



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

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

Board Meeting Agenda

November 17, 2022, at 12:00 p.m.

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

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

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

THIS MEETING WILL BE OPEN TO THE PUBLIC.

OR

JOIN BY CLICKING ON THE MEETING

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

Passcode: 9510573808

OR

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

WEBINAR ID: 951 0573 8084 Passcode: 9510573808

OR

JOIN BY TELEPHONE: 669-900-6833

WEBINAR ID: 951 0573 8084 Passcode: 9510573808

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

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

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

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

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

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

B. STAFF UPDATES:

1. General Manager Update (*Granberg*)
2. Finance Director Report (*Moreno*)
3. City of Turlock Hiring Update (*Goodman*)

C. PUBLIC PARTICIPATION: This time is set aside for members of the public to address the Board concerning any item that has been described in the notice for the meeting, including Consent Calendar items, before or during consideration of that item. You will be allowed five (5) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Board addresses the matter.

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

5. **CONSENT CALENDAR:** Information concerning the Consent items listed below has been forwarded to each Board member prior to this meeting for study. Unless the Chair, a Board member, or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Board. The action taken by the Board in approving the Consent items is set forth in the explanation of the individual items.

- A. *Motion:* Approving minutes of special meeting of September 22, 2022
- B. *Motion:* Approving minutes of special meeting of October 7, 2022

6. **PUBLIC HEARINGS:** None

7. **SCHEDULED MATTERS:**

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

B. *Resolution 2022-008:* Adopting a Procurement and Purchasing Policy (*Granberg*)

C. *Resolution 2022-009:* Adopting an Expense Reimbursement and Payment Policy (*Granberg*)

8. **MATTERS TOO LATE FOR THE AGENDA**

9. **BOARD ITEMS FOR FUTURE CONSIDERATION**

10. **BOARD COMMENTS:** Board members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the legislative body.

11. **NEXT MEETING DATE:** December 15, 2022, in Turlock

12. **CLOSED SESSION:** None

13. ADJOURNMENT



3B2
November 17, 2022

To: SRWA Board
From: Isaac Moreno, Finance Director
Subject: Financial Summary as of November 10, 2022

Attached Financial Documents include:

Activity for YTD Fiscal June 30, 2022

- 1 - SRWA financial status as of 11-10-2022 for the 2021-22 fiscal year (Exhibit A):
 - Revenue received from the participating agencies \$166,298,273.51
 - Prop 68 and SRF proceeds \$91,280,426.00
 - Expenses paid total \$161,123,478.90

Activity for YTD Fiscal June 30, 2023

- 1 - SRWA financial status as of 11-10-2022 for the 2022-23 fiscal year (Exhibit B):
 - Revenue received from the participating agencies \$23,484,820
 - Prop 68 and SRF proceeds \$0.00
 - Expenses paid total \$13,401,711.07

- 2 - SRWA financial status - project-to-date as of 11-10-2022 (Exhibit C):
 - Revenue life to date totals \$256,883,915.56 which is composed of:
 - Contributions from participating agencies \$165,486,120.37
 - Draws on SRF proceeds \$63,530,426.00
 - Prop 68 Grant proceeds \$27,750,000
 - Interest income \$117,369.19

 - Expenses project-to-date total \$167,470,830.52 (Removed City reimbursement)
 - Cumulative unexpended Revenues \$ 23,825,067.23

The Finance Department has received SRF Draw #8 in the amount of \$9,476,399.00. These funds will be deposited once the allocation of funds has been confirmed. Currently Draws #9 and #10 are still pending.

Stanislaus Regional Water Authority

For FY 2022-23 (Updated 11-10-2022)

		Unaudited Actual 2022-23	Ceres	Turlock	TID	Other Proceeds	Totals for 2022-23
Account Name							
REVENUES							
	Interest Income	0.00	0.00	0.00	0.00		0.00
34910	Integrated Water Mgmt Grant						
34911	Water Smart Grant						
34900_001	Agency Contribution - City of Turlock	15,143,298.00		15,143,298.00			15,143,298.00
34900_002	Agency Contribution - City of Ceres	7,871,933.00	7,871,933.00				7,871,933.00
34900_004	Agency Contribution - Turlock Irrigation District	469,589.00			469,589.00		469,589.00
34912	Prop 68 Grant for Surface Water Project					0.00	0.00
35440	SRF Funding Proceeds					0.00	0.00
Total Revenues		23,484,820.00	7,871,933.00	15,143,298.00	469,589.00	0.00	23,484,820.00
EXPENSES							
Pre-Treatment Plant Construction Project Expenses (950-53-552)							
43060_012	Contact Services Program Mgmt	42,120.54	21,060.27	21,060.27	0.00		42,120.54
43195	Special Legal Counsel	13,153.45	6,576.72	6,576.73			13,153.45
43332	Permitting		0.00	0.00			0.00
43332_002	Permitting - Water Rights Acquisition						0.00
45002_000	TID - electrical service		0.00	0.00	0.00		0.00
51001	Property Acquisition - facility site		0.00	0.00	0.00		0.00
51001	Property Acquisition - infiltration gallery		0.00	0.00	0.00		0.00
51001	Property Acquisition - Geer Road easement		0.00				0.00
51001	Property Acquisition - delivery facilities		0.00	0.00			0.00
Treatment Plant Construction - SRF funding eligible (950-53-553)							
43060_012	Contract Services - Program Mgmt Services	157,321.71	63,513.66	89,938.52	3,869.53		157,321.71
43195	Special Legal Counsel	175.00	85.78	85.78	3.44		175.00
43329	Environmental Services	9,201.82	3,867.57	4,085.64	1,248.61		9,201.82
43332	Permitting			0.00			0.00
51802_001	Regional Trtmt Plant - Design/Build Contract	13,007,811.28	3,930,379.63	8,626,629.95	450,801.70		13,007,811.28
51802_002	Regional Trtmt Plant - Contract Management	114,574.45	37,064.83	75,252.50	2,257.12		114,574.45
Administrative Expenses (950-53-552)							
43055_002	Consultant Audit	720.00	360.00	360.00			720.00
43060_021	Contract Services General Manager	52,422.50	26,211.25	26,211.25			52,422.50
43060_023	Contract Services Watershed Sanitary Survey		0.00	0.00			0.00
43105_003	Interdepartmental Admin Support						
	Clerical		0.00	0.00			0.00
	Financial/Accounting		0.00	0.00			0.00
44001_000	Supplies		0.00	0.00			0.00
44035	Photocopies		0.00	0.00			0.00
44040_000	Postage	30.32	15.16	15.16			30.32
47010	Bank Charges		0.00	0.00			0.00
47040_000	Dues	4,180.00	2,090.00	2,090.00			4,180.00
47095_000	Training		0.00	0.00			0.00
Debt Expenses							
53027_001	SRF Loan-Interest		0.00	0.00	0.00		0.00
Total Expenditures		13,401,711.07	4,091,224.87	8,852,305.80	458,180.40	0.00	13,401,711.07
Revenues Over (Under) Expenditures		10,083,108.93	3,780,708.13	6,290,992.20	11,408.60	0.00	10,083,108.93

Stanislaus Regional Water Authority
Project to Date (updated as of 11-10-2022)

