



SCV
WATER



SCV WATER AGENCY TELECONFERENCE REGULAR BOARD MEETING

TUESDAY, DECEMBER 7, 2021

START TIME: 6:30 PM (PST)

Join the Board meeting from your
computer, tablet or smartphone:
<https://scvwa.zoomgov.com/j/1614239062>

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Webinar ID: 161 423 9062

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When the Board President announces the agenda item you wish to speak on, click the “**raise hand**” feature in Zoom*. You will be notified when it is your turn to speak.

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When the Board President announces the agenda item you wish to speak on, **dial *9 to raise your hand**. Phone participants will be called on by the **LAST TWO digits** of their phone number. **When it is your turn to speak, dial *6 to unmute**. When you are finished with your public comment dial ***6 to mute**.

Can't attend? If you wish to still have your comments/concerns addressed by the Board of Directors, all written public comments can be submitted by 4:30 PM the day of the meeting by either e-mail or mail.** Please send all written comments to the Board Secretary. Refer to the Board Agenda for more information.

*For more information on how to use Zoom go to support.zoom.us or for “raise hand” feature instructions, visit <https://support.zoom.us/hc/en-us/articles/205566129-Raise-Hand-In-Webinar>

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

Please Note: Pursuant to the provisions of AB 361 this meeting is being held remotely. The SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and state and local official's continuance to impose or recommend measures to promote social distancing. The public may not attend meetings in person. The public may use the above methods to attend and participate in the public Board meetings.

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

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

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TUESDAY, DECEMBER 7, 2021, AT 6:30 PM

TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361 this meeting is being held remotely. The SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and state and local official's continuance to impose or recommend measures to promote social distancing. Any Director may call into the Agency Board meeting using the **Agency's Call-In Number 1-(833)-568-8864, Webinar ID: 161 423 9062 or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1614239062>** without otherwise complying with the Brown Act's teleconferencing requirements.

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 Zoom Webinar link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

If the State of Emergency for COVID-19 expires prior to this meeting and after the posting of this Agenda, this meeting will be held in person at the above listed address.

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 made available at the meeting and 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 within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so 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 November 16, 2021 Santa Clarita Valley Water Agency Regular Board of Directors Meeting	7
5.2 *	Approve a Resolution Authorizing a Purchase Order to Lee & Ro, Inc. for Final Design Services for Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project	13
5.3 *	Approve a Revised Purchasing Policy	25
5.4 *	Approve Receiving and Filing of July 2021 Monthly Financial Report – https://yourscvwater.com/wp-content/uploads/2021/11/Check-Register-July-2021.pdf	35

6. ACTION ITEMS FOR APPROVAL PAGE

6.1 *	Adopt a Resolution Authorizing SCV Water to Execute a Financing Agreement with the State Water Resources Control Board for the Los Angeles Residential Community Pipeline Project	53
6.2 *	Discuss and Consider Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch	97
6.3 *	Approve a Revised Community Facilities District Policy	153
6.4 *	Authorize the General Manager to Enter into a Lease Agreement with Rolling Hills Farms for the Devil’s Den Property	159
6.5 *	Approve Continuation of Remote Meetings as Described in AB 361 and Make Required Findings	189

7. * DISCUSS CALIFORNIA WATER AND WASTEWATER ARREARAGE PAYMENT PROGRAM PAGE
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8. TECHNOLOGY UPDATE

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

10. COMMITTEE MEETING RECAP REPORTS FOR INFORMATIONAL PURPOSES ONLY PAGE

10.1 *	November 10, 2021 Water Resources and Watershed Committee Meeting Report	195
10.2 *	November 15, 2021 Finance and Administration Committee Meeting Report	201
10.3 *	November 18, 2021 Public Outreach and Legislation Committee Meeting Report	207

11. WRITTEN REPORTS FOR INFORMATIONAL PURPOSES ONLY PAGE

11.1 *	Engineering Services Section Report	211
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12. PRESIDENT'S REPORT

13. AB 1234 WRITTEN AND VERBAL REPORTS PAGE

13.1	November 18, 2021 AWA WaterWise Breakfast Series – During Drought Emergency – Director Atkins	
13.2 *	November 23, 2021 SCV-GSA Special Board Meeting – President Martin, Vice President Gladbach and Directors Atkins and Cooper	255
13.3 *	November 30, 2021 ACWA Energy Committee Meeting – Vice President Gladbach	261
13.4	November 30-December 2, 2021 ACWA Fall Conference – President Martin, Vice President Gladbach and Directors Armitage, Atkins, Braunstein, Cooper, Ford, Kelly and Plambeck	
13.5	Other AB 1234 Reports	

14. DIRECTOR REPORTS PAGE

14.1	Approve the Appointment of Director Cooper to the ACWA Finance Committee – Director Cooper	
14.2 *	Discuss and Consider Changing the Board Policy on Director Remote Attendance at Board and Committee Meetings – Director Colley	263

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

- 15.1 Conference with Legal Counsel – Existing Litigation – Paragraph (1) of Subdivision (d) of Government Code Section 54956.9, Santa Clarita Valley Water Agency v. Whittaker Corporation, Case No: 2:18-cv-6825 SB (RAOx)

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

16. CLOSED SESSION ANNOUNCEMENTS

17. DIRECTOR REQUESTS FOR APPROVAL FOR EVENT ATTENDANCE

18. DIRECTOR REQUESTS FOR FUTURE AGENDA ITEMS

19. 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 December 1, 2021.

Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – November 16, 2021

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, November 16, 2021. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

DIRECTORS PRESENT: Kathye Armitage, B. J. Atkins, Beth Braunstein, Ed Colley, William Cooper, Jeff Ford, Jerry Gladbach, R. J. Kelly, Gary Martin, Dan Mortensen, Piotr Orzechowski and Lynne Plambeck via teleconference.

DIRECTORS ABSENT: None.

Also present via teleconference: Accounting Tech II Kyle Arnold, Administrative Technicians Terri Bell, Bonnie Lytle, and Theresa Whatley, Assistant General Manager Steve Cole, Board Secretary April Jacobs, Chief Engineer Courtney Mael, Communications Manager Kathie Martin, Controller Amy Aguer, Customer Service Manager Kathleen Willson, Director of Finance and Administration Rochelle Patterson, Director of Operations and Maintenance Mike Alvord, Director of Technology Services Cris Perez, Director of Water Resources Dirk Marks, Executive Assistants Eunie Kang and Leticia Quintero, General Counsel Tom Bunn, General Manager Matthew Stone, Management Analyst II Cheryl Fowler, Principal Engineer Jason Yim, Senior Management Analyst Kim Grass, Sustainability Manager Matt Dickens, Water Conservation Specialists I Julia Grothe and Chavon Halushka, Water Conservation Specialist II Janet Keith, Water Resources Planners Sarah Fleury and Rick Vasilopoulos, EPA WaterSense Branch Chief Veronica Blette, Nossaman LLP Attorneys Fred Fudacz and Byron Gee, and members of the public.

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

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

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

EPA WaterSense Branch Chief Veronica Blette gave a presentation on the WaterSense Award. The US EPA WaterSense Excellence Awards are presented annually to WaterSense partners that contribute to the program’s success by enhancing the market for water efficient products, practices and services. Each year WaterSense recognizes those partners who have gone above and beyond in support of WaterSense. Ms. Blette awarded SCV Water with the 2021 WaterSense Excellence Award for the work it completed promoting the EPA EnergyStar Portfolio Manager Water Score Tool for Multifamily Apartments (Item 5).

Sustainability Manager Matt Dickens then gave an additional presentation on Water Efficiency Works and an explanation of the Multifamily Apartment project and EPA Energy Star Portfolio Manager Water Score tool.

Upon motion of Director Plambeck, seconded by Director Cooper and carried, the Board approved the Consent Calendar which included Resolution No. SCV-242 by the following roll call votes (Item 6):

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-242

**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 WATER ENERGY
EFFICIENCY GRANT PROGRAM FOR THE AUTOMATED
METER INFRASTRUCTURE IMPROVEMENT PROJECT -
PHASE I**

<https://yourscvwater.com/wp-content/uploads/2021/11/SCV-Water-Approved-Resolution-111621-Resolution-No.-SCV-242-2.pdf>

Upon motion of Director Plambeck, seconded by Director Atkins and carried, the Board authorized the General Manager to purchase 4,969 meters in the amount not to exceed \$1,500,000 by the following roll call votes (Item 7.1):

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

Upon motion of Director Atkins, seconded by Director Cooper and carried, the Board authorized the General Manager to execute Change Order Number 2 to the contract with R.C. Becker to increase the construction contract amount by \$33,360.79 to \$338,360.79 for the Decoro Drive Pavement Repair project by the following roll call votes (Item 7.2):

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

Upon motion of Director Atkins, seconded by Vice President Gladbach and carried, the Board adopted Resolution No. SCV-243 Enacting Stage 1 of the Water Shortage Contingency Plan and Water Conservation and Water Supply Shortage Ordinance with a change to the wording on the tenth recital of the Resolution to state that “SCV Water customers have a history of successfully meeting water conservation”, by the following roll call votes (Item 7.3):

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Yes	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-243

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
 THE SANTA CLARITA VALLEY WATER AGENCY
 DIRECTING THE GENERAL MANAGER TO IMPLEMENT
 STAGE 1 OF THE WATER SHORTAGE
 CONTINGENCY PLAN AND DECLARE A STAGE 1 WATER SHORTAGE CONDITION
 PURSUANT TO ORDINANCE NO. 2**

<https://yourscvwater.com/wp-content/uploads/2021/11/SCV-Water-Approved-Resolution-111621-Resolution-No.-SCV-243.pdf>

Upon motion of Director Plambeck, seconded by Director Braunstein and carried, the Board voted to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) found that a state of emergency related to COVID-19 is currently in effect and (2) Los Angeles County officials continue to impose or recommend measures to promote social distancing by the following roll call votes (Item 7.4):

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	No	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	No	Vice President Mortensen	No
Director Orzechowski	No	Director Plambeck	Yes

General Manager’s Report on Activities, Projects and Programs (Item 8).

There was no General Manager’s Report.

Committee Meeting Recap Report for Informational Purposes Only (Item 9).

There were no comments on the recap reports.

President's Report (Item 10).

The President updated the Board on upcoming meetings, events and Board reminders.

AB 1234 Written and Verbal Reports (Item 11).

Written reports were submitted by Vice Presidents Gladbach and Mortensen which were included in the Board packet. Additional written reports were submitted by President Martin which were posted on the SCV Water website and are part of the record.

Director Armitage reported that she virtually attended a meeting with the new Executive Board of the Special Districts Association of North Los Angeles County on November 3, 2021.

Director Cooper reported that he virtually attended a meeting with ACWA Representatives and the new Chairwomen for the Region 8 area Gloria Grey regarding ACWA Committee Assignments on November 15, 2021.

Director Plambeck reported that she attended the SCV Chamber of Commerce Patriots Program held at the Bella Vida Senior Center on November 10, 2021 and attended the ACWA Webinar on Responding to PFAS Contamination in California: Shifting Costs from Water Suppliers to Polluters on November 3, 2021.

Vice President Mortensen reported that he attended the City of Santa Clarita State of the City held at the Canyon Country Community Center on November 4, 2021, a written report was also submitted and was included in the November 16, 2021 regular meeting Board packet.

There were no other AB 1234 Reports.

Director Reports (Item 12).

Due to the late hour and Closed Session ahead, Item 12.1 was moved to the December 7, 2021 regular Board meeting.

Item 12.2 was not discussed.

Director Armitage mentioned that she has enjoyed the staff presentations that have been given at the Committee meetings in the last few weeks. It has been great to hear from the different staff members on the various issues that the Agency faces. She wanted to thank management for encouraging their staff to make presentations to the Board, since it is beneficial for the Board to meet the employees of the Agency.

President Martin mentioned that it was his honor to attend the SCV Chamber of Commerce Patriots Program and make the presentation to SCV Water Director Cooper, who was on one of the honorees at this years program. He also wanted to acknowledge Directors Colley and Kelly and thank them for their service.

There were no other Director reports.

The Board went into Closed Session at 9:57 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 10:56 PM.

Tom Bunn, Esq., reported that pertaining to Item 13.2 Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9, Application for Leave to Present Late Government Claim of Boucher LLP on Behalf of Multiple Claimants, Dated October 1, 2021, the Board voted to grant the Application for Leave to Present Late Government Claim and deny the claim upon motion of Vice President Mortensen, seconded by Vice President Gladbach and carried, by the following roll call votes:

Director Armitage	Yes	Director Atkins	Yes
Director Braunstein	Yes	Director Colley	Yes
Director Cooper	Not Present	Director Ford	Yes
Vice President Gladbach	Yes	Director Kelly	Yes
President Martin	Yes	Vice President Mortensen	Yes
Director Orzechowski	Yes	Director Plambeck	Yes

There were no other 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.

Director Requests for Future Agenda Items (Item 16).

Director Orzechowski would like to request that on a monthly basis, the Board review the November 16, 2021, adoption of a resolution to enact Stage 1 of the Water Shortage Contingency Plan and Water Conservation and Water Supply Shortage Ordinance, and that each month staff reports on its effectiveness.

Director Kelly requested that the General Manager continue to provide more details during his reports.

Director Plambeck inquired about the date of the next Ad Hoc Board Technology and Remote Public Participation Committee meeting. She also wanted to know when water service letters are delivered and when they will be submitted to the Board. Finally, she is curious about the approval process for water supply assessments.

Director Colley asked that a presentation from staff to assess whether the last acre foot of water we send to a customer is a net gain or loss of income for the agency, given the drought circumstances we are experiencing or may face in the coming years. Is it a financial benefit to the agency or not for that last acre foot of water if we draw it from the most costly bank and then have to replenish it to the most expensive bank (treatment and all necessary criteria) and then sell it for the fixed price with the present rate structure?

There were no other requests for future Agenda items.

The meeting was adjourned at 11:02 PM (Item 17).

