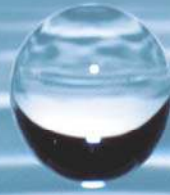




SCV
WATER



SCV WATER AGENCY TELECONFERENCE BOARD MEETING

TUESDAY, AUGUST 18, 2020

AT 6:30 PM

Please join the meeting from your computer, tablet or smartphone:

<https://global.gotomeeting.com/join/608159333>

-OR-

Listen in Toll Free by Phone:

1-(877)-309-2073

Access Code: 608-159-333

When practical please provide public comment by 4:30 PM the day of the meeting* by either e-mail, phone, or mail (please see the agenda for more specifics).

To help expedite public comment, please contact the Board Secretary the day of the meeting at 1-(661)-297-1600 to advise on what items you would like to speak on. Public comments can also be made during the meeting as specified under Item 3 of the Agenda.

*All written comments received after 4:30 PM the day of the meeting will be posted to <https://yourscvwater.com/> the next day. Public comments can also be heard the night of the meeting.

Disclaimer: Pursuant to the Executive Order N-29-20 issued by Governor Newsom, public may not attend meetings in person. Public may use the above methods to attend and participate in the public board meetings.



**SANTA CLARITA VALLEY WATER AGENCY
REGULAR BOARD MEETING AGENDA**

**SANTA CLARITA VALLEY WATER AGENCY
RIO VISTA WATER TREATMENT PLANT
27234 BOUQUET CANYON ROAD
SANTA CLARITA, CA 91350**

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

**TUESDAY, AUGUST 18, 2020 AT 6:30 PM
TELECONFERENCING NOTICE**

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director **may call into an Agency Board meeting using the Agency's Call-In Number 1-(877)-309-2073, Access Code 608-159-333 or GoToMeeting by clicking on the link <https://global.gotomeeting.com/join/608159333>** without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Board using the call-in number or GoToMeeting link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to ajacobs@scvwa.org or mailed to April Jacobs, Board Secretary, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 4:30 PM the day of the meeting will be distributed to the Board members and posted on the Santa Clarita Valley Water Agency website prior to the start of the meeting. Anything received after 4:30 PM the day of the meeting will be posted on the SCV Water website the following day.

OPEN SESSION BEGINS AT 6:30 PM

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **PUBLIC COMMENTS** – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. (Comments may, at the discretion of the Board's presiding officer, be limited to three minutes for each speaker.) Members of the public wishing to comment on items covered in Closed Session before they are considered by the Board must request to make comment at the commencement of the meeting at 6:30 PM.

4. APPROVAL OF THE AGENDA

5. CONSENT CALENDAR PAGE

5.1. *	Approve Minutes of the August 4, 2020 Santa Clarita Valley Water Agency Regular Board of Directors Meeting	5
5.2. *	Approve a Purchase Order to Kennedy/Jenks Consultants for Final Design of the Recycled Water Tank at an Alternate Site for the Recycled Water Vista Canyon (Phase 2B) Project	19
5.3. *	Approve the Purchase of Replacement Clarifier Media at Earl Schmidt Filtration Plant	33

6. ACTION ITEMS FOR APPROVAL PAGE

6.1. *	Approve a Resolution Adopting the SCV Water Grant Management Policy and Procedure Manual	35
6.2. *	Approve Appointments of the SCV-GSA Board of Directors and Alternate Directors for the 2021-2023 Term	147
6.3. *	Approve Purchase of a Liquid Chromatography Tandem Mass Spectrometer	149

7. GENERAL MANAGER’S REPORT ON ACTIVITIES, PROJECTS AND PROGRAMS

8. COMMITTEE MEETING RECAP REPORT FOR INFORMATIONAL PURPOSES ONLY PAGE

8.1. *	August 6, 2020 Engineering and Operations Committee Meeting Report	151
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9. PRESIDENT’S REPORT

10. AB 1234 WRITTEN AND VERBAL REPORTS PAGE

10.1.*	July 29-30, 2020 ACWA Conference – Director Ford	157
10.2.*	August 5, 2020 ACWA Groundwater Committee Meeting – President Martin	159
10.3.*	August 6, 2020 NWRA Table Talk Series – Vice President Gladbach	163
10.4.*	August 6, 2020 Southern California Water Coalition Storm Water Matters – Director Ford	167
10.5.*	August 7, 2020 NWRA Board Meeting – Vice President Gladbach	169
10.6.	AB 1234 Reports	

11. DIRECTOR REPORTS

12. CLOSED SESSION – SEPARATE DIAL-IN PHONE NUMBER WILL BE PROVIDED TO THE BOARD AND APPROPRIATE STAFF

- 12.1. Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9, Claim of Jeff Metelitz and any and all claims that arise from incident on August 4, 2020 against Santa Clarita Valley Water Agency, Claim for Property Damage, Date of Claim August 7, 2020
- 12.2. Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9, Claim of Sandridge Partners, LP against Santa Clarita Valley Water Agency, Claim for Personal Injury and Property Damage, Date of Claim August 10, 2020
- 12.3. Conference with Legal Counsel – Anticipated Litigation – Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9: (One Case)
- 12.4. Conference with Legal Counsel – Existing Litigation – (Paragraph (1) of Subdivision (d) of Section 54956.9) (One Case): Halushka vs. Santa Clarita Valley Water Agency, Los Angeles Superior Court Case No. 19STCV27352
- 12.5. Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of Section 54956.9 (One Case) – Amended Claim of Paul Halushka

OPEN SESSION CONTINUES WITH THE PHONE NUMBER LISTED ON THE FIRST PAGE OF THIS AGENDA

13. CLOSED SESSION ANNOUNCEMENTS

14. DIRECTOR REQUESTS FOR APPROVAL FOR EVENT ATTENDANCE

15. REQUESTS FOR FUTURE AGENDA ITEMS

16. ADJOURNMENT

- * Indicates Attachment
- ◆ Indicates Handout

Note: The Board reserves the right to discuss or take action or both on all of the above Agenda items.

NOTICES

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning April Jacobs, Secretary to the Board of Directors, at (661) 297-1600, or in writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on August 12, 2020.

Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – August 4, 2020

A regular meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held via teleconference at 6:30 PM on Tuesday, August 4, 2020. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

DIRECTORS PRESENT: B. J. Atkins, Ed Colley, Kathy Colley, William Cooper, Robert DiPrimio, Jeff Ford, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Dan Mortensen and Lynne Plambeck via teleconference.

DIRECTORS ABSENT: None.

Also present via teleconference: General Manager Matthew Stone, General Counsel Joe Byrne, Board Secretary April Jacobs, Assistant General Manager Steve Cole, Chief Engineer Courtney Mael, Chief Financial and Administrative Officer Eric Campbell, Director of Finance and Administration Rochelle Patterson, Director of Operations and Maintenance Mike Alvord, Director of Water Resources Dirk Marks, Director of Tech Services Cris Perez, Principal Engineer Brent Payne, Principal Engineer Jason Yim, Senior Engineer Shadi Bader, Senior Engineer Jim Leserman, Associate Engineer Elizabeth Sobczak, Water Resources Planner Sarah Fleury, Senior Management Analyst Kim Grass, Administrative Analyst Cheryl Fowler, Financial Analyst Darine Conner, Public Information Officer Kathie Martin, Administrative Technician Eunie Kang, Administrative Assistant Terri Bell, IT Technician Rene Ponce and members of the public.

President Martin called the meeting to order at 6:30 PM. A quorum was present.

Upon motion of Director Cooper, seconded by Director Mortensen and carried, the Board approved the Agenda by the following roll call votes (Item 4):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Yes	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

Upon motion of Director DiPrimio, seconded by Director Ford and carried, the Board approved the Consent Calendar including Resolution Nos. SCV-164 and SCV-165 by the following roll call votes (Item 5):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Yes	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-164

RESOLUTION OF THE BOARD OF DIRECTORS

**OF THE SANTA CLARITA VALLEY WATER AGENCY
APPROVING FUNDING FOR ENGINEERING SERVICES TO
LEE & RO FOR THE
REPLACEMENT (SAUGUS 3 AND 4) WELLS SITE AND
INFRASTRUCTURE DESIGN PROJECT**

WHEREAS, Santa Clarita Valley Water Agency (SCVWA) desires to take steps to increase the reliability of its existing water system; and

WHEREAS, SCVWA's Capital Improvement Program includes construction of the Agency's future Replacement (Saugus 3 and 4) Wells; and

WHEREAS, on September 14, 2005, Castaic Lake Water Agency (CLWA), as the lead agency under California Environmental Quality Act (CEQA), adopted the Mitigated Negative Declaration for the Groundwater Containment, Treatment, and Restoration Project (MND), and MND which evaluated the Replacement (Saugus 3 and 4) Well Project and adopted findings and the Mitigation Monitoring and Reporting Programs with the adoption of Resolution No. 2429; and

WHEREAS, Castaic Lake Water Agency (CLWA), as a CEQA Lead Agency, filed the Notice of Determination with the Los Angeles County Clerk's Office and the State Clearinghouse on September 19, 2005; and

WHEREAS, as a result of the integration of CLWA into SCVWA, SCVWA is now the lead agency under CEQA for the Replacement (Saugus 3 and 4) Wells Project; and

WHEREAS, in its role as lead agency SCVWA has now evaluated the adopted MND pursuant to CEQA Guideline 15162 to determine if, when taking subsequent discretionary actions in furtherance of a project for which an MND has been adopted, SCVWA is required to review any changed circumstances to determine whether any of the circumstances under Public Resources Code section 21166 and CEQA Guidelines section 15162 require additional environmental review; and

WHEREAS, based on that evaluation, and given that the proposed design is consistent with the MND, SCVWA staff concluded that the MND fully analyzed and mitigated all potentially significant environmental impacts, if any, that would result from the Project, and therefore, no subsequent EIR or mitigated negative declaration is required; and

WHEREAS, all proposals submitted to SCVWA pursuant to the SCVWA's request for proposal documents for the design of the Replacement (Saugus 3 and 4) Wells Site and Infrastructure Project were received by SCVWA on Wednesday, May 20, 2020 by 5:00 p.m., in full accordance with the law and SCVWA customary procedures; and

WHEREAS, the Board of Directors finds, after considering the opinion of staff, that the total proposal in an amount not to exceed of Lee & Ro in the amount of \$326,000 is the best suited proposal of four proposals submitted, and that said proposal substantially meets the requirements of said request for proposal documents; and

WHEREAS, it is in the Agency's best interest that the Board of Directors, on behalf of the SCVWA, authorize its General Manager to accept the \$326,000 proposal.

NOW, THEREFORE, BE IT RESOLVED, the SCVWA Board of Directors (Board) has reviewed and considered the MND and supporting materials and finds that those documents taken together contain a complete and accurate reporting of all of the environmental impacts associated with the Project.

The Board further finds that the administrative record has been completed in compliance with CEQA, the CEQA Guidelines, and that the MND and supporting materials, taken together, reflect the Board's independent judgment.

Further, based on the substantial evidence set forth in the record, including but not limited to the MND and supporting materials the Board finds that, based on the whole record before it, none of the conditions under State CEQA Guidelines section 15162 requiring subsequent environmental review have occurred because the Project:

a) will not result in substantial changes that would require major revisions of the MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

b) will not result in substantial changes with respect to the circumstances under which the Project is developed that would require major revisions of the MND due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

c) does not present new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the MND was adopted, as applicable, showing any of the following: (i) that the modifications would have one or more significant effects not discussed in the earlier environmental documentation; (ii) that significant effects previously examined would be substantially more severe than shown in the earlier environmental documentation; (iii) that mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects, but the applicant declined to adopt such measures; or (iv) that mitigation measures or alternatives are considerably different from those analyzed previously would substantially reduce one or more significant effects on the environment, but which the applicant declined to adopt.

Further, based on the substantial evidence set forth in the record, including but not limited to the MND and supporting materials, the Board finds that the applicable mitigation measures identified in the MND have been incorporated into a specific mitigation monitoring program for the Project and would ensure that any potential environmental impacts would be reduced to less than significant levels.

The Board re-adopts those mitigation measures identified in the MND that are relevant to the Project as detailed specifically in the Mitigation Monitoring Program attached as Exhibit A, attached hereto and by this reference incorporated herein.

The documents and materials that constitute the record of proceedings on which this Resolution has been based are located at the Santa Clarita Valley Water Agency Summit Circle Office at 26521 Summit Circle, Santa Clarita, CA 91350. The custodian for these records is James Leserman. This information is provided in compliance with Public Resources Code section 21081.6.

A Notice of Determination shall be filed with the County of Los Angeles and the State Clearinghouse within 5 (five) working days of the Board's final Project approval.
NOW, THEREFORE, BE IT RESOLVED that the SCVWA's Board of Directors does authorize its General Manager to accept said proposal and does therefore authorize the SCVWA's General Manager or its Chief Operating Officer to issue a Purchase Order to Lee & Ro, for the Replacement (Saugus 3 and 4) Wells Site and Infrastructure Design Project for an amount not to exceed of \$326,000.

RESOLUTION NO. SCV-165

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AUTHORIZING WATER SUPPLY CONTRACT PAYMENTS
DURING FISCAL YEAR 2020/21**

WHEREAS, the Castaic Lake Water Agency on April 30, 1963 contracted with the State of California through the Department of Water Resources for a water supply pursuant to the California Water Resources Development Bond Act; and

WHEREAS, the Castaic Lake Water Agency on June 23, 1972 joined in the Devil Canyon-Castaic Contract, which amended payment terms of the State Water Contract to require Agency payment for debt service on bonds issued under the contract and operation and maintenance of certain facilities; and

WHEREAS, pursuant to SB 634, the Santa Clarita Valley Water Agency (SVC Water) was created on January 1, 2018 and is the successor entity to the Castaic Lake Water Agency (CLWA) and the Newhall County Water District (NCWD); and

WHEREAS, the Santa Clarita Valley Water Agency is currently entitled under the Water Supply Contract, as amended, to a total Annual Table A amount of 95,200 acre-feet; and

WHEREAS, the Water Supply Contract, as amended, requires the Santa Clarita Valley Water Agency to make payments to the Department of Water Resources for water service on account of (1) a Delta Water Charge, (2) a Transportation Charge, (3) a Devil Canyon-Castaic Contract Charge, (4) an Off-Aqueduct Power Facilities Charge as an addition to the Transportation Charge, and (5) a Water System Revenue Bond Surcharge; and

WHEREAS, pursuant to Article 29 of the Water Supply Contract and Articles 17 and 22 of the Devil Canyon-Castaic Contract, the Santa Clarita Valley Water Agency has received statements of charges embracing and detailing payments due in FY 2020/21; and

WHEREAS, a summary of the charges contained in the statements is attached to this resolution and the total of the invoiced FY 2020/21 Water Supply Contract charges is \$19,552,236, plus Variable Operation, Maintenance, Power and Replacement Charges.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency authorizes the General Manager to disburse funds from the State Water Contract Fund, subject to adjustments, in a timely manner to meet the Water Supply Contract and Devil Canyon-Castaic Contract payment obligations due during FY 2020/21.

Upon motion of Director Cooper, seconded by Director DiPrimio and carried, the Board approved Resolution No. SCV-166 approving a construction contract with W.A. Rasic Construction Company, Inc., in an amount not to exceed \$475,810 for the Westridge Recycled Water Tank Upgrades Potable Make-up Above Ground Piping Project by the following roll call votes (Item 6.1):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Not Present	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-166

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA CLARITA VALLEY WATER AGENCY AWARDING A CONSTRUCTION CONTRACT TO W.A. RASIC CONSTRUCTION COMPANY, INC. FOR THE WESTRIDGE RECYCLED WATER TANK UPGRADES POTABLE MAKE-UP ABOVE GROUND PIPING PROJECT

WHEREAS, Santa Clarita Valley Water Agency (SCVWA) determined that recycled water is an important component of future water supplies; and

WHEREAS, the Westridge Recycled Water Tank Upgrades Potable Make-up Above Ground Piping Project is a component of the Recycled Water System; and

WHEREAS, the proposed action is authorization of a construction contract for the Westridge Recycled Water Tank Potable Make-Up Above Ground Piping Project; and

WHEREAS, the Project, aka the whole of the action, qualifies for an exemption under Class 1 Existing Facilities because it is a minor alteration of an existing public facility and it concerns proposed new mechanical equipment involving negligible or no expansion of use, i.e. no additional delivery of water, beyond that existing at the time of the lead agency's determination; and

WHEREAS, none of the exceptions listed in Section 15300.2 of the CEQA Guidelines would apply to the action; and

WHEREAS, all bid proposals submitted to the SCVWA pursuant to the SCVWA's construction contract documents for the construction of the Westridge Recycled Water Tank Upgrades Potable Make-up Above Ground Piping Project, as amended by Addenda, were publicly opened and read electronically on the SCVWA's website page on PlanetBids on Wednesday, May 27, 2020 at 2:00 p.m., in full accordance with the law and the SCVWA's customary procedures; and

WHEREAS, the Board of Directors finds, after considering the opinion of staff, that the total bid of W.A. Rasic Construction Company, Inc. in the amount of \$475,810 is the lowest responsible bid of two bids submitted, and that said bid substantially meets the requirements of said construction contract documents as amended by Addenda; and

WHEREAS, it is in the Agency's best interest that the Board of Directors, on behalf of the SCVWA, authorize its General Manager to accept the \$475,810 bid.

NOW, THEREFORE, BE IT RESOLVED that the SCVWA's Board of Directors does authorize its General Manager to accept said low bid and does therefore authorize the SCVWA's General Manager or its Chief Operating Officer to issue a Notice of Award to W.A. Rasic Construction Company, Inc., hereby found to be the "lowest responsible bidder" for the Westridge Recycled Water Tank Upgrades Potable Make-up Above Ground Piping Project for the total sum of \$475,810.

RESOLVED FURTHER that the SCVWA's General Manager or its President and Secretary are thereupon authorized, upon receipt of appropriate payment and performance bonds, appropriate certificates of insurance and an executed Contract Agreement from W.A. Rasic Construction Company, Inc., all of which must be approved by General Counsel, to execute the said Contract Agreement on behalf of the SCVWA.

RESOLVED FURTHER that the SCVWA's General Manager or Chief Operating Officer are thereafter authorized to execute and forward to W.A. Rasic Construction Company, Inc. an appropriate Notice to Proceed.

Upon motion of Director Mortensen, seconded by Director Cooper and carried, the Board (1) approved Resolution No. SCV-167 awarding funding in an amount not to exceed \$5,615,052 for construction costs to Best Drilling and Pump, Inc., (2) authorized the General Manager to issue a purchase order for an amount not to exceed \$343,000 for hydrogeological services during construction and inspection services to Richard C. Slade & Associates LLC and (3) issued a purchase order for an amount not to exceed \$592,000 for construction management services to Black & Veatch for the Replacement (Saugus 3 and 4) Wells Construction Project by the following roll call votes (Item 6.2):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Yes	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-167

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
APPROVING FUNDING FOR CONSTRUCTION CONTRACT TO
THE BEST DRILLING AND PUMP, INC., FOR THE
REPLACEMENT (SAUGUS 3 AND 4) WELLS PROJECT**

WHEREAS, Santa Clarita Valley Water Agency (SCVWA) desires to take steps to increase the reliability of its existing water system; and

WHEREAS, SCVWA's Capital Improvement Program includes construction of the Agency's future Replacement (Saugus 3 and 4) Wells; and

WHEREAS, on September 14, 2005, Castaic Lake Water Agency (CLWA), as the lead agency under California Environmental Quality Act (CEQA), adopted the Mitigated Negative Declaration for the Groundwater Containment, Treatment, and Restoration Project (MND), and MND which evaluated the Replacement (Saugus 3 and 4) Well Project and adopted findings and the Mitigation Monitoring and Reporting Programs with the adoption of Resolution No. 2429; and

WHEREAS, Castaic Lake Water Agency (CLWA), as a CEQA Lead Agency, filed the Notice of Determination with the Los Angeles County Clerk's Office and the State Clearinghouse on September 19, 2005; and

WHEREAS, as a result of the integration of CLWA into SCVWA, SCVWA is now the lead agency under CEQA for the Replacement (Saugus 3 and 4) Wells Project; and

WHEREAS, in its role as lead agency SCVWA has now evaluated the adopted MND pursuant to CEQA Guideline 15162 to determine if, when taking subsequent discretionary actions in furtherance of a project for which an MND has been adopted, SCVWA is required to review any changed circumstances to determine whether any of the circumstances under Public Resources Code section 21166 and CEQA Guidelines section 15162 require additional environmental review; and

WHEREAS, based on that evaluation, and given that the proposed Project has been only slightly modified, SCVWA staff concluded that the MND fully analyzed and mitigated all potentially significant environmental impacts, if any, that would result from the Project, and therefore, no subsequent EIR or mitigated negative declaration is required; and

WHEREAS, all bid proposals submitted to SCWA pursuant to the SCVWA's construction contract documents for the construction of the Replacement (Saugus 3 and 4) Wells Project, as amended by Addenda, were received by SCVWA on Wednesday, June 3, 2020 by 2:00 p.m., in full accordance with the law and SCVWA customary procedures; and

WHEREAS, the Board of Directors finds, after considering the opinion of staff, that the total bid of Best Drilling and Pump, Inc., in the amount of \$5,615,052 is the lowest responsible bid of three bids submitted, and that said bid substantially meets the requirements of said construction contract documents as amended by Addenda; and

WHEREAS, it is in the Agency's best interest that the Board of Directors, on behalf of the SCVWA, authorize its General Manager to accept the \$5,615,052 bid.

NOW, THEREFORE, BE IT RESOLVED, the SCVWA Board of Directors (Board) has reviewed and considered the MND and supporting materials and finds that those documents taken together contain a complete and accurate reporting of all of the environmental impacts associated with the Project.

The Board further finds that the administrative record has been completed in compliance with CEQA, the CEQA Guidelines, and that the MND and supporting materials, taken together, reflect the Board's independent judgment.

Further, based on the substantial evidence set forth in the record, including but not limited to the MND and supporting materials the Board finds that, based on the whole record before it, none

of the conditions under State CEQA Guidelines section 15162 requiring subsequent environmental review have occurred because the Project:

a) will not result in substantial changes that would require major revisions of the MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and

b) will not result in substantial changes with respect to the circumstances under which the Project is developed that would require major revisions of the MND due to the involvement of new significant environmental effects or a substantial increase in the severity of the previously identified significant effects; and

c) does not present new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence at the time the MND was adopted, as applicable, showing any of the following: (i) that the modifications would have one or more significant effects not discussed in the earlier environmental documentation; (ii) that significant effects previously examined would be substantially more severe than shown in the earlier environmental documentation; (iii) that mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects, but the applicant declined to adopt such measures; or (iv) that mitigation measures or alternatives are considerably different from those analyzed previously would substantially reduce one or more significant effects on the environment, but which the applicant declined to adopt.

Further, based on the substantial evidence set forth in the record, including but not limited to the MND and supporting materials, the Board finds that the applicable mitigation measures identified in the MND have been incorporated into a specific mitigation monitoring program for the Project and would ensure that any potential environmental impacts would be reduced to less than significant levels.

The Board re-adopts those mitigation measures identified in the MND that are relevant to the Project as detailed specifically in the Mitigation Monitoring Program attached as Exhibit A, attached hereto and by this reference incorporated herein.

The documents and materials that constitute the record of proceedings on which this Resolution has been based are located at the Santa Clarita Valley Water Agency Summit Circle Office at 26521 Summit Circle, Santa Clarita, CA 91350. The custodian for these records is James Leserman. This information is provided in compliance with Public Resources Code section 21081.6.

A Notice of Determination shall be filed with the County of Los Angeles and the State Clearinghouse within 5 (five) working days of the Board's final Project approval.

NOW, THEREFORE, BE IT RESOLVED that the SCVWA's Board of Directors does authorize its General Manager to accept said low bid and does therefore authorize the SCVWA's General Manager or its Chief Operating Officer to issue a Notice of Award to Best Drilling and Pump, Inc., hereby found to be the "lowest responsible bidder" for the Replacement (Saugus 3 and 4) Wells Project for the total sum of \$5,615,052.

RESOLVED FURTHER that the SCVWA's General Manager or its President and Secretary are thereupon authorized, upon receipt of appropriate payment and performance bonds, appropriate

certificates of insurance and an executed Contract Agreement from Best Drilling and Pump, Inc., all of which must be approved by General Counsel, to execute the said Contract Agreement on behalf of the SCVWA.

RESOLVED FURTHER that the SCVWA's General Manager or Chief Operating Officer are thereafter authorized to execute and forward to Best Drilling and Pump, Inc. an appropriate Notice to Proceed.

Upon motion of Director Atkins, seconded by Director Cooper and carried, the Board authorized the General Manger to issue a work authorization to Kennedy Jenks for preparation of the 2020 Urban Water Management Plan by the following roll call votes (Item 6.3):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Yes	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

Upon motion of Director Plambeck, seconded by Director K. Colley and carried, the Board 1) approved Resolution No. SCV-168 authorizing the General Manager to apply for funding under the Bureau of Reclamation's WaterSMART Drought Response Program: Drought Resiliency Projects Program, (2) executed a grant agreement, and (3) committed to providing up to \$1.5 million dollars in matching funds by the following roll call votes (Item 6.4):

Director Atkins	Yes	Director E. Colley	Yes
Director K. Colley	Yes	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes
Director Kelly	Yes	President Martin	Yes
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-168

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AUTHORIZING AN APPLICATION FOR GRANT FUNDING BY
THE BUREAU OF RECLAMATION'S WATERSMART
DROUGHT RESPONSE PROGRAM FOR THE SAUGUS WELLS
3 & 4 (REPLACEMENT WELLS) WELL EQUIPMENT AND SITE
IMPROVEMENT PROJECT**

WHEREAS, the Santa Clarita Valley Water Agency ("Agency") issued a Request for Proposals for design services for well equipment and site improvements (above ground portion) for the Saugus Wells 3 & 4 (Replacement Wells) Well Equipment and Site Improvements Project (the "Project"); and

WHEREAS, the entire Project is part of the Agency's approved Capital Improvement Plan; and

WHEREAS, the Replacement Wells will partially replace water production lost from wells due to perchlorate contamination; and

WHEREAS, the United States Department of the Interior offers financial assistance in the form of grant funding through its Bureau of Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Drought Response Program (DRP): Drought Resiliency Projects Program for this type of project. The program provides two levels of funding and up to a maximum of \$1,500,000 in grant funding for longer term projects and \$500,000 for other projects, but not to exceed 50% of the total project cost; and

WHEREAS, the Agency desires to fund part of the cost of the Project with grant funding from the WaterSMART DRP Program.