3B2

	City of Ceres	City of Turlock	TID	Other Proceeds	Project to Date Total Since Dec 2015	Actuals Thru 6/30/2022	Actuals For 2022-23	Total
Agency Contributions								
Received from Agencies - through 6-30-2022	47,629,297.10	90,086,287.50	4,285,715.77		142,001,300.37	142,001,300.37		142,001,300.37
Received from Agencies - 2022-23	7,871,933.00	15,143,298.00	469,589.00		23,484,820.00		23,484,820.00	23,484,820.00
Interest Income	58,156.32	58,054.26	1,158.61		117,369.19	117,369.19	0.00	117,369.19
Prop 68 Grant Proceeds				27,750,000.00	27,750,000.00	27,750,000.00		27,750,000.00
SRF Proceeds				63,530,426.00	63,530,426.00	63,530,426.00		63,530,426.00
Total Revenue	55,559,386.42	105,287,639.76	4,756,463.38	91,280,426.00	256,883,915.56	233,399,095.56	23,484,820.00	256,883,915.56
Expenditures								
Pre-Treatment Plant Construction Project Expenses (950-52-553)								
Government Relations	(74,723.55)	(74,723.55)	0.00		(149,447.10)	(149,447.10)	0.00	(149,447.10)
Environmental Services (Phase I)	(250,664.65)	(250,664.65)	(32,520.11)		(533,849.41)	(533,849.41)	0.00	(533,849.41)
Project Management Services	(3,462,059.88)	(3,609,972.00)	(169,093.63)		(7,241,125.51)	(7,199,004.97)	(42,120.54)	(7,241,125.51)
Special Legal Expenses	(229,830.37)	(229,830.38)	(5,302.43)		(464,963.18)	(451,809.73)	(13,153.45)	(464,963.18)
Wet Well Design (West Yost)	(166,904.88)	(206,872.74)	(93,444.40)		(467,222.02)	(467,222.02)	0.00	(467,222.02)
Fees to Stan County-CEQA related to wet well	(1,136.63)	(1,136.62)	0.00		(2,273.25)	(2,273.25)		(2,273.25)
Permitting	(17,768.08)	(17,768.09)	0.00		(35,536.17)	(35,536.17)	0.00	(35,536.17)
Permitting - Water Rights Acquisition	(36,240.88)	(36,240.89)	0.00		(72,481.77)	(72,481.77)	0.00	(72,481.77)
Water Shed Survey	(40,660.67)	(40,660.67)	0.00		(81,321.34)	(81,321.34)	0.00	(81,321.34)
Property Acquisition - facility site	(479,756.19)	(959,656.32)	0.00		(1,439,412.51)	(1,439,412.51)	0.00	(1,439,412.51)
Property Acquisition - infiltration gallery	(246,925.80)	(493,925.69)	0.00		(740,851.49)	(740,851.49)	0.00	(740,851.49)
Property Acquisition - Geer Road easement	(92,272.49)	(145.01)	0.00		(92,417.50)	(92,417.50)	0.00	(92,417.50)
Property Acquisition - delivery facilities	(7,393.88)	(7,393.88)	0.00		(14,787.76)	(14,787.76)	0.00	(14,787.76)
Wet Well Construction								
Construction Contract	(1,888,242.96)	(3,769,413.84)	(1,414,414.20)		(7,072,071.00)	(7,072,071.00)	0.00	(7,072,071.00)
Construction Management	(145,962.80)	(291,378.94)	(109,335.45)		(546,677.19)	(546,677.19)	0.00	(546,677.19)
Environmental (Phase II)	(103,524.75)	(155,193.07)	(47,798.97)		(306,516.79)	(306,516.79)	0.00	(306,516.79)
Contractor Financial Evaluation	(18,944.30)	(18,944.30)	(761.40)		(38,650.00)	(38,650.00)	0.00	(38,650.00)
TID - electrical service	(1,507.99)	(3,016.44)	0.00		(4,524.43)	(4,524.43)	0.00	(4,524.43)
Treatment Plant Construction - SRF funding eligible (950-53-553)								
Contract Services - Program Mgmt Services	(795,501.80)	(1,104,452.30)	(36,425.90)		(1,936,380.00)	(1,779,058.29)	(157,321.71)	(1,936,380.00)
Special Legal Counsel	(27,155.06)	(27,155.08)	(1,091.39)		(55,401.53)	(55,226.53)	(175.00)	(55,401.53)
Environmental Services	(81,927.47)	(82,867.01)	(27,890.45)		(192,684.93)	(183,483.11)	(9,201.82)	(192,684.93)
Permitting	(8,605.81)	(52,381.44)	0.00		(60,987.25)	(60,987.25)	0.00	(60,987.25)
Permitting - Environmental Mitigation	(47,339.25)	(94,660.75)	(35,500.00)		(177,500.00)	(177,500.00)	0.00	(177,500.00)
Regional Trtmt Plant - Design/Build Contract	(47,060,171.38)	(94,313,248.09)	(2,216,334.47)		(143,589,753.94)	(130,581,942.66)	(13,007,811.28)	(143,589,753.94)
Regional Trtmt Plant - Contract Management	(257,244.60)	(522,282.09)	(15,665.29)		(795,191.98)	(680,617.53)	(114,574.45)	(795,191.98)
Administrative Support								
Clerical Services	(26,719.28)	(26,719.28)	0.00		(53,438.56)	(53,438.56)	0.00	(53,438.56)
Accounting Services	(30,275.54)	(30,275.52)	0.00		(60,551.06)	(60,551.06)	0.00	(60,551.06)
Interim JPA attorney	(22,662.50)	(22,662.50)	0.00		(45,325.00)	(45,325.00)	0.00	(45,325.00)
Interim General Manager	(121,991.80)	(121,991.80)	0.00		(243,983.60)	(243,983.60)	0.00	(243,983.60)
General Manager	(432,589.71)	(432,589.70)	0.00		(865,179.41)	(812,756.91)	(52,422.50)	(865,179.41)
External Audit	(14,498.00)	(14,498.00)	0.00		(28,996.00)	(28,276.00)	(720.00)	(28,996.00)
Contract Services Watershed Sanitary Survey	(892.50)	(892.50)	0.00		(1,785.00)	(1,785.00)	0.00	(1,785.00)
Supplies and other Miscellaneous Expenses	(12,895.62)	(12,895.61)	0.00		(25,791.23)	(21,580.91)	(4,210.32)	(25,791.23)
Reimbursement to Ceres	(32,199,620.79)				(32,199,620.79)	(32,199,620.79)	0.00	(32,199,620.79)
Reimbursement to Turlock	0.00	(33,388,397.02)	0.00		(33,388,397.02)	(33,388,397.02)	0.00	(33,388,397.02)
Debt Expenses								
SRF Loan-Interest	(11,249.74)	(22,502.87)	0.00		(33,752.61)	(33,752.61)	0.00	(33,752.61)
Total Expenditures	(88,415,861.60)	(140,437,408.64)	(4,205,578.09)	0.00	(233,058,848.33)	(219,657,137.26)	(13,401,711.07)	(233,058,848.33)
Contributions over (under) Expenditures - project to date	(32,856,475.18)	(35,149,768.88)	550,885.29	91,280,426.00	23,825,067.23	13,741,958.30	10,083,108.93	23,825,067.23

Stanislaus Regional Water Authority
For FY 2021-22 (Updated 8-15-2022)

3B2

		Unaudited Actual 2021-22	Ceres	Turlock	TID	Other Proceeds	Totals for 2021-22
REVENUES							
	Interest Income	(12,152.49)	(6,076.25)	(6,076.25)	0.00		(12,152.49)
34910	Integrated Water Mgmt Grant						
34911	Water Smart Grant						
34900_001	Agency Contrinbution - City of Turlock	48,775,000.00		48,775,000.00			48,775,000.00
34900_002	Agency Contribution - City of Ceres	24,795,000.00	24,795,000.00				24,795,000.00
34900_004	Agency Contrinbution - Turlock Irrigation District	1,460,000.00			1,460,000.00		1,460,000.00
34912	Prop 68 Grant for Surface Water Project	27,750,000.00				27,750,000.00	27,750,000.00
35440	SRF Funding Proceeds	63,530,426.00				63,530,426.00	63,530,426.00
	Total Revenues	166,298,273.51	24,788,923.76	48,768,923.76	1,460,000.00	91,280,426.00	166,298,273.51
EXPENSES							
Pre-Treatment Plant Construction Project Expenses (950-53-552)							
43060_012	Contact Services Program Mgmt	207,819.24	101,223.87	106,570.62	24.75		207,819.24
43195	Special Legal Counsel	15,166.19	7,583.10	7,583.09			15,166.19
43332	Permitting		0.00	0.00			0.00
43332_002	Permitting - Water Rights Acquisition						0.00
45002_000	TID - electrical service	217.50	72.49	145.01	0.00		217.50
51001	Property Acquisition - facility site		0.00	0.00	0.00		0.00
51001	Property Acquisition - infiltration gallery		0.00	0.00	0.00		0.00
51001	Property Acquisition - Geer Road easement		0.00				0.00
51001	Property Acquisition - delivery facilities		0.00	0.00			0.00
Treatment Plant Construction - SRF funding eligible (950-53-553)							
43060_012	Contract Services - Program Mgmt Services	876,930.60	362,807.03	495,271.02	18,852.55		876,930.60
43195	Special Legal Counsel	18,736.03	9,183.46	9,183.48	369.09		18,736.03
43329	Environmental Services	61,087.10	26,058.83	26,104.15	8,924.12		61,087.10
43332	Permitting	5,596.00		5,596.00			5,596.00
51802_001	Regional Trtmt Plant - Design/Build Contract	93,647,395.72	31,651,130.31	60,804,931.62	1,191,333.79		93,647,395.72
51802_002	Regional Trtmt Plant - Contract Management	446,525.79	144,451.09	293,278.14	8,796.56		446,525.79
Administrative Expenses (950-53-552)							
43055_002	Consultant Audit	4,806.00	2,403.00	2,403.00			4,806.00
43060_021	Contract Services General Manager	211,463.31	105,731.66	105,731.65			211,463.31
43060_023	Contract Services Watershed Sanitary Survey	1,785.00	892.50	892.50			1,785.00
43105_003	Interdepartmental Admin Support						
	Clerical		0.00	0.00			0.00
	Financial/Accounting		0.00	0.00			0.00
44001_000	Supplies		0.00	0.00			0.00
44035	Photocopies		0.00	0.00			0.00
44040_000	Postage		0.00	0.00			0.00
47010	Bank Charges		0.00	0.00			0.00
47040_000	Dues	4,180.00	2,090.00	2,090.00			4,180.00
47095_000	Training		0.00	0.00			0.00
47091	Reimbursement to Ceres	32,199,620.79	32,199,620.79				32,199,620.79
47092	Reimbursement to Turlock	33,388,397.02		33,388,397.02			33,388,397.02
Debt Expenses							
53027_001	SRF Loan-Interest	33,752.61	11,249.74	22,502.87	0.00		33,752.61
	Total Expenditures	161,123,478.90	64,624,497.87	95,270,680.17	1,228,300.86	0.00	161,123,478.90
	Revenues Over (Under) Expenditures	5,174,794.61	(39,835,574.12)	(46,501,756.42)	231,699.14	91,280,426.00	5,174,794.61



1. A. **CALL TO ORDER:** Chair Bublak called the meeting to order 10:00 a.m.

B. **SALUTE TO THE FLAG**

C. **ROLL CALL**

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

ABSENT: Director Bret Silveira

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

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

B. **STAFF UPDATES:**

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

Chair Bublak opened public participation.