April Jacobs, Board Secretary

ATTEST:

President of the Board



BOARD MEMORANDUM

DATE: November 8, 2021

TO: Board of Directors

FROM: Courtney Mael, P.E. *CM*
Chief Engineer

SUBJECT: Approve a Resolution Authorizing a Purchase Order to Lee & Ro, Inc. for Final Design Services for Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project

SUMMARY

SCV Water is planning to replace its existing underground fuel storage tank with an aboveground storage tank. The planning work to identify the improvements needed were successfully completed by Lee & Ro, Inc (L&R). The next step is to perform the final design services for the project and L&R provided a proposal for the final design services. Staff is recommending approval of a resolution authorizing a purchase order to L&R for final design services for Rio Vista Water Treatment Plant (RVWTP) Underground Storage Tank (UST) Replacement Project.

DISCUSSION

An existing 8,000-gallon UST provides fuel storage for the RVWTP standby generator. The existing UST has been in service for 23 years and the industry lifespan average for a UST is approximately 20 years. As such, the existing UST has reached the end of its useful life. The existing UST will be replaced with a new 8,000-gallon capacity aboveground diesel fuel storage tank (AST) and a new 100-gallon fuel day tank. The new AST shall be comprised of double wall construction.

L&R has successfully provided the planning services for the project. The final design services will include but are not limited to, providing final design, construction plans, technical specifications, construction cost estimate, design calculations, permits, and attending meetings, etc. Based on L&R's performance on the planning services, staff is recommending L&R to provide final design services for the project.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CONSIDERATIONS

The proposed action today is the adoption of the attached resolution to approve a purchase order to Lee & Ro for engineering services for the final design of the RVWTP UST Project. The whole of the action also includes operation of the project. The term "Project" in CEQA refers to the whole of an action and to the underlying activity being approved, not to each governmental approval. (CEQA Guideline §15378(a), (c)-(d).) This definition ensures that the action reviewed under CEQA is not the approval itself but the development or other activities that will result from the approval.

Based on the preliminary project design and anticipated final design, and because the project construction is a replacement of existing facilities limited to construction within the Agency's existing property, design, construction, and operation of this project is found to be categorically exempt under the provisions of CEQA and the State CEQA Guidelines as described below:

- The project, aka the whole of the action, qualifies for an exemption under CEQA guidelines section 15301 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 extraction of water, beyond that existing at the time of the lead agency's determination.
- The project, aka the whole of the action, also qualifies for an exemption under CEQA guidelines section 15302 Class 2 Replacement or Reconstruction because the Project consists of the replacement of an existing facility where the new facility will be located on the same site as the facilities replaced and will have substantially the same purpose and capacity as the facilities replaced.
- None of the exemptions listed in Section 15300.2 of the CEQA Guidelines would apply to the action.

On November 4, 2021, the Engineering and Operations Committee considered staff's recommendation to approve a resolution authorizing a purchase order to Lee & Ro, Inc. for final design services for Rio Vista Water Treatment Plant (RVWTP) Underground Storage Tank (UST) Replacement Project.

FINANCIAL CONSIDERATIONS

The project is included in the Agency's FY 2021/22 Capital Improvement Program Budget for the RVWTP UST Replacement Project. The final design services will be performed on a time and materials basis with a not-to-exceed amount of \$176,000.

RECOMMENDATION

That the Engineering and Operations Committee recommends that the Board of Directors approve the attached resolution authorizing a purchase order to Lee & Ro, Inc. for an amount not to exceed \$176,000 for final design engineering services for the Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project.

Attachment

MBS

RESOLUTION NO. SCV-XXX

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AUTHORIZING A PURCHASE ORDER TO LEE & RO, INC. FOR FINAL DESIGN
SERVICES FOR THE RIO VISTA WATER TREATMENT PLANT UNDERGROUND
STORAGE TANK REPLACEMENT PROJECT**

WHEREAS, Santa Clarita Valley Water Agency (Agency) determined the existing Underground Storage Tank (UST) has been in service for 23 years which exceeds the industry average of a 20 year life span of a typical fuel tank; and

WHEREAS, the planning services has been successfully completed by Lee & Ro, Inc.; and

WHEREAS, the proposed Rio Vista Water Treatment Plant (RVWTP) Underground Storage Tank (UST) Replacement Design Project (Project) will include removal of the existing UST, installation of a new aboveground storage tank (AST) with a new day tank, and installation of various appurtenances; and

WHEREAS, the project qualifies for an exemption under CEQA guidelines section 15301 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 and alternatively qualifies for an exemption under CEQA guidelines Section 15302 Class 2 Replacement or Reconstruction because the Project consists of the replacement of an existing facility where the new facility will be located on the same site as the facilities replaced and will have substantially the same purpose and capacity as the facilities replaced, and none of the exemptions listed in Section 15300.2 of the CEQA guidelines would apply to the action; and

WHEREAS, it is in the Agency's best interest that the Board of Directors, on behalf of SCV Water, authorize its General Manager or Chief Engineer to authorize a Purchase Order in the amount not to exceed \$176,000 to Lee & Ro, Inc. for final design services.

NOW, THEREFORE, BE IT RESOLVED that the SCV Water Board does hereby find and determine as follows:

SECTION 1. RECITALS. The Board finds that the administrative record has been completed in compliance with CEQA, the CEQA Guidelines, and that the finding of exemption from CEQA reflects the Board's independent judgment.

SECTION 2. LOCATION AND CUSTODIAN OF RECORDS. The documents and materials associated with the project and the NOE that constitute the record of proceedings on which these findings are based are located at the offices of the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Rd, Santa Clarita, CA 91350. The Custodian of Record is April Jacobs.

RESOLVED FURTHER that the SCV Water's Board of Directors does authorize its General Manager to accept said proposal and does therefore authorize the SCV Water's General Manager or Chief Engineer to issue a Purchase Order to Lee & Ro, Inc. for the

Final Design of the Rio Vista Water Treatment Plant (RVWTP) Underground Storage Tank (UST) Replacement Project (Project), for an amount not to exceed of \$176,000.



December 7, 2021

Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project Final Design Services

Board Meeting

RVWTP UST Replacement Final Design Services Location Map



RVWTP UST Replacement Final Design Services

Existing Generator and UST



- An existing 8,000-gallon underground storage tank (UST) provides fuel storage for the Rio Vista Water Treatment Plant (RVWTP) Standby Generator.
- The existing UST has reached the end of its useful life and has been selected for replacement.
- Tank will be replaced with a new 8,000-gallon diesel fuel storage tank located above ground and a new 100-gallon day fuel day tank installed inside the existing engine generator room.
- Location of the new storage tank will be just south of the existing Ozone Building



RWWTP UST Replacement Final Design Services 3D Rendering



RWTP UST Replacement Final Design Final Design Scope

Final Design Services:	
Permitting and Environmental Plans, Specifications, Calculations, etc.	\$14,000
<u>Project Management</u>	<u>\$135,000</u>
Subtotal	\$176,000

Total Recommended Time and Materials Not to Exceed Budget \$176,000



RWTP UST Replacement Final Design Services Project Schedule

- Final Design Schedule:
 - ✓ November 4, 2021: Engineering & Operations Committee
 - ✓ December 7, 2021: Board Meeting
 - ✓ December 8, 2021: Issue Notice To Proceed
 - ✓ June 30, 2022: Complete Final Design
 - ✓ July 1, 2022: Advertise for Construction Bids



RVWTP UST Replacement Final Design Services Project Recommendation

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

- Approve the attached resolution authorizing the General Manager to issue a purchase order to Lee & Ro, Inc. for an amount not to exceed \$176,000 for final design services for the Rio Vista Water Treatment Plant (RVWTP) Underground Storage Tank (UST) Replacement Project.



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BOARD MEMORANDUM

DATE: November 16, 2021

TO: Board of Directors

FROM: Rochelle Patterson *RP*
Director of Finance and Administration

SUBJECT: Approve a Revised Purchasing Policy

SUMMARY AND DISCUSSION

Management recommends approval of the attached Revised Purchasing Policy for the Santa Clara Valley Water Agency (Agency). The Purchasing Policy is a written guide that designates how the Agency purchases goods and services. It is best practice to regularly review policies and procedures for clarification, relevancy and accuracy. Routine maintenance and changes to policies and procedures are inevitable in order to adjust to the Agency's needs. The Purchasing Policy was last revised in May 2020.

In August 2021, staff presented an item to approve the purchase of resin for the PFAS treatment system. At that time, there was a recommendation to exclude this type of purchase from the Agency's Purchasing Policy. Staff is recommending adding language in Section 3.0 and adding Section 4.3.1 (notated in red, below) of the existing purchasing policy in order to streamline the purchasing process. No other changes are proposed at this time.

3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance (and with limited exceptions specified in Section 4) with Section 4.0. Sales tax and delivery fees shall not be included for purposes of determining whether a transaction exceeds the \$100,000 limit. In times of his/her absence, the General Manager may delegate his/her power.

4.3.1 Limited Authority to Execute Contracts for Budgeted Water Treatment Resin Purchases Exceeding \$100,000. Treatment resin purchases, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the General Manager for approval before purchase. Once approved by the General Manager, the items may be acquired by requesting up to (3) quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the General Manager. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the General Manager.

In order to comply with the Division of Drinking Water operating permit and to ensure the PFAS treatment process is operating appropriately, the resin needs to be replaced periodically, and as a result has been included in the annual budget. Staff is requesting to add language to the existing policy, which gives authority to the General Manager to approve treatment resin purchases in excess of \$100,000, as described in Section 4.3.1.

On November 15, 2021, the Finance and Administration Committee considered staff's recommendation to approve a revised Purchasing Policy.

FINANCIAL CONSIDERATIONS

PFAS resin changeouts are included in the Agency's operating budget.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors approve the attached revised Section 3.0 and the addition of Section 4.3.1 of the Agency's Purchasing Policy.

RP

Attachment

M65



POLICIES, RULES AND REGULATIONS	
Title: PURCHASING POLICY	
Approval Date: December 2021 May 2020	Effective Date: December 2021 May 2020
Approved By: Board of Directors	DMS # 2731022046

PURCHASING POLICY

1.0 INTRODUCTION

This Purchasing Policy provides uniform procedures for acquiring goods, services and equipment for the operations of the Santa Clarita Valley Water Agency (SCV Water).

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes may be advertised in the local newspaper, on the Agency’s website and on other local websites, where appropriate.

2.0 STATEMENT OF PURPOSE

This Purchasing Policy authorizes the conditions under which the Chief Financial and Administrative Officer is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Policy. This Purchasing Policy does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases, election costs, conservation rebates, reimbursable expenditures (such as grants or litigation settlements), deposit refunds, insurance and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Policy does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Policy.

3.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency’s General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance (and with limited exceptions specified in Section 4) with Section 4.0. Sales tax and delivery fees shall not be included for purposes of determining whether a transaction exceeds the \$100,000 limit. In times of his/her absence, the General Manager may delegate his/her power.

4.0 METHODS OF ACQUISITION - GENERAL RULES

Except as provided in Section 5.0, the following methods of acquisition shall be used in the circumstances indicated:



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- 4.1 Items of less than \$30,000. The General Manager or designee, may acquire items, the cost or estimated cost of which does not exceed \$30,000 (excluding sales tax and delivery fees) in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.
- 4.2 Items of \$30,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$30,000 or more but less than \$100,000 (excluding sales tax and delivery fees) in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers SCVWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his/her decision as to what product or service to purchase. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. If an acquisition is made pursuant to this Subsection and has a cost or is estimated to have a cost of more than \$50,000 and is not listed in the budget, the Board approval procedures established in Subsection (4.3) below shall apply.
- 4.3 Items of \$100,000 or more (excluding sales tax and delivery fees). Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (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, in the sole and absolute discretion of the Board. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

4.34.3.1 Limited Authority to Execute Contracts for Budgeted Water Treatment Resin Purchases Exceeding \$100,000. Treatment resin purchases, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition (excluding sales tax and delivery fees), shall be submitted to the General Manager for approval before purchase. Once approved by the General Manager, the items may be acquired by requesting up to (3) quotations from qualified vendors, and



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then purchasing the item from the responsible vendor whose product or service offers the Agency the best value, in the sole and absolute discretion of the General Manager. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the General Manager.

5.0 METHODS OF ACQUISITION – SPECIAL RULES

- 5.1 The requirements of Section 4.0 shall not be applicable if:
 - a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
 - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- 5.2 In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, and the emergency will not permit a delay resulting from complying with Section 4 or, if applicable, Public Contract Code Section 21531, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, report at the next meeting of the Board any such action involving a cost of more than \$30,000 and shall describe the emergency and the actual or probable impact on the Agency, the reasons justifying why the action is necessary to respond to the emergency, and why the emergency will not permit a delay resulting from compliance with Section 4 or, if applicable, Public Contract Code Section 21531.

In the case of any action subject to the requirements of Public Contract Code section 21531, the Board shall review any such action within 7 days of it being taken, or at its next regularly scheduled Board meeting if that meeting will occur not more than 14 days after the action, and at every regularly scheduled Board meeting thereafter until the action is terminated, to determine by a four-fifths vote that there is a need to continue the action, unless the General Manager has completed the action prior to the review by the Board. When the Board reviews the emergency action it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.



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- 5.3 The Agency purchases goods or services in which: (1) a competitive purchasing procedure has been conducted by another public agency, including, but not limited to, another local agency, the State through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), or a joint powers agency, authority or alliance that procures competitive contracts; and (2) the price to the Agency is equal to or better than the price to that public agency.
- 5.4 The Agency Board finds that the nature of the subject of the contract is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bid would thus be undesirable, impractical, or impossible.

6.0 MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired or a lower price can be found on the open market, Section 4.0 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practical.

7.0 ITEMS MANUFACTURED FOR SCV Water

When necessary, the Agency may contract for goods or equipment, which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 5% of the contract price is withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum determined by the Agency.

