the financial statements

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**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**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, 2022**

**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, 2022**

**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 \$40,452,050 at June 30, 2022. At June 30, 2022, 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, 2022, 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 2022, costs totaling \$95,245,355 were incurred and project costs to date of \$151,617,161 have been recorded as construction in progress as of June 30, 2022. The Authority participant cities of Ceres and Turlock, contribute a proportionate share of the overall project costs. During fiscal year 2022, the cities of Ceres and Turlock contributed \$24,395,000 and \$48,375,000, respectively, and TID contributed \$1,460,000 to the Project.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 4 – STATE REVOLVING LOAN PAYABLE**

**A. *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.

The Authority drew down the grant funding during fiscal year 2022 and drew down \$82,104,215 of the loan. In addition, the Authority reimbursed Ceres and Turlock from the loan proceeds for prior capital contributions in the amounts of \$32,199,621 and \$59,080,805, respectively, during the year ended June 30, 2022.

**NOTE 5 – 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:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt used to finance these 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 6 – 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, 2022, contractual service expenditures of \$26,658 were allocated to the Authority from the City of Turlock.

**STANISLAUS REGIONAL WATER AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2022**

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**A. *Program Management and Other Contracts***

The Authority had the following outstanding commitments at June 30, 2022 related to the Regional Surface Water Supply Project:

Design Build Contract	\$19,358,789
Program Management	1,145,167
Phase III Environmental Work	123,853
Construction Management	81,329
Legal Services	41,098

**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.

**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 8 – SUBSEQUENT EVENTS**

**A. *Project Facilities Operations Agreement***

The Authority Board approved the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement between the Authority and the Cities of Turlock and Ceres effective January 1, 2023, under which the City of Turlock will operate the Project Facilities.

The City of Turlock will apportion the costs of service to Turlock and Ceres among the categories of capital costs, fixed operating costs and variable operating costs. Cost allocation information will be estimated annually at the beginning of the fiscal year and reconciled and finalized as part of a post-fiscal year reconciliation. Payment from the cities will be made quarterly and the amounts due or payable from the post-fiscal year reconciliation will be incorporated into the subsequent fiscal year’s quarterly payment requests.

**STANISLAUS REGIONAL WATER AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2022**

**NOTE 8 – SUBSEQUENT EVENTS (Continued)**

The Authority will reimburse Turlock for its actual direct and reasonable costs and expenses incurred in accordance with the operation of the Project Facilities. For labor costs, the Authority will pay the actual salaries and benefits for the Turlock employees who work full time in the operations of the Project Facilities and 5% of the actual salary of the City of Turlock Finance Director, as well as an overhead rate of 15% of the total amount of labor costs paid.

The surface water treatment plant project was completed in April 2024 and the annual labor costs, including overhead, under the operating agreement are expected to be approximately \$1.3 to \$1.6 million per year.

**B. *General Manager Services Agreement***

The Authority and the Cities of Turlock and Ceres entered into a General Manager Services Agreement effective July 20, 2023, under which the City of Turlock’s Municipal Services Director will serve as the General Manager of the Authority. The Authority will pay 5% of the actual salary and benefits of the Turlock Municipal Services Director and an overhead rate of 15% of the total salary and benefits paid. The Authority will also reimburse the City for any business-related travel or other business-related expenses.

**INDEPENDENT AUDITOR’S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the basic financial statements of the Stanislaus Regional Water Authority, California, as of and for the year ended June 30, 2022, and have issued our report thereon dated May 6, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies as listed on the Schedule of Material Weaknesses included as part of our separately issued Memorandum on Internal Control dated May 6, 2024 to be material weaknesses, which is an integral part of our audit and should be read in conjunction with this report.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies as listed on the Schedule of Significant Deficiencies included as part of our separately issued Memorandum on Internal Control dated May 6, 2024 to be significant deficiencies, which is an integral part of our audit and should be read in conjunction with this report.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated May 6, 2024 which is an integral part of our audit and should be read in conjunction with this report.

### ***Authority's Response to Findings***

*Government Auditing Standards* require the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in our separately issued Memorandum on Internal Control dated May 6, 2024, which is an integral part of our audit and should be read in conjunction with this report. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California  
May 6, 2024



From: Isaac Moreno, Finance Director

Prepared by: Isaac Moreno, Finance Director

**1. ACTION RECOMMENDED:**

Resolution: Adopting the Annual Budget for the Stanislaus Regional Water Authority for the 2024-25 Fiscal Year and Adopting a minimum cash reserve target for 2024-25

**2. DISCUSSION OF ISSUE:**

In accordance with Article VII (F) of the Joint Powers Agreement (JPA), the Governing Board of the Stanislaus Regional Water Authority (SRWA) is hereby presented with the proposed 2024-25 annual budget for the SRWA. The proposed budget includes projected costs for the Regional Surface Water Supply Project (RSWSP) Design-Build Contract as well as existing contracts providing program management, construction monitoring, environmental, legal, general manager, and operations to the RSWSP and JPA.