Chair Bublak closed public participation.

2. Finance Director Moreno provided an update on financial activities as of September 12, 2022. Revenue and expenses reviewed.

Chair Bublak opened public participation.

Chair Bublak closed public participation.

C. **PUBLIC PARTICIPATION:**

Chair Bublak opened public participation.

John Doe spoke and was asked to wait until item 7A is opened for public participation.

Chair Bublak closed public participation.

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

5. **CONSENT CALENDAR:**

- A. **Action:** Motion by Director Franco, seconded by Vice Chair Lopez, approving the minutes of the Regular Meeting of August 18, 2022. Motion carried 3/0 by the following vote:

DRAFT

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

B. **Action:** Motion by Director Franco, seconded by Vice Chair Lopez, amending article V section 3 of bylaws meeting time from 3:30 pm to 12:00 pm. Motion carried 3/0 by the following vote:

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

6. **PUBLIC HEARINGS:** None

7. **SCHEDULED MATTERS:**

A. General Manager Granberg discussed preliminarily accepting the wholesale water system operations, maintenance, and administration proposal submitted by the City of Turlock and direction to negotiate and prepare an operation and service agreement with the City of Turlock for later consideration by the Governing Board. Dale Goodman, City of Turlock Municipal Services Director, presented the City of Turlock the operation and maintenance staffing proposal that included 14 employees, an organizational chart, salaries, and benefits FY 2023-24, and worst-case scenario if they need to increase salary ranges, hiring timeline, other considerations to give the City of Turlock the opportunity to operate the plant and provide savings to the SRWA.

The board discussed the timeline to get certifications required for some of the positions. Dale Goodman responded that in the case of some they need to put in time working at a T5 plant for about a year and passing the test. Director Franco asked about how many Turlock employees are interested in moving over to the SRWA plant. Dale Goodman indicated about 15% of the qualified personal is showing interest. Vice Chair Lopez indicated that a fifth operator is going to be needed for coverage. Dale Goodman responded that if there is not a fifth operator, the plant manager or the supervisors can provide coverage as needed. General Manager Granberg indicated his concern with the timeline for hiring and the salaries offered by City of Turlock on attracting certified personnel. Another concern is that a service contract between the SRWA and City of Turlock is needed. General Manager Granberg indicated he is ready now if board approves for him to move forward and rely on support from both cities. Vice Chair Lopez asked what positions should be hired immediately. General Manager Granberg responded with Plant Manager and Water Operations Supervisor. Granberg indicated they normally have employees under them that they can bring over for other positions to work with the Plant and Operations supervisor. Vice Chair Lopez asked if the same goal can be accomplished by the City of Turlock by hiring the top positions and if the Board can be part of the hiring process. Dale Goodman said the top employees would be City of Turlock employees and is not sure if the board can be part of the hiring. Goodman indicated their goal is to provide the best service and maybe some adjustments may be made in the process but there will still be a savings for the rate payers. Vice Chair Lopez is confident that the City of Turlock can do it. Finance Director Moreno indicated that the General Manager can sit on the hiring panel since the City does ask employees from other cities to sit on those panels. The selection of employees is jointly with SRWA. The financial component to the proposal may be increased to add a fifth operator and still have savings. General Manager Granberg said his main concern on this is the timing. When the contractor is finished with testing, the plant may have to be shut down or ask Jacobs to continue to run if not all employees are

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hired and trained. General Manager said this can be costly and the contractor may not have the availability. Operators are needed by April 1, 2023, for training. General Granberg indicated that he is ready to start hiring, posting jobs on website, and using TAC for hiring if the Board approves. Vice Chair Lopez that this is a good opportunity for Turlock.

Chair Bublak opened public participation.

Jon Doe indicated that the startup of any plant is difficult. Doe indicated that it is hard to find hard workers that want to improve and move to other plants. Doe indicated that for operators to move their current positions, the City of Turlock would need to increase the pay scale for a complicated plant. Pushing off on the hiring is missing out on training opportunities for future staff.

City of Turlock City Manager Reagan Wilson commented that the City has a great hiring record and great health benefits package for their employees.

Finance Director Moreno added that City of Turlock went through a reorganization City wide and will allow to manage this project.

Chair Bublak closed public participation.

The board discussed that all the concerns that General Manger Granberg are met and that City of Turlock deserves the opportunity. Director Franco asked that City of Ceres be allowed to put in their time as well with the plant and that Turlock is ready to move forward. Legal Counsel Shanahan advised if all parties are on the same page, approving a business contract can take place but it may delay the timeline. Chair Bublak asked for everyone to be on board and give the rate payers the savings. Director Pam said that rate payers have been “hammered” on other utilities and City of Turlock is jumping on the savings for both cities rate payers. Vice Chair Lopez indicated the goal is to provide clean and affordable water. Counsel Shanahan recommended the board to think about having someone separate from the City of Turlock to be the General Manager, for example someone from the City of Ceres.

Action: Motion to preliminarily accept the wholesale water system operations, maintenance and admin proposal submitted by the City of Turlock and authorize and direct the General Manager to negotiate and prepare as operation and service agreement with the City of Turlock for later consideration by the Governing Board. *(Motion failed due to lack of votes.)*

Action: Motion by Director Franco, seconded by Vice Chair Lopez, to preliminarily accept the wholesale water system operations, maintenance and admin proposal submitted by the City of Turlock, in addition to adding another T3 Senior Operator and authorize and direct the General Manager to negotiate and prepare as operation and service agreement with the City of Turlock for later consideration by the Governing Board. Motion carried 3/0 by the following vote:

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

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

Action: Motion authoring and directing the General Manager to begin hiring full-time plant operations, maintenance and admin staffing consistent with approved February 17, 2022, staffing and salary plan. And approve General manager recommend health, sick leave, and vacation benefits. (*Motion failed due to lack of votes.*)

8. **MATTERS TOO LATE FOR THE AGENDA:** None
9. **BOARD ITEMS FOR FUTURE CONSIDERATION:** None
10. **BOARD COMMENTS:** None
11. **NEXT MEETING DATE:** October 7, 2022, Special meeting in Ceres
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 11:11 a.m. Motion carried unanimously.

Respectfully submitted,

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Angelica Gonsalves, Board Secretary



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

B. **SALUTE TO THE FLAG**

C. **ROLL CALL**

PRESENT: Director Bret Silveira, Director Pam Franco, Vice Chair Javier Lopez arrived at 12:05 p.m., Chair Amy Bublak

ABSENT:

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

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

B. **STAFF UPDATES:** None

C. **PUBLIC PARTICIPATION:**

Chair Bublak opened public participation.

Milt Treweiler, City of Turlock resident, indicated he has followed the project from the beginning. Treweiler indicated City of Turlock has made some decisions to cost save money, but they have paid more with some of those decision. Treweiler advised the directors of the City of Ceres to be open minded, not to make assumptions but base it on facts, and do the best they can.

Chair Bublak closed public participation.

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

5. **CONSENT CALENDAR:** None

6. **PUBLIC HEARINGS:** None

7. **SCHEDULED MATTERS:**

A. General Manager Granberg reviewed, discussed, and provided direction to staff concerning a revised City of Turlock proposal on project staffing and operations, Turlock recruiting and hiring plans and timing, proposed SRWA/Turlock/Ceres operations agreement, and related issues.

Dale Goodman, City of Turlock Municipal Director, presented on the City of Turlock staffing plan, operations, and maintenance staffing to include the fifth senior operator, organization chart, salaries, and benefits for fiscal year 2022-23 midrange, and hiring timeline with onboarding date of February 16, 2022.

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General Manager Granberg expressed his concern that a contingency plan is not being presented if the City of Turlock schedule for hiring does not go as expected and the process of the design build project contract with Jacobs adheres to the schedule. General Manager Granberg indicated he is treating this as he would a private contractor and the ramifications of not meeting schedules could reduce any savings that has been presented.

General Manager Granberg indicated that they have a project management team that would need to be in the panel to help with the interviews.

General Manager Granberg mentioned that the draft operations contract has been sent to the Cities for review and comment. Legal Counsel Shanahan mentioned this contract is structured to have actual labor costs and benefits for employees, five and fifteen percent to cover overhead, and the reimbursement of purchases. It has details on the annual budget process to be presented to the Board with exception of emergencies for City of Turlock to operate within the budget, the cost allocations for the Cities accordingly, and the detail scope of work. The agreement would also confirm that the current Finance Director Moreno can continue as the Finance Director for the SRWA and the General Manager it allows for appointment, but it is not required to have the Turlock Muni director as the General Manager. That would allow for the board to terminate the general manager services and not the contract.