NOW, THEREFORE, the Board of Directors of the Santa Clarita Valley Water Agency hereby finds, determines, declares and resolves as follows:

1. The Board hereby supports a grant application to the WaterSMART DRP Program for the Project.
2. The Board hereby authorizes and directs the General Manager, or his or her designee, to complete, review, sign and submit, for and on behalf of the Agency, a grant application to the Bureau of Reclamation's WaterSMART DRP Program for the Project up to the amount of \$1,500,000.
3. The General Manager, or his or her designee, is authorized to provide the assurances, certifications, and commitments required for the grant application, including executing a financial assistance or similar agreement with the Bureau of Reclamation within established deadlines and any amendments or changes thereto.
4. The General Manager, or his or her designee, is authorized to represent the Agency in carrying out the Agency's responsibilities under the grant agreement, including certifying disbursement requests on behalf of the Agency and compliance with applicable state and federal laws.
5. If a grant award is made by the Bureau of Reclamation, the Agency commits to providing a minimum of 100% in matching funds (up to \$1,500,000) for the Project, and up to the balance of funds needed to complete the construction of the Project.
6. This Resolution shall take effect immediately.

General Manager's Report on Activities, Projects and Programs (Item 7).

The General Manager gave a brief update on the MSR document that LAFCO has been working on. This document was added as one of the requirements in the conditions for the post-merger of the agencies to create the Santa Clarita Valley Water Agency. LAFCO has a consultant they have brought onboard who worked on gathering information from staff as well as other parties and has developed a draft MSR report for public comment. SCV Water staff has been working to provide comments on behalf of the Agency, mostly technical in nature, to verify that all the

information is correct. He believes this item is slated for consideration and adoption at an upcoming LAFCO meeting

Next the General Manager reported that regarding the emergency repairs done on the pavement on Decoro Drive in Valencia, consistent with the authority granted to the General Manager in Section 5.2 of the Purchasing Policy, the General Manager hereby determines that, based on the reasons and detail described below, there was an emergency that required immediate action and it was necessary to dispense with public bidding requirements.

After repairs and paving were completed from the April 2, 2020 mainline break on Decoro Drive, it was identified that an additional area of roadway had settled as a result of the mainline break. Last week, a City of Santa Clarita Inspector and Agency staff met at the location and determined that water associated with the mainline break undermined a section of roadway adjacent to the break. The City Inspector followed up the field visit with an email requesting the roadway be repaired as soon as possible since it had become a potential hazard to the public.

Staff immediately solicited three estimates from local contractors and received two of the three estimates. R.C. Becker provided the lowest estimate at \$94,800. Given the emergency situation and that the City requested the roadway be repaired immediately, staff authorized the work to be completed in accordance with Agency Policy. Given the immediate need to perform the work and his decision to forgo a formal bidding process, he notified the Board of Directors of this emergency action as well as provided the Board a written report consistent with the requirements of the policy.

There were no comments on Committee Meeting Recap Reports Item 8 or Written Reports Item 9.

President's Report (Item 10).

President Martin asked the Board to consider and approve suspending the Board's limitation of single day events through December of 2020 and reassessing in January of 2021 with the understanding that the policy is still one meeting per day for a total of ten meetings per month. President Martin discussed the importance of Board interaction and representation with both the local and water communities and the Boards need to continue to educate themselves on water issues. With COVID-19, such events and opportunities have been limited to webinars which are generally at a lower cost and provide Board interaction and inclusion. President Martin believed it would be in the best interest of the Board to consider approving this suspension. Upon motion of Director Akins, seconded by Director Kelly and carried, the Board approved to temporarily suspend the limitation of single day events through December 2020 and reassess in January 2021 by the following roll call votes (Item 10.1):

Director Atkins	Yes	Director E. Colley	No
Director K. Colley	No	Director Cooper	Yes
Director DiPrimio	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Vice President Gutzeit	Yes

Director Kelly	Yes	President Martin	Yes
Director Mortensen	No	Director Plambeck	Yes

President Martin then updated the Board on upcoming events.

AB 1234 Reports (Item 11).

Written reports were submitted by Vice President Gladbach and were included in the Board packet which is part of record. Additional written reports were submitted by President Martin, Vice President Gladbach and Directors Atkins and Plambeck which were posted on the SCV Water website, OnBoard and are part of the record.

President Martin reported that he attended VIA's First 60 Days of Congressman Mike Garcia on August 4, 2020 via webinar.

Vice President Gladbach and Directors Cooper, DiPrimio and Kelly reported that they attended the ACWA Summer Conference held on July 29-30, 2020 via webinar.

Director Atkins reported that he attended the Sites Town Hall meeting on July 14, 2020 via webinar.

Director Cooper reported that he attended the Sites Town Hall meeting on July 15, 2020 via webinar.

There were no further AB 1234 Reports.

Director Reports (Item 12).

There were no Director reports.

The Board went into Closed Session at 8:34 PM (Item 13).

The Board was instructed to disconnect from the current call and redial in on a separate teleconference line that was provided to them. President Martin instructed the public members and staff who wanted to stay on the call, to stay on the current teleconference line and once Closed Session has ended, the Board will reconvene for Closed Session announcements and the conclusion of the meeting.

President Martin reconvened the Open Session at 9:39 PM.

Joe Byrne, Esq., reported that there were no actions taken in Closed Session that were reportable under the Ralph M. Brown Act (Item 14).

Director Requests for Approval for Event Attendance (Item 15).

There were no Director requests for event attendance.

Request for Future Agenda Items (Item 16).

Director Plambeck asked that staff let the Board know who the new consultants are that will be working on the 2020 Urban Water Management Plan.

There were no requests for future agenda items.

The meeting was adjourned at 9:43 PM (Item 17).

April Jacobs, Board Secretary

ATTEST:

President of the Board

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BOARD MEMORANDUM

DATE: August 7, 2020
TO: Board of Directors
FROM: Courtney Mael, P.E. *CM*
Chief Engineer
SUBJECT: Approve a Purchase Order to Kennedy/Jenks Consultants for Final Design of the Recycled Water Tank at an Alternate Site for the Recycled Water Vista Canyon (Phase 2B) Project

SUMMARY

Staff is recommending approval of a purchase order to Kennedy/Jenks Consultants (Kennedy/Jenks) for final design of the recycled water tank at an alternate site for the Recycled Water Vista Canyon (Phase 2B) Project.

DISCUSSION

On April 3, 2018, the Board of Directors authorized the General Manager to execute a work authorization with Kennedy/Jenks Consultants for an amount of \$161,160 for the final design of the Vista Canyon (Phase 2B) recycled water tank. The scope of work included geotechnical investigative services, final engineering design, and the preparation of construction plans, specifications and cost estimates for two new recycled water tanks with an approximate capacity of 500,000 gallons each, at a pad site located just west of the existing Cherry Willow tank access road.

Initial geologic and geotechnical investigative findings suggested evidence of a landslide and slope stability deficiencies in the immediate vicinity of the graded tank pad, creating a significant geologic hazard for the project. Fugro Geotechnical Engineers were contracted by SCV Water to perform additional slope stability analyses based on the initial tank boring samples and to develop preliminary recommendations to stabilize the pad slope.

Fugro determined that significant and costly buttress fill and/or drilled cast-in-place concrete piles would be required to provide acceptable slope stability factors of safety at the tank site. The estimated cost for the buttress fill alone would exceed \$1 million.

To avoid significant cost impacts to the project, staff evaluated a nearby graded pad as an alternate site for the new recycled water tanks. The existing graded pad is located next to the Cherry Willow tank site, approximately 400 feet southeast of the originally proposed tank site. The pad site is currently owned by Pardee Homes and they have expressed interest in selling the property to SCV Water.

Staff prepared a preliminary site plan and determined that the alternate site provides adequate buildable area to fit two recycled tanks with an approximate capacity of at least 500,000 gallons each. The combined storage volume of 1,00,000 gallons will exceed the estimated Maximum

Daily Demand of 690,000 gallons per day required to fully service irrigation customers in the Fair Oaks and Vista Canyon communities.

Additional geologic investigative work was initiated by SCV Water staff to determine whether the new tank site was subject to similar geologic hazards. Geolabs West Lake Village, the original Geotechnical Engineer of Record for the Fair Oaks Tract and Cherry Willow tank site, was retained to conduct exploratory excavations and to prepare a slope stability analysis at the alternate tank site. Geolab's findings indicated evidence of fractured soil and rock within the upper 20 feet of the existing pad that may have been caused by past seismic activity and/or landslides. To obtain an acceptable slope stability factor of safety, they determined that the upper 20 feet of soil would need to be removed and recompacted, resulting in approximately 10,000 cubic yards of soil to be processed on site. The cost of this remedial grading at the new tank site is estimated to be \$150,000.

Based on feedback received from our geotechnical engineering professionals, staff recommends that the new recycled water tanks be located at the alternate site for the following reasons:

Exposure to risk of future landslide and slope instability is much higher at the original tank site than it is at the alternate site.

The total cost of remedial grading, additional pipework, land and revised engineering fees at the new tank site is expected to be much less than the significant buttress fill and potential pile system required at the original tank site.

Staff is recommending that Kennedy/Jenks provide the final design for the recycled water tanks at the alternate site to expedite plan completion and approvals needed to meet our amended Proposition 84 grant fund deadline of December 2021 for construction of the new tanks. Kennedy/Jenks has already received and incorporated extensive comments from staff during the design and collaboration phases of the original recycled water tanks. Incorporating these details and specifications into the new tank site design efforts will result in a more efficient plan preparation and review process.

CEQA Determination

The Castaic Lake Water Agency's Board of Directors adopted the Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP) for the Phase 2B project by Resolution 3211 on November 20, 2017. CLWA filed the Notice of Determination with the Los Angeles County Clerk's Office and the State Clearinghouse on February 9, 2018. The alternate tank site is considered a technical change but falls within the conditions of approval of the adopted MND for the original tank site. Staff has reviewed the original MND and MMRP and has found that changes in biology, cultural aspects, noise reduction and visual disturbance compared to the original site are anticipated to be minimal. As a result, staff will prepare an Addendum to the MND in accordance with the requirements of CEQA Guidelines in the California Code of Regulations, Title 14 Section 15164 for the project record.

On August 6, 2020, the Engineering and Operations Committee considered staff's recommendation to approve a purchase order to Kennedy/Jenks Consultants for final design of the recycled water tank at an alternate site for the Recycled Water Vista Canyon (Phase 2B) Project.

FINANCIAL CONSIDERATIONS

Kennedy/Jenks budget for the revised final design of the recycled water tank is \$164,723. The scope of work and corresponding fee includes services that were not included in their original work authorization, such as the recycled water pipeline extension, remedial grading plans, and electrical design and SCE Work Order management to provide power to new recycled water tanks, as well as the existing Cherry Willow potable tanks.

Work would be performed on a time and materials basis. Design of the project is funded in the Agency's FY 2020/21 CIP budget for the Recycled Water Program Phase 2B – Vista Canyon Project and there are adequate funds remaining for this work. Approximately one-third of the design costs will be reimbursed from Proposition 84 grant funds.

The CIP budget is \$8,432,000 for planning, design and construction of the phase 2B recycled water pipelines and tanks. Approximately \$4,832,000 of the CIP budget is allocated to the design and construction of the recycled water tanks. The project is expected to receive \$2,406,600 in Proposition 84 grant funds from the Department of Water Resources. As of June 30, 2020, project expenditures are \$728,000.

RECOMMENDATION

The Engineering & Operations Committee recommends that the Board of Directors authorize the General Manager to issue a purchase order to Kennedy/Jenks Consultants for an amount not to exceed \$164,723 for the final design of the recycled water tank at the alternate site for the Recycled Water Vista Canyon (Phase 2B) Project.

OM

Attachment

M65

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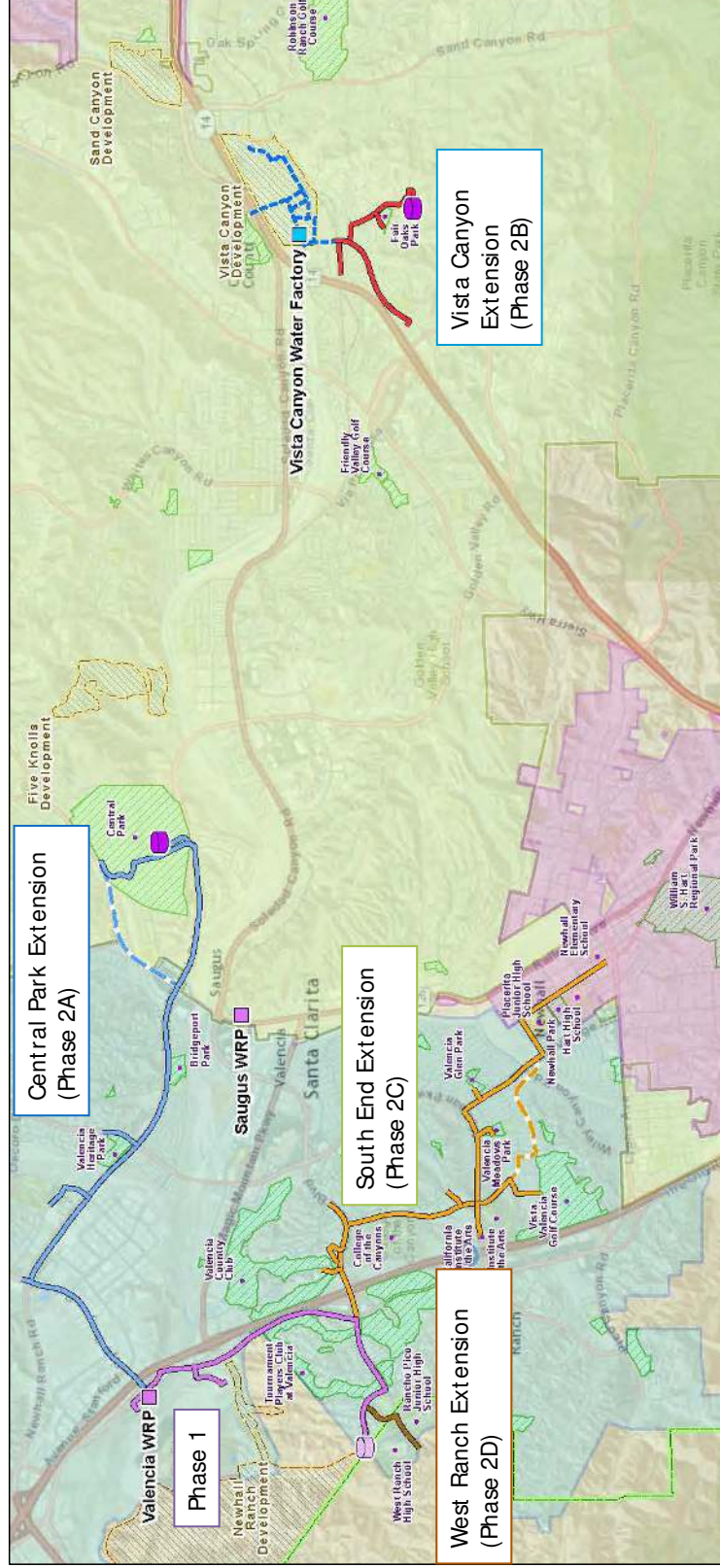


August 18, 2020

Recycled Water Vista Canyon (Phase 2B) Project

Board Meeting

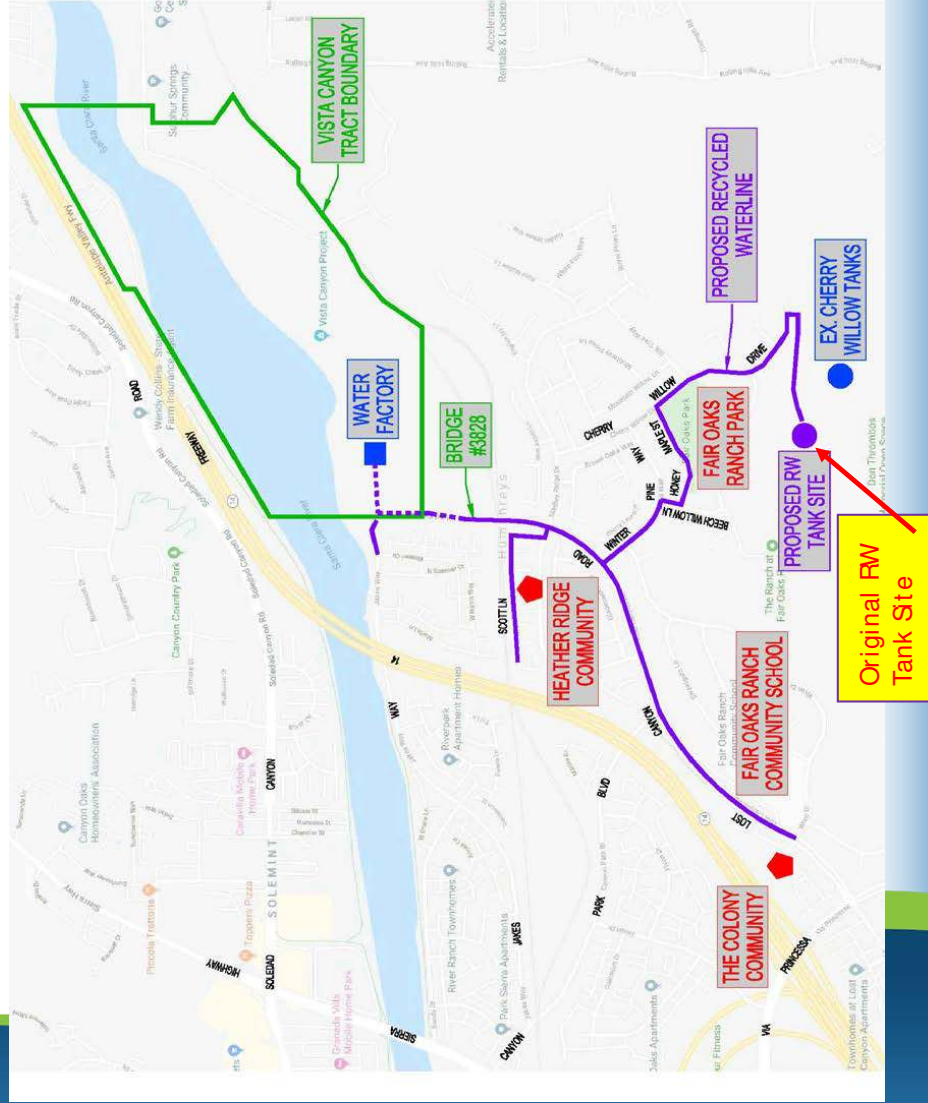
Recycled Water Vista Canyon (Phase 2B) Project Overview



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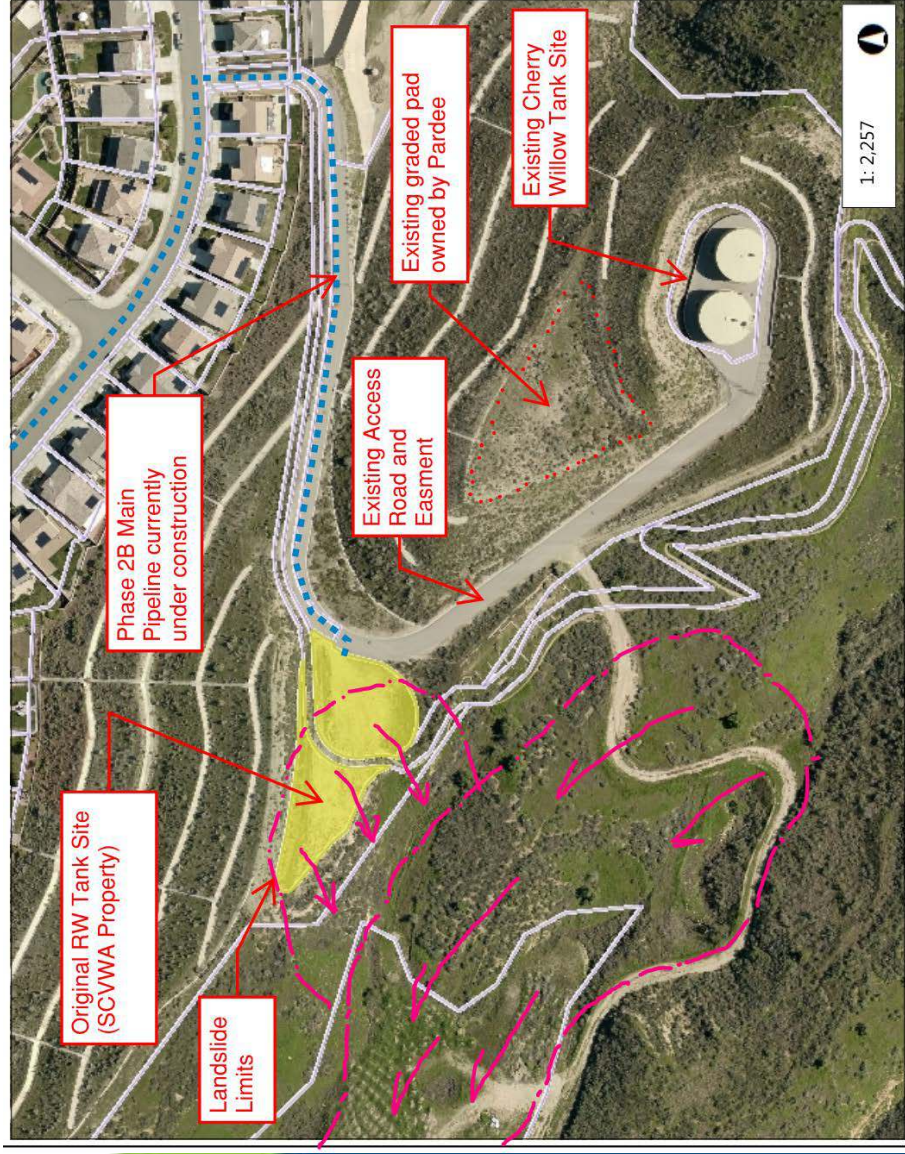
Recycled Water Vista Canyon (Phase 2B) Project Project Status

- Vista Canyon Water Factory will supply recycled water to irrigation customers in the Fair Oaks and Vista Canyon Communities
- CEQA process completed in 2017
- Recycled Water Pipeline contract is currently in construction
- Tank Design and Construction must be completed by December 2021



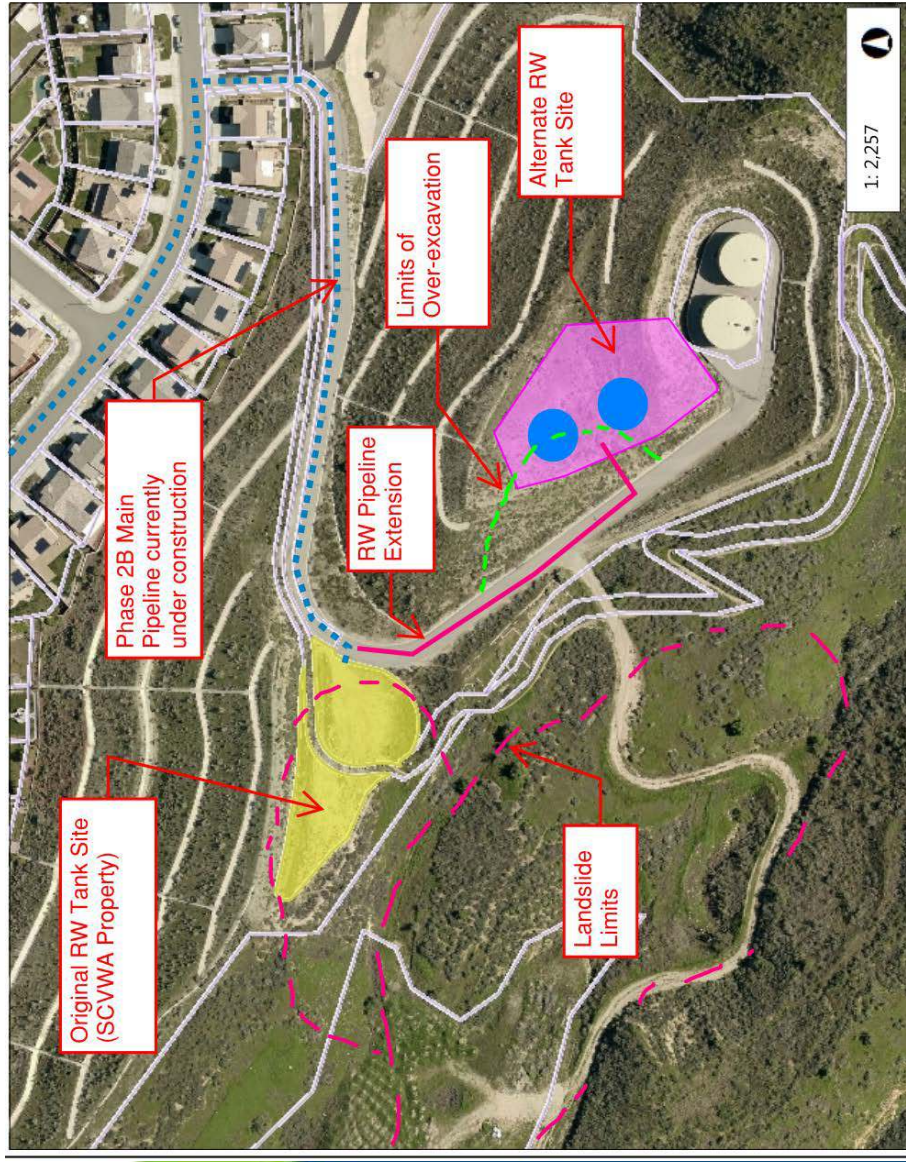
Recycled Water Vista Canyon (Phase 2B) Project Original Tank Site

- Landslide and slope stability deficiencies in vicinity of original tank site.
- Buttress fill and/or Pile and/or shear pin system will likely be required to meet slope stability factors of safety
- Cost of remedial grading for buttress fill only will exceed \$1 million.
- Risk of future pad failure due to presence of a large landslide down gradient of original tank site.