Article XV(F) of the Joint Powers Agreement states that the following regarding SRWA's cash reserves:

*The Governing Board shall determine on an annual basis, prior to the beginning of each fiscal year, a level of reasonable cash reserves to be accumulated by the Authority. This reserve shall be accumulated from revenues collected in excess of all actual costs of the Authority. Once the targeted reserve level is reached, all additional revenues collected in excess of the actual costs of the Authority shall be considered excess revenue and, subject to any limitation in any bond or other financing agreement, carried forward as revenue for the next fiscal year and serve to reduce each Participant's respective assessment for such subsequent fiscal year.*

As it has for the past years, Staff continues to recommend that the Board approve a minimum cash reserve sufficient to fund 3 months of projected expenditures. This process has worked well over the past years and is consistent with provisions in the Phase 3 Funding Agreement as the allocation methodology for costs associated with the RSWSP. As part of this Agreement and consistent with the Operations Agreement, Staff will continue to send each participating agency an invoice for three (3) months projected cashflow needs at the beginning of each calendar quarter.

Capital expenditures, Operations and Maintenance expenses, and State Revolving Loan Fund (SRF) obligations are shown in the budget summary below. Operations position costs are based on the approved staffing plan from the City of Turlock.



SRF-related budget items are interest and principal payments due to project completion, and reserve and debt coverage.

**3. FISCAL IMPACT / BUDGET AMENDMENT:**

The proposed 2024-25 fiscal year budget for the SRWA totals \$26,862,910. The following summarizes the major components of the 2024-25 proposed budget:

<i>OPERATIONS</i>	<i>10,115,235</i>
<i>CAPITAL</i>	<i>5,413,600</i>
<i>SRF DEBT AND RESERVE PAYMENTS</i>	<i>11,334,075</i>

The full details of this budget is attached as Exhibit A. Funding for the proposed budget is allocated among the City of Ceres, City of Turlock, and the Turlock Irrigation District based on the benefit each participant receives from each component of the project. Administrative costs are shared between Ceres and Turlock. Each agency's allocated costs will be funded using a combination of (1) State of California Revolving Fund loan proceeds; and (2) individual agency internal cash resources.

**4. GENERAL MANAGER'S COMMENTS:**

Recommends approval.

**5. ENVIRONMENTAL DETERMINATION:**

N/A

**6. ALTERNATIVES:**

The Board may approve amendments as desired to the proposed 2024-25 annual budget for the SRWA.

**7. ATTACHEMENTS:**

A. Resolution

Exhibit A - Fiscal Year 2024-2025 Budget Report



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

**IN THE MATTER OF ADOPTING THE ANNUAL } RESOLUTION NO. 2024-XXX**  
**BUDGET FOR THE STANISLAUS REGIONAL }**  
**WATER AUTHORITY FOR THE 2024-25 FISCAL }**  
**YEAR AND ADOPTING A MINIMUM CASH }**  
**RESERVE TARGET FOR 2024-25 }**

**WHEREAS**, the Finance Director presented the proposed 2024-25 fiscal year budget to the Stanislaus Regional Water Authority (SRWA) Board for their consideration; and

**WHEREAS**, the SRWA Board reviewed the submitted budget and desires to adopt the 2024-25 fiscal year budget; and

**WHEREAS**, contained in the proposed budget are appropriations for various contracts for project expenses approved by the Board during prior fiscal years for which the scope of work is anticipated to span more than one fiscal year; and

**WHEREAS**, in accordance with Article XV(F) of the Joint Powers Agreement, Staff recommends a targeted cash reserve level of three (3) months of expenditures as projected by the Finance Director in consultation with the General Manager.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of the Stanislaus Regional Water Authority does hereby:

1. Adopt the annual budget for the SRWA for the 2024-25 fiscal year in the amount of \$26,862,910. The funding for these expenses is based on cost sharing methodologies approved by each participating agency in relative proportion to the benefit received from the project.
2. Approve a target cash reserve balance equal to three (3) months of expenditures as projected by the Finance Director in consultation with the General Manager and authorize the Finance Director to send invoices to the Cities of Ceres and Turlock and the Turlock Irrigation District for their proportionate share of projected expenditures.