The Board asked why the City of Ceres is involved in the contract. Legal Counsel Shanahan responded that Ceres is obligated to the costs and that Ceres staff had an expectation and preference to be a part of it. The Board asked if City of Turlock wants to step away in the future can Ceres step in and take over. Legal Counsel Shanahan responded that they would need to amend the contract. Legal Counsel Shanahan asked if the City of Turlock or SRWA wants to make changes, City of Ceres would have a say since this is important to the City as well.

Chair Bublak opened public participation.

Milt Treweiler, citizen from City of Turlock, concern is that the Board may not understand the ramifications of what is going on. Treweiler said the Muni director already has enough responsibilities. Treweiler asked if a city can take over an authority and if it was legal in California. Treweiler commented on the lack of employee retention in City of Turlock.

Regan Wilson, City of Turlock City Manager, indicated that the City has already started the process and are waiting for approval from their City Council. Wilson indicated that the City of Turlock is going to do their best.

John Does asked what the strategy is for hiring and retaining employees with the pay it is currently offering.

Regan Wilson, City of Turlock City Manager, said Turlock has a generous benefit program not calculated in the pay salary, the pay salary is based on ten other jurisdictions similar to Turlock and their proposed salary in in the middle.

General Manager Granberg concern is that the plant needs highly qualified operators to run the plant and the offered wages play a big part in the hiring. SRWA used special district rates for calculations. In regard to benefits, City of Turlock's benefits are slightly under the SRWA

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as it relates to the proposal benefits. General Manager Granberg added that the City of Turlock proposal is for 15 full-time employees with benefits and two part time, five percent, employees while SRWA's proposal is for 18 full time employees with benefits. If Denair or Hughson decided to get water from SRWA, they would be wholesale customers, and would not affect the operation contract. Legal Counsel Shanahan responded that it would not affect the contract or make up of the JPA. It is a service agreement, and it can be terminated giving the SRWA a one-year notice.

Director Silveira indicated it is important to have the contingency plan and would like to see that in the contract. Director Silveira said it is very important to include City of Ceres in the agreement.

The board suggested that City Managers from both Cities be included in the decision making of the contract and amendment of bylaws.

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:** October 20, 2022, Regular meeting Turlock
12. **CLOSED SESSION:** None
13. **ADJOURNMENT:** Chair Bublak adjourned the meeting at 12:43 p.m. Motion carried unanimously.

Respectfully submitted,

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Angelica Gonsalves, Board Secretary

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

1. ACTION RECOMMENDED:

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

2. DISCUSSION OF ISSUE:

SRWA is transitioning from Regional Surface Water Supply Project planning and development activities to operational service as a wholesale water provider. As an alternative to the previous Board decision to hire operations, maintenance, and administration staff, the City of Turlock has presented a proposal to perform these various functions. At SRWA Board meetings on September 22, 2022 and October 7, 2022, the Board tentatively approved project operations through Turlock staffing and directed SRWA staff to prepare a proposed operations agreement.

Following that direction, SRWA staff prepared a draft Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement (Agreement) between the Authority and cities. The latest draft agreement is included in the agenda packet for this meeting. There are a few outstanding issues as outlined in the agreement.

The proposed Agreement describes the scope of services to provide operations and maintenance staffing to ensure 24-hour per day, 7-day per week surface water treatment in accordance with federal and State drinking water standards and to deliver finished water to the member Cities in accordance with each City's dedicated capacity. In addition to operations and maintenance service, the Agreement defines the budgeting, payments, audits, General Manager, and changes. The Agreement also would establish a Policy Committee and Technical Committee to aid coordination and collaboration among the parties and provide a mechanism to resolve any disagreements or disputes.

Comments to the draft Agreement were provided by both member Cities staff. Two provisions are highlighted for the Board's attention related to the General Manager assignment and the purchase of vehicles and equipment.

General Manager

Turlock's proposal included General Manager services provided by the Turlock Municipal Services Director. Ceres staff recommend that a more equitable approach would be to assign General Manager duties to a Ceres staff member. It is recommended that the Board discuss this issue and provide direction.

Vehicles and Equipment

Both Cities suggest SRWA purchase vehicles and equipment for use by the City of Turlock staff. This could be problematic as SRWA has no staff to procure and manage these assets. Alternatively, it is suggested that the City of Turlock purchase vehicles and equipment needed to carryout the duties as deemed necessary through a rental arrangement.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment associated with this Motion. Operation and Maintenance expenses will be projected as part of the annual Fiscal Year budgeting process.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

No alternative is presented to the Operations Agreement as presented.

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

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

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

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

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

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

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

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

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

1.7. “Ceres” means the City of Ceres.

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

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

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

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

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

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

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

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

- A. Joint Powers Agreement (as defined below);
- B. Water Sales Agreement dated July 28, 2015 between SRWA and TID, as amended;
- C. TID/SRWA Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project dated April 16, 2020 between SRWA and TID;
- D. Design-Build Contract (as defined above);
- E. Regional Surface Water Supply Phase 3 Project Design and Construction Funding Agreement dated February 28, 2020 among SRWA, Cities, and TID;
- F. SRF Loan Agreement (as defined below);
- G. SRF Related Funding Agreement (as defined below);
- H. Proposition 1, Round 1 Integrated Regional Water Management (IRWM) Implementation Grant, Agreement No. 4600013859, dated May 24, 2021;

I. CEQA Surface Water Supply Project Mitigation Monitoring and Reporting Plan dated August 2018;

J. Approvals governing or regulating Operations of the Project Facilities, including: Domestic water supply permit for the Project Facilities to be issued by the State Water Resources Control Board Division of Drinking Water for Water System 5010043; County of Stanislaus/SRWA Pipeline Maintenance Agreement dated xxx; County of Stanislaus Septic Permit no. xxx; San Joaquin Valley Air Pollution Control District Permit to Operate no. xxx; and, NPDES Permits for Low Threat Discharges to Surface Water.

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

L. SRWA Bylaws;

M. SRWA procurement and purchasing policy;

N. SRWA expense reimbursement policy; and

O. Annual SRWA budget as approved by the Board;

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

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

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

1.18. "Operating Costs" means Fixed Operating Costs and Variable Operating Costs.

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

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

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

1.22. "Policy Committee" means the Policy Committee established by section 12.

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

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

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

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

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

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

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

1.30. “SRWA” means Stanislaus Regional Water Authority.

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

1.32. “TID” means Turlock Irrigation District.

1.33. “Turlock” means City of Turlock.

1.34. “Utilities” is defined at section 4.4.

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

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

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

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

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

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

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

3. Term and Termination. This Agreement shall take effect on the date set forth at the top of the Agreement and shall remain in effect until terminated as provided in this section. This Agreement may be terminated as follows: (a) by the mutual written consent of the Parties, which shall specify the termination date; (b) by a Party for any reason upon providing at least one-year prior written notice of termination to the other Parties^[RS1]; (c) by mutual written consent by Ceres and Turlock which shall specify the termination date and upon which Ceres shall have a right of first refusal to Operate the Project Facilities and provide the Services pursuant to a Ceres operations agreement to be approved by the Parties; or, (d) by Turlock for any reason upon providing at least one-year prior written notice of termination to the other Parties and upon which Ceres shall have a right of first refusal to Operate the Project Facilities and provide the Services pursuant to a Ceres operations agreement to be approved by the Parties. Any action to terminate the Agreement requires approval by the Party's governing board. In the event of termination, SRWA will compensate Turlock for Services performed and costs incurred up to the effective date of termination in accordance with section 7. All tangible personal property paid for or reimbursed by SRWA under section 7 shall become the sole property of SRWA upon termination of this Agreement.

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

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

4.2. Pre-Acceptance Date Duties

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

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

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

D. Turlock shall structure and implement its hiring plan in such a manner that Operations staff are in place in time for Operations during the Acceptance Test under section 5.4 and training under section 5.9 and that prior to the Acceptance Date there is employed a full, trained, and qualified staff to assume full responsibility for the Operation

of the Project Facilities starting on the Acceptance Date. The Plant Manager shall be fully certified or before the date of the commencement of start-up and initial testing of the Project Facilities. Other employee certifications may be obtained over time pursuant to the timetable indicated on Exhibit A to the extent allowed under Applicable Law and the Approvals.