8.0 AUTHORITY OF GENERAL MANAGER AND CHIEF FINANCIAL AND ADMINISTRATIVE OFFICER TO MAKE DISBURSEMENTS

The General Manager and Chief Financial and Administrative Officer are hereby authorized to make all necessary disbursements in payment for goods, services and equipment contracted for pursuant to this Purchasing Policy. This disbursement authority is, however, subject to the Agency’s rules and procedures on checks exceeding \$30,000.

9.0 AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS

The Agency’s General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original Contract amount.

Original Contract Amount

Change Order Authority



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Up to \$1,000,000

\$20,000 or 5% of original contract amount, whichever is greater.

Greater than \$1,000,001

\$50,000 or 4% of original contract amount, whichever is greater.

The Board may grant different change order authority on a project-specific basis. Board approval is required for any and all change orders once the total amount of change orders reaches the specific level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.

10.0 PROFESSIONAL SERVICE CONTRACTS

Professional services are defined as unique, technical and/or infrequent functions performed by an independent contractor/vendor qualified by education, experience, certification and/or technical ability to provide services. Typical Agency services that are obtained through professional services contracts include engineering and design, construction and project management, land surveying, legal, finance, planning, environmental studies, legislative advocacy, public relations and outreach, organizational studies and strategic planning.

Professional services contracts shall be awarded based on demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required, at fair and reasonable prices to the Agency. All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of the changes shall be reported to the appropriate Committee and the Board as soon as practical. On an annual basis, the General Manager will present to an appropriate Committee a report of current professional services contracts, including name, service, amount, and expiration date. If the General Manager enters into a legal services agreement that exceeds \$30,000, the General Manager shall notify the Board as soon as practicable.

11.0 ENGINEERING SERVICES

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services.



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Engineering services will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

(A) Engineering Services Consultant Selection. Every four years, or more often if necessary, the Agency will request proposals from interested and qualified consulting engineering firms. Submitted proposals will be reviewed, and staff will recommend to the Engineering and Operations Committee and Board of Directors the qualified firms to provide Engineering services.

(B) Work Assignments. Engineering services will be provided by the selected consultants based on the firm’s qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

(C) Contract Duration. Each firm in the pool will be under contract to provide services for the four-year duration noted above. However, should a firm have a work authorization underway at the end of the four-year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.

12.0 AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPTANCE OF CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS

(A) The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids.

(B) The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder’s Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.



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(C) Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

13.0 WORK AUTHORIZATIONS

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

14.0 AUTHORITY OF GENERAL MANAGER TO ENTER INTO THIRD PARTY FUNDED DESIGN AND/OR CONSTRUCTION CONTRACTS

The General Manager shall have the authority to enter into design agreements and/or construction contracts where the value is more than \$100,000 that are solely funded by third parties (i.e. private developers, The City of Santa Clarita, Los Angeles County, etc.) provided that funds have been deposited with the Agency prior to the execution of the design agreement and/or construction contract. Details of such agreements and contracts shall be reported to the appropriate Committee and the Board of Directors.

15.0 PROCUREMENT POLICY FOR FEDERAL GRANTS

Organizations receiving federal funds are subject to the procurement guidelines of the Uniform Guidance (UG), formally 2 C.F.R 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Projects seeking federal grant funding will follow the UG procurement standards.

(Originally Adopted January 2018)

(Revised February 2018; September 2019; December 2019, ~~and~~ May 2020 and December 2021)

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Monthly Financial Report

JULY 2021

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Statements of Revenues and Expenses

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SCV Water
Statement of Revenues and Expenses
For the 1st Period Ending 07.31.21

	(A)		(B)		(C)		(D)	(E)		(F)		(G)	
	Actual		Current Period Budget		Variance			Year-to-Date Budget		Variance			Percent
(1)	\$ 9,022,453	\$ 6,830,416	\$ 2,192,037				\$ 9,022,453	\$ 6,830,416	\$ 2,192,037		32%		
(2)	-	5,699	(5,699)				-	5,699	(5,699)		(100%)		
(3)	55,131	34,037	21,093			55,131	34,037	21,093			62%		
(4)	1,093	80,000	(78,907)			1,093	80,000	(78,907)			(99%)		
(5)	<u>\$ 9,078,677</u>	<u>\$ 6,950,152</u>	<u>\$ 2,128,525</u>			<u>\$ 9,078,677</u>	<u>\$ 6,950,152</u>	<u>\$ 2,128,525</u>			<u>31%</u>		
(6)	\$ 82,912	\$ 353,695	(270,783)			\$ 82,912	\$ 353,695	\$ (270,783)			(77%)		
(7)	385,309	1,359,306	(973,997)	(a)		385,309	1,359,306	(973,997)			(72%)		
(8)	118,173	186,257	(68,084)			118,173	186,257	(68,084)			(37%)		
(9)	534,957	913,171	(378,214)			534,957	913,171	(378,214)			(41%)		
(10)	273,558	1,102,511	(828,953)	(b)		273,558	1,102,511	(828,953)			(75%)		
(11)	178,531	781,490	(602,959)	(c)		178,531	781,490	(602,959)			(77%)		
(12)	6,821	973,418	(966,597)	(d)		6,821	973,418	(966,597)			(99%)		
(13)	729,500	863,038	(133,538)			729,500	863,038	(133,538)			(15%)		
(14)	145,736	291,681	(145,945)			145,736	291,681	(145,945)			(50%)		
(15)	<u>\$ 2,455,497</u>	<u>\$ 6,824,567</u>	<u>\$ (4,369,070)</u>			<u>\$ 2,455,497</u>	<u>\$ 6,824,567</u>	<u>\$ (4,369,070)</u>			<u>(64%)</u>		
(16)	<u>\$ 6,623,180</u>	<u>\$ 125,585</u>	<u>\$ 6,497,595</u>			<u>\$ 6,623,180</u>	<u>\$ 125,585</u>	<u>\$ 6,497,595</u>			<u>5174%</u>		
(17)	\$ 284,152	\$ 2,656,770	(2,372,618)			\$ 284,152	\$ 2,656,770	(2,372,618)			(89%)		
(18)	(206,046)	(3,935,736)	3,729,690	(e)		(206,046)	(3,935,736)	3,729,690			(95%)		
(19)	-	-	-			-	-	-			0%		
(20)	<u>\$ 78,106</u>	<u>\$ (1,278,966)</u>	<u>\$ 1,357,072</u>			<u>\$ 78,106</u>	<u>\$ (1,278,966)</u>	<u>\$ 1,357,072</u>			<u>(106%)</u>		
(21)	<u>\$ 6,701,286</u>	<u>\$ (1,153,382)</u>	<u>\$ 7,854,668</u>			<u>\$ 6,701,286</u>	<u>\$ (1,153,382)</u>	<u>\$ 7,854,668</u>			<u>(681%)</u>		

(a) Technology Expenses and Outside Services - Invoiced in August and September

(b) SC Edison not booked until August

(c) Sustainability Programs - Ramping up program

(d) Firing Programs - Ramping Up in September 2021

(e) FY 21 Period 13 - Waiting on close for projects to close

¹ Non-Operating Revenues include: Grants, 1% Property Tax, Cell Sites, FCF, Lab Revenues, Interest Income

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Large Disbursement Check Registers

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SCV Water
Ten Largest Disbursements
July 1, 2021 to July 31, 2021

No.	Payment #	Payee	Payment Amount
1	49265	Department of Water Resources	983,066.00
2	49351	SO. CALIFORNIA EDISON CO.	270,124.05
3	10036	SO. CALIFORNIA EDISON CO.	173,835.72
4	10037	Association Of California Water Agencies Joint Power Insurance Authority	45,028.75
5	49297	Filippin Enginnering, Inc.	44,790.10
6	49361	Cannon Corporation	44,080.10
7	49273	Filippin Enginnering, Inc.	30,999.40
8	49075	Sierra Chevrolet	30,681.05
9	49275	Infosend, Inc.	30,572.08
10	49320	SC Commercial, LLC	29,874.99
			1,683,052.24

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Director Stipends

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Director Reimbursements

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CA Govt. Code Section 53065.5
List of Reimbursement for "Individual Charges" = \$100 or more
Annual Disclosure for Fiscal Year 20/21
DIRECTORS

[AP Transactions Updated as of: 7/31/21](#)
P- Card (VISA) Transactions Updated as of:

Date of Reimbursement	Recipient of Reimbursement	Reason for Reimbursement	Amount of Reimbursement
			.

**** No Transactions for July 2021****

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BOARD MEMORANDUM

DATE: November 8, 2021

TO: Board of Directors

FROM: Courtney Mael, P.E. *CM*
Chief Engineer

SUBJECT: Adopt a Resolution Authorizing SCV Water to Execute a Financing Agreement with the State Water Resources Control Board for the Los Angeles Residential Community Pipeline Project

SUMMARY

SCV Water has applied for grant funds from the State Water Resources Control Board (SWRCB) to construct a pipeline in Bouquet Canyon Road to consolidate and provide master meter service to two small community water systems: the Los Angeles Residential Community (LARC), and Royce Lily of the Valley Mobile Village LLC, dba Lily of the Valley Mobile Village (LOV). The SWRCB has issued a Financing Agreement for a Drinking Water Construction Grant and Loan, Agreement No. SWRCB0000000000D2002059, by and between SCV Water and the SWRCB to fund the LARC Ranch Water Pipeline Project 1910017-001C (Attachment 1). SCV Water must deliver to the SWRCB a resolution authorizing the Agreement and identifying its authorized representative (Attachment 2). SCV Water must also deliver an opinion of general counsel satisfactory to the SWRCB counsel dated on or after the date of execution of the Financing Agreement (Attachment 3).

DISCUSSION

Project Scope and Background: LARC operates a community water system for its residents, which includes two wells, a 300,000-gallon tank, and an on-site pipeline network. LOV operates a community water system for its residents, which includes two wells, two 100,000-gallon tanks, and an onsite pipeline network. Due to extended drought conditions in Southern California and the lack of groundwater recharge in the Bouquet Canyon Creek area, LARC has been unable operate its wells and has been forced to haul water to meet the needs of its residents, and LOV's water supply could face similar constraints. LARC and LOV have formally requested, by respective resolutions, to consolidate with SCV Water via master meter consolidations and to relinquish their water supply permits. This requires SCV Water to construct a new pipeline that will extend over one and three-quarter miles along Bouquet Canyon Road to the LARC and LOV properties. Under the terms of the master meter consolidation and associated water service agreements, LARC and LOV will continue to own and be responsible for the operation and maintenance of the onsite distribution system downstream of the master meter(s), including necessary backflow prevention devices. SCV Water's only responsibility will be to provide water to the LARC and LOV properties at the master water meter(s). LARC and LOV properties are within the existing SCV Water service area.

Project Funding: SCV Water, in collaboration with the SWRCB, has applied for grant funds on behalf of LARC and LOV, pursuant to SCV Water resolutions 3116 and SCV-208, respectively, for the master meter consolidation of each entity with SCV Water. These

consolidation grant funds are intended to cover the entire cost for a new 8-inch diameter pipeline sized to serve LARC and LOV. SCV Water has opted to upsize the pipeline to 12-inch diameter to allow other existing developed areas (e.g., ranches, businesses) located along the pipeline alignment that currently rely on private wells to connect to the pipeline, subject to payment of connection fees and construction of new services.

The Financing Agreement requires that a Final Budget Approval Package be submitted to the SWRCB after receipt of construction bids and prior to start of construction. The Financing Agreement also requires that SCV Water advertise for bids for the 8-inch and 12-inch pipelines to determine the incremental cost for the pipeline upsize. SCV Water plans to advertise for bids in first quarter 2022 and seek SCV Board approval to award a contract for construction. If grant funds for the project are not sufficient to pay the project costs in full, based on bid results, then SCV Water may seek an amendment to the project costs included in the Financing Agreement.

The Financing Agreement requires that the following disclosure be included in documents shared with the general public regarding the project: "Funding for this project has been provided in full or in part under Proposition 68 and the Drinking Water State Revolving Fund, which may include capitalization funding from the United States Environmental Protection Agency through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CONSIDERATIONS

SCV Water adopted the Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP) for the proposed consolidation project to construct the proposed pipeline in Bouquet Canyon Road by Resolution 3158 on March 8, 2017. SCV Water filed the Notice of Determination with the Los Angeles County Clerk's Office and the State Clearinghouse on April 13, 2017. Furthermore, SCV Water staff and legal counsel issued a letter on January 27, 2021 to the SWRCB to document its review and conclusion that providing master meter service connections to LOV from the proposed pipeline is covered under the adopted MND.

On November 4, 2021, the Engineering and Operations Committee considered staff's recommendation to adopt a resolution authorizing SCV Water to execute a financing agreement with the State Water Resources Control Board for the Los Angeles Residential Community Pipeline Project.

FINANCIAL CONSIDERATIONS

The total cost of the LARC Pipeline Project and master meter consolidations of LARC and LOV is estimated to be \$4,374,537 including planning, design, construction, and facility capacity fees. The Agreement will provide up to \$3,572,591 in grant funds to cover planning, design, construction, and facility capacity fees for an 8-inch pipeline, and master meters needed to serve LARC and LOV. In addition, this Agreement will provide reimbursement of \$359,400 in costs already incurred for planning and design of the project.

The incremental cost to upsize the pipeline is estimated to be up to \$800,000 and would initially be funded from the SCV Water Capital Improvement Program currently approved in the FY 2021/22 CIP Budget. Costs for the pipeline upsize would be recovered in part by payment of facility capacity fees by new service connections requested by existing developments along the pipeline route.

RECOMMENDATION

The Engineering and Operations Committee recommends that the Board of Directors adopt the attached resolution authorizing the SCV Water to execute the Financing Agreement with the SWRCB for LARC Pipeline Project and the master meter consolidation of the LARC and LOV water systems into SCV Water, and to designate the authorized representative by title to execute the Agreement and to carry out SCV Water's responsibilities under the Agreement.