Recycled Water Vista Canyon (Phase 2B) Project

Alternate Tank Site



- Site fits a minimum of two 0.5 MG RW tanks for a total storage capacity of 1,00,000 Gallons
- Minimum stability factors of safety can be exceeded with over-excavation (10,000 CY) to remove unsuitable soils
- 400' of RW Pipeline to be extended to new tank site
- Alternate site complies with Adopted CEQA MND with an Addendum to be prepared by SCVWA staff



Recycled Water Vista Canyon (Phase 2B) Project Budget

- **Final Engineering Budget**
 - Original Final Engineering Fee (Kennedy/ Jenks) - \$161,000
 - Plans completed and total fee has been paid
 - Fee for Revised Final Engineering at alt site (Kennedy/ Jenks) - \$164,723
 - *Additional services that were not required in original Work Authorization are:*
 - Remedial Grading Plans
 - Electrical design and SCE work order management (for new RW tanks and existing Cherry Willow Tanks)
 - RW Pipeline plans- 12" RW extension from original tank site to new tank location
- **Estimated Construction Budget**
 - RW Pipeline Budget: \$3,600,000
 - RW Tank Budget: \$4,832,000
 - **Total Recycled Water (Phase 2B) Budget:** **\$8,432,000**
 - Total Estimated Prop 84 Grant Reimbursement **\$2,406,600**



Recycled Water Vista Canyon (Phase 2B) Project

Project Schedule

- Prop 84 Grant Timeline
 - Tank Construction to be completed by **12/31/2021** to receive full grant reimbursement
- Final Design and Plans, Specs and Cost Estimates
 - Final Plan Approval and Signatures - 01/26/2021
- Bid & Construction Timeline
 - End of Public Bidding - 3/9/2021
 - E & O Committee Approval - 4/8/2021
 - Board of Directors Approval - 5/4/2021
- Construction Timeline:
 - Award Contract & Notice to Proceed- 5/5/2021
 - Complete Construction- 12/18/2021



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Recycled Water Vista Canyon (Phase 2B) Project Recommendation

The Engineering & Operations Committee recommends that the Board of Directors:

- Authorize the General Manager to issue a purchase order to Kennedy/ Jenks Consultants for an amount not to exceed \$164,723 for the final design of the recycled water tank at the alternate site for the Recycled Water Vista Canyon (Phase 2B) Project



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Questions?



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BOARD MEMORANDUM

DATE: August 7, 2020

TO: Board of Directors

FROM: Keith Abercrombie 
Chief Operating Officer

SUBJECT: Approve the Purchase of Replacement Clarifier Media at Earl Schmidt Filtration Plant

SUMMARY

The Rio Vista Treatment Plant (RVTP) and Earl Schmidt Filtration Plant (ESFP) have a total of twenty-two (22) Pacer II Up-Flow Contact Clarifiers, provided by Roberts Filter Group. Each Pacer II holds approximately 2,000 cubic feet of Conta-Clarifier media "C". This media is a proprietary blend and is only available through Roberts Filter Group. As part of routine maintenance, this media needs replenishing or replacing from time to time in order to maintain clarifier integrity and ensure continued treatment and delivery of high-quality drinking water. At this time, 8,500 cubic feet of media needs to be purchased.

DISCUSSION

The ESFP has ten (10) of the twenty-two (22) Pacer II Up-Flow Contact Clarifiers. Through routine maintenance and regular inspections, it has been noted that the bed depth has diminished by approximately twenty-four (24) inches over the past fifteen (15) years. Staff is recommending the addition of 8,500 cubic feet of Conta-Clarifier media "C" to the ten (10) up flow contact clarifiers at ESFP to replace what has been lost over time. This replacement of media will provide approximately 10 to 15 years of additional service life, at which time an assessment will be conducted to determine if the entire bed depth of fifty-four (54) inches should be replaced.

Staff is recommending the sole-source purchase of this proprietary media. This is necessary since the only way to use to a different media source would require full bed depth replacement, conducting pilot-testing on the new media, and obtaining regulatory approval to use the new media. Therefore, in accordance with the Agency's Purchasing Policy, Section 4.3, the Board of Directors must approve this sole source purchasing request.

On August 6, 2020, the Engineering and Operations Committee considered staff's recommendation to approve authorizing the General Manager to purchase the replacement Clarifier Media at Earl Schmidt Filtration Plant.

FINANCIAL CONSIDERATIONS

Funds for the purchase are included in the Regional FY 2020/21 Repair and Replacement Budget.

RECOMMENDATION

The Engineering and Operations Committee recommend that the Board of Directors authorize the General Manager to sole source the purchase of 8,500 cubic feet of Conta-Clarifier media in the amount of \$190,176.

MBS



BOARD MEMORANDUM

DATE: July 9, 2020
TO: Board of Directors
FROM: Dirk Marks *DM*
Director of Water Resources
SUBJECT: Approve a Resolution Adopting the SCV Water Grant Management Policy and Procedure Manual

SUMMARY

Water Resources' staff is currently managing five (5) open grants from the State of California Department of Water Resources and is pursuing additional grant funding for capital improvement projects from federal funding agencies. State and federal funders administer grants under different policies, rules and regulations, with the federal requirements generally being more rigorous. The draft SCV Water Grant Policy and Procedure Manual (Manual) (Attachment 1) presented for adoption will provide guidance to staff on requirements, processes and procedures of, and differences between, state and federal grant funding.

DISCUSSION

Grants are an attractive form of funding for planning and implementation of required studies, capital improvement projects, programs, etc., but frequently come with special requirements to which grant recipients must adhere. Such requirements can apply to the general administrative procedures of the grant, purchasing/contracting, accounting procedures, specific compliance rules, monitoring of other parties that may receive resources from the grants, labor compliance rules and reporting, specific time frames, and other specialized reporting.

All federal and state grant related expenditures are subject to audit. More specifically, any agency expending federal funding of over \$750,000 (cumulative from any source) in a single fiscal year automatically triggers a federal Single Audit. The Single Audit is intended to provide assurance to the federal government that the non-federal entity has adequate internal controls in place and is generally in compliance with program requirements.

There are significant negative consequences for failing to meet grant requirements which can include repayment of grant funds to the funder and being barred from receiving additional grant funding on future projects. An effective grants policy provides guidance to staff as it relates to associated processes and procedures in order to maximize the benefits and minimize the risks of grant funding. While not required, an internal Grant Policy and Procedures Manual demonstrates to the auditors a good faith effort to comply with program requirements.

With input from various staff, the draft Manual was prepared by John Cannan, a grant professional with 25+ years' experience securing and managing grants from government

sources, private foundations and corporations. Mr. Cannan teaches grant writing in the Cal State University system and grant management courses nationally for Grant Management USA. To further validate the Manual, it has been reviewed by Agency staff members and peer reviewed by grant consultant, Environmental Solution Services, Inc.

The Manual summarizes grant procedures, provides guidance to staff on administrative procedures, provides critical comparison between Agency and federal purchasing guidelines and includes easy to follow checklists to ensure work all product will meet state and federal grant administration guidelines.

On July 8, 2020, the Water Resources and Watershed Committee considered staff's recommendation to approve a resolution Adopting the SCV Water Grant Management Policy and Procedure Manual.

FINANCIAL CONSIDERATIONS

Adoption of the SCV Water Grant Management Policy and Procedure Manual has no financial impact on the Agency.

RECOMMENDATIONS

The Water Resources and Watershed Committee recommends that the Board of Directors approve a resolution adopting the SCV Water Grant Management Policy and Procedure Manual.

CF

Attachments

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GRANT MANAGEMENT POLICIES AND PROCEDURES

Adopted on _____, 2020

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Santa Clarita Valley Water Agency

Tax ID number: 82-3720014

DUNS number: 116914762

CAGE Code: 7BF03

GRANT MANAGEMENT POLICIES AND PROCEDURES

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APPENDIX I: PROCUREMENT FORMS:

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SECTION I

PURPOSE OF THIS MANUAL

THIS MANUAL was created in 2020 for Santa Clarita Valley Water Agency (SCV Water) staff, consultants, and other individuals involved in the financial and programmatic administration of grants. The manual takes a comprehensive approach to grant management, focusing on:

- 1) Federal Office of Management and Budget (OMB) rules in effect with Federally funded and pass-through grants, and
- 2) State of California (State) grant rules, such as those commonly in effect with grants from the California Department of Water Resources.

Federal Grant Management Requirements

The OMB publishes the Uniform Grant Guidance (UGG) dictating Federal grant rules and requirements which apply to all Federal and pass-through grant funds. Pass-through grant funds involve Federal dollars sub-awarded through a State agency, a local municipality, or another organization, such as a collaborative partner agency that serves as the lead on a Federal grant. In this manual, the UGG is referred to as 2 CFR § 200. It should be noted that 2 CFR § 200 generally provides more established and consistent guidance than is found in State rules.

2 CFR § 200 connects to the Single Audit Act of 1984 to require all entities that spend \$750,000 or more in Federal funds in a fiscal year to have a standardized Single Audit. This amount does not include cost share but does include the cumulative amount of all Federal funds – including grants, earmarks, and other Federal awards – spent during SCV Water’s fiscal year. This Federal Single Audit works to avoid a broad range of inconsistent formal audits at varying governmental levels. The audit is conducted according to Generally Accepted Government Auditing Standards and assesses adherence to 2 CFR § 200 and terms of the grant.

At the time this manual was created in 2019, SCV Water was below this \$750,000 threshold in Federal expenditures and instead more regularly administered grants funded with State of California dollars. In this situation, SCV Water contracts annually for an audited financial statement, prepared by independent Certified Public Accountants. SCV Water will seek a Federal Single Audit when required.

State of California Grant Management Requirements

Each State agency sets rules within a grant agreement and then monitors the grant, which is akin to a contract. While there is no standardized set of State grant rules, there is a clear pattern of compliance requirements that show up in State grant agreements. That content generally navigates topics common in contract law as well as topics which may be specifically addressed in 2 CFR § 200. The State occasionally conducts special audits through the California State Auditor and the California State Controller’s Office, especially in situations where there have been reported problems. More commonly, each State grantor conducts monitoring based on submitted reports, correspondence, occasional site visits, or an audit specific to the grant.

This manual includes content in an easy-to-use format:

- 1) Green-boxed content: Cited content from 2 CFR § 200 (also known as “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”, “Uniform Grant Guidance” or “Super Circular”) or from other Federal agencies or documents. A green bar next to a paragraph signifies paraphrased Federal content.
- 2) Gold-boxed content: Content cited from State laws, requirements, and grant agreements. A gold bar above or next to a paragraph signifies paraphrased State content.
- 3) Blue-boxed content: These include either excerpts from SCV Water policies that exist outside of this manual or “at a glance” guidance that summarizes longer content.

Importance of Internal Controls

Below is an important section of 2 CFR § 200 that was marked “critical” when the newest set of Federal grant rules went into effect, starting December 26, 2014:

OMB §200.303 Internal controls.

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity’s compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

One purpose of this manual is to help SCV Water staff establish, exercise and improve internal controls. The Federal concepts on internal controls are based on the Government Accountability Office (GAO) five standards, established in the manual “Standards for Internal Controls in the Federal Government.” This manual is known as the “GAO Green Book,” for its green cover.

Each of the GAO five internal control standards – detailed on the next page – can be used to analyze and improve any function of financial coordination of grant management. Examples at SCV Water include:

- 1) A standardized process that has separate staff members at SCV Water coordinating fund drawdowns on a grant, with one staff member submitting reviewed expenses for the drawdown, another overseeing the coordination of the organization's bank accounts and payment of expenses, and the General Manager overseeing the activities.
- 2) A travel policy that involves pre-approval of flight and hotel costs and uses actual expense reimbursements for meals and incidentals verified with receipts to ensure costs are reasonable and directly related to the grant work conducted on the trip.
- 3) Procurement policies that establish thresholds for allowable micro-purchases that require no price comparisons (up to \$30,000 for SCV Water, but only \$10,000 when purchasing with Federal grants as per 2 CFR § 200 rules) versus simple purchases (allowed up to \$250,000 under OMB rules) versus more formal procurements involving sealed bids, competitive proposals, or sole source documentation.

The important phrase "effective and efficient" shows up below in the GAO Green Book citation. Good policies balance what effectively protects against risk versus what is efficient to administer. When one goes up, the other generally goes down.

GAO: Five internal control standards

Control Environment

Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

Risk Assessment

Internal control should provide for an assessment of the risks the agency faces from both external and internal sources.

Control Activities

Internal control activities help ensure that management's directives are carried out. The control activities should be effective and efficient in accomplishing the agency's control objectives.

Information and Communication

Information should be recorded and communicated to management and others within the agency who need it, in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

Monitoring

Internal control monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved.

The California State Controller's Office in 2015 issued "Internal Control Guidelines for California Local Agencies" that focused on the same five internal control standards and quoted extensively from the GAO Green Book. As such, State and Federal agencies will generally be on the same page regarding this broad compliance philosophy.

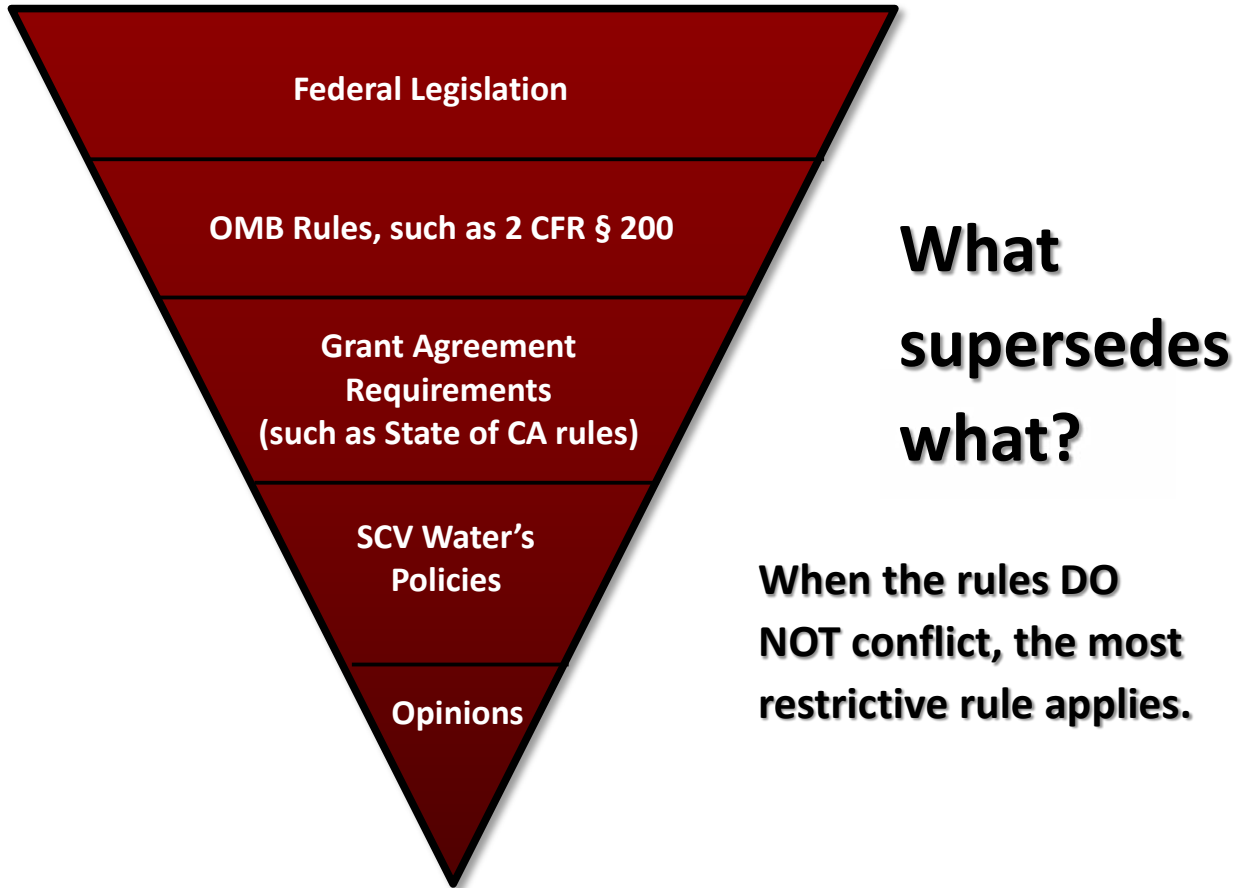
Revisions to This Manual

This manual, approved and monitored by the SCV Water Board of Directors, is a working document and the policies and procedures herein may be revised, especially when Federal, State, local, or SCV Water rules change. While it was highly comprehensive when established in 2020, logical additions or revisions may also be identified through coordination and discussion with auditors, grantors, SCV Water staff members, and consultants. Please contact the SCV Water Grant Administrator with input and questions regarding updates to this important manual or any other grant-related questions.

SECTION II

FEDERAL GRANT MANAGEMENT PRINCIPLES

The Federal Office of Management and Budget Uniform Grant Guidance (2 CFR § 200) is a comprehensive set of requirements in effect when spending Federal and pass-through grant dollars. An organization that can meet Federal grant requirements is generally ready for other types of grants, such as those from State agencies, foundations, and corporations.



The inverted pyramid above shows the order in which rules are generally applied when they are in conflict, such as when a rule in the grant agreement conflicts with an SCV Water policy. In that case, the grant agreement rule supersedes SCV Water's policy.

When the rules are not in conflict, all rules must be followed (resulting in the most restrictive rule being the critical compliance threshold). For example, with record retention rules, the longest retention period is the most restrictive period. With Federal grants, 2 CFR § 200 requires grant documents be retained for at least three years from grant closeout or final formal inquiry. A funding source will often make that five years or seven years and establish that requirement in a grant agreement, which both the grantor and the recipient sign. Under SCV Water policies, some documents are retained perpetually. Adherence to the most restrictive rule will serve to meet all other rules.

SCV Water staff must read and monitor program and agreement rules closely to ensure compliance in situations where the grantor's rule is stricter than the SCV Water's policy.

Obtaining the Uniform Grant Guidance

An electronic copy of 2 CFR § 200 can be located by searching online for "2 CFR § 200." Use of "ecfr" websites is recommended when navigating Code of Federal Regulation documents, as they are designed for easy navigation. Below is an easy-to-use version of 2 CFR § 200:

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Below are a few highlights of 2 CFR § 200 that affect SCV Water directly:

- 1) Procurement rules established under 2 CFR § 200 can be layered upon SCV Water's purchasing policies to ensure adherence to internal, State, and Federal rules. While SCV Water has not received and spent Federal grants to date, it is likely to do so in the future. The policies in Section X "Procurement" were designed to combine with SCV Water purchasing policies to ensure adherence to 2 CFR § 200 requirements.
- 2) A new "de minimis" approved indirect rate of 10 percent of Modified Total Direct Costs (derived by following the formula in 2 CFR § 200.68) applies to SCV Water, as SCV Water has never had an indirect cost rate. This method may also be an acceptable approach to determining appropriate indirect costs for other grants (if allowed), such as those from State agencies, foundations, or corporations.
- 3) The rules regarding "Documentation of Personnel Services" are generally consistent with SCV Water's policies for the creation of employee time sheets. Electronic time sheet allocations are recorded and reported for personnel who will be billed to a grant or those who will be tracked for allocations to a specific program or function.
- 4) Funds drawn down early (rather than for reimbursement) on a grant must be deposited in an interest-bearing bank account and tracked if the per year interest for that grant will be more than \$500. Any interest above that amount must be returned to the Federal government through the Department of Health and Human Services Payment Management System.

Regarding this last rule on drawdowns, California Department of Water Resource grants prohibit depositing grant funds in an interest-bearing bank account. DWR grants are generally funded with State money, not Federal, so the DWR rule is followed. If DWR is passing through Federal money, the Federal rule supersedes.

Searching Federal Grants Online

Most grant professionals use a combination of websites to find Federal grants:

- 1) **Google**, to find the Catalog of Federal Domestic Assistance (CFDA) number,
- 2) **beta.sam.gov**, to find the grant program description and details, and
- 3) **grants.gov**, to see if the grant is open now or in past years, and if it is there, to see if the grant is submitted via this multi-agency application website or submitted elsewhere.

Here's an example search. A **Google** search for the US Department of Interior WaterSMART grant produces hits that include the five-digit CFDA number, 15.507. All federal programs and grants have a CFDA number which stays the same from year to year, so we can use a CFDA number to look at activities from past years as well.

The CFDA number is used in the main search window at **beta.sam.gov** to navigate "Assisted Listing" (which is essentially an electronic version of a catalog that lists all federal grants). That provides a link to a comprehensive program overview, including the purpose of the program, eligibility requirements, and other content, including compliance requirements. It will no doubt state the grant is subject to 2 CFR § 200 and it may also establish "common rule attachments." (See below).

Grants.gov also allows use of CFDA numbers, and those are used to find the specific grant announcement, deadline, and request for proposal document. That is the case with CFDA 15.507, which was announced and submitted at **grants.gov** each year since at least 2008.

Note: Not all grants are announced and submitted at **grants.gov**. If the CFDA number does not produce results, check for a website link or address in the program summary at **beta.sam.gov**. Sometimes, a grant will be announced at **grants.gov** but submitted elsewhere, either at another website, through an email address, or via mail.

Common Rule Attachments

Besides 2 CFR § 200, a Federal grant may be subject to what OMB calls "attachments to the common rule," also referred to as Federal Department Rules. Federal departments – such as Commerce, Energy, Homeland Security, and Agriculture – create departmental requirement attachments to 2 CFR § 200 when they want to modify specific rules for a specific grant or category of programs. Common Rule Attachments to a grant are normally mentioned in the grant agreement but can also be found in the program description at **beta.sam.gov**. A "CTRL F" search in the program page will generally produce either just "2 CFR § 200" or that CFR plus other CFR documents in effect. The extras are usually Common Rule Attachments.

For example, 44 CFR Part 80, which is a Property Acquisition and Relocation for Open Space Common Rule Attachment, is in effect for the Department of Homeland Security, FEMA Pre-Disaster Mitigation grant below (97.047). To find the actual CFR document, try a Google search – for example "44 CFR Part 80 pdf." Much of the content in Common Rule Attachments is the same as in 2 CFR § 200, but there will no doubt be at least a few differences.

Based on efforts conducted by similar agencies, the following is a small sampling of Federal grants and Federal departments from which SCV Water may seek funding:

CFDA # 15.507: Department of Interior - Bureau of Reclamation – WaterSMART

CFDA # 97.045: Department of Homeland Security - FEMA – Cooperating Technical Partners Grant

CFDA # 97.047: Department of Homeland Security - FEMA Pre-Disaster Mitigation (Cal OES pass thru)

CFDA # 10.904: Department of Agriculture - Natural Resources Conservation Service

CFDA # 10.923: Department of Agriculture - Natural Resources Conservation Service

Federal Grants with Special Rules, such as Homeland Security-FEMA

While 2 CFR § 200 was intended to standardize grant management requirements, grantors can still build upon those rules, either through Common Rule Attachments or through specific requirements set forth in the grant agreement.

For example, Federal Emergency Management Administration (FEMA) often makes emergency preparation or disaster mitigation grants that have special rules. Special rules may require:

- 1) Before and after requirements of pictures of construction, renovation, and interventions to property, systems, or facilities.
- 2) Complete descriptions of the use of resources for the project, such as vehicles used and for what purpose, and documentation of personnel time spent on the grant beyond what is usually expected (such as hourly time tracking).
- 3) Procurement coordination that employs sole source procurement methods for emergencies that won't permit a time delay, while requiring sealed bid or competitive proposal procurements for the non-emergency portions of the project or grant.
- 4) Other documentation beyond what is usually expected with Federal grants, for example, FEMA generally requires the use of its own forms.

ALWAYS CHECK WITH SUCH GRANTORS EARLY ON IN THE PROJECT to identify special rules and challenges. Continue to keep in contact as the project proceeds. With grants, it is better to ask for permission rather than for forgiveness, and this is especially true with grants that have extensive additional rules and processes.

Below are rules, beyond standard 2 CFR § 200 requirements, that a Federal or pass-through funder sometimes adds to a specific grant:

- 1) Prohibition of food costs
- 2) Prohibition of construction or renovation requiring compliance with the Davis Bacon Act or California Prevailing Wage laws
- 3) Special rules on "supplanting" or "maintenance of effort," explained below

Supplanting Means Replacing. A grant that prohibits supplanting generally can't be used to fund costs that will normally be paid by SCV Water. In situations when it is restricted, the rules on supplanting almost always appear in the request for proposal or proposal guidelines used during the grant writing phase. They will also no doubt show up in the grant agreement or equivalent to that, such as when a Grant Award Notification (GAN) is issued. A GAN connects to the proposal to form a grant agreement.

Maintenance of effort is similar to supplanting but refers to the total annual expenses for a past program or project efforts rather than whether we would have covered a specific line item. A grant with a maintenance of effort requirement (aka "level of effort") requires the annual level of expenditures in past years to be met before billing to a grant. In other words, SCV Water will first have to meet its customary annual level of expenditures on a program before billing any expense the grant. Again, these rules generally show up in the request for proposal and grant agreement or equivalent.

SECTION III

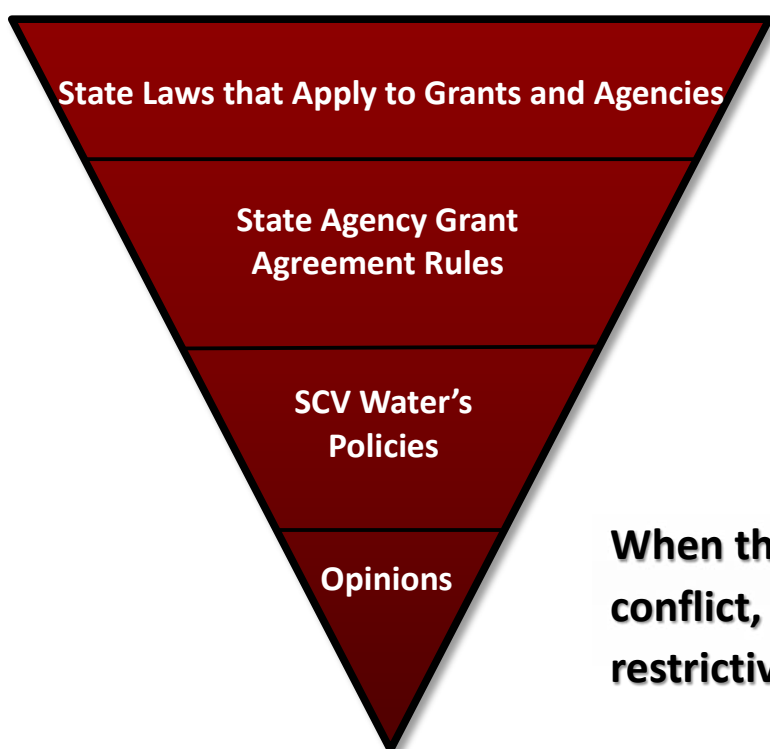
STATE OF CALIFORNIA GRANT MANAGEMENT PRINCIPLES

This Section is organized into five subsections:

- 1) Basics of State of California grant management concepts
- 2) Analysis of the prevalence of State grants (and typical sources of those funds)
- 3) State laws that apply to grants
- 4) Locating State of California grants on the web
- 5) Anatomy of a typical State grant agreement, including summarized terms, attachments, and “Standard Conditions”

1. Basics of State Grant Management

Like most states, California does not have uniform grant rules that apply to the expenditure of grants funded with State money. As such, State grants will generally have a grant agreement that covers a wide range of specific issues. The grant is also governed by State laws that pertain to grants, such as the California Public Records Act of 1968 and the 2004 “Sunshine Amendment.” The inverted pyramid below shows the order that rules at one level supersede those at another.