4.3. Operations, Maintenance, and Repair Responsibilities

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

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

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

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

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

F. Vehicles. Turlock shall purchase (consistent with section 4.5) any vehicles necessary to Operate the Project Facilities. When practicable, Turlock shall provide and arrange for shared use of Turlock vehicles on both Project Facilities Operation and work with other Turlock utilities and departments. Turlock shall own, insure, and be responsible to operate, maintain, and repair such vehicles.[RS2]

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

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

4.5. Procurement. Turlock, acting on behalf of SRWA, may procure vehicles, equipment, supplies, and material, approve construction, repair, and maintenance agreements, approve consultant, service provider, and other agreements, arrange and pay for Utilities, and make other purchases and incur other expenditures as necessary or appropriate to Operate the Project Facilities and perform the Services. Any such procurement, approval, or expenditure shall comply with the procedure and limitations set forth in the SRWA procurement and purchasing policy, as the same may be amended from time to time by the Board. The General Manager and Plant Manager and their designees are designated as purchasing agents under the policy. Turlock also shall review, approve, and pay all SRWA invoices, bills, and other demands for payment submitted to SRWA, in accordance with the SRWA procurement and purchasing policy.

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

4.7. Project Records

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

B. Financial Records. As part of the SRWA Records, Turlock will prepare and maintain proper, accurate, complete, and current financial books, records, and accounts in accordance with generally accepted accounting principles as applied to local government agencies for all aspects of Project Facilities Operation and Services. Turlock shall Operate the Project Facilities on a July 1 to June 30 fiscal year basis. The financial books and records shall record all expenses and revenue, including direct and indirect personnel expenses, consultant, service provider, and subcontractor costs, costs of material, equipment, and supplies, maintenance, repair and replacement costs, debt service, other Operating expenses, revenue received from the Cities, and any other revenue. The system of auditing, bookkeeping, and accounting of SRWA funds, receipts, deposits, and expenditures shall accurately depict SRWA’s financial condition. The financial books and records shall be kept in accordance with Government Code section 6505, State Controller’s Office regulations, other Applicable Law, and the Governing Documents. Turlock shall keep and maintain the SRWA monies and funds separate and apart from Turlock’s funds and shall not commingle SRWA money with Turlock money.

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

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

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

the event of a public records request by a member of the public, Turlock shall manage and respond to the request in accordance with the Act.

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

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

4.8. Budgets and Quarterly Payment Requests

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

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

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

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

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

B. Annual Budget. Turlock shall prepare a proposed annual budget for the Project Facilities Operation and present it to the Board and Ceres at least 45 days prior to the beginning of each fiscal year. Each budget shall include Capital Costs, Fixed Operating Costs, Variable Operating Costs, payment due under the SRF Loan Agreement (together with each City's share of that payment as determined under the SRF Funding Agreement),

funding of a reasonable capital reserve fund relating to the repair, replacement, modification, and improvement of the Project Facilities, a reasonable contingency, and revenue to be billed to and collected from the Cities (based on the cost allocation principles in subsection A). Turlock shall prepare the budget and Operate the Project Facilities in compliance with the Joint Powers Agreement, which includes this principle: "In preparing and reviewing budgets for the Project the Authority shall be guided by the principle that the Project shall be operated in as economic manner as practical in accordance with generally accepted municipal and industrial water practices as evidenced by similar size municipal and industrial water systems in Northern California." If approved by the Board, Turlock shall Operate the Project Facilities for the fiscal year in accordance with the approved budget.

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

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

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

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

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

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

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

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

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

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

4.16. Warranty Enforcement. CH2M HILL has provided warranties and guarantees under the Design-Build Contract. There also are various manufacturers' warranties on new equipment purchased and installed in the Project Facilities. Turlock shall monitor Project

Facilities performance and, where appropriate, enforce the existing warranties and guarantees and act as the agent of SRWA in performing that work.

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

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

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

4.20. [RS3] Office Space. Turlock may utilize the office space at the Project Facilities for use by its personnel. If SRWA appoints a General Manager who is someone other than a Ceres employee, an office at the Project Facilities shall be reserved for the General Manager.

5. SRWA Rights

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

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

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

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

5.5. Access to Project Facilities. SRWA and Ceres shall have the right at any time, on a 24-hour per day, 365-day per year basis, to visit and inspect the Project Facilities and Project Sites and observe Turlock's performance of the Services. Turlock shall permit and

facilitate access to the Project Facilities for such purposes by SRWA officials and personnel and by agents and contractors designated by SRWA.

5.6. General Manager. The Board may appoint a SRWA General Manager pursuant to the Joint Powers Agreement and Bylaws. The General Manager serves at the pleasure of the Board and the Board therefore may dismiss and replace the General Manager at any time and for any reason. The General Manager may be a Ceres employee or other individual^[RS4].

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

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

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

7.1. For labor costs, SRWA shall pay the actual salary or wages and costs of employee health benefits for the Turlock employees who work full-time in performing Services under this Agreement. The initial employee positions and estimated costs are shown on Exhibit A.

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

7.3. ^[RS5]For overhead, SRWA shall pay a sum equal to 15% of the total sum to be paid under sections 7.1 – 7.2. Overhead includes and covers all Turlock costs and expenses relating to workers' compensation and other insurance, human relations/personnel, payroll, Turlock legal services, use of Turlock buildings and structures, interest, taxes, and administering this Agreement.

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

7.5. For vehicle use, SRWA shall pay to Turlock commercially reasonable rental rates at such a price and on such terms as approved by the Technical Committee in consultation with Turlock. For vehicle maintenance and repair, SRWA shall reimburse Turlock's actual and substantiated maintenance and costs (without markup) pursuant to section 7.6^[RS6].

7.6. For other costs and expenses incurred by Turlock in performing the Services (i.e., costs not covered by sections 7.1 – 7.5), SRWA shall reimburse Turlock's actual, direct,

necessary, commercially reasonable, and substantiated costs (without markup) for any costs and expenses incurred exclusively in the Operation of the Project Facilities. All such costs and expenses must be consistent with and within the Board-approved budget (except for emergency actions under section 4.12).

At the end of each month, Turlock shall prepare and submit to SRWA an invoice showing the calculation of the sums due under sections 7.1 – 7.6 for the month and total fee due for the month in a form and content satisfactory to SRWA and including an itemization of the reimbursable expenditures. Upon receipt of an invoice, SRWA (through its General Manager) shall evaluate it and confirm whether it is consistent with sections 7.1 – 7.6 and, upon such confirmation, SRWA will pay the invoice to Turlock within 30 days of its receipt.

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

9. Insurance and Bond

9.1. Turlock shall procure and maintain for the duration of this Agreement workers' compensation insurance or self-insurance covering Turlock staff pursuant to the requirements of the California Labor Code. In accordance with Labor Code section 3602(d), the Parties intend that this obligation constitute a valid and enforceable agreement by which Turlock agrees to obtain, and shall obtain, workers' compensation coverage for Turlock staff working for the SRWA pursuant to this Agreement. SRWA therefore shall not be subject to civil, criminal, or other penalties for failure to provide workers' compensation coverage or tort liability in the event of an injury to or illness of Turlock staff suffered in the course of providing Services to SRWA under this Agreement. Turlock is responsible for reporting any reportable injuries and illnesses on its OSHA 300 log and for other employer workplace incident reporting obligations involving the Services or its personnel.

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

10. Indemnity and Liability

10.1. SRWA shall indemnify, defend, protect, and hold harmless the Cities and their officers, employees, and agents, from and against any and all liability, losses, claims, damages, expenses, and costs (including attorney, expert witness and consultant fees, and

litigation costs) of every nature arising out of or in connection with SRWA's negligence, willful misconduct, or performance under this Agreement or failure to perform under this Agreement, except as otherwise provided or limited by law.

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

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

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

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

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

12. Committees

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

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

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

- A. Evaluate and coordinate with Turlock on monthly, quarterly, or annual operational goals;
- B. Evaluate and make recommendations concerning operational efficiencies to reduce Operating Costs;
- C. Evaluate the treatment plant filter re-rating and the effect on plant capacity;
- D. Monitor treated water delivery amounts, water quality of delivered water, raw water quantity and quality, and plant performance;
- E. Evaluate and advise Turlock about the Project Facilities maintenance and repair plan, major maintenance, repair, and replacement funding, and related budgetary and City water service rate setting issues;
- F. Evaluate and advise Turlock on equipment service life, replacement, and asset management;
- G. Assist Turlock on preparation of the annual budget;
- H. Review and comment on any proposed changes to Turlock's Project Facilities staffing plan;
- I. Monitor the need for, timing of, and scope of future Project Facilities expansion or improvement;
- J. Monitor cybersecurity risks and evaluate and make recommendations concerning related improvements or modifications;
- K. Evaluate and monitor Project effects in the event TID begins pumping raw water for its irrigation purposes and related implementation of and compliance with the 2015

TID/SRWA Water Sales Agreement and 2020 TID/SRWA Lease Concerning District Delivery Facilities for Regional Surface Water Supply Project;

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

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

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

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

13. General Provisions

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

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

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

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

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

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

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

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

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

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

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

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

STANISLAUS REGIONAL WATER
AUTHORITY

CITY OF TURLOCK

Dated: _____, 2022

Dated: _____, 2022

By: _____
Robert Granberg
General Manager

By: _____
Reagan Wilson
City Manager

Attest:

Attest:

Approved as to form and content:

Approved as to form and content:

Richard P. Shanahan
General Counsel

George A. Petrulakis
City Attorney

CITY OF CERES

Dated: _____, 2022

By: _____
Alex Terrazas
City Manager

Attest:

Approved as to form and content:

Nubia I. Goldstein
City Attorney

EXHIBIT A
Turlock Water Treatment Plant Staffing Plan

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

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

2022-23 salary range figures
prepared by Dale Goodman

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

1. ACTION RECOMMENDED:

Resolution: Adopting a Procurement and Purchasing Policy

2. DISCUSSION OF ISSUE:

Joint Powers Agreement Article IX(A) limits expenditures or liabilities to the amount of appropriations allowed by the adopted or amended budget, in accordance with procedural rules for expenditures and obligations as adopted by the Governing Board. To date, budgeted expenditures have been associated with activities to advance delivery of the Regional Surface Water Supply Project (Project) and the SRWA Bylaws provide that the City of Turlock purchasing policies will apply until SRWA adopts a policy specific to the Authority. The Project is now in the final year of activities leading to facilities operation.