Attachments

MBS

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ATTACHMENT 1



State Water Resources Control Board

September 28, 2021

Santa Clarita Valley Water Agency
Attn: Courtney Mael – Chief Engineer
26515 Summit Circle
Santa Clarita, CA 91350

Agreement Number: SWRCB0000000000D20-02059
Project Number: 1910017-001C

Enclosed is your Agreement for your approval and signature. This Agreement cannot be considered binding by either party until executed by the State Water Resources Control Board (State Water Board).

If you are in agreement with all terms and conditions of the Agreement, please sign and date two (2) signature pages; return only the two (2) signature pages – it is not necessary to send the entire Agreement - no later than thirty (30) calendar days from the date of this letter to:

Overnight Mail

State Water Resources Control Board
Attention: David Bruglia
Division of Financial Assistance
1001 I Street, 16th Floor
Sacramento, CA 95814

US Mail

State Water Resources Control Board
Attention: David Bruglia
Division of Financial Assistance
P. O. Box 944212
Sacramento, CA 94244-2120

In order for the Funding Agreement to be executed by the State Water Board, the following items must also be returned with the signed signature pages:

- 1. Opinion of General Counsel.

Be aware that all projects receiving funding must comply with all applicable implementing guidelines and regulations adopted by California Department of Industrial Relations (DIR), regarding state prevailing wage requirements. You must contact DIR for guidance on how to comply. Information can be found at: http://www.dir.ca.gov/lcp.asp.

Mr. Bruglia may be contacted at (916) 449-5640 or david.bruglia@waterboards.ca.gov

Once the Agreement is signed by both parties, we will forward an executed copy to you for your records.

Enclosures

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR



**DRINKING WATER CONSTRUCTION
GRANT AND LOAN**

AGREEMENT NO. SWRCB000000000D2002059
by and between
SANTA CLARITA VALLEY WATER AGENCY (“Recipient”)
and
CALIFORNIA STATE WATER RESOURCES CONTROL BOARD (“State Water Board”)



for the purpose of the

LARC RANCH WATER PIPELINE PROJECT
1910017-001C (“Project”)

- Section 116760 et seq. of the Health and Safety Code and Resolution Nos. 2019-0065 and 2021-0022.
- Section 80140 of the Public Resources Code, and Resolution No. 2021-0022.

PROJECT FUNDING AMOUNT: \$3,931,991.00
GRANT COMPONENT: \$3,572,591.00
PRINCIPAL FORGIVENESS COMPONENT: \$359,400.00

ESTIMATED REASONABLE PROJECT COST: \$4,811,991.00
ELIGIBLE WORK START DATE: APRIL 1, 2015
ELIGIBLE CONSTRUCTION START DATE: APRIL 8, 2021
CONSTRUCTION COMPLETION DATE: DECEMBER 31, 2023
FINAL REIMBURSEMENT REQUEST DATE: MARCH 31, 2024
RECORDS RETENTION END DATE: DECEMBER 31, 2059

1. The State Water Board and the Recipient mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement, including the following Exhibits, which are attached hereto or are incorporated by reference:
 - Exhibit A – Scope of Work and Schedule
 - Exhibit B – Specific Funding Provisions
 - Exhibit C – GENERAL TERMS AND CONDITIONS 2019-NOV
 - Exhibit D – Special Conditions

2. The following documents are also incorporated by reference:
 - RESERVED;
 - the Drinking Water System Permit No. 04-15-00P-007;
 - the Davis-Bacon requirements found at:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbacon/2021_dwsrf_governmental_entities.pdf

3. Party Contacts during the term of this Agreement are:

State Water Board		Santa Clarita Valley Water Agency	
Section:	Division of Financial Assistance		
Name:	Lawrence Sanchez, Project Manager	Name:	Courtney Mael, Chief Engineer
Address:	500 N. Central Ave., Ste. 500	Address:	26515 Summit Circle
City, State, Zip:	Glendale, CA 91203	City, State, Zip:	Santa Clarita, CA 91350
Phone:	(818) 551-2017	Phone:	(661) 513-1270
Fax:		Fax:	
Email:	lawrence.sanchez@waterboards.ca.gov	Email:	cmael@scvwa.org

Each party may change its contact upon written notice to the other party. While Party Contacts are contacts for day-to-day communications regarding Project work, the Recipient must provide official communications and notices to the Division's Deputy Director.

4. Conditions precedent to this Agreement are set forth as follows:
 - (a) The Recipient must deliver to the Division a resolution authorizing this Agreement and identifying its authorized representative by title.
 - (b) The Recipient must deliver an opinion of general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

5. The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement, which shall be at least until the Records Retention End Date:
 - (a) The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.
 - (b) The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.
 - (c) None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by

this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.

- (d) The Recipient is in compliance with all State Water Board funding agreements to which it is a party.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

SANTA CLARITA VALLEY WATER AGENCY:

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: Courtney Mael
Title: Chief Engineer

By: _____
Name: Joe Karkoski
Title: Deputy Director
Division of Financial Assistance

Date: _____

Date: _____

EXHIBIT A – SCOPE OF WORK AND SCHEDULE

A.1. PROJECT PURPOSE AND DESCRIPTION.

The Project is for the benefit of the Recipient and has a Useful Life of 50 years (pipe) and 20 years (pump station and appurtenances). The funding under this Agreement shall be used to consolidate two small water systems into the Recipient's service area. The Project will address the Los Angeles Residential Community (LARC), a small severely disadvantaged system, water outage issue (Category A) and Lily of the Valley (LOV) Mobile Village, a small disadvantaged system, single well issue (Category D). These two systems will benefit from consolidation by receiving increased drought resiliency and water supply redundancy. Following consolidation, LARC and LOV will cease to operate as public water systems.

A.2. SCOPE OF WORK.

The Recipient agrees to do the following: Construct approximately 2-miles of new 8-inch ductile iron pipeline and appurtenances, which will be upsized, at the Recipient's cost, to a 12-inch pipeline. Construct metered connections for both LARC and LOV.

For LARC's connection, the Recipient shall construct a new 2-inch meter and on-site pump station. The on-site pump station will be owned, operated, and maintained by LARC.

To connect LOV, the Recipient shall construct two new 4-inch meter connections, associated piping and appurtenances.

The Project includes connection fees for new water service and related soft costs for pre-construction and construction.

Upon Completion of Construction, the Recipient must expeditiously initiate Project operations.

A.3 SIGNAGE

The Recipient must place a professionally prepared sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and must maintain the sign in good condition for the duration of Project implementation. The sign may include another agency's required information and must include, prominently displayed, the following disclosure statement and color logos (available from the Division):



"Funding for this project has been provided in full or in part under Proposition 68 and the Drinking Water State Revolving Fund, which may include capitalization funding from the United States Environmental Protection Agency through an agreement with the State Water Resources Control Board."

A.4 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the “Estimated Due Date” column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to the Project Completion Date. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final Reimbursement Request prior to the Final Reimbursement Request Date set forth on the Cover Page.

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK			
A.	ADDITIONAL SUBMITTAL(S) TO DIVISION		
1.	Final Plans and Specifications		October 1, 2021
2.	Final Budget Approval Package		February 1, 2022
3.	Completion of Construction	December 31, 2023	
B.	REPORTS		
1.	Progress Reports		Quarterly
2.	Final Inspection and Certification		December 31, 2023
3.	Project Completion Report		January 31, 2024
4.	As Needed Reports		TBD
EXHIBIT B – REIMBURSEMENTS, BUDGET DETAIL, AND REPORTING PROVISIONS			
A.	REIMBURSEMENTS		
1.	Reimbursement Requests		Quarterly
2.	Final Reimbursement Request	March 31, 2024	

The Recipient must award the prime construction contract and begin construction timely. The Recipient must deliver any request for extension of the Completion of Construction Date no less than 90 days prior to the Completion of Construction Date.

A.5 PROGRESS REPORTS.

The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement. The Recipient must provide a progress report with each Reimbursement Request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B. A progress report must contain the following information:

- 1) A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- 2) A description of compliance with environmental requirements;
- 3) A listing of change orders including amount, description of work, and change in contract amount and schedule; and

- 4) Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.6 SPECIAL REPORTS.

(a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate District Office on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:

- i. Description of the Project,
- ii. Description of the water quality problem the Project sought to address,
- iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
- iv. Summary of compliance with applicable environmental conditions.

(b) If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold reimbursements under this Agreement or other agreements, and begin administrative proceedings.

(c) The Recipient must report Disadvantaged Business Enterprise (DBE) utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient must comply with 40 CFR § 33.301 and require its contractors and subcontractors on the Project to comply.

A.7 FINAL PROJECT INSPECTION AND CERTIFICATION.

Upon completion of the Project, the Recipient must provide for a final inspection and must certify that the Project has been completed in accordance with this Agreement, any final plans and specifications submitted to the State Water Board, and any amendments or modifications thereto. If the Project involves the planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, or other professionals, the final inspection and certification must be conducted by a California Registered Civil Engineer or other appropriate California registered professional. The results of the final inspection and certification must be submitted to the Project Manager.

EXHIBIT B – FUNDING AMOUNTS

B.1 ESTIMATED REASONABLE COST AND PROJECT FUNDS.

The estimated reasonable cost of the total Project is set forth on the Cover Page of this Agreement and is greater than or equal to the funding anticipated to be provided by the State Water Board under this Agreement. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.2 RECIPIENT CONTRIBUTIONS.

(a) The loan component of this Agreement is forgiven. The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is Zero dollars and no cents (\$0.00).

(b) The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

(c) If the Recipient recovers funds from any responsible parties, the Recipient shall immediately notify the Division. The amount of this Agreement may be reduced to reflect the recovered funds.

B.3 VERIFIABLE DATA.

Upon request by the Division, the Recipient must submit verifiable data to support deliverables specified in the Scope of Work. The Recipient's failure to comply with this requirement may be construed as a material breach of this Agreement.

B.4 BUDGET COSTS

Budget costs are contained in the Summary Project Cost Table below:

LINE ITEM	TOTAL ESTIMATED COST	PROJECT FUNDING AMOUNT
Construction	\$2,984,832.00	\$2,334,832.00
Pre-Purchased Material/Equipment	\$0.00	\$0.00
Purchase of Land	\$0.00	\$0.00
Contingency	\$437,454.00	\$357,454.00
Allowances (Soft Costs)	\$1,389,705.00	\$1,239,705.00
TOTAL	\$4,811,991.00	\$3,931,991.00

The Division's Final Budget Approval and related Form 259, Form 260, and Form 261 will document a more detailed budget of eligible Project Costs and Project funding amounts.

Project Costs incurred prior to June 5, 2018 are not eligible for the grant component of the Project Funding Amount. The Recipient must not request reimbursement of Project Costs incurred prior to June 5, 2018 in excess of the amount of the principal forgiveness component as set forth on the Cover Page of this Agreement.

The Recipient is prohibited from requesting disbursement amounts that represent Recipient's mark-ups to costs invoiced or otherwise requested by consultants or contractors.

B.5 LINE ITEM ADJUSTMENTS.

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

Under no circumstances may the sum of line items in the budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

B.6 REIMBURSEMENT PROCEDURE.

(a) Except as may be otherwise provided in this Agreement, reimbursements will be made as follows:

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate reimbursement of any eligible incurred costs as specified below through submission to the State Water Board of the Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
2. The Recipient must submit a Reimbursement Request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late Reimbursement Requests may not be honored.
3. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Reimbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.
4. The Recipient must not request reimbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of reimbursement. Supporting documentation (e.g., receipts) must be submitted with each Reimbursement Request. The amount requested for Recipient's administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Reimbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Reimbursement Request. Upon request by the Division, supporting documents for professional and administrative services must include the employees' names, classifications, labor rates, hours worked, and descriptions of the tasks performed. Reimbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
5. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future reimbursements.
6. The Recipient shall not request a reimbursement unless that Project Cost is allowable, reasonable, and allocable.
7. Notwithstanding any other provision of this Agreement, no reimbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.

(b) Notwithstanding any other provision of this Agreement, the Recipient agrees that the State Water Board may retain an amount equal to ten percent (10%) of the Project Funding Amount until Project Completion. Any retained amounts due to the Recipient will be promptly disbursed to the Recipient, without interest, upon Project Completion.

(c) Except as follows, construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient. The Deputy Director of the Division may authorize the disbursement of up to ten percent (10%) of Project Funds for the reimbursement of eligible construction costs and

pre-purchased materials prior to Division approval of the final budget form submitted by the Recipient. All other construction costs are not eligible for reimbursement until after the Division has approved the final budget form submitted by the Recipient. Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.

B.7 REVERTING FUNDS AND DISENCUMBRANCE.

In the event the Recipient does not submit Reimbursement Requests for all funds encumbered under this Agreement by the Final Reimbursement Request Date, any remaining funds revert to the State. The State Water Board may notify the Recipient that the project file is closed, and any remaining balance will be disencumbered and unavailable for further use under the Agreement.

EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV

GENERAL TERMS AND CONDITIONS 2019-NOV is incorporated by reference and is posted at
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/general_terms.html

EXHIBIT D – SPECIAL CONDITIONS

1. Notwithstanding Exhibit C, the following terms have no meaning for the purposes of this Agreement:

- Work Completion
- Work Completion Date

2. Each capitalized term used in this Agreement has the following meaning:

- "Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.
- "Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.
- "Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is established on the Cover Page of this Agreement.
- "District Office" means District Office of the Division of Drinking Water of the State Water Board.
- "Division of Drinking Water" means the Division of Drinking Water of the State Water Board.
- "Eligible Construction Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.
- "Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.
- "Enterprise Fund" means the enterprise fund of the Recipient in which Revenues are deposited.
- "Event of Default" means, in addition to the meanings set forth in Exhibit C, the occurrence of any of the following events:
 - a) A material adverse change in the condition of the Recipient, the Revenues, the System, or the Project which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
 - b) Failure to operate the System or the Project without the Division's approval; or
 - c) The occurrence of a material breach or event of default under, or termination of, a final consolidation agreement required under Exhibit D.7(a)(iv), that the Division determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- "Final Budget Approval" means the Division-approved final budget for the Project, as set forth in Exhibit B.
- "Indirect Costs" means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Project (i.e., costs that are not directly related to the Project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Recipient; non-project-specific accounting and personnel services performed within the Recipient organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; generic overhead or markup; and taxes.
- "Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

- "Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.
- "Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.
- "Reimbursement Request" means the Recipient's request for Project Funds from the State Water Board as set forth in Exhibit B.
- "Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.
- "System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Santa Clarita Valley Water Agency, or its successor agency, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.
- "Useful Life" means the economically useful life of the Project beginning at Project Completion and is set forth in Exhibit A.