This shows a CA State grant NOT funded with federal money

When the rules DO NOT conflict, the most restrictive rule applies.

2. Prevalence of State Grants

Grants funded with State funds come from voter approved bonds, legislation, taxes, and fees passed on to companies, taxpayers, and consumers. California voters generally support State bonds to improve water conservation and infrastructure. Below are three examples:

Proposition 1 (*passed Nov. 2014*): The Water Quality, Supply, and Infrastructure Improvement Act authorized \$7.545 billion in general obligation bonds to fund ecosystems and watershed protection and restoration, water supply infrastructure projects, including surface and groundwater storage, and drinking water protection. Several State agencies (including the California Water Resources Control Board and the California Water Commission) offer grants funded by Proposition 1 and Proposition 68.

Proposition 68 (*passed Nov. 2018*): Proposition 68 authorized \$4 billion in general obligation bonds for state and local parks, environmental protection and restoration projects, water infrastructure projects, and flood protection projects.

“Cap-and-Trade” grants (*launched in 2013*): California Climate Investments is a statewide initiative implemented by the Air Resources Board that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment, particularly in disadvantaged communities, low-income communities, and low-income households. The cap-and-trade rule applies to large electric power plants, large industrial plants, and fuel distributors (such as natural gas and petroleum). About 450 businesses responsible for about 85 percent of California’s total greenhouse gas emissions must offset that by paying a carbon tax, and funds from the carbon tax are used for grants administered through the State. Water and power often go hand in hand, so it is possible SCV Water will find relevant cap and trade grants.

3. State Laws That Apply to Grants

While California does not have standardized grant rules, State laws may affect grants. Below are examples, three of them transparency laws and another on political restrictions and disclosures.

California Public Records Act and “Sunshine Amendment” – For general purposes, both SCV Water and the State are required to share most grant related documents if they are publicly requested.

The California Public Records Act (Statutes of 1968, Chapter 1473; codified as Chapter 3.5 of Division 7 of Title 1 of the California Government Code) was passed by the California State Legislature and signed by the governor in 1968 requiring inspection or disclosure of governmental records to the public upon request, unless exempted by law. It is similar in content to the Federal Freedom of Information Act, which will also be in effect if the grant is a Federal grant or pass-through grant made with federal funds.

Proposition 59 (the Sunshine Amendment) is a 2004 Amendment to the State Constitution that was overwhelming supported and passed by the State Legislature and voters. The official summary of Proposition 59 states that the purpose of the amendment is to:

- Provide right of public access to meetings of government bodies and writings of government officials.

- Provide that statutes and rules furthering public access shall be broadly construed, or narrowly construed if limiting access.
- Require future statutes and rules limiting access to contain findings justifying necessity of those limitations.
- Preserve constitutional rights including rights of privacy, due process, equal protection; expressly preserves existing constitutional and statutory limitations restricting access to certain meetings and records of government bodies and officials, including law enforcement and prosecution records.
- Exempts Legislature's records and meetings.

California Political Reform Act of 1974 (later amended) and the **California Fair Political Practices Commission**: This act and the commission that oversees its rules serve to regulate campaign financing, conflicts of interest, lobbying, and governmental ethics. While the full breadth of these rules is beyond the scope of this manual, SCV Water staff should understand that elected officials (including those elected to the SCV Water Board of Directors and also those who serve in elected positions in the State outside of SCV Water) have disclosure requirements regarding contributions that benefit specific individuals or groups. While Federal and State grants and other governmental awards are generally not subject to disclosure by the elected official, private sector sponsorships made to SCV Water could under certain circumstances be required to be reported. Elected officials should be aware and knowledgeable of the rules, and it is customary that elected officials take the lead in informing organizations of the type of contributions they must disclose. The FPPC has an information call line at 1-866-275-3772 and has manuals with extensive information on campaign and contribution rules available at <http://www.fppc.ca.gov/learn/campaign-rules/campaign-disclosure-manuals.html#title2>.

4. Searching State of California Grants online

Though efforts are underway to create a centralized website for locating and applying for State grants, California does not now operate such a one-stop website. Grant seekers go to individual State departments' websites to search the funding opportunities. Some State agencies offer "listserv" style notification systems to which users may subscribe. Below are a few State of California entities (with web links) that offer grants in topic areas that are congruent with SCV Water's efforts.

California Department of Water Resources: grants and loans website:
<https://water.ca.gov/Work-With-Us/Grants-And-Loans>

California Water Commission, Prop 1 Water Storage Investment Program:
<https://cwc.ca.gov/Water-Storage>

California Environmental Protection Agency: loans and grants website:
<https://calepa.ca.gov/loansgrants/>

California Natural Resources Agency: grants website:
<https://resources.ca.gov/grants>

The California Natural Resources Agency maintains a comprehensive grant matrix that lists State agency grants related to conservation, water, and recreation. Information is updated periodically, about every six months. A Google search of “California Natural Resources Agency grant matrix” will direct users to the latest version

5. Anatomy of a Typical State Grant Agreement (including summarized terms, attachments, and “Standard Conditions”)

Below are explanations of key components of a typical State agency grant agreement, which are often long and comprehensive. Part of the reason they are so extensive is that California does not have rules (such as 2 CFR § 200) that automatically apply to all State grants. An agreement for a grant made with Federal funds is often shorter because the grant agreement or equivalent can leave out provisions already covered in OMB 2 CFR 200.

The content below is based on a California Department of Water Resources (DWR) grant agreement. Several of the sections below appear in most grant agreements, and those are briefly discussed.

Grant Agreement Terms: This extensive first section covers a range of stipulations that both parties will agree to, including the amount of the grant, the award period, required cost share, ineligible project costs, method of payment, and default provisions.

Exhibits and Attachments (included in a State DWR grant agreement):

- 1) **Work Plan:** DWR, like almost all grantors that make grants, requires submission of a measurable work plan in the grant proposal. That work plan will be included in the grant agreement, with possible modifications negotiated between the State and SCV Water.
- 2) **Budget:** A line-item based budget will also be included in most grant proposals and will be included in the grant agreement, with possible negotiated changes.
- 3) **Schedule:** This section, often called a “timeline,” details the work plan, estimating the month and year when tasks will be completed. Most grantors will allow, without an amendment, reasonable deviation from the schedule as long as all work will be completed by the end of the grant agreement.
- 4) **Standard Conditions:** See below for a summary of topics covered.
- 5) **Authorizing Resolution:** Like most grantors, DWR requires SCV Water to pass a Board of Directors Resolution pertaining to the grant. SCV Water’s standard requirements for this are discussed in Section VI (“Four Phases of the Grant”) and any additional grantor requirements must also be included in the Resolution.
- 6) **Report Formats and Requirements**
- 7) **Requirements for Data Submittal**
- 8) **State Audit Document Requirements and Cost Share Guidelines for Grantees**
- 9) **Local Project Sponsors and Project Locations**
- 10) **Appraisal Specifications**
- 11) **Information Needed for Escrow Processing and Closure**

STANDARD CONDITIONS

- 1) *ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT*: This extensive section establishes accounting standards and financial management system requirements. Section VII of this manual discusses SCV Water's policies regarding this topic.
- 2) *AIR OR WATER POLLUTION VIOLATION*
- 3) *AMENDMENT*: Establishes how amendments are agreed to.
- 4) *AMERICANS WITH DISABILITIES ACT*
- 5) *APPROVAL*: Establishes that all parties must sign.
- 6) *AUDITS*: The State reserves the right to conduct an audit.
- 7) *BUDGET CONTINGENCY*: Allows the State to cancel the grant if the State budget does not allocate funding for the program.
- 8) *CEQA*
- 9) *CHILD SUPPORT COMPLIANCE ACT*
- 10) *CLAIMS DISPUTE*
- 11) *COMPETITIVE BIDDING AND PROCUREMENTS*
- 12) *COMPUTER SOFTWARE*
- 13) *CONFLICT OF INTEREST*: This extensive section states that all participants are subject to State and Federal conflict of interest laws. SCV Water's policies on this topic are covered in Section VIII of this manual.
- 14) *DELIVERY OF INFORMATION, REPORTS, AND DATA*
- 15) *DRUG-FREE WORKPLACE CERTIFICATION*
- 16) *GRANTEE COMMITMENTS*
- 17) *GRANTEE NAME CHANGE*
- 18) *GOVERNING LAW*
- 19) *INDEMNIFICATION*
- 20) *INDEPENDENT CAPACITY*
- 21) *INSPECTION OF BOOKS, RECORDS, AND REPORTS*
- 22) *INVOICE DISPUTES*
- 23) *MODIFICATION OF OVERALL WORK PLAN*
- 24) *NONDISCRIMINATION*
- 25) *NO DISCRIMINATION AGAINST DOMESTIC PARTNERS*
- 26) *OPINIONS AND DETERMINATIONS*
- 27) *PERFORMANCE AND ASSURANCES*
- 28) *PRIORITY HIRING CONSIDERATIONS*

- 29) *PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION*
- 30) *REMEDIES NOT EXCLUSIVE*
- 31) *RETENTION*
- 32) *RIGHTS IN DATA*
- 33) *SEVERABILITY*
- 34) *STATE REVIEWS*
- 35) *SUSPENSION OF PAYMENTS*
- 36) *SUCCESSORS AND ASSIGNS*
- 37) *TERMINATION BY GRANTEE*
- 38) *TERMINATION FOR CAUSE*
- 39) *TERMINATION WITHOUT CAUSE*
- 40) *THIRD PARTY BENEFICIARIES*
- 41) *TIMELINESS*
- 42) *TRAVEL:* Grantee agrees that travel and per diem costs shall NOT be eligible for reimbursement with State funds unless the grantees service area is considered a Disadvantaged Community or an economically distressed area.
- 43) *WAIVER OF RIGHTS*
- 44) *WORKERS' COMPENSATION*

SECTION IV

FEDERAL SINGLE AUDIT PRINCIPLES

This section summarizes compliance topics addressed in Federal Single Audits (formerly known as “A-133 audits”). These audits focus on 14 specific compliance areas which are listed here with explanations and, in some cases, reference further content. These audits are required of all entities that cumulatively spend \$750,000 or more in Federal funds in a fiscal year. This amount does not include cost share but does include the cumulative amount of all Federal funds including grants, earmarks, and other special Federal awards spent during SCV Water’s fiscal year.

The auditor will select which grants and programs are audited. A “low-risk” entity must have at least 20 percent of Federal expenditures audited, whereas that requirement is at least 40 percent for a “high-risk” entity. A Federal agency can assign high-risk status to programs or organizations with significant compliance issues. The Federal Single Audit looks at compliance with requirements in 2 CFR § 200 and other rules relevant to the grant, such as those added by a Federal agency, those added by a State agency or those set by SCV Water. These may include rules specific to the grant, such as prohibition on supplanting, and general State requirements, such as those established by California Prevailing Wage Laws. All Federal awards and pass-through and subawards are subject to this Federal Single Audit, whereas grants that do not derive originally from Federal agencies are not, unless the grantor has made that a requirement.

Performing well in a Federal Single Audit is extremely important, and this manual will help SCV Water staff members prepare. SCV Water also must verify that subrecipients conduct required audits and, as a pass-through entity, provide subrecipients with assistance to prepare for their audits as needed.

The numbering system used in the blue box below references the letter an auditor will use to record a finding, such as “M” for inadequacies regarding subrecipient monitoring.

Federal single audit compliance topics and audit finding categories:

- A. Activities Allowed or Unallowed
- B. Allowable Costs and Cost Principles
- C. Cash Management
- D. Davis Bacon Act
- E. Eligibility
- F. Equipment and Real Property Management
- G. Matching, Level of Effort, Earmarking
- H. Period of Availability of Federal Funds
- I. Procurement and Suspension and Debarment
- J. Program Income
- K. Real Property Acquisition and Relocation Assistance
- L. Reporting
- M. Subrecipient Monitoring
- N. Special Tests and Provisions

Cooperative Audit Resolution

Cooperative audit resolution as outlined in 2 CFR § 200.25 means the use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity. This approach is based upon:

- A strong commitment by non-Federal entity leadership to program integrity
- Federal agencies strengthening partnerships and working cooperatively with non-Federal entities and their auditors; and non-Federal entities and their auditors working cooperatively with Federal agencies
- A focus on current conditions and corrective action going forward
- Federal agencies offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred, and
- Federal agency leadership sending a clear message that continued failure to correct conditions identified by audits which are likely to cause improper payments, fraud, waste or abuse is unacceptable and will result in sanctions.

1. And 2. (A and B issues) Activities Allowed or Unallowed, Allowable Costs, and Cost Principles

All costs billed to a specific grant should pass the “AARC test.”

- Allowable (expenditure is in accordance with 2 CFR § 200 rules and all other grant rules)
- Allocable (expenditure was for the grant project and fits into a budget line item)
- Reasonable (expenditure is consistent with market prices and passes the "headline test")
- Consistent (expenditure is consistent with SCV Water policies and past practices)

2 CFR § 200 provides guidance on “selected items of cost” in 200.421 through 200.475. This is an alphabetized list, and each section defines rules on a specific cost, running from “advertising and public relations” to “trustees.” Costs that are always unallowable include those for alcoholic beverages, bad debts, and general promotional activities. Costs sometimes allowable include advertising, public relations, and memberships. Costs that require Federal grantor approval (along with project connectivity) include entertainment and pre-award costs.

It is strongly advised that costs are NOT billed to a Federal grant if that cost fails, or is in question of failing, any one of these four AARC tests. When in doubt, it is better to allocate a cost to SCV Water discretionary funds than to bill that cost to a Federal grant.

In Federal grants, it is usually best to manage funds based on the concept, “if it is not documented, it did not happen.” Costs may be questionable or not allowed if they do not meet both 2 CFR § 200 and the SCV Water documentation requirements. A good approach is to seek consensus with the grantor (and if needed, obtain formal approval) if the cost appears valid but may look questionable because documentation is lacking or based on a restriction.

3. (C issues) Cash Management

OMB 200.306

For non-Federal entities other than States, payment methods must minimize the time elapsing between the transfer of funds from the US Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic transfer, issuance or redemption of checks, warrants, or payment by other means.

Many grantors turn this general concept of “minimize the time elapsing” into a specific number of days. SCV Water will use the drawdown method established by the grantor, whether that is pre-expenditure drawdown (cash advance), reimbursement, or when SCV Water has the option of either method. With State grants, invoices for reimbursement are generally submitted by SCV Water on a quarterly basis. Federal grant drawdowns for reimbursement can often be done at any time. The reimbursement method eliminates problems that may arise from funds drawn down but not spent quickly enough. If allowable under a specific grant, SCV Water may use the cash advance method when prescribed by the funding agency., or as necessary or convenient, such as when making a large capital purchase.

4. (D issues) Davis Bacon Act; also, California Prevailing Wage laws

The Davis Bacon Act of 1931 is Federal legislation that protects workers from being taken advantage of by contractors who would attempt to win Federal awards while engaging in unfair labor compensation practices. Grant recipients are required to verify that contractors and subcontractors on construction and renovation projects of \$2,000 or more are paying laborers and mechanics wages and fringe benefits in compliance with the Davis Bacon Act. Davis Bacon prevailing wages and fringe rates can be accessed at beta.sam.gov.

Davis Bacon laws require extensive payroll checking and visits to the work site to ensure contractors and subcontractors are posting required notices (including any applicable wage determination) at the site of the work in a prominent and accessible place where it may be easily seen by employees. Onsite reviews of payroll stubs and interviews of workers are required. Many entities, such as SCV Water, use labor compliance consultants to ensure compliance, whereas others do the work in house.

For extensive treatment of this topic, see the Department of Housing and Urban Development’s guide to “Making Davis Bacon Work: A Practical Guide for States, Indian Tribes and Local Agencies,” which can be accessed at the following website:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=2ahUKEwidjv-76rDIAhWrITQIHS3dDqgQFjABegQIARAB&url=https%3A%2F%2Fwww.hudexchange.info%2Fresource%2F2542%2Fmaking-davis-bacon-work-guide-states-indian-tribes-local-agencies%2F&usq=AOvVaw2M54V4IF_wmuXIs0GjrywV

California’s Prevailing Wage Laws are generally more restrictive than requirements in the Federal Davis Bacon Act. Contracted or subcontracted construction or renovation projects costing more than \$1,000 utilizing State funds are generally subject to Prevailing Wage Laws, and if the funds are Federal pass through, Davis Bacon requirements are also in effect. The California Department of Industrial Relations (DIR) provides minimum prevailing wages for specific labor and mechanic jobs at <https://www.dir.ca.gov/Public-Works/Prevailing-Wage.html>

The DIR operates a Certified Payroll Reporting website where contractors and subcontractors on most public work projects are required to submit certified payroll records:

<https://www.dir.ca.gov/public-works/certified-payroll-reporting.html>

While the California Prevailing Wage rates for a classification of work will usually be higher, the Federal website www.beta.sam.gov must also be checked when the grant is funded with Federal funds or Federal pass-through funds. The highest laborer or mechanic rate of pay between the Federal and State is used. Contractors that work on projects funded with State of California funds must register with the DIR. Registration is required only to bid or work on public works projects that are subject to the prevailing wage requirements of the State of California, and therefore registration is not required for projects that are awarded by and under the complete control of the Federal government. Both the recipient, such as SCV Water, and the contractors working on such State-funded project are required to follow California Prevailing Wage Laws. Entities that contract, such as SCV Water, should list information for all trades identified when they register projects (using the State's PWC-100 form). These entities are not required to provide information that is not available at the time of project registration.

A useful "frequently asked questions" website is available at:

<https://www.dir.ca.gov/Public-Works/PublicWorksSB854FAQ.html>

All contractors and subcontractors working on public works projects must submit electronic certified payroll records to the Labor Commissioner, unless it meets one of the exceptions listed at the above website.

5. (E issues) Eligibility

Project Managers and financial staff members are responsible for understanding and following eligibility restrictions regarding delivering services. While not common for SCV Water, grants can be restricted based on participant demographics or based on the location of the project. Such restrictions usually focus on the income of the participant or statistics for the Census tract but can be based on other factors such as employment status, age, or race. For example, Community Development Block Grant funds from Housing and Urban Development are generally restricted to being used for low-income and moderate-income populations. The local entity must certify that at least 70 percent of all funds were used for that target population. The restriction will be documented in the grant agreement or equivalent documents. Participant eligibility restrictions may also be identified in the "beneficiary eligibility" restrictions section of the Federal grant synopsis at www.beta.sam.gov.

6. (F issues) Equipment and Real Property Management

SCV Water will track all property purchased with Federal grant funds annually in accordance with the following policies and concepts:

Real property means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment. Real property rules are covered below in item "10. (K issues) Real Property Acquisition and Relocation Assistance" of this subsection.

Equipment is defined in 2 CFR § 200 as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes. SCV Water has set inventory at \$5,000 (which is the same as the Federal maximum amount allowed). SCV Water has adopted a policy that requires annual inventory tracking utilizing the Inventory Tracking Form provided in Appendix III.

OMB 200.313

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Note: FAIN (Federal Award Identification Number) is specific to that one Federal grant.

Federal rules prohibit the sale or disposal of equipment valued at \$5,000 or more per unit purchased with Federal grant funds without the approval of the Federal grantor. 2 CFR § 200.313.e.1 rules, “items with a current per unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.” That means, from the Federal government’s perspective, an equipment item becomes a supply item after it depreciates to be worth less than \$5,000.

7. (G issues) Matching, Level of Effort, Earmarking

With Federal grants, matching and cost share will be calculated and documented in accordance with Federal rules and, additionally, according to the grant agreement rules. For example, Federal rules allow both cash and in-kind matches to be counted toward a match. Some grant agreements, however, allow only cash matches. Calculation and documentation for a cash match will usually mirror that which is required for a cost. If it cannot be counted as a cost, then it usually cannot be counted as a match. The State of California Department of Water Resources has similar rules in its grant agreements.

Pre-award and post-award matches are not allowed under Federal grants, unless the grantor issues specific approval. State agencies may vary on this issue, and a State grant agreement will often determine the date for allowable pre-award matches.

2 CFR § 200.306 provides the requirements for calculating and documenting the value of in-kind matches for facilities, equipment, and volunteers.

Following are several examples from 2 CFR § 200.306 regarding in-kind matches:

- SCV Water facility and equipment matching values will be based on the fair depreciation value. Only SCV Water facility space that is used on a regular daily basis toward that grant project can be counted toward a Federal match. With grantor approval, a fair rental rate can be used instead for the calculation. Otherwise, calculating the rate correctly often requires a tape measure to determine percentage of facility space used, which can then be used to calculate percentage of rent or percentage of depreciation. Borrowed facilities and equipment can be calculated at fair documented rental rate.
- Borrowed equipment can be calculated at the fair rental rate.
- Owned equipment can be calculated for match at the depreciation rate, but with grantor approval it can be valued at the “fair market value.”

In summary:

- Adhere to all grant agreement requirements regarding cost share (matching), level of effort, and earmarking.
- Matching and cost share calculations and documentation requirements with Federal grants are highly specific and must be based on requirements in 2 CFR § 200.306.
- State and private funding agencies may be more flexible with cost share requirements, but it is best to check the grant agreement closely.
- Matching and cost share with Federal grantors can generally be audited under the same rules that pertain to costs, for example, time reports will be needed to prove staff time as an allowable match (also see 2 CFR § 200.302, “cost sharing or matching”).

8. (H) Period of Availability of Federal Funds

Grant expenses are generally allowed only for costs that are incurred during the grant performance period. No pre-award or post-award closeout costs will be billed to a grant unless it is approved by the grantor and specifically allowed in the grant agreement or amendment, such as with the following four circumstances:

- Post-award closeout costs, such as staff time preparing a final report, are sometimes allowed by the grant agreement for 90 days after the end of the grant period.
- Specific pre-award costs with Federal grants are sometimes allowed with grantor approval in the grant agreement, with 90 days being the typical maximum pre-award period.
- Some Federal and State grantors allow pre-award costs for reasonable startup costs during a specific period before the grant agreement start date.
- Some grantors agree to amendments to approve pre-award costs and matches
- No-cost grant extensions allow expenses for a specified time past the grant close date, but with no additional total cost to the grantor.

9. (I issues) Procurement and Suspension and Debarment

All entities that receive Federal grant funds must establish procurement rules that are at least as restrictive as Federal price comparison thresholds and other requirements set in 2 CFR § 200.318 through 200.326. See Section X of this manual for SCV Water procurement policies. New Federal procurement provisions went into effect for SCV Water starting January 1, 2018. Federal or State grantors may at times add restrictions beyond 2 CFR § 200 rules.

10. (J issues) Program Income

2 CFR § 200.307 has rules on “program income,” which are summarized below.

Program income, or revenue derived from Federal grant activities, includes income from fees for services performed, from the rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments for principal and interest on loans made with grant funds.

Income does not include rebates, credits, discounts, refunds, and interest earned on any of them. It does include interest on advances, and proceeds from the sale of real property or equipment. Patent and copyright royalties are not considered program income, but those are subject to special rules. Program income can be used in one or more of the following ways:

1. **Deduction (aka subtraction).** Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.
2. **Addition.** With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. Income used in this way is auditable for the grant period. Income that comes in after the close of the grant is not restricted in this manner. Some grants automatically use the addition method regarding income, as that is sometimes established by statute when the funds are approved.
3. **Cost sharing or matching.** With prior Federal awarding agency approval, program income may be used to meet required cost sharing or matching of the Federal award.

Because the treatment of program income varies from one Federal program to another, the grant program guidelines should always be checked and followed. If the awarding agency does not specify how program income is to be used, the first method (deduction) will apply automatically to all projects except those for the purpose of research. For research projects, the second method (addition) will apply automatically. It is advisable to seek direction from grantor and document grantor's response.

2 CFR § 200 rules encourage non-Federal recipients to earn income to defray program costs where appropriate. In practice, however, many agencies granting Federal funds prefer that recipients avoid income to avoid the management issues involved, as it complicates the management and auditing processes.

Income after the period of performance. There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

Income with non-Federal grants. Income generated using private sector contributions (such as foundations, and corporations) will generally be considered non-designated income to SCV Water unless the grantor specifies otherwise. Rules regarding income generated from State funded grants can vary by grant or by grantor, but in general the grantor is more likely to establish restrictions on situations that generate extensive income and have no rules when income is minimal. SCV Water personnel managing the grant should carefully review the grant agreement to identify special rules on income.

11. (K issues) Real Property Acquisition and Relocation Assistance

2 CFR § 200.85 defines real property as “land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment.” 2 CFR § 200.311 on real property is pasted in entirety below in the green box. It is common that grant agreements restrict use of real property, such as when a grantor requires the property be used for a specific purpose for at least 15 or 25 years unless the funding is repaid.

The Uniform Act, passed by Congress in 1970, is a Federal law that establishes minimum standards for Federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. It was intended to ensure fair compensation and assistance for those whose property was acquired for public use under "eminent domain" law. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for Federal and federally funded projects.

- 49 CFR 24 is the OMB circular that explains Uniform Relocation Assistance and Real Property Acquisition requirements.
- HUD Handbook 1378 provides Department of Housing and Urban Development policy and guidance on implementing the 49 CFR 24 for HUD funded programs and projects.

200 § 311 Real property

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity.

(b) *Use.* Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

(c) *Disposition.* When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. The instructions must provide for one of the following alternatives:

(1) Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

(2) Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.

(3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

12.(L issues) Reporting

SCV Water will meet all reporting requirements and avoid late or incomplete reports. Most periodic grant reports are due within 30 days of the end of a performance period (usually submitted quarterly or semi-annually). Final reports are usually due within 90 days of project completion.

2 CFR § 200 rules require Federal grantors and recipients to use the following two documents for reporting purposes, although pass-through grants (such as from a State agency) will use other forms. Appendix IV of this manual shows samples of the two standard Federal reporting forms:

1. SF-425 (Federal Financial Report, also often called the "FFR"): This reports on expenditures and is completed by SCV Water and/or its grant consultants.