In preparation for the transition to project operations and operations related expenditures, SRWA staff have prepared a proposed resolution adopting a procurement and purchasing policy. The purpose of this policy is to establish the SRWA regulations, procedures, and policies governing procurement, purchasing, contracting, and expenditures. The policy is authorized by Government Code sections 4526 and 54202, Public Contract Code sections 20160 - 20174, other applicable law, and Joint Powers Agreement articles IX(A), X and XIII. This policy would apply to SRWA purchases of Supplies, professional services, Public Works, and other Contracts, and approval of other expenditures. If SRWA approves the proposed operations agreement with the City of Turlock, the policy would apply to and govern Turlock's expenditures under the agreement.

Operation expenses can be categorized in the manner and form of Supplies and Expenditures, Professional Services Contracts, Public Works Contracts, or Emergency Expenditures. The Governing Board should now adopt the rules for expenditures and obligations for expenditures associated with the above categories.

The Purchasing Agent has authority and responsibility to make purchases or enter into contracts, amend contracts, and approve other expenditures in accordance with this policy. The Purchasing Agent may delegate to other SRWA officers or operations staff and shall monitor and enforce performance under approved contracts including approved payments. The Purchasing Agent may adopt rules and procedures in accordance with this policy, applicable laws, and the Joint Powers Agreement. The Purchasing Agent would be the General Manager, Plant Manager, and their designees. If SRWA approves the proposed operations agreement with the City of Turlock, the Plant Manager would be a Turlock employee as designated by the City.

The following table summarizes the policy and rules that are proposed for Board consideration:

Supplies & Expenditures		Professional Services Contracts		Public Works Contracts		Emergency Expenditures	
<\$5k	1) Authorization: Comparative Pricing 2) Exceptions: Comparative pricing not required when less than \$2,500; one source available; particular brand or model; federal, State or local government group sale program; no competitive advantage; Emergency expenditure	<\$50k	Purchasing Agent is Authorized to enter into contracts	<\$5k	Purchasing Agent may negotiate on favorable terms	Non-Public Works	General Manager authorized to make necessary expenditures after first obtaining consent of the Board Chair
>\$50k, Non-Supplies	Board authorization except under Emergency expenditure	>\$50k	Board approval required	>\$5k	Use Public Contract Code 20160-20175	Public Works	Board delegates authority to General Manager under Public Contract Code 22050
>\$50k, Supplies	1) Bid Notice 2) Bid Opening 3) Bid Award 4) Exceptions: i. One vendor or supplier ii. Particular brand or model iii. Federal, State or local government group sale program iv. No competitive advantage v. Emergency expenditure			Exceptions	i.No cost to SRWA ii.Emergency contracting iii.Board finds no competitive advantage		

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment associated with this Resolution. Operation and maintenance expenditures will be projected as part of the annual Fiscal Year budgeting process.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board could choose to direct staff to set different value thresholds with the exception of Public Works contracts.



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

**IN THE MATTER OF ADOPTING
PROCUREMENT AND PURCHASING
POLICY**

RESOLUTION NO. 2022-008

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BE IT RESOLVED by the Governing Board of the Stanislaus Regional Water Authority (SRWA) that the following SRWA procurement and purchasing policy is adopted:

1. Purpose and Authority. The purpose of this policy is to establish the SRWA regulations, procedures, and policies governing procurement, purchasing, contracting, and expenditures. This policy is adopted pursuant to Government Code sections 4526 and 54202, Public Contract Code sections 20160 - 20174, other applicable law, and Joint Powers Agreement articles IX(A), X and XIII.

2. Definitions

- a. "Amendment" means any Contract amendment, supplement, or change order.
- b. "Board" means SRWA Governing Board.
- c. "Contract" means any contract, agreement, purchase order, or equipment or vehicle lease.
- d. "Contract Price" means the lump sum price stated in a Contract, not-to-exceed price stated in a Contract, or, if a Contract lacks a lump sum price and not-to-exceed price, the maximum potential cost for the term of the Contract or the estimated value of the Contract.
- e. "Emergency" means a sudden, unexpected occurrence or incident that poses a clear and imminent danger or threat, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.
- f. "Expenditure" means any SRWA expenditure, purchase, or Contract relating to an SRWA expense item, including, but not necessarily limited to, the purchase of Supplies, professional, consultant or service Contracts (including equipment service,

maintenance, or repair Contracts), Public Works Contract, utility service accounts and agreements, and procurement of insurance and bonds.

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

h. “Lowest Responsible Responsive Bidder” for purposes of the purchase of Supplies under section 5 means the bidder that timely submits a complete and fully responsive bid and that best responds in price, quality, service, fitness, and capacity to meet the particular bid requirements; price alone will not be the determinative factor, but will be considered along with other relevant responsibility factors including, but not limited to, the ability of the bidder to deliver, quality, availability of parts or service, and prior SRWA or other experience with the bidder.

i. “Lowest Responsible Responsive Bidder” for purposes of Public Works bidding and contracting under section 7 shall have the meaning as found in applicable California case law (see, e.g., *Great West Contractors, Inc. v. Irvine Unified School District* (2010) 187 Cal.App.4th 1425).

j. “Public Works” means (a) a project for the erection, improvement, painting, or repair of public buildings and works, (b) work in or about streams, waterfronts, embankments, or other work for protection against overflow, (c) street or sewer work (except maintenance or repair), and (d) furnishing supplies or materials for any such project. (See Pub. Con. Code sec. 20161.)

k. “Purchasing Agent” means the SRWA General Manager (as appointed by the Board), Plant Manager (as designated by the City of Turlock under the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement), or their designee.

l. “SRWA” means Stanislaus Regional Water Authority.

m. “Supplies” means supplies, equipment, material, and merchandise, including vehicles, computers, other machines, office supplies, furniture, tools, spare parts, computer software, equipment and vehicle maintenance parts and supplies, and consumables (e.g., fuel, oil, lubricants, chemicals, sand, gravel).

3. Applicability. This policy applies to SRWA purchases of Supplies, approval of professional services, Public Works, and other Contracts, and approval of other Expenditures. The Board for good cause may waive or suspend any requirement of this policy so long as the action is consistent with applicable law and the Joint Powers Agreement.

4. Purchasing Agent. The Purchasing Agent shall have responsibility and authority to purchase Supplies, approve Contracts, and approve other Expenditures in accordance with this policy. The Purchasing Agent may delegate to other SRWA officers or operations staff the authority to make purchases, approve Contracts, and perform other duties in accordance this policy. The Purchasing Agent shall monitor and enforce performance under approved Contracts. The Purchasing Agent shall review, approve, and pay all invoices, bills, and other demands for payment submitted to SRWA for Contracts and Expenditures approved or authorized under this policy. The Purchasing Agent may adopt rules and procedures and prescribe and maintain appropriate forms to implement and supplement this policy so long as they are consistent with this policy, applicable law, and the Joint Powers Agreement.

5. Supplies and Expenditures (other than Professional Services and Public Works Contracts)

a. Expenditures Less Than \$50,000

(1) Authorization; Comparative Pricing. For the purchase of Supplies and other Expenditures of estimated value less than \$50,000 for which there are unappropriated funds available in the current approved SRWA budget for the item, the Purchasing Agent may make the Expenditure on the open market by seeking the most favorable terms and price either through negotiation, comparative pricing, or informal competitive bidding, whichever method the Purchasing Agent deems most appropriate in the circumstances. The Purchasing Agent may approve the Expenditure through a written invoice, purchase order, or Contract. If there are not unappropriated funds within the current approved SRWA budget for the particular Expenditure, it must be authorized by the Board.