3. Acknowledgements.

The Recipient must include the following acknowledgement in any document, written report, or brochure to be shared with the general public prepared in whole or in part pursuant to this Agreement:

"Funding for this project has been provided in full or in part under Proposition 68 and the Drinking Water State Revolving Fund, which may include capitalization funding from the United States Environmental Protection Agency through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

- ### 4. Rates and Charges.
- The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are in an amount necessary to meet its obligations under this Agreement. The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

Exhibit D

5. Reserved.

6. Reserved.

7. Special Conditions.

a. Technical:

- i. The Recipient shall submit its professional engineering services contract to the Division prior to disbursement of funds for costs incurred under such contract.
- ii. The Recipient shall submit the final plans and specifications to the Project Manager and the Division of Drinking Water Angeles District Office for approval prior to soliciting bids, awarding any contracts, or commencing construction activities.
- iii. The Recipient shall submit all applicable permit amendment applications, including waiver application for any variance from the main separation requirements in the CA Waterworks Standards, to the Angeles District Office for approval prior to soliciting bids, awarding any contracts, or commencing construction activities.
- iv. The Recipient must submit an executed consolidation and water service agreement(s) with each system, satisfactory to the Division's counsel, and receive written approval from the Project Manager to proceed prior to disbursement of any Project Funds under this Agreement. The consolidation and water service agreement(s) shall be in accordance with the requirements specified in the Policy.
- v. The executed consolidation and water service agreement with LOV must obligate LOV to install a backflow prevention device immediately downstream of each meter, to install piping downstream of each meter to allow connection with LOV, and to make the final connection by a date no later than the Construction Completion Date. The costs of these improvements are not reimbursable under this Agreement. Recipient shall take all steps necessary to enforce its rights and LOV's obligations under its consolidation agreement to ensure the Recipient is able to expeditiously initiate Project operations following Completion of Construction.
- vi. The Recipient shall bid the project in such a way to demonstrate the 8" pipeline construction costs, as well as the 12" pipeline construction costs, and submit such bids to the Division as part of the Final Budget Approval eligibility review.

b. Environmental:

- i. The documents identified below are incorporated by reference and the Recipient shall comply with the conditions and recommendations therein:
 1. The Mitigation Monitoring and Reporting Program adopted by the Recipient on March 8, 2017 for the Project. The Recipient shall implement all mitigation measures therein.
 2. In the Recipient's Quarterly Reports submitted pursuant to this Agreement, the Recipient shall include a discussion of the status of its compliance with environmental measures identified in this Exhibit D, with separate sections clearly labeled and titled, discussing the status of Recipients compliance.

3. In the Recipient's Project Completion Report submitted pursuant to this Agreement, the Recipient shall include a discussion of its compliance with environmental measures identified in this Exhibit D, with separate sections clearly labeled and titled, discussing the status of Recipients compliance.
8. Funds Related to Contamination.
 - (a) As a condition precedent to this Agreement and prior to any disbursement, the Recipient shall (i) notify the Division of any demands made by the Recipient against third parties for monetary damages, reimbursement of costs, or other relief, including litigation, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane (1,2,3-TCP); and (ii) unless waived by the Division, notify and provide to the Division copies of any agreements with third parties (e.g., settlement agreements, consent agreements, etc.) or court or administrative orders arising out of litigation or disputes related to contamination of the drinking water associated with the Project.
 - (b) After execution of this Agreement, the Recipient shall notify the Division promptly of the new occurrence of any matters requiring notice under paragraph (a), above. Upon request, the Recipient shall promptly provide information and copies of documents as requested by the Division.
 - (c) The Recipient shall place all funds received after the date of this Agreement under any order or agreement described in paragraphs (a)(ii) and (b), above, into a restricted account to be used either for a capital improvement project that addresses the contamination, or for operation and maintenance of treatment or remediation of the contamination. Alternatively, upon consent of the Division, the funds received after the date of this Agreement under any such order or agreement shall be used as match funding for the Project or held in a restricted reserve account to support the financial capacity of the System.
 - (d) The amount of this Agreement may be reduced, and/or disbursements withheld, to offset amounts received under any contamination-related order or agreement described in paragraphs (a)(ii) or (b), above, to avoid double recovery. Noncompliance with paragraphs (a), (b), or (c) above shall be an Event of Default.
9. Appointment of Receiver/Custodian. Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the State Water Board under this Agreement, the State Water Board may make application for the appointment of a receiver or custodian of the Revenues, pending such proceeding, with such power as the court making such appointment may confer.
10. Damages for Breach of Tax-Exempt Status. In the event that any breach of any of the provisions of this Agreement by the Recipient results in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.
11. Damages for Breach of Federal Conditions. In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.
12. Reserved.
13. Operation and Maintenance. The Recipient shall ensure the facility and structures constructed or improved as part of the Project are sufficiently and properly staffed, operated, and maintained throughout the term of this Agreement, consistent with the purposes of this Agreement. The State Water Board shall not be liable for any cost of such maintenance, management or operation.

14. Insurance. The Recipient will procure and maintain or cause to be maintained insurance on the System and Project with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System or Project) as are usually covered in connection with systems similar to the System or Project. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program. In the event of any damage to or destruction of the System or Project caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System or Project. The Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System and Project must be free and clear of all claims and liens. Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.
15. Notice Events. Upon the occurrence of any of the following events, the Recipient must notify the Division's Deputy Director and Party Contacts by phone and email within the time specified below:
- a. The Recipient must notify the Division within 24 hours by phone at (916) 327-9978 and by email to DrinkingWaterSRF@waterboards.ca.gov of any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.
 - b. The Recipient must notify the Division promptly of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project (no change of ownership may occur without written consent of the Division);
 - iii. Loss, theft, damage, or impairment to Project;
 - iv. Events of Default, except as otherwise set forth in this section;
 - v. A proceeding or action by a public entity to acquire the Project by power of eminent domain.
 - vi. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity or the Recipient's continued existence;
 - vii. Consideration of dissolution, or disincorporation;

- viii. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board.
 - ix. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this funding, or in any certification, report, or request for reimbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
 - x. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
 - xi. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
 - xii. Any Project monitoring, demonstration, or other implementation activities required in this Agreement;
 - xiii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
 - xiv. Any event requiring notice to the Division pursuant to any other provision of this Agreement.
 - xv. Completion of work on the Project.
 - xvi. The Recipient must promptly notify the Division and Party Contacts of cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;
 - xvii. The Recipient must promptly notify the Division and Party Contacts of the discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during implementation of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
 - xviii. The Recipient must promptly notify the Division and Party Contacts of Completion of Construction, and Project Completion;
 - xix. The Recipient must promptly notify the Division and Party Contacts of the award of the prime construction contract for the Project; and the Recipient must promptly notify the Division and Party Contacts of Initiation of construction of the Project.
 - xx. The occurrence of a material breach or event of default under any Recipient obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption.
16. Continuous Use of Project; No Lease, Sale, Transfer of Ownership, or Disposal of Project. The Recipient agrees that, except as provided in this Agreement, it will ensure that neither all nor a significant part or portion of the Project is abandoned, substantially discontinued use of, leased, sold, transferred ownership of, or disposed of during the Useful Life of the Project without prior written approval of the Division. Such

approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

17. State Cross-Cutters. Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:
 - a) The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.
 - b) Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
 - c) Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
 - d) Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
 - e) Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
 - f) Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
 - g) Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
 - h) Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
 - i) Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
 - j) Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.
 - k) The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.
18. Financial Management Systems. The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.
19. Access and Inspection. In addition to the obligations set forth in section 2 of the General Terms and Conditions incorporated in Exhibit C of this Agreement, the Recipient must ensure that the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during the term of the Agreement.

20. Fraud, Waste, and Abuse. The Recipient shall prevent fraud, waste, and the abuse of Project Funds, and shall cooperate in any investigation of such activities that are suspected in connection with this Agreement. The Recipient understands that discovery of any evidence of misrepresentation or fraud related to reimbursement requests, invoices, proof of payment of invoices, or other supporting information, including but not limited to double or multiple billing for time, services, or any other eligible cost, may result in referral to the Attorney General's Office or the applicable District Attorney's Office for appropriate action. The Recipient further understands that any suspected occurrences of false claims, misrepresentation, fraud, forgery, theft or any other misuse of Project Funds may result in withholding of reimbursements and/or the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder.
21. Disputes. The Recipient must continue with the responsibilities under this Agreement during any dispute. The Recipient may, in writing, appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute. This provision does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law. This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.
22. Additional Representations and Warranties. The Recipient makes the following representations and warranties:
 - a. Reserved.
 - b. The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application, a material fact that makes the statements in its application not misleading.
 - c. The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.
 - d. The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date set forth on the first page hereof, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date set forth on the Cover Page.
 - e. Except as set forth in this paragraph, there are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the Revenues, and/or the Project.
 - f. There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain any of the real or personal property related to or necessary for the Project.

- g. The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.
 - h. Any financial statements or other financial documentation of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements or other financial documentation: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements or other financial documentation, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements or other financial documentation been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.
 - i. The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.
 - j. The Recipient has no conflicting or material obligations, except as set forth in this paragraph.
 - k. The Recipient legally possesses all real property rights necessary for the purposes of this Agreement, not subject to third party revocation, which rights extend at least to the Records Retention End Date of this Agreement, except as set forth in this paragraph.
 - l. The Recipient and its principals, to the best of the Recipient's knowledge and belief, are not presently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized; nor have they engaged or permitted the performance of services covered by this Agreement from parties that are debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this grant funding is authorized.
 - m. The Recipient possesses all water rights necessary for this Project.
23. Federal SRF Requirements. The Recipient acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions for the Useful Life of the Project:
- a. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

- b. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 2 of this Agreement in all construction contracts and subcontracts.
- c. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- d. The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/ogd>.
- e. No Recipient may receive funding under this Agreement unless it has provided its DUNS number to the State Water Board.
- f. Reserved.
- g. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- h. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- i. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- j. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.
- k. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
- l. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- m. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during

the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.

- n. The Recipient certifies to the best of its knowledge and belief that:
 - i. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - ii. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.
 - iii. The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.
- o. The Recipient must comply with the following federal non-discrimination requirements:
 - i. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - ii. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
 - iii. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - iv. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - v. 40 CFR Part 7, as it relates to the foregoing.
 - vi. Executive Order 13798, including, to the greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech
 - vii. All applicable federal civil rights regulations, including statutory and national policy requirements (2 CFR section 200.300).
- p. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

"During the performance of this contract, the contractor agrees as follows:"(a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including

apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

- q. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises as set forth in this Agreement.
- r. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/> .

- s. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- t. The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.
- u. All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.
- v. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.
- w. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.
- x. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, including fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results, or ordering, advising, or suggesting that subordinates engage in research misconduct.
- y. The Recipient agrees to comply with, and require all contractors and subcontractors to comply with, EPA's Scientific Integrity Policy, available at <https://www.epa.gov/osa/policy-epa-scientific-integrity>, when conducting, supervising, and communicating science and when using or applying the results of science. For purposes of this condition scientific activities include, but are not limited to, computer modelling, economic analysis, field sampling, laboratory experimentation, demonstrating new technology, statistical analysis, and writing a review article on a scientific issue.
- z. The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the EPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in EPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.
- aa. The Recipient agrees to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient also agrees to abide by the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals used in Testing, Research, and Training," available at <http://grants.nih.gov/grants/olaw/references/phspol.htm#USGovPrinciples>.
- bb. The Recipient certifies that no Project Funds will be used on:

- i. Video surveillance or telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
- ii. Telecommunications or video surveillance services produced by such entities;
- iii. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country; or
- iv. Other telecommunications or video surveillance services or equipment in violation of [2 CFR 200.216](#).