2. SF-PPR (Federal Performance Progress Report): This reports on objectives, outcomes, and program compliance and is completed by SCV Water staff and/or its consultants.

Beyond these two standardized Federal reports, Federal grants sometimes require additional reporting, for example:

1. Subawards of \$25,000 or more must be reported by primary recipients of Federal grants at www.fsrs.gov in accordance with the Federal Funding Accountability and Transparency Act. For example, if SCV Water receives a grant directly from a Federal grantor and then creates a subaward at or above \$25,000 to a program/project partner, the award must be reported within the month following when the subaward agreement was executed. See www.fsrs.gov for guidance. This is a one-time report, but any amendment to the subaward amount will require an amendment at www.fsrs.gov. The requirements for this reporting process are likely to increase in the future as the Federal DATA Act of 2014 is implemented, which began in 2018.
2. Some Federal grantors may require financial allocation reports in addition to the SF-425.

In summary, SCV Water must complete required grant reports for State, local, foundation, corporate, or other grantors as required. Most grantors that require reports use a two-tiered system – one narrative report for program/project activities and another for financial activities. For example, State agencies generally require an invoice (with a template supplied by the granting agency) and a narrative progress report.

13.(M) Subrecipient Monitoring

Appendix II: Subrecipient Monitoring Toolkit of this manual addresses those situations when SCV Water receives Federal funds and then subawards to other entities. The toolkit provides forms and summarizes content from 2 CFR § 200.330, 200.331, and elsewhere in 2 CFR § 200. Federal grants require substantial subrecipient monitoring that involves:

- correct identification of subrecipients and contractors
- a risk assessment of the subrecipient’s ability to manage the grant
- an adequate subaward agreement
- adherence to reporting requirements
- ongoing monitoring of the subaward

14. (N) Special Tests and Provisions

This audit category is for compliance requirements unique to each program. They will generally be specified in the grant agreement, although Federal legislation can also set requirements. SCV Water will strive to meet all special provisions of grantors, such as those commonly found in grant agreement “terms and conditions” sections.

SECTION V

KEY PERSONNEL ON A GRANT

Grant Administrator

Water Resources grant administration staff (Grant Administrator) is responsible for identifying grant opportunities which may provide funding for SCV Water projects. The Grant Administrator is generally named a Project Manager in grant documentation and is responsible for communication with the funding agency including coordinating submission of all applications, grant amendment requests, progress reports/invoices, project and grant completion reports, etc. to the funding agency. The Grant Administrator also works to identify grant offerings which align with SCV Water projects and forwards information on applicable grant opportunities to management.

The Grant Administrator works closely with Accounting to monitor receipt of funds and distribution of pass through funds to subgrantees as necessary. This process establishes good internal controls and segregation of duties, as the Accounting Section will monitor the receipt of funds and the tracking of invoices and expenditures.

The Grant Administrator also works closely with internal Project Managers to coordinate any necessary amendments, such as modifications to a grant project's scope or work or changes to the project budget or schedule.

Consultants

Consultants may be contracted to assist in researching grant opportunities, preparation and submission of grant proposals/applications and to perform grant administration. All consultant grant-related activities are closely monitored by SCV Water Grant Administrator.

A consultant may have access to upload grant applications and invoices to the appropriate State or Federal submission website, but all work is monitored by the SCV Water Grant Administrator.

Control checklist for consultants:

- Consultant may have the ability to upload grant applications reviewed by the Grant Administrator and/or signed documents or invoices
- All electronic activity is reviewed by SCV Water Resources Grant administration staff
- Extensive accounting/financial control activities verify that any funds awarded and drawn down are confirmed and balance with grant agreement documents and reports

General Manager

The General Manager is generally a named Project Representative in grant documentation, and as authorized by the Board of Directors, shall review, approve and/or execute grant applications, grant agreements, grant amendments, subgrantee agreements, invoice submissions, and other documentation as required by the funding agency.

Project Manager

Each Grant project will have a Project Manager responsible for communicating with the Grant Administrator and/or the Grant Consultant regarding grant applications, periodic grant reports and other grant related issues.

The Project Manager and Administrative Staff member(s) will assist with grant application requirements and compile grant documentation required for reports and invoicing. The Project Manager is responsible for:

- assisting in the preparation of the project grant application
- adhering to and reporting on the grant budget
- contractor bidding and selection
- monitoring all building and engineering requirements
- quarterly reporting on budget, contractor invoicing, staff time and project progress
- preparing project completion reports and certifications
- following all special terms and conditions of the grant agreement, and
- keeping the SCV Water Grant Administrator of any issues that arise

Role of Controller

The SCV Water Controller monitors many functions of the organization to improve and achieve internal control compliance. For grant purposes, the Controller will generally:

- 1) Read proposals to identify risks and issues that should be addressed.
- 2) Monitor both program and financial activities to ensure they are accurately reflected in reports and that they are described in a consistent manner across functions of the organization.
- 3) Monitor report submissions to ensure deadlines and other requirements are met.
- 4) Discuss grant processes with personnel to identify issues and needed modifications to policies and practices.
- 5) Attend meetings to ensure grants are on track and meeting requirements.
- 6) Attend grant kickoff meetings to participate in establishing grant procedures for each grant to ensure compliance
- 7) Participate in the management of State, Federal, and local grants to identify challenges and ensure compliance.

Director of Finance and Administration

The Director of Finance and Administration will ensure financial integrity and accountability and ensure internal controls are maintained.

Accounting

The Accounting Section personnel generally become involved when the grant is awarded. Accounting staff sets up a chart of accounts for the grant in the SCV Water accounting system and processes invoices, tracks expenditures and reimbursements by Grant project, and, if necessary, passes through funds to sub-awardees.

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SECTION VI

FOUR PHASES OF A GRANT

1. GRANT PROPOSAL DEVELOPMENT

The proposal development process is in place to assist staff and consultants in achieving grant support for their project or program. Once a project has been formulated by staff or others, it is important to connect with appropriate financial and management personnel to develop the idea, assess risks, and research potential funding.

Board approval is required for all grant application submissions and is obtained by an approval process including the appropriate staff and the SCV Water General Manager. The Board Agenda item is generally created by the Water Resources Section. The Board of Directors must approve a resolution:

- Authorizing the General Manager to file an application for funding
- Approving any matching funds required for the grant, and
- Delegating authority to the General Manager to execute the grant agreement.

Once a grant has been awarded, SCV Water Grant Administrator and the Project Manager will negotiate the final grant agreement, complete the paperwork, and forward the final Grant Agreement to the General Manager for execution.

Controls on submitting, negotiating, and accepting grants: SCV Water will meet or negotiate all grantor requirements as appropriate pertaining to signatories on grant proposals and agreements. Authorized members of SCV Water will be responsible for submitting all proposals directly or direct that process to be carried out by a consultant. The E-business Point of Contact for Federal grants within Grants Management will generally be the person who can approve others to possess and utilize usernames and passwords on Federal grant submission and management websites. The E-Biz Point of Contact at www.sam.gov for SCV Water is Cheryl Fowler, Administrative Analyst, Water Resources Section.

All representatives who serve as signatory representatives or who possess and use usernames and passwords for grant management purposes will be approved by the E-business Point of Contact or another authorized SCV Water administrator. Grant negotiation between grantors and SCV Water will be carried out by authorized personnel only. In general, employees of SCV Water will be the only individuals authorized to use such electronic signatures, and outside contractors and consultants will not serve in that role unless necessary, adequately analyzed, approved, and closely monitored. On rare occasion, it can be the appropriate way for a consultant to write a grant in a State website that only allows submission of the proposal but not drawdown of funds. Many State websites do not allow multiple users, so the consultant may require that access to prepare the materials. When necessary for the consultant to possess passwords and navigate the website, an authorized SCV Water staff member should always officially submit the proposal.

Executing grants agreements: Some Federal grantors simply issue a “Grant Award Notification” or “Notices of Grant Award,” which is often just a letter that establishes the award amount, attaches to the grant proposal (specifically the work plan and budget section) and

establishes that it is all governed by 2 CFR § 200 and subject to the Federal Single Audit. State agencies do not typically use this process, but instead issue a contract-style Grant Agreement.

Pre-award costs:

2 CFR § 200.458 states that pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

State grants sometimes allow pre-award costs, even for up to a five-year period. Foundation grants, while rare with SCV Water, usually do not cover costs before the program period.

At a glance: important issues while writing and accepting grants:

Following is a list of critical issues to consider, and in many cases discuss with other SCV Water staff, when writing or submitting a grant:

- Does the Federal grant require SCV Water labor costs to be billed?
- Are there matching or cost share requirements?
- Does this grant involve adding staff or expanding work time? (Good internal communication is encouraged to determine the long-term effect on SCV Water)
- Are there building or space issues that need to be approved by appropriate personnel?
- Are there land, capital assets, or equipment purchases in the grant? (OMB generally defines equipment and capital assets as single items that costs more than \$5,000, and those items must be specifically approved by the grantor and later tracked as inventory)
- Are there special or unusual administrative requirements?
- Does the grantor set restrictions on the publication of scientific and technical information resulting from the project or activity?
- Is supplanting prohibited?
- Are there sign-off requirements with state agencies or other entities?
- What SCV Water departments will be involved, and are personnel trained and informed?
- Are there possible conflict of interest or procurement issues involved with the grant, the project, or with possible contractors?
- Is this a sole-source contract situation? (These should be rarely used.)
- Does the grant involve sub-awards? (These are for subrecipients conducting programs. All funds provided through Federal subawards are auditable under Federal Single Audit rules. SCV Water has significant subaward monitoring requirements when making Federally funded subawards.)
- Does the grant involve contracts? (These are for purchases of goods or services. While procurement contracts, contract content and deliverables are auditable, the contractor is not subject to Federal Single Audit rules.)

Additional issues to consider:

- What is the amount to be awarded?
- What are the start and end dates?
- What expenses does the grant cover?
- What expenses does the grant exclude (such as food and travel)?
- What documentation is required to support each line item?

- Are bids required?
- Do we need to create a sub-award agreement or a contract?
- What are the terms, conditions, and assurances stated in the grant agreement, in the request for proposal, or stated elsewhere, such as in the agency's general grant requirement documents? (Some grantors are moving to comprehensive RFPs that include grant management rules. Any proposal awarded automatically attaches to that comprehensive document.)
- What are the reporting/invoicing requirements, and how often are reports/invoices due? (Quarterly and semi-annual reports are common.)
- What is the method of payment: electronic transfer, reimbursement, up-front?

2. BEGINNING GRANT ADMINISTRATION

At a glance: checklist to begin grant administration

Grant Administration Staff will:

- Provide a copy of the grant agreement to Accounting to set up a project account and to accomplish financial tracking.
- Work with the Information Technology Section set up a dedicated folder in Document Management System (DMS). The DMS folder allows all critical grant documents to be saved in one location.
- Analyze website coordination (such as draw down steps), and other necessary processes to manage the grant
- Connect with involved staff members to assign roles and relationships for the development of quarterly reports
- Connect with the grantor's program officer by phone or email
- Notify partners and staff, and work with appropriate SCV Water staff to publicize or report the award and sub-awards as required under the grant
- Set up and monitor subawards (Section VI has rules on subrecipient monitoring)

Project Manager will:

- Conduct procurement based on requirements for price comparison or bids, select contractors, and set up contracts
- Establish a process to create and submit quarterly reports, including:
 - Completing narrative reports on grant activities, progress and delays
 - Collecting and reporting employee time spent on the project to establish allocations for inclusion in reports and draw downs
 - Compiling contractor invoices
 - Collecting data and information to demonstrate deliverables were met.

Required Certifications – Ref: 2 CFR § 200.415.

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the periodic fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the SCV Water, which reads as follows:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.”

3. PROJECT ADMINISTRATION

At a Glance: keys to good grant administration

- Good records management
- Good accounting
- Solid internal controls
- Adherence to the grant agreement, 2 CFR § 200 rules, State rules and SCV Water administration rules.

Tips for good ongoing project administration:

- Keep in touch with the funding agency
- Complete all required reports
- Communicate with staff and budget staff regularly
- Keep on track with process objectives and performance measures
- Collect necessary data, and complete required evaluation processes
- Maintain communication with contractors and collaborative partner agencies
- Maintain thorough financial records
- Review expenditures on a quarterly basis
- Use a binder or alternative system to maintain records of grant activities and budget expenditures

Document tracking is a key factor in good grant management. The documentation method used will usually involve the use of a binder, the electronic equivalent, or a combination of both. A well-organized document management system serves two purposes:

- 1) it allows the Grant Administrator to see what needs to be done while working toward completion of the award, and
- 2) it allows the Grant Administrator to quickly address grantor or auditor questions. SCV Water staff members shall set up a separate DMS folder for each grant.

Electronic grant tracking and binder management

All grant documentation shall be saved to the appropriate Grant Folder in DMS. Grant binders (hard copies) are for convenient reference only.

DMS folders will generally include the following documents:

- Proposal solicitation package (i.e., RFP or NOFA, SGA, RFA, or whatever else the grantor calls the proposal guidelines)
- Grant proposal (including narrative, budget, attachments)
- Grant Award Notification (in some case this and the proposal make up the grant agreement)
- Grant Agreement (if a separate agreement is created)
- Grant Amendment(s)
- Subaward Agreements

Invoice/Progress Report Binders for each grant shall include the following documents*:

- All Invoice/Progress Report submissions separated by tabs indicating the Grant Progress Report/Invoice number. (Example: Inv. #1). Invoice/Progress Reports include:
 - State Grants
 - Narrative Reports (including deliverables, studies, consultant reports)
 - Submitted invoices
 - Correspondence relating to submission of invoices and reports
 - Financial documentation such as proof receipt of grant funds and disbursement of funds to sub-awardees
 - Federal Grants
 - Narrative (quarterly or semi-annual report of objectives; SF-PPR with a Federal grant)
 - Financial (SF-425 for a Federal grant)
 - Other required reports, such as fhrs.gov reporting
 - Project deliverables, studies, and consultant reports
 - Financial documentation such as receipt of grant funds and disbursement of funds to sub-awardees
- Procurement and construction documentation shall be retained by the Project Manager

** Extremely large Invoice/Progress Report packages should not be printed or inserted in the hard copy binder. Print only the Invoice and Cover Letter and write the DMS number of the full package on bottom, right hand corner of the document.*

Timely Obligation of Funds

Grant funds should be spent in a timely manner throughout the year in accordance with the grant's timeline of activities. Large amounts of unobligated funds remaining toward the end of a grant should be avoided. Project Managers should make every effort to spend as much of the grant funds as possible without exceeding the budget. Generally, obligations on Federal grants should be liquidated or paid no later than 30 days after the grant's end date.

4. CLOSEOUT PROCESS AND POST-AWARD REQUIREMENTS

The Project Manager is responsible for preparing the final programmatic performance report and associated deliverables. The Project Manager should review the grant's performance

against the objectives, deliverables, and intended outcomes of the grant proposal. Any outstanding issues or concerns should be identified in the performance report. The Project Manager should also share the final performance review with any supervisor and provide internal reports on the grant's results as may be required. Once the report is complete, the Grant Administrator will submit the report to the funding agency.

Because many SCV Water grants are Integrated Regional Water Management grants involving multiple projects and sub-awardees, individual projects are closed out upon completion and retention funds are released on a per project basis. When all projects are complete, a Grant Completion Report must be prepared and submitted.

Most Federal and State grants allow either a 60-day or 90-day period for closeout procedures, which may include completing grant reports and completing evaluation activities to verify grant impacts and adherence to measurable outcome objectives. Please check the Grant Agreement to confirm the closeout period. Many grantors allow staff time spent closing out the grant to be billed to the grant, although all other project costs are no longer allocable. It is customary that grantors allow 30 days for invoicing after the grant period closes to allow for paying costs that occurred during the final grant period. For example, a consultant may invoice in arrears for services which occurred during the final grant period, and SCV Water would pay that invoice before the 30 days expires.

Time spent with documentation as the grant unfolds can save time later. Staff members are encouraged to make sure all grant documents and record keeping systems are complete before considering the grant closed.

At a Glance: Tips for closeout procedures:

Submit final narrative and financial reports (as required in the Grant Agreement), which are usually due within 60 or 90 days of the end of the grant project or grant agreement. Key components are coordinated as follows:

- The Project Manager works with the Grant Administrator to write the narrative describing how objectives and outcomes were met, showing how all funds were expended on allowed expenditures or reporting unspent funds, and including any deliverables required under the project description
- The Grant Administrator submits the narrative, the final invoice, required deliverables and financial report, followed by a request for release of any retention amount.
- The SCV Accounting Section maintains financial records, confirms receipt of funds, and reviews records to ensure those receipts match with drawdown requests
- Make sure the grantor closes out the grant
- Determine if the grantor covers staffing costs the during closeout period (this is sometimes allowed up to 90 days after the end of the grant term)
- Determine whether the grantor requires post performance reporting, which for example, is required for three years after the close of Department of Water Resources grants

Possible post-award requirements and issues on Federal grants include record retention, property management, and accounting adjustments. Record retention rules in 2 CFR § 200 require general grant records be retained for at least three years from closeout or formal final inquiry. State grants may also be subject to a three-year retention period (such as those with the Department of Water Resources) but there is sometimes a longer retention period, such as five or seven years. Annual reporting is usually not required once a grant closes, but SCV Water will comply with requirements for that should they occur. For example, State grants may require project post-performance reporting on operations the grant funded projects for a period of years as specified in the grant agreement.

Tips for post award closeout requirements to be coordinated between Grant Administrator, Project Manager, and Finance Section staff:

- Address any audit requirements or inquiries
- Retain records in accordance with the most restrictive rules of the grantor, SCV Water, the state, or any other pertinent stakeholder
- Make sure to verify SCV Water has only kept funds that were
 1. reimbursed to SCV Water for direct cost for the grant project,
 2. collected through allowable indirect costs, or
 3. allowed as income under the terms of the grant (and in such a case income will be subject to auditing under OMB's rules regarding "addition method" or "used-for-match method.")
- Make sure to maintain inventory records in accordance with SCV Water policies and OMB requirements
- Do not sell or dispose of any equipment item (valued at \$5,000 or more) without Federal grantor approval.

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SECTION VII

FINANCIAL MANAGEMENT, INDIRECT COSTS, AND COST ALLOCATION PRINCIPLES

This section discusses SCV Water financial management specifically regarding expenditures on Federal and pass-through grants. These methods are generally also in play with State grants and other grants not governed by 2 CFR § 200.

SCV Water Accounting Methods: SCV Water accounts for Federal Government grant funds in accordance with Federal laws and Generally Accepted Accounting Principles (GAAP) of the Governmental Accounting Standards Board (GASB).

Each grant received is tracked separately, as are subawards made to other entities. After a signed grant award notice or fully executed agreement has been created, a unique project identifier or number is set up to:

- Permit the tracking of funds to a level of expenditures adequate to establish that such funds have been used in accordance with grant requirements, such as those stated in the budget,
- Allow the preparation of reports required by the agreements of the grant, and
- Serve as a record of expenditure for communication with grantors and auditors.

SCV Water's financial management systems meets the following standards:

- Accurate disclosure of the financial results of financially assisted activities is made in accordance with the requirements of the grant or sub-grant.
- Accounting records are maintained which adequately identify the source and application of funds provided for grant activities.
- Records contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- Internal controls are maintained for all grant and subawards for cash, real and personal property, and other assets.
- Budget controls are adequate, and actual expenditures are compared with budgeted amounts for each grant or subaward on a quarterly basis.
- Source documentation is recorded and retained, and accounting records are supported by source documentation such as cancelled checks, paid bills, payroll records, time and attendance records, contracts, and subrecipient award documents.

General Financial Management Concepts

SCV Water generally uses the reimbursement method to collect funds from the US Treasury, State agencies, and other entities. In cases when advanced payment is used with governmental grants, SCV Water will minimize the time elapsing between transfer of funds and expenditures. SCV Water will comply with all grant agreements, such as those specifying funds must be used within a specific number of days. When early drawdown is utilized with a federally funded grant and the drawn down funds would be expected to accrue more than \$500 in a

normal interest-bearing bank account, the funds will be deposited in an interest-bearing account separately from other funds. This will allow SCV Water to comply with 2 CFR § 200 provision as follows:

2 CFR § 200.305 Payment

“Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.”



California Department of Water Resources grants specify that drawn down funds not be deposited in an interest-bearing bank account, so that provision will be met unless it is Federal pass-through funds. In that case, the Federal rule would supersede the State rule.

Important Control Factors

Financial control environment factors will meet the following requirements:

- Staff are familiar with policies and procedures
- Management staff demonstrate the importance of integrity and ethical values
- Integrity of financial and operational accuracy takes priority over reporting acceptable performance
- Collaboration, communication, and team effort are emphasized
- Management is open to employee suggestions to improve productivity, compliance, and quality
- Plans and performance are periodically assessed
- Performance targets are realistic and attainable whenever possible
- Employees are given the time, tools, and resources necessary to accomplish mission and objectives
- Records are maintained in accordance with guidelines issued by State and Federal administrative rules and
- Records are maintained in accordance with guidelines in this section of this Grant Management Policy and Procedures manual

Training: Fiscal staff and department staff working with grants will be:

- Trained in the use of the accounting system
- Familiar with purchasing policies and procedures
- Trained in the use of system reports and reporting tools
- Familiar with accounting skills
- Familiar with grant management policies and procedures

Financial reconciliations will be conducted as follows:

- Ledgers will be reviewed on at least a quarterly basis but generally on a monthly basis

- Whenever possible, staff performing reconciliations will be separate from staff initializing and finalizing transactions
- Reconciling differences, negative balances, and unsupported transactions will be investigated and corrected in a timely manner
- Financial reports will compare budgeted balances with actual financial activity
- Staff managing grants will understand the rules associated with different types of grants (such as Federal and State grants)

Collections, deposit, and cash fund issues will be conducted as follows:

- Collection and deposit functions are segregated from accounting functions whenever possible
- All revenue transactions are recorded promptly, and deposits are made in a timely manner
- Passwords are kept safe, as are access keys to the SCV Water’s headquarters and any safe or other location that is financially sensitive
- Accounts receivable billings are issued in a timely manner and are tracked and accounted for responsibly

Payroll functions will meet the following standards:

- Time sheets will be maintained for all staff working on grants and will accurately reflect the hours spent on each grant
- Payroll and labor issues will be handled in accordance with all relevant laws and requirements of the IRS, the Department of Labor, state agencies, and local entities

Cost Allocation Principles

Direct Costs

A direct cost is an expense whose benefit can be specifically identified with a particular funding source and/or program. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F and A) costs.

Indirect Costs

Indirect costs, or facilities and administrative (F and A) costs, are costs that benefit multiple programs and cannot be readily associated with one specific program or activity. For example, expenses for accounting, purchasing, human resources, facility operation and maintenance, are often allocated as indirect costs. SCV Water has never had a negotiated indirect costs rate from a federal agency and therefore qualifies for use of the 10 percent “de minimis” rate, calculated as follows from 2 CFR § 200.68:

2 CRF § 200.68 Modified Total Direct Cost (MTDC).

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

SCV Water can voluntarily forego collection of indirect costs and have that line item as zero in Federal or pass-through grant applications. In cases when this practice is used, the uncollected indirect costs are allowable as match, but only with written approval of the Federal awarding agency, as per OMB requirements in 200.306.

Expense Allocation Policies

If an expenditure solely benefits one project, it can be charged entirely to that benefiting project. However, sometimes an expenditure can benefit two or more projects. Any costs allocable to a specific grant agreement may not be shifted to other grants to meet deficiencies caused by overruns (deficits) or other fund considerations. Costs cannot be shifted to avoid restrictions imposed by law or terms of the sponsored agreement or for other reasons of convenience.

2 CFR § 200 specifies two methods for allocating an allowable direct cost to two or more grants. SCV Water generally uses the proportional benefit approach to allocation and rarely, if ever, uses the interrelationship approach. The interrelationship method is allowable, however, especially if it has been discussed with a grantor that agrees with the reasonableness of the allocation approach.

The Proportional Benefit Rule

The proportional benefit rule applies when it is possible to determine the proportional benefit of the cost to each project. The cost is allocated according to the proportion of benefit provided to each of the projects.

The Interrelationship Rule

The interrelationship rule applies when it is not possible to determine the proportional benefit to each project because of the interrelationship of the work involved. The cost is distributed on any reasonable and rational basis because the proportional benefit cannot be identified and applied to the individual projects.

Tips for Allocation Methodologies:

All expenditure allocations must be done on a rational basis. Prohibited methodologies include any methodology based on rotation of budgets, funding, or availability of funds.

- ***Always* document the allocation methodology.** Allocation methodologies must be documented and auditable. Documentation should include support for the specific costs allocated and indicate how the allocation methodology is related to the cost being

allocated. This support should be retained by the department. Remember to document why measures such as headcount, square footage or hours relate to benefits received.

- **Allocate expenditures on a routine basis.** Do not wait until the end of the fiscal year or the end of the grant year to allocate expenditures.
- **Allocation methodologies should be reviewed periodically to ensure they are reasonable.** Methodologies based on samplings and surveys should be reviewed and updated at least once each fiscal year. Changes to the population may signal the need to review the allocation methodology more frequently.

Allocation methodologies should be reviewed with the grantor when the project begins and ends to ensure compliance.

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SECTION VIII

ETHICAL AND DISCLOSURE CONSIDERATIONS

1) GENERAL OMB CONFLICT OF INTEREST POLICIES AND SECTION CONTENT

SCV Water has comprehensive policies on conflict of interest, stewardship and ethics, and non-retaliation policies. Content in this manual is intended to be used additional when the organization engages in direct or pass-through Federal grants. This Section VIII consists of three subsections, two which combine with the Agency's standard policies to meet all federal requirements, and the third which relates to State awards and Federal pass-through awards that come through the State:

1. Several important Federal requirements regarding conflict of interest (below in green, with references)
2. 2 CFR § 200.113 "mandatory disclosures" requirements
3. State requirements for California Political Reform Act filings

Additional Federal conflict of interest considerations related to using SCV Water funds and grant funds for purchases are covered in Section X on procurements.

2 CFR § 200:

"The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy." *(200.112, Conflict of interest)*

"No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract." *(200.318, General Procurement Standards)*

"To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements." *(200.319, Competition)*

Note. Section 200.450, Professional services costs, prohibits "officers and employees" of the non-federal entity (in this case SCV Water) from being contractors paid with federal funds.

2) OMB MANDATORY DISCLOSURES

As per the 2 CFR § 200.113, SCV Water and other Federal grant fund recipients “must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters are required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make required disclosures can result in any of the remedies described in 2 CFR § 200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.)”