(2) Exceptions. Negotiation, comparative pricing, or informal competitive bidding is not required for an Expenditure in the following situations: (i) the amount of the Expenditure is less than \$2,500; (ii) the Purchasing Agent determines that the Supplies can be obtained reasonably and efficiently only from one vendor or supplier; (iii) the Purchasing Agent determines that it is strongly preferred for efficient operations that the Supplies be of a particular model, brand, or make in order to match and be compatible with the model, brand, or make of existing in-use equipment or facility; (iv) the Supplies are to be purchased through or from the State of California or other federal, state, or local government group sale program; (v) the Purchasing Agent determines that the nature of the Expenditure is such that competitive proposals would not produce an advantage and negotiation, comparative pricing, or informal competitive bidding therefore would be undesirable, impractical, unfeasible, or impossible; or (vi) an Emergency purchase under section 8.

b. Expenditures Over \$50,000; Non-Supplies. For an Expenditure of estimated value over \$50,000 not involving Supplies, the Expenditure must be authorized by the Board (except for an Emergency under section 8). The Purchasing Agent shall make a recommendation to the Board for the Expenditure by seeking the most favorable terms and price either through negotiation, comparative pricing, or informal

competitive bidding, whichever method the Purchasing Agent deems most appropriate in the circumstances.

c. Expenditures Over \$50,000 for Supplies. A purchase of Supplies of estimated value over \$50,000 must be made pursuant to the following bidding procedure:

(1) Bid Notice. The Purchasing Agent will prepare a notice inviting bids for the purchase, including a description of the Supplies to be purchased (including, if appropriate, reference to the bid specifications), the method to obtain more detailed information about the purchase, the deadline for receipt of sealed bids, and the time and place of the bid opening. The notice inviting bids will be posted on the SRWA website and distributed and noticed to responsible prospective suppliers and vendors in such a manner as the Purchasing Agent deems appropriate in the circumstances. The Purchasing Agent, in his or her discretion, may require bidders to post a bidder's security in a form and amount as determined by the Purchasing Agent. If a bidder's security is to be required, the bid security requirements must be set forth in the notice inviting bids.

(2) Bid Opening. At the time and place for the bid opening, the bids will be opened in public. The Purchasing Agent will tabulate all bids received and keep them open for public inspection. Any bids received after the bid receipt deadline will be returned to the bidder unopened.

(3) Bid Award. At the next Board meeting following the bid opening, the Purchasing Agent will present the bids to the Board and make a recommendation concerning an award to the Lowest Responsible Responsive Bidder. In its discretion, the Board may (i) award the purchase to the Lowest Responsible Responsive Bidder, (ii) reject all bids and re-advertise for bids, (iii) reject all bids and not proceed with the purchase, or (iv) reject all bids and direct that an open market purchase be made by the Purchasing Agent if the price to be paid on the open market would be less than the low bid. The Board may waive any irregularity, informality, or minor error in any bid that does not affect the bid price. Upon Board award to the Lowest Responsible Responsive Bidder, the purchase will be confirmed by a written invoice, purchase order, or Contract. If no responsive bids are received by the bid deadline, the Board may authorize the Purchasing Agent to approve the purchase on the open market by seeking the most favorable terms and price through negotiation, comparative pricing, or informal competitive bidding or through such other method as may be specified by the Board.

(4) Exceptions. Bidding will not be required for a purchase of Supplies in the following situations: (i) the Board determines that the Supplies can be obtained reasonably and efficiently only from one vendor or supplier; (ii) the Board determines that it is strongly preferred for efficient operations that the Supplies be of a particular model, brand, or make in order to match and be compatible with the model, brand, or make of existing in-use equipment or facility; (iii) the Supplies are to be purchased through or from the State of California or other federal, state or local government group sale program; (iv) the Board determines that the nature of

the purchase is such that competitive proposals would not produce an advantage and the solicitation of competitive bids therefore would be undesirable, impractical, unfeasible, or impossible; or (v) an Emergency under section 8.

6. Professional Service Contracts. The Purchasing Agent is authorized to enter into Contracts for accountant, attorney, architectural, engineering, environmental, land surveying, construction project management, and other professional services when (a) the Contract Price does not exceed \$50,000, and (b) there are unappropriated funds available in the current approved SRWA budget for the item. When the Contract Price exceeds \$50,000, the professional services Contract must be approved by the Board (except as otherwise provided for Emergencies under section 8). The Purchasing Agent shall implement procedures to select professional services on the basis of demonstrated competence and qualifications and at fair and reasonable prices. The Purchasing Agent in his or her discretion may utilize a request for proposals, request for qualifications, or informal solicitation process to select professional services.

7. Public Works Contracts

a. **Contracts Under \$5,000.** For a Public Works Contract with a Contract Price of \$5,000 or less and when there are unappropriated funds available in the current approved SRWA budget for the Contract, the Purchasing Agent may negotiate the Contract on the open market by seeking the most favorable terms and price either through negotiation, comparative pricing, or informal competitive bidding, whichever method the Purchasing Agent deems most appropriate in the circumstances. If there are not unappropriated funds within the approved budget, then the Contract must be approved by the Board.

b. **Contracts Over \$5,000.** A Public Works Contract with a Contract Price of greater than \$5,000 must be made pursuant to the bidding procedure and requirements at Public Contract Code sections 20160 - 20175. Following the receipt of bids, the Purchasing Agent will present the bids to the Board and make a recommendation on an award to the Lowest Responsible Responsive Bidder. In its discretion, the Board may (i) award the Contract to the Lowest Responsible Responsive Bidder and authorize Contract approval, (ii) reject all bids and re-advertise for bids, or (iii) reject all bids and not proceed with the Contract. The Board may waive any irregularity, informality, or minor error in any bid that does not affect the bid price.

c. **Exceptions.** Bidding will not be required for Public Works Contracts in the following situations: (i) there will be no cost to SRWA; (ii) Emergency contracting under section 8; or (iii) the Board finds and determines by resolution that the nature of the work is such that competitive proposals would be unavailing or would not produce an advantage and the solicitation of competitive bids therefore would be undesirable, impractical, unfeasible, or impossible.

8. Emergency Expenditures

a. **Non-Public Works.** In case of an Emergency not involving the repair or replacement of a SRWA facility, building, structure, or equipment, the General Manager is authorized to make necessary Expenditures in the open market after first obtaining the consent (which may be verbal or via email) of the Board Chair or Vice Chair. Expenditures made under this subsection do not require prior Board approval and may be made without complying with the comparative pricing or bidding requirements. The General Manager thereafter must report promptly to the Board concerning the type and amount of the Expenditure and the Emergency circumstances warranting the Expenditure.

b. **Public Works.** Pursuant to Public Contract Code section 22050, the Board delegates to the General Manager the authority to repair and replace any SRWA facility, building, structure, or equipment and to take any other directly related immediate action in response to an Emergency, including procuring necessary contractors, equipment, services, and Supplies, without giving public notice for bids to let contracts. In the event of an Emergency, the General Manager may take such action and approve such Contracts as appropriate to respond to the Emergency in accordance and compliance with the requirements of section 22050.

9. Contract Amendments. After Board approval of any Contract, the Purchasing Agent may approve an Amendment to the Contract if (a) the total cumulative dollar value of the Amendment(s) does not exceed 10% of the Contract Price approved by the Board, and (b) there are unappropriated funds available in the current approved SRWA budget for the item. After Purchasing Agent approval of any Contract, the Purchasing Agent may approve an Amendment to the Contract so long as (a) the total cumulative Contract Price does not exceed \$50,000, and (b) there are unappropriated funds available in the current approved SRWA budget for the item. If the Amendment would cause the total cumulative Contract Price to exceed \$50,000 or if there are not unappropriated funds available in the current approved SRWA budget for the item, the Amendment must be approved by the Board.

10. Contract Approval Authority. For Contracts and Amendments within the Purchasing Agent's spending authority under this policy, the Purchasing Agent is authorized to approve and sign the Contract or Amendment on behalf of SRWA. For Contracts and Amendments exceeding the Purchasing Agent's spending authority, the Purchasing Agent is authorized to sign the Contract or Amendment after it has been approved or authorized by the Board pursuant to this policy.

11. Superseder. This policy supersedes the City of Turlock purchasing and procurement regulations (that were adopted as an interim measure in SRWA Bylaws

art. VI, sec. 9) and all other prior inconsistent SRWA resolutions, policies, and procedures.

PASSED AND ADOPTED at a regular meeting of the Board of the Stanislaus Regional Water Authority this ____ day of _____ 2022, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves, Board
Secretary

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

1. ACTION RECOMMENDED:

Resolution: Adopting an Expense Reimbursement and Payment Policy

2. DISCUSSION OF ISSUE:

SRWA is transitioning from Regional Surface Water Supply Project planning and development activities to operations functions as a wholesale water provider. As such, there is a need to establish a formal expense reimbursement and payment policy. Joint Powers Agreement articles VI and IX provide for expenditures or incurrence of liabilities that are allowed by the budget, but do not specify the extent that are authorized or ineligible nor those expense cost limits. Additionally, there is a need for procedures to make payments, reimbursements, and enforcement.

This policy applies to SRWA Directors, General Manager, and Operations Staff (provided by the City of Turlock) for expenses to attend meetings, conferences, seminars, and other business expenses relating to the operation, maintenance, and management of the Regional Surface Water Supply Project. This policy establishes guidelines specifying the types of expenses that qualify for payment or reimbursement, the appropriate reasonable reimbursement rates and other cost control standards, and related procedures pursuant to Government Code sections 53232-53232.4, other applicable law, and SRWA Joint Powers Agreement articles VI and IX.