ATTACHMENT 2

RESOLUTION NO. SCV -XXX

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
AUTHORIZING SANTA CLARITA VALLEY WATER AGENCY TO
EXECUTE A FINANCING AGREEMENT
WITH THE STATE WATER RESOURCES CONTROL BOARD DESIGNATING
AUTHORIZED REPRESENTATIVE**

WHEREAS, it is the intent of the State Water Resources Control Board (SWRCB) to promote consolidation where appropriate and feasible, especially among small community water systems (SCWS) serving small severely disadvantaged communities (SDACs) and small disadvantaged communities (DACs); and

WHEREAS, the SWRCB has determined that the Los Angeles Residential Community (LARC) is a SDAC and is eligible for grant funding to consolidate its water system with Santa Clarita Valley Water Agency (SCV Water); and

WHEREAS, the SWRCB has determined that the Royce Lily of the Valley LLC dba Lily of the Valley Mobile Village (LOV) is a DAC and is eligible for grant funding to consolidate its water system with SCV Water; and

WHEREAS, SCV Water, in collaboration with the SWRCB, has applied for grant funds from the SWRCB's Drinking Water State Revolving Fund (DWSRF) on behalf of LARC, pursuant to Resolution 3116 and on behalf of LOV, pursuant to Resolution SCV-208, to consolidate these water systems with SCV Water via a new pipeline to be constructed in Bouquet Canyon Road (Project) ; and

WHEREAS, the SWRCB has issued the attached Agreement for a Drinking Water Construction Grant and Loan, AGREEMENT NO. SWRCB0000000000D2002059, by and between SCV Water and the SWRCB to fund the Project (Agreement) ; and

WHEREAS, upon execution of the Agreement, funding for this Project shall be provided in full or in part under Proposition 68 and the Drinking Water State Revolving Fund, which may include capitalization funding from the United States Environmental Protection Agency through an agreement with the SWRCB. The contents of Resolution document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use; and

WHEREAS, SCV Water, a public agency of the State of California duly organized, validly existing under and pursuant to the Constitution and the laws of the State of California, created January 1, 2018 by an act of the State Legislature (SB 634), has the requisite legal right, power, and authority to execute and deliver the Agreement and carry out and consummate all transactions contemplated therein; and

WHEREAS, SCV Water has determined to authorize the execution and delivery of the Financing Agreement for the purpose of financing all or a portion of the cost of the Project and to approve certain matters in connection therewith; and

WHEREAS, SCV Water must deliver to the SWRCB a resolution authorizing the Agreement and identifying its authorized representative.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Santa Clarita Valley Water Agency AS FOLLOWS:

1. The recitals set forth above are true and correct and are made findings of the Board of Directors, and by this reference made an operative part of this Resolution.
2. The Agreement in substantially the form on file with the Clerk of the Board is hereby authorized and approved.
3. The SCV Water Chief Engineer (the "Authorized Representative") or designee is hereby authorized and directed to execute and deliver the Agreement with such changes, insertions and omissions as may be recommended by general counsel to the Agency and approved by the Authorized Representative executing the same, said execution being conclusive evidence of such approval.
4. The Authorized Representative or designee is further authorized to execute any necessary amendments or changes to the Agreement, as may be required from time to time.
5. The Authorized Representative or designee and any other proper officer of the Agency is hereby authorized to represent SCV Water in carrying out SCV Water's responsibilities under the Agreement, including but not limited to execution and delivery of any and all documents and instruments and completion or causing completion of any and all acts and things necessary or proper for carrying out the transactions contemplated by the Agreement and this Resolution and approval, submission and certifying of disbursements requests (including Claims for Reimbursements) or other required documentation, and compliance with applicable state and federal laws.
6. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement unless the context otherwise clearly requires.
7. This Resolution shall take effect immediately upon its passage and adoption.

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Manhattan Beach
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October 15, 2021

State Water Resources Control Board
Division of Financial Assistance
Attn: David Bruglia
1001 I St., 16th floor
Sacramento, CA 95814

Re: Santa Clarita Valley Water Agency (“Agency”) – LARC Ranch Water Pipeline Project –
Project No. 1910017-001C (“Project”) – Agreement No. SWRCBD0000000002002059
 (“Agreement”)

Dear Ladies and Gentlemen:

This firm serves as General Counsel to the Agency in connection with the Project. This opinion is delivered to the State Water Resources Control Board (“State Water Board”) at the request of the Agency. In connection therewith, I have examined the laws pertaining to the Agency, originals of the Agreement between the Agency and the State Water Board (“Agreement”), the Agency’s authorizing and authorized representative resolution [number] adopted on [DATE], the Agency’s rate-setting resolution SCV-216 adopted on June 15, 2021, (collectively, “the Resolutions”), the Agency’s debt management policy, effective April 2018, and such other documents, legal opinions, instruments and records, and have made such investigation of law, as I have considered necessary or appropriate for the purpose of this opinion.

The opinions expressed herein are based on an analysis of existing statutes, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the Agency.



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As used in this opinion, the phrase “to the best of our knowledge based upon reasonable investigation” means knowledge as we have obtained from knowledge of facts or other information currently known to lawyers in this office who have performed legal services for the Agency.

Based on the foregoing, it is my opinion that:

- a. The Agency, a public agency of the State of California duly organized, validly existing under and pursuant to the Constitution and the laws of the State of California, created January 1, 2018 by an act of the State Legislature (SB 634), has the requisite legal right, power, and authority to execute and deliver the Agreement and carry out and consummate all transactions contemplated therein.
- b. The Resolutions have been duly adopted at meetings of the Agency which were called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolutions were adopted. The Resolutions are in full force and effect and have not been amended, modified, supplemented, or rescinded, nor has the rate-setting resolution been challenged or the rates become subject of a referendum or initiative or other similar process.
- c. To the best of our knowledge and based upon a reasonable investigation, all proceedings required by law or under the ordinances or bylaws of the Agency to be taken by the Agency in connection with the authorization of the Agreement and the transactions contemplated by and related thereto, and all such approvals, authorizations, consents or other orders of or filings or registrations with such public boards or bodies, if any, as may be legally required to be obtained by the Agency prior to the date hereof with respect to all or any of such matters have been taken or obtained and are in full force and effect, except that no opinion is expressed as to any approvals, obligations or proceedings which may be required under any federal securities laws or state blue sky or securities laws.
- d. To the best of our knowledge and based upon a reasonable investigation, the execution and delivery of the Agreement and the consummation of the transactions therein will not conflict with or constitute a breach of or default (with due notice or the passage of time or both) under (i) the statutes creating the Agency or any amendments thereto, (ii) the ordinances or by laws of the Agency, (iii) any bond, debenture, note or other evidence of indebtedness, or any material contract, agreement or lease to which the Agency is a party or by which it or its properties are otherwise subject or bound or (iv) any applicable law or administrative regulation or any applicable court or administrative decree or order.



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- e. To the best of my knowledge and based upon a reasonable investigation, the Agency has sufficient property rights in the Project property for the purposes contemplated in the Agreement. Additionally, the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601 et seq.) with respect to any property acquired for the purposes of the Project do not apply.
- f. To the best of our knowledge and based upon a reasonable investigation, including but not limited to a search of Westlaw public records for litigation/adverse actions against the Agency, there is no action, suit, proceeding, inquiry or investigation before or by any court of federal, state, municipal or other governmental authority pending or threatened against or affecting the Agency's System, as defined in the Agreement, or the assets, properties or operations of the Agency relating to its System which, if determined adversely to the Agency or its interests would result in any material change in the assets or financial condition of the Agency, the Agency's System or the financial condition thereof, and the Agency is not in default with respect to any order or decree of any court or any order, regulation, or demand of any federal, state, municipal, or other governmental agency which default might have consequences that would materially and adversely affect the financial condition of the Agency or its System.
- g. Without having undertaken any independent investigation, no facts have come to my attention which lead me to believe that the Agency's authorized representative has made any untrue statement of a material fact or omitted or omits to state a material fact or has made misleading statements in the Agreement.
- h. The Agreement has been duly authorized, executed, and delivered, and assuming due authorization, execution and delivery of the Agreement by the State Water Board, constitutes legal, valid, and binding obligation of the Agency enforceable against the Agency in accordance with its terms, subject to the laws relating to bankruptcy, insolvency, reorganization, or creditors' rights generally and to the application of equitable principles, if equitable remedies are sought.

We disclaim any obligation to supplement this opinion letter with regard to events occurring or coming to our attention after the date hereof. The opinions herein are limited to the matters expressly set forth herein, and no opinion is to be implied or may be inferred beyond the matters expressly so stated. Specifically, without limitation, we do not express herein any opinion as to:

1. Any matter governed by any laws other than the laws of the State of California or the laws of the United States of America;
2. Federal tax matters, federal or state securities or blue-sky laws;



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3. The enforceability of any choice of forum provisions contained in the Agreement;
4. The accuracy or sufficiency of the description of any such property contained in the Agreement.

No attorney-client relationship exists between you and us. No party other than those to whom this opinion is specifically addressed may rely on the opinions contained herein without our express written authorization to do so.

We bring to your attention the fact that our conclusions are an expression of professional judgment and are not a guarantee of a result.

Sincerely,

Joseph P. Byrne
of BEST BEST & KRIEGER LLP
General Counsel for the Santa Clarita Valley
Water Agency



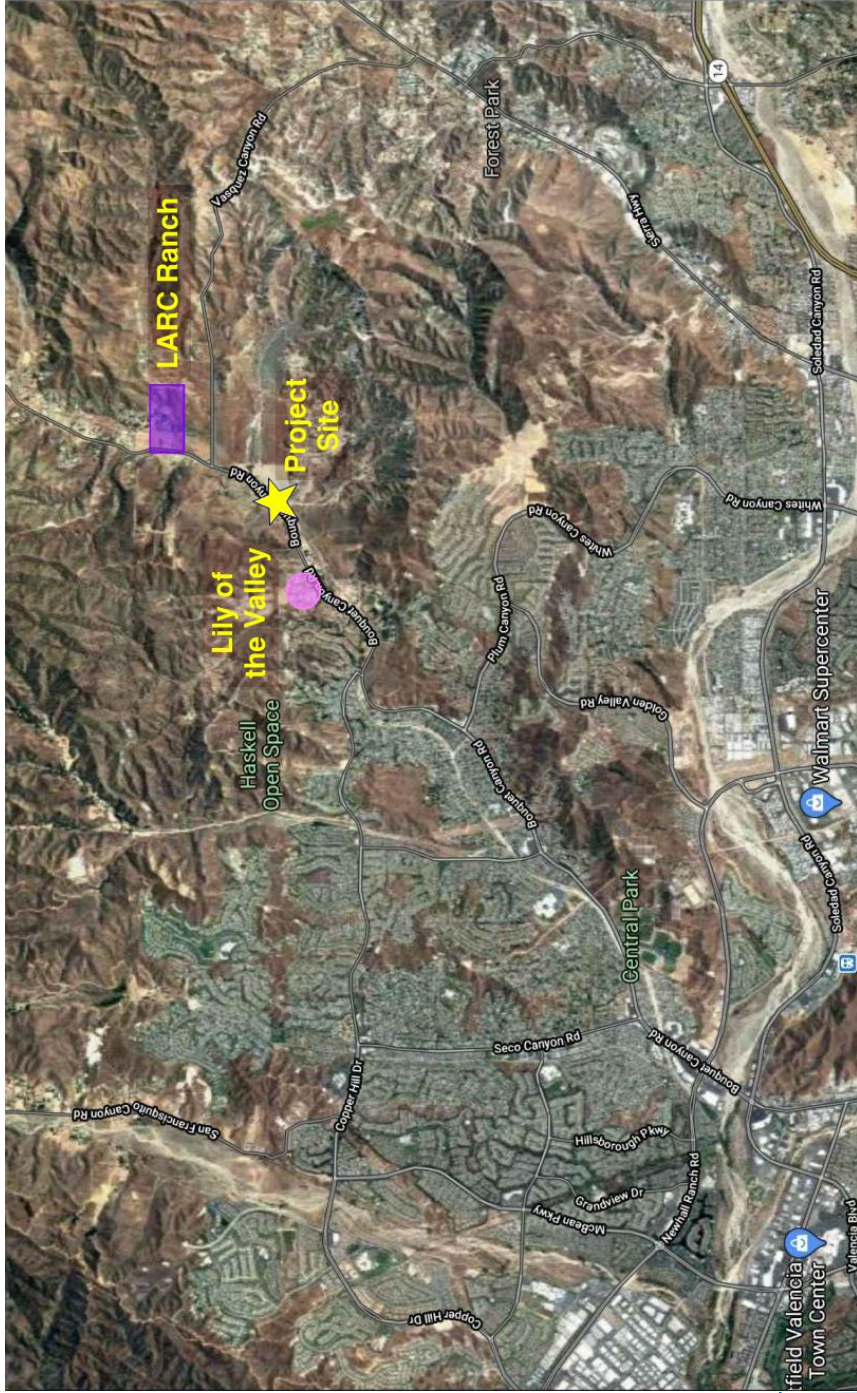
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December 7, 2021

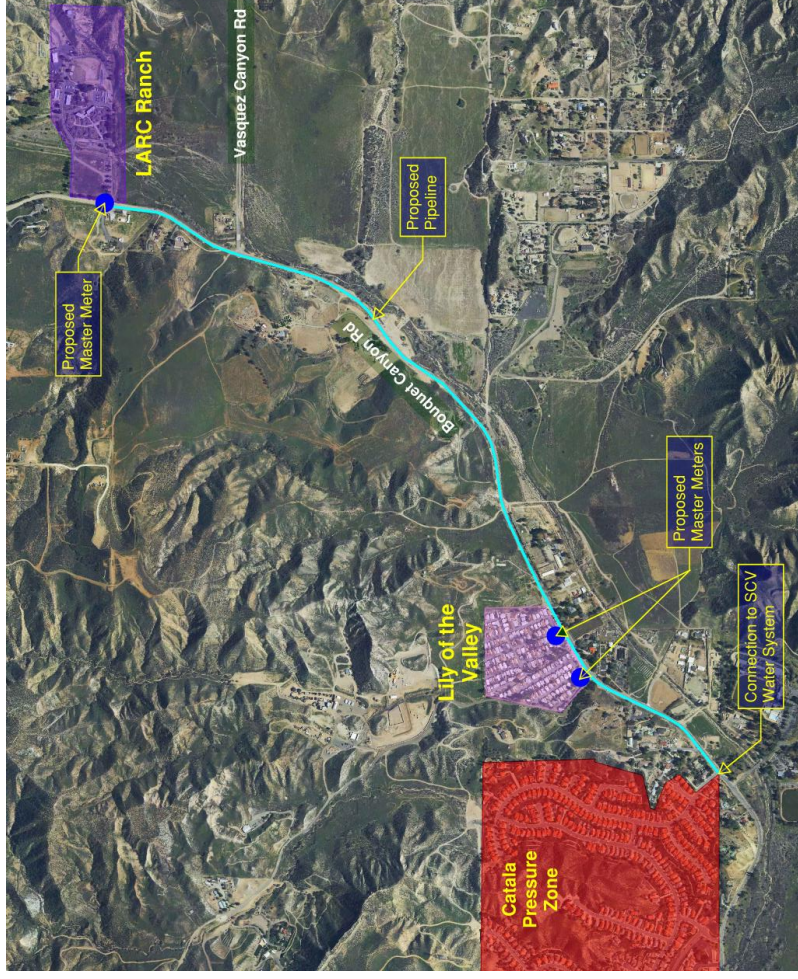
Authorizing Resolution to Execute Financing Agreement for Los Angeles Residential Community Pipeline Project