3) SUMMARY OF CALIFORNIA POLITICAL REFORM ACT REQUIREMENTS

Individuals holding designated positions – generally including Board Members, executives, and personnel involved in financial coordination – must file statements of economic interests with SVC Water, and those statements will be made available for public inspection and reproduction (Gov. Code Sec. 81008). The statements will be maintained by Board Secretary as SCV Water’s Filing Official. For a list of positions that must file, instructions on statements, and other details see SCV-79, “Santa Clarita Valley Water Agency Conflict of Interest Code.”

SECTION IX

OTHER SECTIONS

1) DOCUMENTATION OF PERSONNEL EXPENSES

Standards for documentation of personnel expenses are specified in 2 CFR § 200.430, available below in the green box. All SCV Water employee salaries and fringe paid with Federal funds must be supported by time and effort documentation that meets Federal rules.

Summary of 2 CFR § 200.430 rules. Each worker's allocations billed to a grant must meet the following:

- Allocations must be recorded, and records must be included as part of agency files
- Must be supported by a system of internal control which provides assurance that the charges are accurate, allowable, and properly allocated
- Can't be solely based on percentages in the grant budget or other budgets
- Must account for 100 percent of compensated work activities

Interim drawdowns conducted by SCV Water can be based budget estimates, but adjustments must eventually be made to reflect the actual work time spent on the grant.

SCV Water salary allocation documentation basics

SCV Water has established practices to track employee work time using an electronic time-tracking software. This method results in a record of time as follows:

- 1) **Each employee records daily time records** that are submitted on a bi-weekly basis (26 reporting periods per year) and that capture the following:
 - Project and grant related work hours
 - General administrative work hours
 - Vacation, sick leave, and other leave time

This method captures the number of hours worked on each individual project or grant, and that information is used to support personnel and fringe expenses billed to grants. SCV Water uses a "burden rate" to calculate employee per hour rates (including salary and fringe). Employees are encouraged, but not required, to keep work journals, notes, and calendars to aid in the preparation of accurate time reports.

- 2) When required by the grantor, SCV Water will meet **alternative time tracking methods**. For instance, a grantor may require that time be tracked to a specific task within a specific grant.

While all operate under the 2 CFR § 200.430, grantors and auditors seem to have different interpretations of how often work periods should be assessed and documented to make the allocation "accurate." SCV Water uses a rigorous time tracking approach (daily work allocated on an hourly basis) that should meet all grantor expectations.

The rules on “Standards for Documentation of Personnel Expenses” from a portion of OMB 2 CFR 200.431 on “Compensation for Personal Services” are stated in in the green box below. For reference, previous OMB circulars called this issue “time and effort reporting.”

2 CFR § 200.430 (i) Standards for Documentation of Personnel Expenses

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for Institution of Higher Education, this per the IHE’s definition of Institutional Base Salary);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (vii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

- (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
- (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
- (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

- (ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.
- (x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516), charges for the salaries and wages of nonexempt employees, in addition

to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

Other 2 CFR § 200 requirements for personnel expenses: There are two extensive sections on personnel expenses, 2 CFR § 200.430 (above) and 2 CFR § 200.431, which respectively address “Compensation – personal services” and “Compensation – fringe benefits.” A review of those is advised with other than normal personnel expenses, such as pension, leave, and severance. The general pattern of the rules is that 1) an entity such as SCV Water will follow its own personnel policies, and that 2) costs must be appropriately allocated. A grantor can further restrict what can be billed in a grant agreement, such as when a grantor dictates that a budget narrative establish reimbursement for actual hours worked rather than based on a percentage of pay. In this case, vacation and sick leave is not covered, while those are generally allowed under 2 CFR § 200 rules.

2) Travel expenses billed to Federal grants

As of August 2018, SCV Water has approved an “Employee Travel and Expense Reimbursement Policy.” 2 CFR § 200 generally allows an entity to establish and use its own travel and expense policy. However, any rules in 2 CFR § 200.474 “Travel costs” that are more restrictive than SCV Water policies must be adhered to. The full text is below.

2 CFR § 200.474: Travel costs.

(a) General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

(b) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

- (1) Participation of the individual is necessary to the Federal award; and
- (2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

(c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

- (i) The costs are a direct result of the individual's travel for the Federal award;

(ii) The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and

(iii) Are only temporary during the travel period.

(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also §200.432 Conferences.

(d) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

(e) Commercial air travel. (1) Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

(i) Require circuitous routing;

(ii) Require travel during unreasonable hours;

(iii) Excessively prolong travel;

(iv) Result in additional costs that would offset the transportation savings; or

(v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a non-Federal entity's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the non-Federal entity can demonstrate that such airfare was not available in the specific case.

(f) Air travel by other than commercial carrier. Costs of travel by non-Federal entity-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of airfare as provided for in paragraph (d) of this section, is unallowable.

3) Record Retention

SCV Water has an extensive records retention policy. The policy requires general grant files to be maintained for the current year plus another seven years. This is more restrictive than 2 CFR § 200 requirements, which require retention for three years. SCV Water will meet any additional requirement that may be established in a grant agreement or in effect through some other requirement.

SECTION X

PROCUREMENT OF CONTRACTS USING FEDERAL FUNDS

1. OMB AND SCV WATER PROCUREMENT RULES

CRITICAL – When purchasing with Federal funds, the procurement rules from 2 CFR § 200.318 through 200.326 must be layered onto the rules in the “Purchasing Policy for Santa Clarita Valley Water Agency,” which is included as Appendix II to this manual. Following the most restrictive rule or threshold is generally what allows SCV Water to achieve dual compliance, such as when the Federal procurement processes are more arduous than those required in the SCV Water Purchasing Policy.

SCV WATER’S EASY-TO-USE CHECKLISTS: The Federal requirement categories have been summarized in three easy-to-use checklists, which are included as Appendix I of this manual, immediately following this final Section. There are three checklists — for capital purchases, general purchases, and consultants.

2. AT A GLANCE COMPARISON OF RULES

Procurement category	SCV Water policy	OMB requirements
Micro-purchases	Allowed below \$30,000 by SCV Water rules, and no price comparison are required.	Allowed up to \$10,000 with no price comparisons.
Simple purchases Purchase orders Price comparisons	<p>\$30,000 threshold: Purchases of \$30,000 or more but less than \$100,000 in any single acquisition are made by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value.</p> <p>\$100,000 threshold: Formal bidding is required for purchasing items of \$100,000 or more. Formal bidding may be used for the purchase of more complex specifications and includes a multi-step process. Formal bids must be in writing, publicly advertised, mailed to all interested vendors, require a specified closing date/time, and public bid opening.</p>	<p>All purchases from \$10,001 to \$30,000 involving Federal funds will require at least two documented price comparisons to meet OMB rules.</p> <p>All purchases up to \$250,000 will follow SCV Water Purchasing Policy (which complies with comply with OMB Simple Purchase rules).</p>

<p>Sealed bids The usual approach for construction contracts, also often used for major purchases of goods and supplies.</p>	<p>SCV Water policies include formal bids above \$100,000. Purchases above \$250,000 will follow additional 2 CFR § 200 requirements.</p> <p>Low bid that meets specifications and qualifications wins the bid.</p>	<p>“Bids publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all material terms and conditions of the bid invitation, is the lowest in price”</p>
<p>Competitive bids The usual approach for professional services and other purchases when conditions are not appropriate for sealed bids.</p>	<p>This is an alternative to sealed bids for general purchases of \$250,001 and above when sealed bids are not appropriate.</p> <p>Winning bidder is the most advantageous to the program based on price and other considerations, such as qualifications or ability to provide specialized services</p>	<p>“The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.” See 2 CFR § 200.322 (d) for specific requirements.</p>
<p>Non-competitive procurement (sole source purchases)</p>	<p>SCV Water has provisions that allow sole-source purchases in accordance with OMB rules. Other procurement approaches are encouraged unless sole source justification is clear and strong. Use of sole source should be the exception, not the standard practice.</p>	<p>Allowed in four circumstances:</p> <ol style="list-style-type: none"> 1) Item is available only from a single source 2) Public emergency will not permit a delay 3) The awarding agency expressly authorizes sole source; or 4) Solicitation results in inadequate competition.

3. SUMMARY OF FEDERAL PROCUREMENT RULES THAT DIFFER FROM SCV WATER’S:

The full Federal procurement requirements, in green boxes at the end of this Section, are summarized here. Federal rules that deviate or build upon SCV Water procurements requirements involve:

- 1) A lower micro-purchase threshold (2 CFR § 200 requires price comparisons for purchases over \$10,000, compared to SCV Water’s \$30,000 threshold). SCV Water must conduct price comparisons when purchasing with Federal funds for purchases of \$10,001 to \$30,000.
- 2) Adherence to more extensive rules and processes during what 2 CFR § 200 refers to as “formal procurements.” With this policy section, SCV Water defines formal procurements as all grant related Federally funded purchases above \$250,000 and “non-competitive” (aka sole source) procurements above \$10,000. Besides sole source purchases, formal

procurements include “sealed bids” and “competitive proposals,” the requirements of which are detailed in 2 CFR § 200.320.

- 3) Following the six 2 CFR § 200 required provisions in taking all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible (2 CFR § 200.321, see green chart below). Affirmative steps must include placing qualified small and minority businesses and women's business enterprises on solicitation lists, assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources, and four additional requirements that discuss such issues as accommodating Disadvantaged Business Enterprise (DBE) by dividing purchases or modifying time delivery schedules.
- 4) Contract cost and price analysis activities and documentation that are required for formal procurements in adherence to 2 CFR § 200.323.
- 5) Adherence to 10 contract content requirements (Appendix II to 2 CFR § 200, see green chart below) including that “Contracts for more than the simplified acquisition threshold currently set at \$250,000... must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.” See subpart “6” below.
- 6) Ensuring that contracts of \$25,000 or more are not made to entities that are debarred or suspended. This is done by checking those entities at www.sam.gov and/or by certifying the entity is not debarred or suspended either by a special certification or by language in the contract itself. See subpart “5” below.

All purchases and procurements with Federal funds will be reasonable and necessary. The intent of these policies is to emphasize accountability, minimize organizational risk, and provide for efficient and effective approaches to delivery of quality services in a timely manner.

Purchases for professional services will additionally meet OMB cost principle requirements in 2 CFR § 200.459 regarding reasonableness, appropriateness, and other factors (restated in full in the green box at the end of this section). Federal restrictions, for example, establish that SCV Water officers and employees cannot serve as contractors paid with Federal funds.

Note regarding SCV Water adherence to 2 CFR § 200 micro-purchase and simple purchase thresholds: SCV Water will follow the maximum allowable thresholds for both micro-purchases (those up to \$10,000) and simple purchases (those up to \$250,000) when purchasing with Federal funds. SCV Water administration members believe the micro-purchase threshold of \$10,000 is adequately low to protect against risks, and that threshold is commonly selected by municipalities and government agencies. Regarding the use of a maximum simple purchase threshold, SCV Water’s general procurement standards in the Purchasing Policy for Santa Clarita Valley Water Agency provide adequate guidance for price comparison and risk protection. That means that a Federally funded purchase from \$10,001 to \$30,000 will have two simple documented price comparisons. For those from \$30,001 up to \$100,000 there will be a more formal process of price comparison and documentation, as per SCV Water Purchasing Policies. For those above \$100,000, there will be a rigorous competitive process and substantial documentation regarding the selection of a winning bidder. This is because purchases of \$100,000 or more follow formal SCV Water policies and processes which are similar to what 2 CFR § 200 refers to as a sealed bid or a competitive proposal process. Purchases above

\$250,001 will follow all rules in both SCV Water’s Purchasing Policies and in 2 CFR § 200.318 to 200.326.

4. PROCUREMENT AUTHORITY

It is the responsibility of SCV Water, through the approval, authority, and monitoring of the Board of Directors, to ensure the implementation of the policies and procedures in this section.

5. OMB COMPETITION REQUIREMENTS

The OMB Uniform Guidance includes specific provisions regarding conflict of interest and competition in procurement situations. These rules, summarized in the next two paragraphs state:

“No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.” (For additional guidance see OMB 200.318 below.)

“All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, **contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.**” (For additional guidance see OMB 200.319 below.)

Also see SCV Water’s Ethics and Business Conduct policies.

6. FULL TEXT OF OMB PROCUREMENT RELATED RULES

OMB Procurement Standards (from 2 CFR § 200.318 through 200.324, includes “professional service cost requirements” from 2 CFR § 200.459)

2 CFR § 200.318 General procurement standards.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of

monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.212 Suspension and debarment.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(j)(1) The non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

2 CFR § 200.319 Competition.

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process.

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(d) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

2 CFR § 200.320 Methods of procurement to be followed.

The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publicly advertised; is this for construction bids only?

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(2) Proposals must be solicited from an adequate number of qualified sources;

(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) [Reserved]

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

2 CFR § 200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

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

2 CFR § 200.322 Procurement of recovered materials.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with

maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

2 CFR § 200.323 Contract cost and price.

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

2 CFR § 200.324 Federal awarding agency or pass-through entity review.

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a “brand name” product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

2 CFR § 200.325 Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

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

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

2 CFR § 200.326 Contract provisions.

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

2 CFR § 200.459 Professional service costs.

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal government. In addition, legal and related services are limited under §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

(b) In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the non-Federal entity's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to Federal awards.

(4) The impact of Federal awards on the non-Federal entity's business (i.e., what new problems have arisen).

(5) Whether the proportion of Federal work to the non-Federal entity's total business is such as to influence the non-Federal entity in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal awards.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

(c) In addition to the factors in paragraph (b) of this section, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.

7. CHECKING FOR DEBARMENT AND SUSPENSION OF CONTRACTORS

SCV Water will comply with federal requirements detailed in 2 CFR 180 regarding debarment and suspension of contractors. Simply stated, this OMB circular prohibits contracting with debarred and suspended vendors when making "covered transactions" and requires SCV Water to check those contractors before entering into a contract. Covered transactions generally mean those that are 1) for goods or services of \$25,000 or more, 2) those that require federal agency consent, and 3) those for audit services.

SCV Water must meet this requirement, and perhaps the easiest way to do that is to check contractors at www.sam.gov and document the verification process. This website allows the

creation of PDFs that can be saved and printed for SCV Water's records. As is usually the case, "if it is not documented, it didn't happen," and other agencies have received audit findings for not checking even when the entity was not debarred or suspended. SCV Water can also confirm non-debarment and non-suspension by contract content and signature or by obtaining a certification from the potential contractor. This is the best method when the entity does not have an account at www.sam.gov. It is also a good practice, even when the entity has a clear account at that website. Another approach is to include contract language that has the contractor sign documentation confirming non-debarment and non-suspension status. Language can require that the contractor report any issuance of debarment or suspension should that occur.

2 CFR 180 is available linked below. This section takes a question and answer format.

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr180_main_02.tpl

Paraphrased from 2 CFR 180.300: What must I do before I enter into a covered transaction with another person or entity at the next lower tier (such as with a contract or subaward)?

When you enter into a covered transaction with another person or entity at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS (www.sam.gov); or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

8. CONTRACT CONTENT REQUIREMENTS

The Office of Management Budget Super Circular contains requirements for contracts in Appendix II. These requirements are summarized below, and this quick list can be used by SCV Water staff members to identify issues that must be addressed in a specific contract. The full content of 2 CFR § 200 Attachment II follows this quick list.

At a glance: summary of OMB required content in contracts

- A) Contracts in excess of \$250,000 must address **administrative, contractual, or legal remedies** in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate
- B) All contracts in excess of \$10,000 must address **termination for cause and for convenience** by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
- C) **Equal Employment Opportunity Employment** content is required in all contracts.

- D) **Davis Bacon Act requirements** apply to construction and renovation contracts of \$2,000 or more.
- E) **Contract work hours and safety standards** apply to all contracts in excess of \$100,000 that involve the employment of mechanics or laborers.
- F) **Rights to Inventions** content is required when applicable in contracts and "funding agreements."
- G) **Clean Air Act.** Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal contractor or subrecipient to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act
- H) **Debarment and Suspension** checking is required as per 2 CFR 180, which is summarized in this manual above. No inclusion in the contract is required, but SCV Water staff members must check contractors and document that procedure when spending \$25,000 or more.
- I) **Byrd Anti-Lobbying Amendment** (31 U.S.C. 1352) Contractors that apply or bid for an award exceeding \$100,000 must file the required certification
- J) **Procurement of recovered materials** See 2 CFR § 200.322

Following are the complete contract provision requirements from the OMB Super Circular:

Appendix II to 2 CFR § 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

- (A) Contracts for more than the simplified acquisition threshold currently set at [\$250,000], which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- (B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
- (C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and

implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

- (D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.
- (E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
- (F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
- (G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42

U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

- (H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- (I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- (J) See §200.322 Procurement of recovered materials.

APPENDICES

Appendix I: Procurement Tools

SCV Water Procurement Checklists and Analysis Tools

- Public Works
- General Purchases
- Consultants and Professional Services

Appendix II: Subrecipient Monitoring Toolkit

Appendix III: Inventory Tracking Form

Appendix IV: Federal Grant Reporting Forms

- Federal Financial Report
- Performance Progress Report (SF-ppr)

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APPENDIX I

PROCUREMENT TOOLS

Santa Clarita Valley Water Agency
Federal Procurement Checklist and Analysis Tool

Construction and Public Works Projects

For purchasing with federal and pass-through funds. To be used in conjunction with SCV Water's Purchasing Policy requirements. See the SCV Water Grant Management Policy and Procedures Manual for a more thorough discussion of Federal procurement requirements.

TYPE OF PURCHASE

- Micro-purchase:** Maximum OMB threshold allowed is \$10,000, *which is lower than SCV Water's \$30,000 threshold*. Price comparison and decision documentation not required.
- Simple purchase:** Purchases made with federal funds from \$10,001 to \$250,000 fall into this category. Adequate number of price comparisons. Decision documented. Follow SCV Water "Purchasing Policy," revised September 2019, for purchases of \$30,000 and up to \$250,000. Purchases from \$10,001 to \$30,000 will also require at least two documented price comparisons.
- Sealed bid:** Begins at \$250,001. Formal procurement approach, as per OMB rules. Standard method for construction. Low bidder wins. Advertised. See 2 CFR § 200.320 for all sealed bid requirements and checklist below.
- Competitive proposals:** Alternative to sealed bid beginning at \$250,001 when low price is not a desirable method. Formal procurement approach using price, qualifications, and other factors to determine the best decision. See 2 CFR § 200.320 for competitive proposal requirements and checklist below.
- Non-competitive proposal (aka sole source):** Used minimally, allowed for four specific reason stated in 2 CFR § 200.320. Must thoroughly document. Grantor approval highly advised. This formal procurement approach always requires cost price analysis, including profit negotiation, stated in 2 CFR § 200.323. See checklist below for additional requirements.

Note on architects and engineers: Rules in 200.320 on competitive proposals allow that "The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural and engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation."

Checklist of Federal requirements

- 1. Contracting with minority businesses, women's business enterprises, labor surplus area firms.** Were mandatory affirmative steps conducted? (See 2 CFR § 200.321 for six

steps; Los Angeles County Metropolitan Transportation Authority's has a DBE database that covers both Los Angeles and Ventura counties.) **YES NO**

2. **Is contract subject to federal procurement of recovered materials requirements?** (See 200.322) **YES NO** Were requirements followed? **YES NO**
3. **Was cost or price analysis conducted?** (Required for all purchases above "simple purchase" threshold of \$250,000 but may be required by SCV Water Purchasing Policies at lower amounts. See 2 CFR § 200.323, which states, "The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.") **YES NO**
4. **Is the procurement subject to federal agency or pass-through agency review?** (See 200.324 for circumstances when this is required.) **YES NO**
5. **Is contract subject to federal bonding requirements** (See 200.325) **YES NO** Were requirements followed? **YES NO**
6. **Does the contract include required contract provisions** as per Appendix II of the OMB Uniform Grant Guidance (2 CFR § 200)? Full text of Appendix II stated below. **YES NO**
7. **Is the project subject to the Davis Bacon Act**, which requires contractors and subcontractors to pay laborers and mechanics prevailing wages on federally funded construction and renovation projects? If Yes, SCV Water "must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation." The determination sheet can be downloaded at beta.sam.gov. **YES NO**
8. **Are California State Prevailing Wage Laws and Department of Industrial Relations processes in effect?** It is SCV Water's standard procurement policy that all public works projects are subject to these laws. In cases when both California Prevailing Wage Laws and Federal Davis Bacon Act requirements are in effect, SCV Water and contractors will need to check both State and Federal rates and benefits and use the higher rates. **YES NO**
9. **Must non-debarment and non-suspension checked?** This is done at sam.gov, through contract language, or by certification from the contractor. This is required for all contracts of \$25,000 or more, for those subject to Federal approval, and for all auditors. **YES NO**

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Santa Clarita Valley Water Agency
Federal Procurement Checklist and Analysis Tool

General Purchases

For purchasing with federal and pass-through funds. To be used in conjunction with SCV Water's Purchasing Policy requirements. See the SCV Water Grant Management Policy and Procedures Manual for a more thorough discussion of Federal procurement requirements.

TYPE OF PURCHASE

- Micro-purchase:** Maximum OMB threshold allowed is \$10,000, *which is lower than SCV Water's \$30,000 threshold.* Price comparison and decision documentation not required.

- Simple purchase:** For SCV Water, purchases made with federal funds from \$10,001 to \$250,000 fall into this category. Adequate number of price comparisons. Decision documented. Follow SCV Water "Purchasing Policy," revised September 2019, for purchases above \$30,000 and up to \$250,000. Purchase from \$10,001 to \$30,000 will also require at least two documented price comparisons.

- Sealed bid:** Begins at \$250,001 for SCV Water. Formal procurement approach, as per OMB rules. Standard method for construction. Low bidder wins. Advertised. See 2 CFR § 200.320 for all sealed bid requirements and checklist below.

- Competitive proposals:** Alternative to sealed bid beginning at \$250,001 when low price is not a desirable method. Formal procurement approach using price, qualifications, and other factors to determine the best decision. See 2 CFR § 200.320 for competitive proposal requirements and checklist below.

- Non-competitive proposal (aka sole source):** Used minimally, allowed for four specific reason stated in 2 CFR § 200.320. Must thoroughly document. Grantor approval highly advised. This formal procurement approach always requires cost price analysis, including profit negotiation, stated in 2 CFR § 200.323. See checklist below for additional requirements.

Checklist of Federal requirements

1. Contracting with minority businesses, women's business enterprises, labor surplus area firms. Were mandatory affirmative steps conducted? (See 2 CFR § 200.321 for six steps; Los Angeles County Metropolitan Transportation Authority's has a DBE database that covers both Los Angeles and Ventura counties.) **YES NO**

2. Was cost or price analysis conducted? (Required for all purchases above "simple purchase" threshold of \$250,000 but may be required by SCV Water Purchasing Policies at lower amounts. See 200.323, which states, "The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.") **YES NO**

3. Is the procurement subject to federal agency or pass-through agency review? (See 200.324 for circumstances when this is required.) **YES NO**

4. Does the contract include required contract provisions as per Appendix II of the OMB Uniform Grant Guidance (2 CFR § 200)? Full text of Appendix II stated below. **YES NO**

5. Must non-debarment and non-suspension checked? This is done at sam.gov, through contract language, or by certification from the contractor. This is required for all contracts of \$25,000 or more, for those subject to Federal approval, and for all auditors. **YES NO**

Santa Clarita Valley Water Agency

Federal Procurement Checklist and Analysis Tool

Consultants and Professional Services

For purchasing with federal and pass-through funds. To be used in conjunction with SCV Water's Purchasing Policy requirements. See the SCV Water Grant Management Policy and Procedure Manual for a more thorough discussion of Federal procurement requirements.

TYPE OF PURCHASE

- Micro-purchase:** Maximum OMB threshold allowed is \$10,000, *which is lower than SCV Water's \$30,000 threshold.* Price comparison and decision documentation not required.
- Simple purchase:** For SCV Water, purchases made with federal funds from \$10,001 to \$250,000 fall into this category. Adequate number of price comparisons. Decision documented. Follow SCV Water "Purchasing Policy," revised August 2019, for purchases above \$30,000 and up to \$250,000. Purchases from \$10,001 to \$30,000 will also require at least two documented price comparisons.
- Competitive proposals:** Alternative to sealed bid beginning at \$250,001 when low price is not a desirable method. Formal procurement approach using price, qualifications, and other factors to determine the best decision. See 2 CFR § 200.320 for competitive proposal requirements and checklist below.
- Non-competitive proposal (aka sole source):** Used minimally, allowed for four specific reason stated in 200.320. Must thoroughly document. Grantor approval highly advised. This formal procurement approach always requires cost price analysis, including profit negotiation, stated in 2 CFR § 200.323. See checklist below for additional requirements.

Note on architects and engineers: Rules in 2 CFR § 200.320 on competitive proposals allow that "The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural and engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation."

Checklist of Federal requirements

1. Contracting with minority businesses, women's business enterprises, labor surplus area firms. Were mandatory affirmative steps conducted? (See 2 CFR § 200.321 for six steps; Los Angeles County Metropolitan Transportation Authority's has a DBE database that covers both Los Angeles and Ventura counties.) **YES NO**

2. Was cost or price analysis conducted? (Required for all purchases above "simple purchase" threshold of \$250,000, but may be required by SCV Water Purchasing Policies at lower amounts. See 2 CFR § 200.323, which states, "The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.") **YES NO**

3. Is the procurement subject to federal agency or pass-through agency review? (See 2 CFR § 200.324 for circumstances when this is required.) **YES NO**

4. Does the contract include required contract provisions as per Appendix II of the OMB Uniform Grant Guidance (2 CFR § 200)? Full text of Appendix II stated below. **YES NO**

5. Must non-debarment and non-suspension checked? This is done at sam.gov, through contract language, or by certification from the contractor. This is required for all contracts of \$25,000 or more, for those subject to Federal approval, and for all auditors. **YES NO**

APPENDIX II

SUBRECIPIENT MONITORING TOOLKIT

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Subrecipient Monitoring Tool Kit

Tools and content in this appendix can be used to ensure compliance with 2 CFR § 200 subrecipient monitoring requirements. There are three sections that relate directly to that topic:

200.330: Subrecipient and contractor determinations.

200.331: Requirements for pass-through entities.

200.332: Fixed amount subawards.