**PASSED AND ADOPTED** at a special meeting of the Board of the Stanislaus Regional Water Authority this 27<sup>th</sup> day of June, 2024, by the following vote:

AYES:  
NOES:  
NOT PARTICIPATING:  
ABSENT:

ATTEST:

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Nichole Fiez,  
Board Secretary

Stanislaus Regional Water Authority  
Proposed Budget Fiscal Year 2024-2025

### REVENUES

<b>Department: 53 - Surface Water</b>		
<b>Division: 552 - Capital</b>		
<i>IN - Interest Income</i>		
33000	Interest Income	\$362,700
<i>Account Classification Total: IN - Interest Income</i>		<u>\$362,700</u>
<i>IG - Intergovernmental</i>		
34900_001	Member Agency Contributions City of Turlock	17,522,504
34900_002	Member Agency Contributions City of Ceres	8,744,748
34900_004	Member Agency Contributions Turlock Irrigation District	\$232,958
<i>Account Classification Total: IG - Intergovernmental</i>		<u>\$26,500,210</u>
<b>Division Total: 552 - Capital</b>		<u>\$26,862,910</u>
<b>Department Total: 53 - Surface Water</b>		<u>\$26,862,910</u>
<b>REVENUES Total</b>		<u>\$26,862,910</u>

### EXPENSES

<b>Department: 53 - Surface Water</b>		
<b>Division: 550 - Operations</b>		
<i>SA - Salaries</i>		
49007	Salary Charges From Other Departments	\$2,494,363
<i>Account Classification Total: SA - Salaries</i>		<u>\$2,494,363</u>
<i>CO - Contractual Services</i>		
43100_001	Insurance Property	\$282,000
43195	Special Legal Counsel	\$95,000
43314	Contract Help - Service	\$2,337,511
43316	NPDES Permit Studies	\$3,600
43319	Regulatory Fees	\$10,000
43320	Special Services/Projects	\$305,000
43332	Permitting	\$1,000
43351	Facility Site Improvements	\$15,000
43353	RWQCF-OPS Building Repairs	\$15,000
<i>Account Classification Total: CO - Contractual Services</i>		<u>\$3,064,111</u>
<i>SU - Supplies and Maintenance</i>		
44001_000	Supplies General	\$277,200
44001_267	Supplies Laboratory	\$60,000
44005	Chemicals	\$2,337,511
44010_001	Computer Software Maintenance	\$24,600
44010_015	Computer Software Subscriptions	\$241,200
44030_001	Minor Equipment Safety	\$47,250
44030_002	Minor Equipment Tools	\$100,000
44030_028	Minor Equipment Lab	\$15,000
44090	Office Equipment & Furniture	\$5,000
<i>Account Classification Total: SU - Supplies and Maintenance</i>		<u>\$3,107,761</u>
<i>UT - Utilities</i>		
45002_000	Turlock Irrigation District General	\$715,000
45007	Internet Access	\$7,000
45019	Raw Water	\$480,000
<i>Account Classification Total: UT - Utilities</i>		<u>\$1,202,000</u>
<i>VE - Vehicle Expenses</i>		
46010	Equipment Rental	\$78,800
46031	Gas & Oil	\$25,000
<i>Account Classification Total: VE - Vehicle Expenses</i>		<u>\$103,800</u>
<i>MI - Miscellaneous Expenses</i>		
47010	Bank Charges	\$600
47020	Certification	\$7,500
47065	Professional Development	\$600
47080	Shoe Allowance	\$3,750
47095_000	Training General/Travel	\$30,000
47254	Education and Outreach	\$15,750
<i>Account Classification Total: MI - Miscellaneous Expenses</i>		<u>\$58,200</u>
<i>CA - Capital Outlay</i>		
51020	Equipment Replacement	\$85,000
<i>Account Classification Total: CA - Capital Outlay</i>		<u>\$85,000</u>
<b>Division Total: 550 - Operations</b>		<u>\$10,115,235</u>

Stanislaus Regional Water Authority  
Proposed Budget Fiscal Year 2024-2025

**EXPENSES**

**Department: 53 - Surface Water**  
**Division: 552 - Capital**

*CA - Capital Outlay*

51001	Property Acquisition	\$5,000
51800_002	Recycled Water Connection	\$2,200,000
51800_003	Well Construction for Offset Water	\$1,250,000
51801_005	SRWA Wet Well Construction Environmental Services	\$5,000

*Account Classification Total: CA - Capital Outlay* \$3,460,000

**Division Total: 552 - Capital** \$3,460,000

**Division: 553 - Regional Treatment Plant Const**

*CO - Contractual Services*

43060_012	Contract Services Program Management Services	\$1,037,000
43329	Environmental Services	\$7,000
43332	Permitting	\$34,600

*Account Classification Total: CO - Contractual Services* \$1,078,600

*CA - Capital Outlay*

51802_002	Regional Treatment Plant Construction Management	\$875,000
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*Account Classification Total: CA - Capital Outlay* \$875,000

*DS - Debt Service*

53027_001	SRF SRWA Loan Interest	\$2,064,519
53027_002	SRF SRWA Loan Principal	\$5,327,269
53027_003	SRF SRWA Loan Reserve and Coverage	\$3,942,287

*Account Classification Total: DS - Debt Service* \$11,334,075

**Division Total: 553 - Regional Treatment Plant Const** \$13,287,675

**Department Total: 53 - Surface Water** \$26,862,910

**EXPENSES Total** \$26,862,910

Revenues Grand Totals	\$26,862,910
Expenditures Grand Totals	<u>\$26,862,910</u>
Net Grand Totals	<u>\$0</u>