3. FISCAL IMPACT / BUDGET AMENDMENT:

There is no fiscal impact or budget amendment associated with this Resolution. Business related expenses will be projected as part of the annual Fiscal Year budgeting process.

4. GENERAL MANAGER'S COMMENTS:

Recommends approval.

5. ENVIRONMENTAL DETERMINATION:

N/A

6. ALTERNATIVES:

The Board could choose to direct staff to set different value thresholds.



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

**IN THE MATTER OF ADOPTING
EXPENSE REIMBURSEMENT AND
PAYMENT POLICY**

RESOLUTION NO. 2022-009

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BE IT RESOLVED by the Governing Board of the Stanislaus Regional Water Authority (SRWA) that the following SRWA expense reimbursement and payment policy is adopted:

1. Recitals. This policy is adopted with reference to the following background recitals:

a. Stanislaus Regional Water Authority (“**SRWA**”) soon will complete construction of the Regional Surface Water Supply Project. The City of Turlock and its employees (the “**Operations Staff**”) then will assume the responsibility to operate, maintain, and manage the Project Facilities pursuant to the Stanislaus Regional Water Authority Regional Surface Water Supply Project Operations Agreement.

b. SRWA directors, General Manager, and Operations Staff from time to time may attend meetings, conferences, and seminars and incur other business-related expenses that relate to the operation, maintenance, and management of the Regional Surface Water Supply Project. SRWA recognizes that such activities benefit SRWA and its services and administration, and SRWA therefore desires to pay or reimburse the expenses incurred in the performance of official duties, on and subject to the terms of this policy.

c. This policy establishes guidelines specifying the types of expenses that qualify for payment or reimbursement, the appropriate reasonable reimbursement rates and other cost control standards, and related procedures. This policy is adopted pursuant to Government Code sections 53232 - 53232.4, other applicable law, and SRWA Joint Powers Agreement articles VI and IX.

2. Applicability. This policy applies to any SRWA director, General Manager, or Operations Staff (collectively a “**Requester**”) seeking payment or reimbursement of an SRWA-related business expense. “**General Manager**” as used in this policy means the SRWA General Manager or his or her designee.

3. Authorized and Ineligible Expenses

a. Authorized Business

(1) For directors and General Manager, SRWA will pay directly or reimburse actual, direct, necessary, commercially reasonable, and substantiated travel, meal, lodging, and other incidental expenses incurred by a director to (i) attend a meeting (other than Board and committee meetings) on behalf of SRWA and as authorized by the Board, (ii) attend a professional, educational, or vocational meeting approved by the Board (including ethics training), or (iii) conduct other SRWA business as may be authorized by the Board.

(2) For Operations Staff, SRWA will pay directly or reimburse actual, direct, necessary, commercially reasonable, and substantiated travel, meal, lodging, and other incidental expenses incurred by an Operations Staff person to (i) attend an off-site meeting on behalf of SRWA and as authorized by the General Manager, (ii) attend a professional, educational, or vocational meeting approved by the General Manager, or (iii) conduct other SRWA business as may be authorized by the General Manager.

Payment and reimbursement of expenses must be consistent with the limits and procedures in this policy.

b. Ineligible Expenses. SRWA will not pay or reimburse the following types of ineligible expenses: alcohol; political or charitable contributions or events; family expenses, including spouse, partner, or children expenses when accompanying the Requester on SRWA-related business; entertainment expenses, including theater, movies (either in-room or at the theater), and sporting activities or events (including gym, massage, or golf related expenses); non-mileage personal automobile expenses, including repairs, traffic citations, insurance, or gasoline; personal losses (e.g., theft) incurred while on SRWA business; excess baggage fees; charges for personal services (e.g., laundry service); or, any other expense that is not directly related to the authorized SRWA business.

4. Cost Limits. Payment or reimbursement of expenses shall be provided in accordance with and subject to the limitations and standards in this section.

a. General

(1) All travel, meal, lodging, and other expenses under this policy shall comply with the limits as established in Internal Revenue Service Publication 463 (Travel, Gift and Car Expenses), except as otherwise provided in this policy. SRWA shall comply with the accountable plan requirements of IRS Publication 463.

(2) A Requester must use government and group rates offered by a provider of transportation or lodging services for travel and lodging when available.

(3) Payments and reimbursements under this policy shall be limited to and shall not exceed the amount of the appropriations allowed by the current year's budget as adopted by SRWA Board.

b. Transportation. The most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements must be used, using the most direct and time-efficient route.

(1) Automobile. Automobile mileage will be reimbursed at the IRS mileage rate in effect at the time of travel. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. If an automobile is rented, reimbursement will be based on the actual, necessary, and commercially reasonable rental rates for a compact or mid-size automobile. IRS mileage rates will not be paid for rental vehicles. Actual bridge and road tolls are reimbursable. In the event two or more Requesters travel together in a personal automobile, the owner of the automobile will be the individual reimbursed. SRWA will not pay auto travel reimbursement if the Requester travels in a City of Turlock- or SRWA-owned vehicle or if a director travels in a vehicle owned by the director's employer.

(2) Airfare. Airfare must be at coach rates.

(3) Taxis/Shuttles/Ridesharing. Taxis, shuttles, or ridesharing services (e.g., Lyft, Uber) fares may be reimbursed, including a 15% gratuity per fare, when the cost of such fares is less than the cost of car rentals, gasoline, and parking, or when such transportation is necessary or appropriate for time-efficiency or other circumstances.

c. Lodging. Lodging expenses will be paid or reimbursed when travel on authorized SRWA business reasonably requires an overnight stay.

(1) Conferences/Meetings. If lodging is in connection with a conference or organized educational program, lodging costs must not exceed the maximum group rate published by the conference or activity sponsor, provided that lodging at the group rate is available at the time of booking. If the group rate is not available, the Requester must use comparable lodging consistent with the standard for Other Lodging (below).

(2) Other Lodging. In the event that government or group rates are not available at a given time or in a given area, lodging rates must not exceed the IRS per diem lodging rate for the area (see IRS Publication 1542 (Per Diem Rates)).

(3) Internet Access. If Internet access is required for business-related work on a personal computer, then the lodging expense may include an Internet access charge.

d. Meals. Meal expenses will be reimbursed when authorized SRWA business travel reasonably requires a director, General Manager, or Operations Staff to purchase a meal. Travel-related meal expenses will be reimbursed at actual cost and must be

supported by receipts, not to exceed the following limits: breakfast - \$20; lunch - \$25; and dinner - \$35. Meal expense reimbursement also may include a reasonable and customary tip not to exceed 15%. The meal allowance will not be paid for any meal that is included with conference or educational program registration.

e. Other. Other actual, necessary, commercially reasonable, and substantiated incidental expenses or costs that are directly related to the authorized SRWA business, as determined by the General Manager.

5. Procedure

a. Payment or Reimbursement

(1) For eligible business-related expenses to be paid directly by SRWA, the Requester must prepare and submit an expense payment request (in a form provided by the General Manager).

(2) For eligible business-related expenses to be paid through reimbursement, the Requester must prepare and submit an expense reimbursement request (in a form provided by the General Manager) within one month after incurring the expense. Reports must be accompanied by receipts documenting each expense (except for mileage expense reimbursement and tolls).

(3) Requests must document that the expense in question is business-related and otherwise complies with the requirements and limits of this policy. If approved, SRWA shall pay the expense in accordance with the SRWA procurement and purchasing policy. All expense payment and reimbursement requests and other documents related to reimbursable expenditures are public records subject to disclosure under the California Public Records Act.

b. Report Back. When a director or General Manager attends a conference, organized educational program, or other meeting at the expense of SRWA, he or she shall provide a brief written or oral report on the conference, etc. to the SRWA Board at its next regular meeting.

c. Administration. All expenses are subject to verification and audit to ensure that they comply with this policy. The General Manager shall administer this policy and determine whether an expense payment or reimbursement request is consistent with the policy. The General Manager may reject or modify a payment or reimbursement request as appropriate to comply with the policy limits. If a request is rejected or reduced by the General Manager, the Requester may appeal the decision to the Board.

6. Enforcement. Receipt of SRWA funds in violation of this policy or falsifying an expense payment or reimbursement request may result in any or all of the following consequences: (a) loss of reimbursement privileges; (b) demand for restitution to SRWA; (c) reporting the expenses paid by SRWA as income to the Requester; (d) civil

penalties of up to \$1,000 per day and three times the value of the resources used; (e) criminal prosecution for misuse of public resources; or (f) for Operations Staff, employee discipline up to and including termination. (See also Government Code section 53232.4.)

7. Superseder. This policy supersedes the City of Turlock purchasing and procurement regulations (that were adopted as an interim measure in SRWA Bylaws art. VI, sec. 9) and all other prior inconsistent SRWA resolutions, policies, and procedures.

PASSED AND ADOPTED at a regular meeting of the Board of the Stanislaus Regional Water Authority this ____ day of _____ 2022, by the following vote:

AYES:
NOES:
NOT PARTICIPATING:
ABSENT:

ATTEST:

Angelica Gonsalves, Board
Secretary