**Engineering and Operations
Committee**

Consolidation Projects Vicinity Map



Overview of Master Meter Consolidation Projects



- SCV Water will build 9,600 feet of 12-inch ductile iron pipeline to serve LARC & LOV and other existing developments along pipeline route
- Consolidation provides safe and reliable water supply to disadvantaged communities
- Master Meter Consolidation - LARC and LOV will continue to own and maintain on-site distribution systems



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Funding Amounts Consolidation Financing Agreement

- Consolidation Grant funds will cover all project costs for LARC and LOV portion
- SCV Water will receive up to \$3,931,991 in grant funds, as follows:
 - \$359,400 for planning and design costs incurred prior to June 5, 2018
 - \$3,572,591 for 8-inch pipeline (sized for LARC and LOV) and LARC onsite pump station
- SCV Water will pay for pipeline upsized to 12-inch
 - \$800,000 - FY 2021/22 CIP



Some Key Elements of Consolidation Financing Agreement

- Execute Water Service Agreements with LARC and LOV prior to disbursement of grant funds from SWRCB
- Must advertise for bids for 8-inch pipeline and 12-inch pipeline (to determine our cost share for pipeline upsized)
- Submit Final Budget Approval worksheet after receipt of bids (to confirm Project costs are within grant funds and SCV Water CIP budget)
- If grant funds are not sufficient to pay for Project costs in full, SCV Water must complete project and pay for portion of costs in excess of available grant funds
- SCV Water may seek amendment to Project costs in Financing Agreement if needed, but could delay project completion
- Project construction must be completed by December 31, 2023



Consolidation Project Implementation - Next Steps

- **Execute Consolidation Financing Agreement*** (December 7, 2021)
- **Execute Water Service Agreements - LARC and LOV*** (first quarter 2022)
- **DDW Approval of Pipeline Plans** (first quarter 2022)
- **Advertise for Bids** (first quarter 2022)
- **Award Pipeline Construction Contract*** (second quarter 2022)
- **Complete Pipeline Construction** (second quarter 2023)

* Denotes SCV Water Board Approval Required



Consolidation Project Funding Recommendation

That the Engineering and Operations Committee recommends that the Board of Directors adopt a resolution as follows:

- The Chief Engineer, or designee, is hereby authorized and directed to execute and deliver the Financing Agreement and any amendments or changes thereto; and
- The Chief Engineer, or designee, is hereby authorized to represent SCV Water's responsibilities under the Financing Agreement



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BOARD MEMORANDUM

DATE: November 23, 2021

TO: Board of Directors

FROM: Dirk Marks *DJM*
Director of Water Resources

SUBJECT: Discuss and Consider Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch

SUMMARY

On November 13, 2017, the Castaic Lake Water Agency (CLWA) executed the Deposit and Funding Agreement for the Tapia Ranch - Vesting Tentative Tract Map 72126 (Annexation Property) which in part made available 498 AF of the Buena Vista Rosedale-Rio Bravo (BVRRB) water for the proposed annexation and provided the annexing party, DACA-Castaic, LLC (DACA) five years to complete its entitlements. On May 21, 2019, the First Amendment to the Deposit and Funding Agreement was executed that in part provided for the deferral of \$3,775,117 of past acquisition and carrying costs of the Buena Vista Rosedale-Rio Bravo (BVRRB) water supply through December 31, 2021. Copies of the Deposit and Funding Agreement (Attachment A) as well as the First Amendment (Attachment B) are included in this memorandum. DACA is current with all payments due under the Deposit and Funding Agreement, however, delays in acquiring entitlements has resulted in a request to extend the term of the Deposit and Funding agreement and continued deferral of payment for past BVRRB acquisition and carrying costs through December 31, 2023. Section 6 of the Deposit and Funding Agreement, provides for such an extension upon mutual agreement by DACA and SCV Water. The Water Resources and Watershed Committee reviewed this request and recommends that the Board authorize an amendment to the agreement if DACA agrees to a modified payment schedule that would require, among other things, a \$1 million partial payment of past BVRRB acquisition and carrying costs by December 31, 2022.

BACKGROUND AND DISCUSSION

In October 2006, CLWA certified the Final EIR Water Acquisition from the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District Water Banking and Recovery Program. The EIR estimated that 4,375 acre-feet per year (AFY) of the 11,000 AFY BVRRB water would be available to annexations with an estimated 750 AFY going to the Tapia Ranch project. In 2007, potential annexing parties were informed that because of more restrictive Sacramento-San Joaquin Delta regulatory measures, the Agency would not make BVRRB water available at that time.

Subsequent analyses included revised population and development information consistent with the One-Valley-One-Vision General Plan were incorporated into the 2015 UWMP allowing for a reexamination of the availability of BVRRB water to meet annexation requirements. Consistent with the Agency's Annexation Policy, staff had undertaken an analysis to determine the demand

for the proposed Annexation Property. That determination was made considering the landowner's plan to develop the property. Staff's determination of the demand is 489 AFY. The 489 AFY is less than the 575 AFY that was included in the 2015 UWMP and consistent with the demands included in the 2020 UWMP. The following table compares the demand values included in the 2015 UWMP and 2020 UWMP to those currently estimated:

Annexing Development Potentially Using BVERRB Supplies	2015 UWMP Estimate (AFY)	2020 UWMP Estimate (AFY)	Current Estimate (AFY)
Legacy	2,500	2,500	2,500
Tesoro	500	389	389
Tapia	575	489	489
Total	3,575	3,378	3,378

The 2015 UWMP demand estimates incorporated demands for the proposed Legacy, Tesoro, and Tapia annexations. The conclusion reached in the 2015 UWMP was that assuming the water supply portfolio in the UWMP, the water supplies exceeded demands (including potential demands for annexing areas) at buildout. These results are summarized in the table below:

Supply Source	Average/Normal	Single Dry-Year	4-Year Drought	3-Year Drought
Existing Groundwater	31,545	40,215	36,175	35,875
Existing Recycled	450	450	450	450
Existing Imported	70,707	22,087	45,177	33,167
Bank/Exchanges		7,950	7,950	7,950
Future Groundwater	10,230	20,335	21,875	21,325
Future Recycled	9,604	9,604	9,604	9,604
Future Bank/Exchanges		22,000	22,000	22,000
Total Supply	122,536	122,641	143,231	130,371
Demand w/Active Conservation	93,900	103,300	103,300	103,300
Surplus	28,636	19,342	39,931	27,071

As supplies substantially exceeded demands for the scenarios in the 2015 UWMP, staff concluded that sufficient BVERRB supplies would exist for the proposed Tapia Ranch Project.

On June 13, 2018, the Water Resources and Watershed Committee considered staff's recommendation to approve a resolution authorizing the General Manager to execute an assignment of BVERRB water supply to the proposed Tapia Annexation. On July 17, 2018, the Board concurred and authorized, through Resolution No. SCV-47, the General Manager to execute a deposit and funding agreement. In response to DACA's January 16, 2019 letter (Attachment C), the Board subsequently authorized the First Amendment to the Deposit and Funding Agreement that provided for deferral of past BVERRB acquisition and carrying costs through December 31, 2021, by which time DACA projected the CEQA documentation was to be completed. DACA has made timely payments of ongoing BVERRB carrying costs, interest payments on past BVERRB acquisition and carrying costs and option payments, all as provided under the amended Deposit and Funding Agreement.

Since that time, SCV Water adopted its 2020 Update to the UWMP. The 2020 UWMP incorporated the demands for the proposed annexation areas including Legacy, Tesoro, and Tapia Developments. The conclusion reached in the 2020 UWMP was that the water supplies

also exceeded demands (including potential demands for the three annexing areas) at buildout. These results are summarized in the table below:

Supply Source	Average/ Normal	Single Dry-Year	5-Year Drought
Existing Groundwater	14,410	22,220	23,200
Existing Recycled	450	450	450
Existing Imported	62,107	22,047	41,347
Bank/Exchanges		19,950	16,809
Future & Recovered Groundwater	26,280	36,420	28,520
Future Recycled	8,511	8,511	8,389
Future Bank/Exchanges		10,000	10,000
Total Supply	111,758	119,598	128,715
Demand w/Active Conservation	101,000	107,100	102,870
Surplus	10,758	12,498	25,845

On October 27, 2021, staff received a letter (Attachment D) from DACA requesting that SCV Water consider amending the terms of the Deposit and Funding Agreement including provisions that would continue to defer the payment of past BVRRB acquisition and carrying costs through December 31, 2023. Citing the complexity of the EIR requiring the replacement of the primary EIR consultant, the expansion of subject areas studied as a result recent case law and the increase of review times required by Los Angeles County Planning Department.

On November 10, 2021, the Water Resources and Watershed Committee discussed and considered potential amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch. After considering Option 1 (take no action and not amend the agreement) and Option 2 (extend the agreement for two years), below, it developed Option 3 (amend the agreement for two years but require a \$1 million paydown of BVRRB past acquisition and carrying costs) and recommends this third option.

Options for Committee Consideration

Option 1 – Take No Action. Should the Board decline to amend the agreement DACA may or may not be able to meet its obligation to pay the \$3,775,117 in past BVRRB acquisition and carrying costs. Assuming it does not make this payment, DACA would be in default and the Agency may terminate the agreement.

Option 2 – Amend the Deposit and Funding Agreement as requested by DACA. A second amendment would be prepared that continues the agreement through December 31, 2023. Under such an amendment, DACA would continue the payment of ongoing BVRRB carrying costs, interest on the past BVRRB acquisition and carrying costs and an option payment. Further, DACA would pay past acquisition and carrying cost on December 31, 2023

Option 3 - Amend the Deposit and Funding Agreement for two years through December 31, 2023 and require a \$1 million payment for past BVRRB acquisition costs be made by December 31, 2022. Attachment E contains a proposed amendment including a revised payment schedule. Under such an amendment, DACA would continue the payment of ongoing BVRRB carrying costs, interest on the past BVRRB acquisition and carrying costs and an option payment. Further, the balance of the past BVRRB acquisition and carrying costs would be due on December 31, 2023.

The Agency's predecessor, Castaic Lake Water Agency, established an Annexation Policy and considered standard forms for Deposit and Funding and Annexation Agreements. The Annexation Policy also requires that all annexation agreements are subject to Board approval and terms will differ for individual annexations because all annexations are unique and raise special issues. The form of the Deposit and Funding Agreement was modified and approved by the Board when it agreed to the First Amendment.

California Environmental Quality Act (CEQA) Finding

The Final EIR for BVRRB water supply was certified by the Agency in 2006. The CEQA determination is that the proposed action (potentially amending the Deposit and Funding Agreement) has been previously addressed in the certified 2006 Final EIR and findings and that no further environmental analysis or documentation is required at this time. However, the Agency is only being asked at this time to extend the current Deposit and Funding Agreement and carrying cost payment schedule. No approval of the Tapia Project is being requested and, as contemplated in the Deposit and Funding Agreement, any future commitment to provide water to the Proposed Annexation Lands could only be made following the completion of certain conditions, including CEQA review, the issuance of land use entitlements by the County, the approval of the annexation by the Los Angeles County LAFCO, and final review of the Proposed Annexation Lands and development proposal by the Santa Clarita Valley Water Agency Board of Directors.

RECOMMENDATIONS

The Water Resources and Watershed Committee recommends that the Board of Directors consider amending the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch, as shown in Attachment E.

DSM

Attachments

MBS

ATTACHMENT A

DEPOSIT AND FUNDING AGREEMENT

This Agreement is made and entered into this 14th day of November, 2017, by and between CASTAIC LAKE WATER AGENCY (“CLWA”) and DACA Castaic, LLC (“Landowner”).

RECITALS

- A. CLWA is a public agency organized and operated in accordance with California Water Code Appendix, Chapter 103, for the purpose of acquiring water and water rights and to provide and sell such water at wholesale and retail to customers in the Los Angeles and Ventura Counties, California. The boundaries of CLWA are attached hereto as Exhibit “A”.
- B. CLWA has adopted a policy setting the criteria for annexation to CLWA (“Annexation Policy”). The Annexation Policy is attached hereto as Exhibit “B.”
- C. Landowner is DACA Castaic, LLC which owns lands consisting of 1167 acres in the County of Los Angeles, zoned as A2-2 and partially within the boundary of CLWA and partially adjacent to the boundary of CLWA as shown on the map attached hereto as Exhibit “C” (“Annexation Lands” or “Lands”).
- D. Landowner desires to annex the Annexation Lands into CLWA for purposes of receiving a water supply for such Lands, which involves the approval of the County of Los Angeles (“County”) for land use approval, the approval of the Los Angeles County Local Agency Formation Commission (“L. A. LAFCO”) for annexation, and compliance with the requirements of the Annexation Policy.
- E. County will be the lead agency for purposes of conducting the analysis of environmental impacts of the proposed land use, including the annexation and water supply from CLWA, pursuant to the requirements of the California Environmental Quality Act (“CEQA”) and CLWA is a responsible agency pursuant to the provisions of CEQA.
- F. Pursuant to the Annexation Policy, Landowner has submitted a written request for annexation pursuant to the Annexation Policy (“Request for Annexation”) and desires to enter into this Agreement for the purpose of defraying CLWA costs of time and expense of evaluating and processing the feasibility of the proposed annexation to CLWA.
- G. CLWA has completed CEQA review for acquiring 11,000 acre-feet per year (“AFY”) of water supply from Buena Vista Water Storage District and Rosedale-Rio Bravo Water Storage District in Kern County (“BV-RRB Acquisition” herein), a portion of which may be available to serve the Annexation Lands under certain terms and conditions, including a determination that there is sufficient water to allow the use of the BV-RRB Acquisition water (the “Additional Water Supply”). If CLWA does not make a determination that the Additional Water Supply is available, the Landowner shall be responsible for acquiring a

fully reliable permanent water supply for the Annexation Lands (the “Alternative Water Supply”).