Other sections of 2 CFR § 200 also refer to subawards, subrecipients, and pass-through grants. Perhaps the best method to achieve full compliance is to sort requirements into five categories that pass-through entities must meet:

- 1) Correctly **identify subrecipients versus contractors**
- 2) Conduct a **risk assessment of the subrecipient** to identify and address any management challenges
- 3) Use an adequate **subrecipient agreement** that addresses all OMB requirements
- 4) Meet all **reporting requirements**, including:
 - a. Specific information that needs to be reported to the subrecipient
 - b. Federal reporting at ftrs.gov for all first-tier subawards of \$25,000 or more
 - c. All other reporting requirements imposed by a federal Grantor
- 5) **Monitor the subaward** adequately, which best practice procedures described in this appendix suggest happens by,
 - a. Conducting a kick-off review that assesses, and when needed addresses, subrecipient policies and practices
 - b. Establishing a common understanding on acceptable financial and program tracking and documentation
 - c. Implementing a “wind-down” process to ensure costs and activities are appropriately considered and completed at the time of subaward closeout

This approach can also be used for State of California subrecipient monitoring requirements, although the State does not have extensive requirements for this function. SCV Water will determine the best approach on a given State subaward.

1) Identify subrecipients versus contractors: The tool on the next page contains content from 2 CFR § 200.330 “Subrecipient and contractor determinations.” It allows users to analyze the situation to determine which category is correct for an entity that will be paid with grant federal funds. When in doubt, it is best to treat an entity as a subrecipient rather than a contractor.

Subrecipients generally are reimbursed only for actual expenses and,

- Are subject to audits of all costs and grant records, including a Federal Single Audit for those that spend more than \$750,000 in federal funds per fiscal year of the subrecipient
- Do not have to be competitively selected, although many state entities will conduct competitive proposal submission processes to determine which entities receive subawards

Contractors enjoy profits and,

- Must be selected only through appropriate procurement processes of the entity procuring the contractor (micro-purchase, small purchase, sealed bid, competitive proposals, sole source)
- Are not subject to Federal Single Audits and related concepts and are instead evaluated by the contract
- Are generally allowed only for the purchase of goods and services, not programs

Is it a subaward or a contract?

- Contracts** are subject to procurement requirements, involving price comparison or bids if above set thresholds.
- Subrecipients** can be engaged without competition, but expenditures are subject to Federal Single Audit rules in 2 CFR § 200.

Summarized from 2 CFR § 200.330:

Subrecipient and contractor determinations.

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal agencies and pass-through entities. A pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

- (a) *Subrecipients.* A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics supporting the classification as a subrecipient include when the entity:
 - (1) Determines who is eligible to receive what Federal assistance;
 - (2) Has its performance measured in relation to whether objectives of a Federal program were met;
 - (3) Has responsibility for programmatic decision making;
 - (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.
- (b) *Contractors.* A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship are when the contractor:
 - (1) Provides the goods and services within normal business operations;
 - (2) Provides similar goods or services to many different purchasers;
 - (3) Normally operates in a competitive environment;
 - (4) Provides goods or services that are ancillary to the operation of the Federal program; and
 - (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Risk assessment of the subrecipient

A written risk assessment of subrecipients is required, and the content in the green box below shows the 2 CFR § 200 text that establishes this requirement. Following that are two versions of documented risk assessments, one short, and the other much more extensive. SCV Water Agency will use the short version only for subrecipients receiving up to \$10,000.

From 2 CFR § 200.331 Requirements for pass-through entities

...

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

Santa Clarita Valley Water Agency

Subaward Risk Assessment Questionnaire **(subawards \$10,000 or less)**

Subrecipient applicant:

DUNS # (this will be a SAMMI at some point in the future):

Federal grant department awarding to SCV Water:

Subaward project title or other ID:

Federal CFDA #:

FAIN (federal award identification number):

1. Is the subrecipient debarred or suspended? Yes / No
2. Is the subrecipient project director or PI presently debarred or suspended? Yes / No
3. Does the subrecipient show delinquent federal debt at sam.gov? Yes / No
4. Does the subrecipient have a conflict of interest policy? Yes / No
5. Does the subrecipient have an acceptable accounting system to track awards and subawards separately and distinctly? Yes / No
6. Does subrecipient have an acceptable procurement system that meets 2 CFR § 200?
Yes / No
7. Has the subrecipient completed audits under 2 CFR § 200, if required? Yes / No
(This audit is required of entities that spends \$750,000 or more federal funds in a fiscal year.)
8. Does the subrecipient have a negotiated or valid indirect cost rate? Yes / No
The approved rate at the time this form was completed was:
9. Is there a potential conflict of interest? Yes / No
10. Is a cost share required? Yes / No
The required cost share amount or percentage is: ___ percent
11. Does the subrecipient have experience receiving similar awards? Yes / No
- 12: Have risks regarding questions in this form or other risks been identified? Yes / No
(If yes, an attachment must explain the reasons, risks, and a suggested approach to removing or minimizing those risks.)

Santa Clarita Valley Water Agency
Subaward Risk Assessment Questionnaire
(subawards over \$10,000)

Risk Assessment and Policy and Procedure Improvement Tool

Name of organization: _____

Document answers prepared and verified by: _____

Date: _____

Signature of authorized representative: _____

Date: _____

1) General accounting requirement and checklist description:

Fiscal agents receiving federal funds should follow Generally Accepted Accounting Principles (GAAP) of the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

This Risk assessment and Policy Improvement Tool confirms requirements including those from the federal Office of Management and Budget Uniform Grant Guidelines (2 CFR § 200), which can be accessed and analyzed at the website below:

https://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

2) Required identifying numbers:

Address all boxes with Yes or No:

YES NO

1. Possesses a Federal Employer Identification Number (FEIN) or Employer Identification Number (EIN).

FEIN or EIN is: _____

2. Possesses a Dun and Bradstreet DUNS Number (A DUNS number is a nine-digit identifier for businesses, used to establish a business credit file, which is often referenced by lenders, potential business partners and the federal government to help predict the reliability and/or financial stability of the business.)

DUNS is: _____

2) 2 CFR § 200 requirements of fiscal agents:

To comply with federal regulations (2 CFR §200.300- §200.345) fiscal agents must have the following written policies:

YES NO

- 1. Tracks awards separately and establishes fund controls and accountability, including procedures for determining the allowability of costs under the terms and conditions of the award.

- 2. Has a system of checks and balances that meets the following:
 - a. There are two signatures on checks above \$25,000.00.
 - b. Amounts below the two-signature threshold or not otherwise paid by two-signature check are analyzed and accounted for by at least two administrative level individuals.
 - c. All award and subaward reimbursement or drawdowns have at least two administrative level individuals involved in the transaction.
 - d. The administrator issuing invoices is not the same administrator who approves them and/or receives payment for them.
 - e. All income transactions other than grant income or invoiced income (such as cash contributions at events, donation checks mailed to the organization, other income) have at least two administrators monitoring the receipt of funds and the coordination and documentation process (along with a full accounting for the funds within the organization's financial records).

- 3. Has at its governing board level approved a procurement policy that establishes standards and controls for the purchase of all goods and services and that sets the organization's micro-purchase and simple purchase thresholds.
 - a. Micro-purchase threshold: _____.
 - b. Simple purchase threshold: _____.

- 4. Has in its procurement policy conflict of interest requirements governing the actions of employees, contractors and board members who engage in the selection, award, and administration of contracts or allocation of funds or resources to project participants and that provides "for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity." (2 CFR § 200.318(c)).

- 5. Ensures non-debarment and non-suspension is checked for all required transactions, such as those above \$25,000 (for example, ensured by a documented search at www.sam.gov or by certification of the contractor or subrecipient).

- 6. Has either a travel policy that establishes reasonable costs for travel reimbursement or uses the default system codified in 2 CFR § 200.474, including the use of General Services Administration per diem rates for maximum lodging and subsistence per diem.
 - a. Organization has its own policy or uses a State approved system.
 - b. Uses the OMB 200.474 default system, including GSA per diem rates.

- 7. Has a compensation and fringe benefit policy if federal funds are used for compensation and fringe benefits.
- 8. Has a documented indirect cost rate development analysis or federally approved rate if an indirect cost rate other than the de minimis 10 percent is used. (Note, the de minimis rate, which is 10 percent of Modified Total Direct Costs defined in 200.68, is allowed only for organization's that have never had a federally approved rate.)

The approved or eligible rate is: _____

3. Administrative requirements:

YES NO

- 1. Uses a computerized accounting program.
- 2. Maintains accounting, bank records, and checks in a secure manner, for example kept under lock and key, accessible only by designated personnel, and/or digitized and stored electronically in a secured location
- 3. Maintains accounting software on a secure stand-alone computer or secure network.
- 4. Maintains separate accounting records and reports for each federal, state, foundation, and corporate grant award and subaward.
- 5. Issues payments to contractors within no more than 30 business days of invoice and, in emergency situations, can issue payment via check or credit card within one to two business days.
- 6. Follows IRS, Department of Labor, and State of California laws regarding the employment of individuals, including:
 - a. Coordinating employer FICA payments and employee withholdings,
 - b. Providing workers compensation insurance in accordance with State of California laws,
 - c. Complying with State unemployment insurance requirements.
 - d. Correctly navigating IRS and DOL laws regarding the identification of employee versus contractor status.
- 7. Complies with the IRS's requirements to file a federal 1099-MISC form for payments to independent contractors or unincorporated businesses totaling \$600 or more.
- 8. Conducts an annual audit in accordance with Generally Accepted Auditing Principles for the most recent annual accounting period. Has required audits performed by certified public accountants (CPAs). Shows evidence of implementation of a corrective action plan if there are audit findings.
- 9. Is required to conduct a Federal Single Audit as per 2 CFR § 200.

- N/A a. If yes, has conducted required Federal Single Audits in each of the past three years. (Note: Organizations receiving federal funds in excess of \$750,000 are responsible for performing a “single audit” as required under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F (2 CFR §200.500-512). Audits must be performed by certified public accountants (CPAs).)
- 10. Employs staff and contractors, where applicable, with the appropriate experience, education and/or certifications or licenses to perform necessary accounting and supervision of accounting activities. Employs sufficient staff to ensure internal controls for the receipt, approval, preparation and issuing of vendor payments and reimbursements.
- 11. Provides sufficient staff coverage for business purposes, defined as staff available on at least a part-time (20 hour) basis during regular business hours (8 am. to 5 pm., Monday-Friday), and has firmly established, published office hours, such as those pasted on the organization’s website.
- 12. Retains records for at least three years beyond the end of the grant period as required by 2 CFR § 200.

4. High risk status, receivership, debarment and suspension requirements:

YES NO

- 1. Is the program for which federal funds will be used in “high risk status” or in “receivership status?” (This would have required a federal agency to issue that status.)
- 2. Is the organization debarred or suspended by any federal agency and/or at www.sam.gov?
- 3. Is the project director any key employee or contractor working on the project debarred or suspended by a federal agency and/or at www.sam.gov?

If yes to any item from 4.1 through 4.3, please explain in the space below the reason for the issuance, the federal agency that issued, and the time period for the issuance:

15. Open office hours for the organization are generally conducted as follows on a weekly basis:

Sun. _____ to _____
 Mon. _____ to _____
 Tues. _____ to _____
 Wed. _____ to _____
 Thurs. _____ to _____
 Fri. _____ to _____
 Sat. _____ to _____

Note on attachments that may be required:

For each requirement your organization does not meet, please provide an explanation in writing in an attachment. In some cases, it may be necessary to outline a plan and timetable for compliance and attach it to this document. SCV Water may establish an accommodation plan to any such issue or federal agency issuance of high-risk status.

3) Use an adequate subrecipient agreement

Most entities will use an in-house or contracted attorney to create a blueprint that is used for subaward agreements. Rather than try to identify all of the items a good attorney may include in such a blueprint, we will instead identify some of the items that are clearly required in 2 CFR § 200, both in the 200.331 section on “requirement for pass-through entities” and elsewhere, especially in Appendix II, on “Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.”

Like all subaward agreements and contracts, who can sign and what is being signed to should be thoroughly discussed and established. To meet specific federal requirements, subaward agreements:

- 1) Must be clearly identified as a subaward agreement (versus a contract) and include 13 specific information items that must be reported to the subrecipient. (See the tool on the next two pages for a list of the information items.)
- 2) Should, unless it is a “fixed price subaward” described below, include,
 - a. A scope or work or equivalent that includes performance metrics, such as process objectives, activities, outputs, and outcomes
 - b. A budget or equivalent that clearly identifies costs that will be covered through the subaward (this usually means line items and narrative descriptions for each, although in some cases the budget can be quite simple)
 - c. Content that covers items listed in 2 CFR § 200 Appendix II on “Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.” Contracts of \$10,000 or more “must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.” A clause that meets the “for convenience” requirement may state, “Either party can terminate this subaward agreement with 30 days’ notice, with reasonable costs generally covered under the agreement also allowed during that ending period.”
- 3) Should identify reporting requirements (such as report frequency and format of reports, which usually include a project report and a financial report)
- 4) Must require the subrecipient to perform a required Federal Single Audits, which comes into play for all entities that spend \$750,000 or more of federal funds in a fiscal year. (This requirement can be met in other ways, but making it a term of the subaward agreement is perhaps the best method to ensure this requirement of pass-through entities is met.)
- 5) Should establish that the subrecipient will check non-debarment and non-suspension for all contractors to be paid \$25,000 or more.

2 CFR § 200.332 Fixed amount subawards.

With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.

2 CFR § 200.331 requires a pass-through entity to provide specific information items to subrecipients on each subaward. This form can be used to meet that requirement. If reporting this information is to be done in subaward agreement, this list can instead be used to analyze existing subrecipient agreement templates. (Note: some wording in this was changed from that in 200.331 to aid clarity and understanding. The actual wording is included in the green box below this form.)

- 1) Federal Award Identification, such as available items listed below:
 - o Federal identifier: _____
 - o Funding Opportunity Number: _____
- 2) Subrecipient name (which must match the name associated with its unique entity identifier):

- 3) Subrecipient's unique entity identifier (DUNS number from sam.gov):

- 4) Federal Award Identification Number (FAIN is the same as that received by the pass-through entity):

- 5) Date awarded to the pass-through recipient by the Federal agency (see §200.39 Federal award date):

- 6) Subaward Period of Performance Start _____ and End Date _____
- 7) Total amount obligated by pass-through entity for this grant subaward: _____
- 8) Incremental amount being reported now (for example, if we have a three-year obligation but with annual approvals and provided in annual increments, then we report the annual increment here and the total above.):

- 9) Total amount of Federal Funds obligated to this subrecipient during the current fiscal year:

- 10) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA):

- 11) Name of Federal awarding agency _____; pass-through entity
_____, and contact information for awarding official of the

pass-through entity:

- 12) CFDA Number and Name of the grant: _____
- 13) Identification of whether the subaward is for research and development. Yes No
- 14) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs):
- _____

2 CFR § 200.331

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

(vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;

(viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

(xii) Identification of whether the award is R&D; and

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

5) Monitor the subaward adequately

OMB is somewhat general about this topic, but common sense allows us to develop a logical approach that meets the stated requirements in the green box directly below.

From 2 CFR § 200.331 Requirements for pass-through entities

All pass-through entities must:

...

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

There are many ways to meet these requirements to “monitor activities” and “review financial and performance reports.” Ideas below represent some of the author opinions on best practices to implement a subrecipient monitoring system that works well both for the pass-through entity and for the subrecipient. These approaches and concepts focus on compliance with 2 CFR § 200 requirements, and as such, are in the best interest of federal agencies and the tax paying public.

- 1) Establish a subaward monitoring system that is designed to prevent mistakes and errors rather than to catch and penalize the subrecipient for those. This can perhaps best be done if pass-through entities:
 - a. **Conduct a “kickoff site visit”** in which the pass-through program officer and an authorized subrecipient representative review and discuss:
 - i. Reporting requirements, dates, formats of reports
 - ii. Program performance (both in terms of objectives and outcomes), including what information will be collected and reported, and any test or survey instruments that will be employed in assessment or developed for that purpose
 - iii. Financial issues, including what costs are allowed, how those will be documented and tracked in financial files and financial tracking software, how money will be drawn down (reimbursement versus allowance for any early drawdowns), and the documentation that will be required to establish allowability of those drawn down funds, such as receipts, procurement documents, time sheets, and expense allocation forms
 - iv. Whether the subrecipient meets other standard federal requirements, such as whether it has adequate procurement policies, how it tracks and reports employee time, how it addresses conflict of interest, and other required practices (a thorough checklist is provided after this page that extensively covers this)

- v. Any additional requirements imposed through the subaward agreement or through standardized policies of the state agency, and which the subrecipient has agreed to in the grant application process or by signing the subaward agreement.
- b. **Maintain regular monitoring activities**, such as those conducted through quarterly, semi-annual, or yearly reports. Larger subawards especially may be assigned one or more site visit or desk review during the program.
- c. **Conduct a “wind down” process** during which the pass-through and the subrecipient identify, discuss, and develop solutions for any program, financial, or closeout issues that needs to be addressed by the end date of the subaward. This may be done through a site visit, a desk review, or even through adequate communication by phone and email. Addressing issues when a grant is open is usually straight forward, whereas that is much more difficult when the grant award period has closed. Below are some questions that may help identify issues during the wind down period:
 - i. Will there be unspent funds?
 - ii. Are all costs billed in past cycles appropriate, and is there any need to adjust or address expenses from past cycles?
 - iii. Are personnel costs billed to the grant correctly allocated and documented? This is especially important when the subrecipient was following OMB's allowed method to follow the budget for interim periods and then balance out the actual costs for personnel based on actual work, which is usually recorded in time sheets.
 - iv. Will the grant objectives and outcomes be met by the end of the grant period? (In some cases a no-cost extension can solve a problem, which should be discussed with the grantor with six months remaining in the grant rather than in the final month).

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SCV Water: Subrecipient Monitoring Check List

Topic Area	Yes	No	N/A	Recommendations Comments
A. PROGRAM OPERATION				
1. Were project objectives attained in this grant period?				
2. Is the project progressing on schedule?				
3. Is the grant likely to need an extension?				
4. Is the project operating as described in the application?				
5. Have there been a change in key personnel or contacts?				
6. Do reports adequately describe project activities?				
7. Is data provided to support project outcomes?				
8. Do financial activities involve internal controls and segregation of duties?				
9. Is subrecipient involved in lobbying or political activities?				
10. Is the sub-recipient in good standing with previous awards?				
12. Have all conditions of the award been met or followed?				
13. Is there evidence of changes in project scope?				
B. BUDGET				
1. Does financial activity appear to meet the budget line items?				
2. Have budget adjustments been needed?				
3. Is supporting documentation adequate for expenses?				
4. Are match requirements being met?				
a. Can grantee provide clear documentation?				
b. Are the sources of the match allowable?				
5. Is there program income?				
6. Is there evidence of supplanting? (Not always prohibited)				
7. Is there a budget variance greater than 10% per category?				
8. Are grant funds routinely requested to meet obligations?				
9. Are bank reconciliations performed monthly?				
10. Is value of in-kind contributions supported by documentation.				
C. Personnel				
1. Are job descriptions adequate?				
2. Are time sheets maintained for grant employees?				

3. Are employees billed to the grant for non-grant work?				
4. Are hiring processes adequate, and are they followed when hiring grant personnel?				
D. Travel				
1. Is travel documented adequately?				
2. Is mileage reimbursement paid at the IRS rate or less?				
3. Are costs billed to travel solely for grant related work?				
E. Supplies/Operating Expenses				
1. Have supplies been purchased according to budget and agency policies?				
2. Are operating costs billed to the award (such as for rent, phone, or other expenses) allocated and billed properly?				
F. Equipment				
1. Has equipment purchased been approved?				
2. Was competitive bidding correctly used to obtain equipment?				
3. Is equipment being used appropriately?				
4. Does grantee have inventory records on file?				
5. Does agency have physical inventory control procedures?				
G. Reports				
1. Are required reports on file?				
a. Financial Report				
b. Progress Report				
c. Special Report				
d. Annual Progress Report				
2. Have reports been on time?				
3. Is content in reports adequate?				
4. Have reports identified issues that must be addressed?				
H. Professional/ Contractual Services				
1. Have all contracts received required pass-through approval?				
2. Does contract outline work to be performed, and does it comply with program objectives?				
3. Was RFP and list of bidders adequate?				
4. Was competitive bidding used to obtain contract(s)?				
5. If <i>Sole Source</i> used, and if yes is justification or approval on file?				
6. Are contractors monitored adequately, and is the contractor making regular and accurate billings?				
I. Federal Regulations				
1. Is an Equal Employment Opportunity Plan, if required, in place?				

2. Does agency have a policy on how to handle discrimination complaints from employees and agency beneficiaries?				
3. Have there been discrimination complaints within the past three years?				
4. Is sub-recipient or key personnel or contractors working on the grant suspended/debarred from participation?				
5. Does subrecipient maintain a drug-free workplace?				

K. SUMMARY INFORMATION

Grants Manager's Assessment of Project, including Strengths, Problem Areas and Recommendations:

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APPENDIX III

INVENTORY TRACKING FORM

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Santa Clarita Valley Water Agency

Annual Inventory Tracking Form

Prepared to comply with requirements in 2 CFR § 200.313, "Equipment." Must be prepared at least once per year for equipment items purchased with federal funds that are still worth more than \$5,000.

Equipment is defined both by 2 CFR § 200 rules and SCV Water policies as any single item with a purchase price of more than \$5,000 that still has at least that value. These items must be tracked through this inventory process during and after the completion of the Federal grant or subaward.

Date: _____ **Prepared by** _____

Signature _____

Item 1

ID or Serial Number _____ Total cost at purchase _____

Purchase month and year _____ Grant funded amount and % _____

Grant name and CFDA # _____ Who holds title: _____

Source of funding (including FAIN) _____

Total remaining life of item in years _____ Current value _____

Was the item disposed of this year? Yes No

Item description, current use, and physical location of item:

Item 2

ID or Serial Number _____ Total cost at purchase _____

Purchase month and year _____ Grant funded amount and % _____

Grant name and CFDA # _____ Who holds title: _____

Source of funding (including FAIN) _____

Total remaining life of item in years _____ Current value _____

Was the item disposed of this year? Yes No

Item description, current use, and physical location of item:

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APPENDIX IV

FEDERAL GRANT TRACKING FORMS

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)				Page	1	of	
pages									
3. Recipient Organization (Name and complete address including Zip code)									
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)			6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual			
8. Project/Grant Period From: (Month, Day, Year)				To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)			
10. Transactions						Cumulative			
<i>(Use lines a-c for single or multiple grant reporting)</i>									
Federal Cash (To report multiple grants, also use FFR Attachment):									
a. Cash Receipts									
b. Cash Disbursements									
c. Cash on Hand (line a minus b)						0.00			
<i>(Use lines d-o for single grant reporting)</i>									
Federal Expenditures and Unobligated Balance:									
d. Total Federal funds authorized									
e. Federal share of expenditures									
f. Federal share of unliquidated obligations									
g. Total Federal share (sum of lines e and f)						0.00			
h. Unobligated balance of Federal funds (line d minus g)						0.00			
Recipient Share:									
i. Total recipient share required									
j. Recipient share of expenditures									
k. Remaining recipient share to be provided (line i minus j)						0.00			
Program Income:									
l. Total Federal program income earned									
m. Program income expended in accordance with the deduction alternative									
n. Program income expended in accordance with the addition alternative									
o. Unexpended program income (line l minus line m or line n)						0.00			
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share		
g. Totals:									
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:									
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)									
a. Typed or Printed Name and Title of Authorized Certifying Official					c. Telephone (Area code, number and extension)				
					d. Email address				
b. Signature of Authorized Certifying Official					e. Date Report Submitted (Month, Day, Year)				
14. Agency use only:									

Standard Form 425.OMB Approval Number: 0348-0061

PERFORMANCE PROGRESS REPORT (SF-PPR)

		P a	o f
1. Federal Agency and Organization Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency	
		3a. DUNS Number	
		3b. EIN	
4. Recipient Organization (Name and complete address including zip code)		5. Recipient Identifying Number or Account Number	
		<input type="checkbox"/>	
6. Project/Grant Period Start Date: (Month, Day, Year) End Date: (Month, Day, Year)		7. Reporting Period End Date (Month, Day, Year)	8. Final Report? <input type="checkbox"/>
			9. Report Frequency <input type="checkbox"/> <input checked="" type="checkbox"/> annual <input type="checkbox"/> semi-annual <input type="checkbox"/> quarterly <input type="checkbox"/> other (If other, describe: _____)
10. Performance Narrative <i>(attach performance narrative as instructed by the awarding Federal Agency)</i>			
11. Other Attachments <i>(attach other documents as needed or as instructed by the awarding Federal Agency)</i>			
12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.			
12a. Typed or Printed Name and Title of Authorized Certifying Official		12c. Telephone (area code, number and extension)	
		12d. Email Address	
12b. Signature of Authorized Certifying Official		12e. Date Report Submitted (Month, Day, Year)	
		13. Agency use only	

SF-PPR, OMB Approval Number: 0970-0334

Performance Progress Report (PPR) Instructions

The *Performance Progress Report (PPR)* is a standard, government-wide performance progress reporting format used by Federal agencies to collect performance information from recipients of Federal funds awarded under all Federal programs that exceed \$100,000 or more per project/grant period, excluding those that support research. General instructions for completing the *PPR* are contained below. For further instructions on completing the *PPR*, please contact the agency's points of contact specified in the "Agency Contacts" section of your award document.

Report Submissions

1. The recipient must submit the *PPR* cover page and any of the forms (*PPR A-F*), which the Federal agency requires, as specified in the award terms and conditions.
2. The *PPR* must be submitted to the attention of the agency's points of contact specified in the "Agency Contacts" section of the award document in accordance with the requirements established in the award document.
3. If additional space is needed to support the *PPR*, supplemental pages should be attached. The additional pages must indicate the following at the top of each page: Federal Grant or other Identifying Award Number, Recipient Organization, DUNS Number, EIN, and period covered by the Report. Page numbers should be used if a particular page is used more than once.

Chapter B Reporting Requirements

1. All recipients of grants or cooperative agreements awarded under all Federal programs that exceed \$100,000 or more per project/grant period, excluding those that support research, are required to submit a *PPR* in accordance with the terms established in the award document.
2. The *PPR* must be submitted at least once yearly, on a quarterly, semi-annual, or annual basis, as directed by the awarding Federal agency in the award document. A final *PPR* shall be required at the completion of the award agreement.
3. For interim *PPRs*, the following reporting period end dates shall be used: 3/31; 6/30; 9/30; and or 12/31. For final *PPRs*, the reporting period end date shall be the end date of the project/grant period.

4. The frequency of required reporting is stated in the solicitation and award documents. Interim *PPRs* are due not later than 45 days after the end of each reporting period. Final *PPRs* are due not later than 90 days after the end of the reporting period end date.

Performance Progress Report		
Item	Data Elements	Line Item Instructions for SF-PPR
1	Awarding Federal agency and Organizational Element to Which Report is Submitted	Enter the name of the awarding Federal agency and organizational element identified in the award document or otherwise instructed by the agency. The organizational element is a sub-agency within an awarding Federal agency.
2	Federal Grant or Other Identifying Number Assigned by the awarding Federal agency	Enter the grant/award number contained in the award document.
3a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
3b	EIN	Enter the recipient organization's Employer Identification Number (EIN) provided by the Internal Revenue Service.
4	Recipient Organization	Enter the name of recipient organization and address, including zip code.
5	Recipient Account Number or Account Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is strictly for the recipient's use only and is not required by the awarding Federal agency.
6	Project/Grant Period	Indicate the project/grant period established in the award document during which Federal sponsorship begins and ends. Note: Some agencies award multi-year grants for a project/grant period (e.g., 5 years) that are funded in increments known as budget periods or funding periods. These are typically annual increments. Please enter the project/grant period, not the budget period or funding period.
7	Reporting Period End Date	Enter the ending date of the reporting period. For quarterly, semi-annual, and annual reports, the following calendar quarter reporting period end dates shall be used: 3/31; 6/30; 9/30; and or 12/31. For final PPRs, the reporting period end date shall be the end date of the project/grant period. The frequency of required reporting is usually established in the award document.
8	Final Report	Mark appropriate box. Check "yes" only if this is the final report for the project/grant period specified in Box 6.
9	Report or Frequency	Select the appropriate term corresponding to the requirements contained in the award document. "Other" may be used when more frequent reporting is required for high-risk grantees, as specified in OMB Circular A-110.
10	Performance Narrative	Attach performance narrative as instructed by the awarding Federal agency.
11	Other Attachments	Attach other documents as needed or as instructed by the awarding Federal agency.

Performance Progress Report		
Item	Data Elements	Line Item Instructions for SF-PPR
Remarks, Certification, and Agency Use Only		
12a	Typed or Printed Name and Title of Authorized Certifying Representative	Authorized certifying official of the recipient.
12b	Signature of Authorized Certifying Official	Original signature of the recipient's authorizing official.
12c	Telephone (area code, number and extension)	Enter authorized official's telephone number.
12d	Email Address	Enter authorized official's email address.
12e	Date Report Submitted (Month, Day, Year)	Enter date submitted to the awarding Federal agency. Note: Report must be received by the awarding Federal agency no later than 90 days after the end of the reporting period.
13	Agency Use Only	This section is reserved for the awarding Federal agency use.

Chapter C Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 0970-0334. The time required to complete this information collection is estimated to average twenty-six (26) minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. **If you have suggestions about the accuracy of the estimate, we would be happy to hear from you.** You can e-mail us at infocollection@acf.hhs.gov.

RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
ADOPTING THE SANTA CLARITA VALLEY WATER AGENCY GRANT
MANAGEMENT POLICIES AND PROCEDURES MANUAL**

WHEREAS, the Santa Clarita Valley Water Agency (Agency) has received and currently manages grant funding from the State of California on planning and capital improvement projects, and

WHEREAS, the Agency, as Grantee, manages several Integrated Regional Water Management Grants under which there are subgrantees entities; and

WHEREAS, the Agency plans to pursue grant funding from state and federal funding sources for planning and construction of additional capital improvement projects and other projects; and

WHEREAS, state and federal funders administer grants under different policies, rules and regulations (grant administration requirements); and

WHEREAS, state and federal grant administration requirements may differ from each other and from the Agency's policies and procedures; and

WHEREAS, there are significant negative consequences for failing to meet grant administration requirements; and

WHEREAS, a grant consultant was engaged to create a Grant Management Policies and Procedures Manual to assist and advise Agency staff regarding compliance with state and federal grant administration requirements; and

WHEREAS, the Grant Management Policies and Procedures Manual has been reviewed by staff and peer reviewed by a second grant consultant; and

WHEREAS, federal and state grant administration requirements may change from time to time as guiding documents are revised, necessitating updates to the Grant Policy and Procedures Manual.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Santa Clarita Valley Water Agency adopts the attached Santa Clarita Valley Water Agency Grant Management Policies and Procedures Manual.

RESOLVED FURTHER, that the Santa Clarita Valley Water Agency Grant Management Policy and Procedures Manual shall be reviewed and updated at least every two years to ensure compliance with updates to state and federal grant guidance documents.

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BOARD MEMORANDUM

DATE: August 4, 2020

TO: Board of Directors

FROM: Rick Viergutz *RDV*
Principal Water Resource Planner

SUBJECT: Approve Appointments of the SCV-GSA Board of Directors and Alternate Directors for the 2021-2023 Term

DISCUSSION

The SCV-GSA Joint Power Agreement (JPA) was executed by member agencies in September 2018. Upon execution of the JPA, the six individuals who were appointed to the SCV-GSA pursuant to the MOU became the initial Directors.

The JPA requires SCV Water appoint SCV-GSA Directors and Alternate Directors to serve for a two-year term. The term for the existing SCV-GSA Directors and Alternate Directors named in the table below will expire on September 27, 2020. The JPA Agreement allows the SCV Water Board of Directors to reappoint or change its appointed Directors at any time.

Current SCV-GSA Appointed Directors and Alternate Directors	
Directors	Alternate Directors
B.J Atkins	Jerry Gladbach
Bill Cooper	R.J. Kelly
Maria Gutzeit	Matt Stone
Gary Martin	

Board action is required to reappoint or change its appointed Directors and alternate Directors to the SCV-GSA Board.

FINANCIAL CONSIDERATIONS

None at this time.

RECOMMENDATION

Staff recommends the Board of Directors reappoint or change its appointed Directors and alternate Directors to the SCV-GSA and provide a written notice signed by an authorized representative of SCV Water to the SCV-GSA Board by September 27, 2020.

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BOARD MEMORANDUM

DATE: August 7, 2020

TO: Board of Directors

FROM: Mike Alvord *MA*
Director of Operations & Maintenance

SUBJECT: Approve Purchase of a Liquid Chromatography Tandem Mass Spectrometer

SUMMARY

In order to perform analysis for per- and polyfluoroalkyl substances (PFAS) in drinking water by EPA Method 537.1, the laboratory will need to purchase a Liquid Chromatography Tandem Mass Spectrometer (LCMSMS), as required by the EPA method.

DISCUSSION

Staff obtained quotations from three manufacturers for several different instruments. Each of the LCMSMS instruments manufactured by these three companies would meet the method requirements, detection limits, and sample throughput needs of the Agency's Water Quality Laboratory. All three of the manufacturers provided detailed specifications, presentations, or instrument demonstrations, which clearly showed that each of their instruments would be suitable for analysis of drinking water by EPA Method 537.1, which contains the requirements for instrument performance for the analysis. Each proposal also includes the necessary support equipment, computer hardware and software, autosampler, and onsite training.

Agilent and SCIEX also manufactures a more sensitive instrument, which would allow for future lower detection requirements, as well as additional analytes beyond the EPA 537.1 list.

The following table provides a summary of the quotations:

Manufacturer	Agilent Ultivo	SCIEX 4500	Waters TQ-S
Price	\$451,165	\$299,205	\$306,229

Manufacturer	Agilent 6470	SCIEX 5500+	
Price	\$481,416	\$358,794	

Laboratory and Operations staff are recommending the purchase of the SCIEX 5500+ LCMSMS equipment to run PFAS sample analysis in the SCV Water laboratory based on the information collected and presented below. Current contract laboratory costs are \$300 per analysis if there is no detection and \$600 if there is a detection. The additional \$300 per sample is for a field blank. While these costs will likely decrease as more laboratories become certified and there is more competition, the expected number of samples SCV Water will be required to collect and have analyzed warrants having the ability to provide these analytical services from the SCV Water laboratory. The table on the next page provides an estimated range of contract laboratory costs compared to expected costs for this equipment purchase.

Treatment Location	Sample Range (per year)	Annual Cost Range
N Wells	120 – 520	\$46,800 - \$202,800
Q2	36 – 156	\$14,400 - \$62,400
Valley Center	36 – 156	\$14,400 - \$62,400

At this time the number of samples can only be estimated until the treatment facilities are permitted and the Division of Drinking Water (DDW) states the sampling requirements. In addition, only the first three (3) treatment facilities were used in this ROI calculation. There is the potential for five (5) or more treatment locations as other wells are brought online. Therefore, the contract laboratory sampling costs would more than double, which would further reduce the length of time of the ROI.

Based on a total equipment cost of \$400,000, ELAP accreditation, and internal laboratory costs related to running PFAS samples, the first-year cost is approximately \$410,000. This equates to an ROI of between 1.3 – 5.4 years. It is important to note, DDW is expected to issue additional Orders requiring more PFAS sampling later this year.

On August 6, 2020, the Engineering and Operations Committee considered staff's recommendation to approve authorizing the General Manager to purchase the SCIEX 5500+ LCMSMS instrument in the amount of \$358,794 (plus tax).

FINANCIAL CONSIDERATIONS

Funds for the replacement of the LCMSMS are included in the FY 2020/21 Capital Equipment Budget. The source of funds will come from the rate revenue of NWD, SCWD, and VWD at a cost share allocation of 15%, 41%, and 44% respectively

RECOMMENDATION

The Engineering and Operations Committee recommends that the Board of Directors authorize the General Manager to purchase the SCIEX 5500+ LCMSMS instrument in the amount of \$358,794 (plus tax).

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BOARD MEMORANDUM

DATE: August 7, 2020
TO: Board of Directors
FROM: Courtney Mael, P.E., Chief Engineer *CM*
Keith Abercrombie, Chief Operating Officer
SUBJECT: August 6, 2020 Engineering and Operations Committee Meeting Report

The Engineering and Operations Committee met at 5:30 PM on Thursday, August 6, 2020 via teleconference. In attendance were Committee Chair William Cooper; Directors Ed Colley, Robert DiPrimio, Jeff Ford, Gary Martin and Lynne Plambeck. Staff members present were Chief Engineer Courtney Mael; Director of Operations and Maintenance Mike Alvord; Principal Engineer Brent Payne; Civil Engineer Orlando Moreno; Safety Officer Mark Passamani; Emergency Preparedness & Safety Coordinator Jose Diaz; Safety Specialist Jon Wallace; Administrative Analyst Elizabeth Gallo; Board Secretary April Jacobs; Chief Financial & Administrative Officer Eric Campbell; Senior Engineer Jim Leserman; Director of Technology Services Cris Perez; Executive Assistant Leticia Quintero; Associate Engineer Elizabeth Sobczak; Principal Engineer Jason Yim and Senior Engineer Shadi Bader. Two members of the public were present on the call. A copy of the agenda is attached.

Item 1: Public Comments – There was public comment.

Item 2: Quarterly Safety Presentation – Mark Passamani, Jose Diaz and Jon Wallace reviewed the reviewed the Agency's Safety Program for the fourth quarter of FY 2019/20.

Item 3: Recommend Approval of Purchase of Liquid Chromatography Tandem Mass Spectrometer (LCMSMS) – Recommended actions for this item are included in a separate report being submitted at the August 18, 2020 regular Board meeting.

Item 4: Recommend Approval of a Purchase Order to Kennedy/Jenks Consultants for Final Design of the Recycled Water Tank at an Alternate Site for the Recycled Water Vista Canyon (Phase 2B) Project – Recommended actions for this item are included in a separate report being submitted at the August 18, 2020 regular Board meeting.

Item 5: Recommend Approval for Purchase of Replacement Clarifier Media at Earl Schmidt Filtration Plant – Recommended actions for this item are included in a separate report being submitted at the August 18, 2020 regular Board meeting.

Item 6: Operations and Production Report – Staff and the Committee reviewed the Operations and Production Report.

Item 7: Capital Improvement Projects Construction Status Report – Staff and the Committee reviewed the Capital Improvement Projects Construction Status Report.

Item 8: Third Party Funded Agreements Quarterly Report – Staff and the Committee reviewed the Third Party Funded Agreements Quarterly Report.

Item 9: Committee Planning Calendar – Staff and the Committee reviewed the FY 2020/21 Committee Planning Calendar.

Item 10: General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities – Mike Alvord shared with the Committee positive comments on the teamwork between the Engineering and Operations staff during recent projects.

Item 11: General Report on Engineering Services Section Activities – Courtney Mael shared with the Committee positive comments regarding his first weeks with the Agency and the Engineering Services Section.

Item 12: Adjournment – The meeting adjourned at 7:08 PM.

CM

Attachment

M65



Date: July 28, 2020

To: **Engineering and Operations Committee**
William Cooper, Chair
Ed Colley
Robert DiPrimio
Jeff Ford
Gary Martin
Lynne Plambeck

From: Keith Abercrombie, Chief Operating Officer 

The **Engineering and Operations Committee** is scheduled to meet via teleconference on **Thursday, August 6, 2020 at 5:30 PM**, dial in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 17, 2020, any Director may call into an Agency Committee meeting using the Agency's **Call-In Number 1-877-309-2073, Access Code 320-660-325,** **or GoToMeeting by clicking on the link <https://global.gotomeeting.com/join/320660325>** without otherwise complying with the Brown Act's teleconferencing requirements.

Pursuant to the above Executive Order, the public may not attend the meeting in person. Any member of the public may listen to the meeting or make comments to the Committee using the call-in number or GoToMeeting link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

We request that the public submit any comments in writing if practicable, which can be sent to **egallo@scvwa.org** or mailed to **Elizabeth Gallo, Administrative Analyst**, Santa Clarita Valley Water Agency, 26521 Summit Circle, Santa Clarita, CA 91350. All written comments received before 4:00 PM the day of the meeting will be distributed to the Committee members and posted on the Santa Clarita Valley Water Agency website prior to the meeting. Anything received after 4:00 PM the day of the meeting will be posted on the SCV Water website the following day.

MEETING AGENDA

<u>ITEM</u>		<u>PAGE</u>
1.	Public Comments – Members of the public may comment as to items not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so now or at the time each item is considered. (Comments may, at the discretion of the Committee Chair, be limited to three minutes for each speaker.)	
2. *	Quarterly Safety Presentation	1
3. *	Recommend Approval of Purchase of Liquid Chromatography Tandem Mass Spectrometer (LCMSMS)	11
4. *	Recommend Approval of a Purchase Order to Kennedy/Jenks Consultants for Final Design of the Recycled Water Tank at an Alternate Site for the Recycled Water Vista Canyon (Phase 2B) Project	13
5. *	Recommend Approval for Purchase of Replacement Clarifier Media at Earl Schmidt Filtration Plant	27
6. *	Operations and Production Report	29
7. *	Capital Improvement Projects Construction Status Report	87
8. *	Third Party Funded Agreements Quarterly Report	89
9. *	Committee Planning Calendar	93
10.	General Report on Treatment, Distribution, Operations and Maintenance Services Section Activities	
11.	General Report on Engineering Services Section Activities	
12.	Adjournment	
*	Indicates attachments	
◆	To be distributed	

NOTICES:

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Elizabeth Gallo, Administrative Analyst, at (661) 259-2737, or in writing to Santa Clarita Valley Water Agency at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

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Pursuant to Government Code Section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection at the Santa Clarita Valley Water Agency, located at 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, during regular business hours. When practical, these public records will also be made available on the Agency's Internet Website, accessible at <http://www.yourscvwater.com>.

Posted on July 30, 2020.

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DIRECTOR REPORT AB 1234

Director Name: Jeff Ford

Conference/Seminar Name: Spring 2020 ACWA Virtual Event

Date: 7/29-7/30/2020

To Be Presented at Next Regularly Scheduled Board Meeting on: 8/18/2020

Subject Matter of Conference/Seminar: ACWA Conference

Speakers and Persons of Interest in Attendance: Water professionals, and others, from numerous entities in California.

Points of Interest: In addition to numerous meetings, I participated in a Incentives and Funding for Energy Resiliency Projects, presented by David Burdick, Executive Vice President for TerraVerde Energy. This firm is under contract to SCVWA for advice regarding the operation of the Agency's two solar power plants. Mr. Burdick, in addition to other topics, discussed incentives and funding sources for alternative energy projects including the battery incentives. This could be beneficial for SCVWA as solar plant operators due to the ability shave demand during peak hours and take advantage of varying energy costs to produce energy during high cost hours and recharge during low cost hours resulting in substantial overall cost savings. A battery system would also make a water agency less reliant on the grid and able to operate during PSPS events.

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Director name: Gary Martin
Meeting attended: ACWA Groundwater Committee Meeting
Date of meeting: August 5, 2020
Location: Via GoToMeeting
SCV Water Board meeting to be presented at: August 18, 2020

On August 5, 2020 I attended the ACWA Groundwater Committee meeting via GoToMeeting. See attached agenda.

Points of Interest:

1. The usual DWR update transitioned from GSP submittal status to tools and resources available from DWR and those under development for SGMA implementation, as well as an update on the implementation grant program. Taryn Ravazzini and Steven Springhorn were the DWR presenters. There is \$26 million available critically overdraft basins (COD) and a public webinar will be held on September 3.

After a brief re-fresher on technical assistance programs currently available, a summary of technical support services (TSS) and state-wide data sets that are to be available as follows:

- Statewide land use – early-to-mid March, 2021
- Subsidence monitoring – spring, 2021
- Steam gage information
- Groundwater elevations and quality
- Well completion reports
- Airborne electromagnetic (AEM) surveys

2. The State Water Resources and Control Board's role. The presenter was Natalie Stork, Unit Chief for GW Management, SWRCB. The following was discussed:

- The State Board's role is triggered if a plan is not submitted.
- The State Boards are working to support DWR's GSP review.
- SGMA fits into a broader framework of water quality and drinking water issues.
- State Board - DWR has a formal consultation role.
- State Board can provide data and resources.
- Water rights / permitting issues.
- GEARS – Groundwater Evaluation Analysis and Reporting Systems.

3. ACWA State and Federal Relations leaders provided an update from Sacramento and Washington

4. Abigail Madrone provided an update on the Groundwater Resource Association's (GRA's) strategic initiatives and events.

5. The ACWA Groundwater Committee 20-21 Work Plan was approved by the committee.

6. Eric Averett of RRBWSD made a presentation on Open ET Platform and AB 1755, Open/Transparent Water Data Act. Ultimately there will be a central hub where agencies can extract data they need. Eric described it as "moving towards data utopia."

7. The most interesting presentation of the meeting was by Michael Markus, Vice Chair of the GW Committee, on Basin-wide Management of PFAS in Groundwater, as experienced at Orange County Water District.

- Background of OCWD was provided
- Review and summary of what PFAS is
- Initially 53 (25% of total) wells received state monitoring orders; 3 exceeded EPA health advisory
- In February, 2020 the State changed levels to be more restrictive; 42 wells exceeded CA response level
- The source was concluded to be upstream wastewater treatment discharges that recharged into the GW.
- Up to 71 wells expected to be taken off line, representing approximately 100,000 AF/YR supply
- The cost to replace lost capacity with imported water is \$1,100 / AF which would add \$20/month to customer's bills.
- OCWD is proceeding with plans to design / construct treatment facilities and take on \$1 billion in long-term debt.
- Treatment facilities are expected to be operational in 1-2 years.
- Currently conducting pilot tests trying different treatment.
- The pilot program and planning to cost \$1.4 million.

Groundwater Committee Meeting		
August 5, 2020 • 9am – 11am		Location: Virtual (Meeting Link Below)
Chair: John Woodling	Vice Chair: Michael Markus	Staff Liaison: Lauren Bernadett
Meeting Link: https://global.gotomeeting.com/join/937118021 New to GoToMeeting? Get the app now and be ready when your first meeting starts: https://global.gotomeeting.com/install/937118021 You can also call in via phone: (571) 317-3122; Access Code: 937-118-021		

I. Welcome & Introductions John Woodling, Chair

AGENCY UPDATES

II. Tools and Resources DWR is Developing for SGMA Implementation DWR Sustainable Groundwater Management Office

III. SWRCB's Role in GSP Review and Coordination with DWR Natalie Stork, SWRCB

ACWA UPDATES

IV. ACWA Updates Adam Quiñonez, ACWA
 - Intro to new State Relations Team
 - Intro to new ACWA staff members

V. ACWA State Legislative & Regulatory Updates Kris Anderson, ACWA
 - DWR's SGMA Budget

VI. ACWA Federal Relations Update David Reynolds, ACWA

VII. Report on Results of GWC Survey on the Conference Groundwater Panel Lauren Bernadett, ACWA

PARTNER UPDATES

VIII. Update on GRA's Strategic Initiatives and Events Abigail Madrone, GRA

WORK PLAN

IX. Discussion and Vote on 2020-21 Work Plan John Woodling, Chair

NEW ITEMS

X. Presentation on Open ET Platform and AB 1755 Open/Transparent Water Data Act Eric Averett, RRBWSD



AGENDA

XI. Basinwide Management of PFAS in Groundwater

Michael Markus, Vice Chair

XII. Closing

John Woodling, Chair

Next Meeting: – November, TBD based on Fall Conference dates.

DIRECTOR AB1234 REPORT

Director Name: Jerry Gladbach

Meeting Attended: NWRA's Table Talk series in lieu of its Western Water Seminar

Date of Meeting: August 6, 2020

Date of Meeting to be Presented at: August 18, 2020

Points of Interest:

Bureau of Reclamation Commissioner, Brenda Burman kicked off the series by giving a great summary of the projects that the Bureau has been doing during the last few years.

When she was appointed she was told to develop projects that would provide more water for ag and urban users as well as enhancing the habitat for fish and other wildlife.

She discussed some of the projects that the Bureau is involved in, in the West.

She pointed out that regarding the Colorado River that it has 60,000,000 acre-feet of storage available and that we are fortunate that it was full 20 years ago when the drought started and thanks to the drought contingency plan that called for new storage and more conservation that we are doing okay.

40 years ago the Bureau was considering raising Shasta Dam 200 feet, but it never went very far, now they are looking at raising it 18 feet that will provide over 600,000 acre-feet of storage.

A panel of attorneys discussed the new WOTUS rule, the Maui case and the history of the Klamath River lawsuits that have been ongoing for 20 years and there is no end in sight.

Sent from my iPad

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NWRA

National Water Resources Association

Presents

NWRA WESTERN WATER TABLE TALK

August 6, 13, 20 and 27, September 10 and 17

Click here to Register \$350 for the entire series

A unique series of targeted discussions on NWRA's priority issues

August 6, 2020
The Economic Implications of COVID-19: National, State, Regional and State Initiatives

August 13, 2020
Preserving history and cultural resources: How to do it and still develop water infrastructure

August 17, 2020 - BONUS SESSION
An NWRA Exclusive Preview with Keynote by Governor Ducey and Elyse H. Ducey from the State of Arizona

August 20, 2020
Water Resources Development Act (WRDA) and Water Infrastructure Development in the 116th Congress

August 27, 2020
Leading from the top: Two federal water agencies' approach to water management

September 10, 2020
Water Infrastructure Grants: Appropriations of the alphabet soup of funding agency

September 17, 2020
Western Water Table Talk Capstone Session: Infrastructure Efforts Moving Forward

Help Meet the 100 Registrant Goal

Registrants as of July 20th - 50

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DIRECTOR REPORT AB 1234

Director Name: Jeff Ford

Conference/Seminar Name: Southern California Water Coalition, Storm Water Matters

Date: 8/6/2020

To Be Presented at Next Regularly Scheduled Board Meeting on: 8/18/2020

Subject Matter of Conference/Seminar: Stormwater Matters:

Increasing Supplies While Reducing Pollution

Speakers and Persons of Interest in Attendance: Water professionals, and others, from numerous entities in Southern California.

Points of Interest: Mark Pastrella, LA County Director of Public Works, gave an overview of water resources/demand in the County (30% local, 62% imported, 8% recycled water). LA County has collected \$280M as a result of Proposition W; it's unknown if any of the funded projects are located in the Santa Clarita Valley. David Pedersen, LVMWD, General Manager, discussed the ongoing work (funded by grants from agencies like SCMWD) to prepare a white paper to capture and infiltrate storm water in LA County, to be finished by the end of the year. There are limited areas in the LA Basin to infiltrate, but up to 0.5M mgd available capacity from water reclamation plants, in addition to storm water sources. Emphasis to date has been along the coast, need to develop inland projects. Enrique Zaldivar,

General Manager, City of LA, Bureau of the Environment and Sanitation discussed programs to capture stormwater in the Ballona Creek drainage, primary goal is to address six TMDLs in storm water and increasing water supply secondarily. Also have a goal of reusing 100% of City-generated wastewater by 2035. Robert Ferrante, General Manager, LA County Sanitation Districts, Chief Engineer and General Manager, noted that flows into their wastewater reclamation plants and had reduced flows due to water conservation. They have capacity to take storm water and are proposing several diversion facilities to send storm water to the plants resulting in water quality improvements for low flows and increasing amount of water available for reuse.

ITEM NO. 10.5

DIRECTOR AB1234 REPORT

Director Name: Jerry Gladbach

Meeting Attended: NWRA's Board of Directors

Date of Meeting: August 7, 2020

Meeting to be Presented at: August 18, 2020

Points of Interest:

Members of NWRA are state associations i.e. ACWA

Members agreed that they need NWRA now more than ever with COVID-19

It is taking a lot more time to accomplish their tasks than in a normal year

NWRA was able to cancel the contracts with the hotels, where conferences were to be held in April and August of this year, in Washington, D.C. and

Spokane without any penalties. They are negotiating with the hotel in

Scottsdale, AZ where the annual meeting is to be held, to cancel the contract.

Next year, the President and Vice-President will be traveling to meetings of the members, if in person, instead of NWRA staff, as a way of reducing costs.

It was approved to move \$150,000 from investment accounts to a more available account in the event money is needed on short notice

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Agenda

1. Certification of Quorum
2. Seating of the Board
3. Approval of Minutes
4. Budget Committee Report
 - a. Revised 2020 Budget
 - b. 2021 Budget Recommendation
5. Conference Committee Report
 - a. Updates on Table Talk and Annual Conference
 - b. 2021 Conference Outlook
5. Investment Account
 - a. Request to Access Funds
7. Treasurer's Report
 - a. 2020 2nd Quarter Financials
 - b. 2020 Projections
 - c. Edward Jones investment account
8. Audit Committee Report
9. Nominations Committee Report
10. Strategic Planning Committee Update
11. Litigation Review Committee Report
12. Public Affairs Committee Report
13. Federal Affairs Committee Report
14. Other Business
15. Adjournment