- H. At this time, CLWA and Landowner are negotiating, but have not yet entered into, an annexation agreement in the form attached hereto as Exhibit D, which will set out the terms and conditions for annexation and utilization of the Additional Water Supply, if available, or Alternative Water Supply if appropriate, (the “Annexation Agreement”).
- I. Certain costs for processing and administration already have and will continue to accrue for the negotiation of an Annexation Agreement with CLWA
- J. Pursuant to the CLWA Annexation Policy, certain such costs shall be paid by the Landowner whether or not the annexation is completed.
- K. The parties understand that the costs covered by this Agreement are separate from those covered by the Annexation Agreement and that both agreements are required by CLWA.
- L. No CEQA review is required for this Agreement as this provision for payment does not meet the definition of “project” as set out in Public Resources Code Section 21065.

NOW, THEREFORE, the parties agree as follows:

1. **RECITALS.** All Recitals set out above are true and correct.
2. **FORM OF ANNEXATION AGREEMENT.** The form of Annexation Agreement is attached hereto as Exhibit “D”.
3. **PAYMENT OF PROCESSING AND ADMINISTRATIVE COSTS.**

Landowner shall pay its fair share of costs to CLWA in the amounts, for the purposes and at the times set out below. These costs shall continue to be paid under this Agreement separate from the Annexation Agreement.

A. **Definitions:**

As used herein, “Carrying Costs” means “Carrying Costs” as defined in Section 3.4 of the Annexation Policy, and includes but is not limited to all costs of acquiring the Additional Water Supply, if available, or Alternative Water Supply if appropriate, and, and the facilities, works, property and improvements needed for them. “Carrying Costs” does not include administrative or processing costs provided for in this Agreement or the Annexation Agreement.

B. Cost of Processing the Request for Annexation:

(i) Pursuant to the Annexation Policy, upon execution of this Agreement, Landowner has provided CLWA with an initial non-refundable deposit of Ten Thousand Dollars (\$10,000) and shall provide Forty Thousand Dollars (\$40,000) processing costs, for a total of Fifty Thousand Dollars (\$50,000). Such deposit shall be applied to the following costs that have been or will be incurred by CLWA for reviewing the Request for Annexation, negotiation and preparation of this Agreement and the Annexation Agreement, preparation of documents for L.A. LAFCO and participation in the LAFCO process, CEQA compliance as a responsible agency, and any and all other actions necessary up to the time of execution of the Annexation Agreement. Such costs may include, but are not limited to, engineering, planning, environmental and legal services (including, but not limited to, any and all costs of litigation challenging the Request for Annexation), and CLWA's direct overhead as determined by its customary practices, which includes, by way of example and not of limitation, salaries, benefits, equipment and facilities costs.

(ii) Such costs shall be itemized and charged first against the initial non-refundable deposit until exhausted and then against the deposit for processing costs. At such time as the initial nonrefundable deposit has been exhausted and the amount of the deposit for processing has dropped below Ten Thousand Dollars (\$10,000), Landowner shall replenish the deposit to the original Fifty Thousand Dollar (\$50,000) amount within thirty (30) days of receipt of notice to replenish. If such amount is not replenished, CLWA may stop work until that occurs. CLWA shall provide Landowner with a written summary of such charges on a quarterly basis.

(iii) Such costs shall be charged against the deposit for processing (and subject to replenishment as set out above) until the sooner of: (a) the annexation is completed by the filing of a revised boundary statement with the State and any litigation related to such annexation has been concluded by final judgment of a court of competent jurisdiction; or (b) Landowner, in writing, withdraws its Request for Annexation. At such time of withdrawal, any outstanding amounts owing to CLWA shall be paid and the remainder returned to Landowner, without interest.

C. Fair Share Costs Arising from the Acquisition of the Additional Water Supply:

Upon a completion of an estimate of water demand by CLWA and the request of the Landowner, CLWA will undertake an analysis of what quantity if any of the Additional Water Supply might be available from the BV-RRB water acquisition and what quantity the Alternative Water Supply, if any, the Landowner would

have to provide. Such an analysis shall be presented to the CLWA Board of Directors, which may in its complete and sole discretion may make a determination of the availability of the BV-RRB for the Additional Water Supply for the annexation. If CLWA determines that the Additional Water Supply is available, in addition to the costs of processing the Request for Annexation as set out above in Section 3.A, CLWA will allocate a fair share of the administrative costs for the BV-RRB Acquisition and Carrying Costs for the Additional Water Supply that will be attributable to the Annexation Lands consistent with the below.

1. **ADMINISTRATIVE AND OPERATING COSTS.** Upon a determination by the CLWA Board that Additional Water Supply is available to the Annexation Lands and presentation of a bill from CLWA, the Landowner shall reimburse CLWA for its administrative costs incurred, which costs include, but are not limited to, title reports, staff time, engineering, environmental (including CEQA compliance) and legal services arising from the acquisition of the Additional Water Supply, including negotiation and preparing of all water transfer agreements, as well as agreements with the Department of Water Resources and other parties whose consent is required to complete performance of this Agreement, defense of any litigation challenging the BV-RRB Acquisition, as well as direct overhead as determined by CLWA's customary practices. "Direct overhead includes, by way of example and not of limitation, salaries, benefits, equipment and facilities costs. Landowner shall not be required to reimburse CLWA for its normal administrative costs and operating costs. Landowner shall pay such bill within one hundred eighty (180) days after execution of this agreement.
2. **CARRYING COSTS.** Upon a determination by the CLWA Board that Additional Water Supply is available to the Annexation Lands and presentation of a bill Landowner shall reimburse CLWA for the past Carrying Costs of the Additional Water Supply incurred by CLWA up to that point in time within 180 days of the execution of this agreement. Thereafter, until CLWA's actual receipt of funds pursuant to Section 6.B of the Annexation Agreement (the Standby Charge), Carrying Costs for the Additional Water Supply will be billed to Landowner in a manner which allows CLWA to meet its obligations to BV-RRB in a timely manner without requiring CLWA to advance its own funds to pay such costs. The Landowner's Carrying Costs shall be determined as follows: The total Carrying Costs for the BV-RRB acquisition, less direct sales of the BV-RRB water in a given year, shall be divided by the total number of AFY acquired in the BV-RRB acquisition to determine the unit cost. That unit cost then shall be multiplied by the number of AFY of the Additional Water Supply which CLWA has determined will be needed to serve the Annexation Lands.

3. **REFUND.** In the event that Landowner withdraws its Request for Annexation before the date of annexation, or if the conditions in Section 6 are not met, Landowner shall not be entitled to a refund of amounts paid out herein, but shall not be required to reimburse CLWA for any costs thereafter.

D. Costs Associated with Acquisition of an Alternative Water Supply

If CLWA determines that the Land owner must provide an Alternative Water Supply, the Landowner shall reimburse CLWA under this agreement for all direct and indirect costs incurred in analyzing the adequacy of the proposed water supply.

E. Acknowledgment of Arms-Length Negotiation of Annexation Costs; Waiver of Claims

Landowner hereby agrees and acknowledges that Landowner is or will be required to pay certain costs, including without limitation Carrying Costs, and costs for Alternative Water Supply, as well as back-payments for 1% property taxes (the "Annexation Costs"), pursuant to this Agreement, the Annexation Agreement, and in accordance with CLWA's policies for annexation entitled "Annexations to Castaic Lake Water Agency." Landowner hereby further agrees and acknowledges that the Annexation Costs are a result of an arms-length negotiation between Landowner and CLWA, that such Annexation Costs are in consideration for the privilege of annexing into CLWA, and are not being imposed upon Landowner. Landowner hereby waives any and all claims of any kind against CLWA relating in any way to the Annexation Costs, and agrees to hold CLWA harmless from any and all claims Landowner may have relating in any way to the Annexation Costs. Landowner further agrees that failure to pay such Annexation Costs as required herein or under the Annexation Agreement will result in a breach hereunder and/or under the Annexation Agreement."

4. **CLWA NOT COMMITTED/NO LIMITATION OF DISCRETION.** CLWA cannot and does not commit itself or agree that it can or will provide water service to the Annexation Lands since CEQA and other review and approvals for the project have not been completed. Landowner understands and assumes any and all risk that the annexation and related approvals may not be approved by the respective governmental agencies or that such approvals, if granted, may be challenged in court. Nothing contained in this Agreement shall be construed to require CLWA to proceed with any action of any kind. The sole purpose of this Agreement is to provide for the repayment or payment to CLWA for costs expended or committed on Landowner's behalf.
5. **TERM.** This Agreement shall take effect on the date of execution by both parties and shall continue in full force and effect until CLWA provides written notice to Landowner that CLWA has determined all obligations hereunder have been performed or otherwise provided for.

6. **TERMINATION FOR FAILURE TO TIMELY OBTAIN ENTITLEMENTS.** Landowner and CLWA are negotiating an Annexation Agreement in substantially the form attached hereto as Exhibit D. Landowner and CLWA acknowledge that such Annexation Agreement will be necessary to govern the terms of provision of the Additional Water Supply, and until that time, CLWA is obligated hereunder to reserve any such Additional Water Supply for the benefit of Landowner. Landowner and CLWA further acknowledge that the Annexation Agreement must be approved by the L.A. LAFCO, and that Landowner must work with the County as the Lead Agency under CEQA for Landowner's project, to process project entitlements and prepare a CEQA document that CLWA and L.A. LAFCO may adopt as CEQA responsible agencies (collectively, the "Entitlements"). Landowner and CLWA hereby agree that, subject to subsection 3.C.3 herein, should Landowner fail to obtain such Entitlements as are necessary to submit the Annexation Agreement for approval by the L.A. LAFCO within five (5) years from the Effective Date hereof, this Agreement, and the rights and obligations existing hereunder for both Landowner and CLWA with the exception of Section 10 herein, shall terminate as of such date. The five year period may be extended by the mutual agreement of both parties and the approval of the CLWA Board of Directors.
7. **DEFAULT.** If Landowner fails to meet any of the conditions, covenants, or requirements set forth herein, including without limitation non-compliance with the timelines and payment provisions set forth in Section 3 of this Agreement, such failure shall constitute an Event of Default hereunder. With the exception of an Event of Default arising out of failure to meet payment deadlines under Section 3 of this Agreement, CLWA shall provide written notice to Landowner of the occurrence of an Event of Default. If Landowner fails to cure such Event of Default within thirty (30) days from the date of the Event of Default, with respect to defaults under Section 3 of this Agreement, or thirty (30) days of receipt of written notice, CLWA shall have the right (but not the obligation) to immediately terminate this Agreement. If CLWA terminates this Agreement in accordance with this provision, CLWA shall rescind any findings made with respect to the availability of Additional Water Supply and shall no longer be obligated to reserve such Additional Water Supply for the benefit of Landowner. The rights and remedies of CLWA enumerated in this Section 6 are cumulative and shall not limit CLWA's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the Effective Date or enacted or established at a later date, that may be available to CLWA. Nothing herein shall constitute a waiver of amounts owed to CLWA hereunder, including amounts owed pursuant to Section 3 herein.
8. **ASSIGNMENT.** Except as otherwise provided herein, Landowner may not assign this Agreement without the prior written consent of CLWA, which shall not be unreasonably withheld. Assignment without consent shall not be effective

to terminate Landowner's obligations hereunder. CLWA's consent to one assignment shall not constitute consent to a subsequent assignment or waiver of the requirement for such consent.

9. **SUCCESSORS AND PERMITTED ASSIGNS.** All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns, whether so expressed or not.
10. **INDEMNIFICATION.** Landowner shall indemnify, defend, and hold harmless CLWA, its officers, agents, and employees, from and against any and all litigation brought by third parties pertaining to this Agreement, except that arising from the sole negligence or misconduct of CLWA.
11. **ATTORNEYS' FEES.** In the event of litigation between the parties hereto arising out of or in connection with this Agreement, the prevailing party shall, in addition to any other relief awarded by the court, be entitled to recover its costs and attorneys' fees as determined by the court.
12. **NOTICE.** Any notice to be given hereunder shall effective only when in writing and delivered to the party to whom notice is being given personally, by fax or by mail, to the address set out below:

To CLWA:
Matthew Stone
General Manager
27234 Bouquet Canyon Road
Santa Clarita CA 91350

To Landowner:
Howard Justus
DACA-Castaic, LLC
1565 Hotel Circle South, Suite 310
San Diego, CA 92107

Either party may change the place of notice to any other location by giving notice to the other.

13. **NO CONTINUING WAIVER.** No waiver of any term or condition of this Agreement shall be a continuing waiver thereof. This Agreement shall be interpreted in a manner consistent with all other terms and agreements between the parties.
14. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall

constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals.

15. **APPROVAL.** Landowner and CLWA each acknowledges that execution of this Agreement by each other is conditioned upon any necessary approval of the terms of the Agreement by their respective governing bodies.
16. **AUTHORITY.** In signing below, each of the Parties represents and warrants to each of the other Parties that each is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of the Board of Directors or other governing body of such Party, and shall not result in a violation of such Party's organizational documents.
17. **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.
18. **AGREEMENT.** No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by all of the Parties.
19. **FURTHER ACTION.** The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.
20. **JOINT DRAFTING AND NEGOTIATION.** This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof.
21. **HEADINGS.** Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.
22. **NO THIRD PARTY BENEFICIARIES.** No third party shall be entitled to claim or enforce any rights under this Agreement.
23. **SEVERABILITY.** In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.

24. **INTEGRATION.** This Agreement is separate and apart from the Annexation Agreement and survives execution thereof. To the extent the Annexation Policy is inconsistent with this Agreement, this Agreement shall prevail.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below, said Agreement to be effective on the later of the two, i.e., when both Parties have signed this Agreement (the "Effective Date").

Date: 11/12/17

CASTAIC LAKE WATER AGENCY

By: Matthew [Signature]

Title: General Manager

ATTEST:

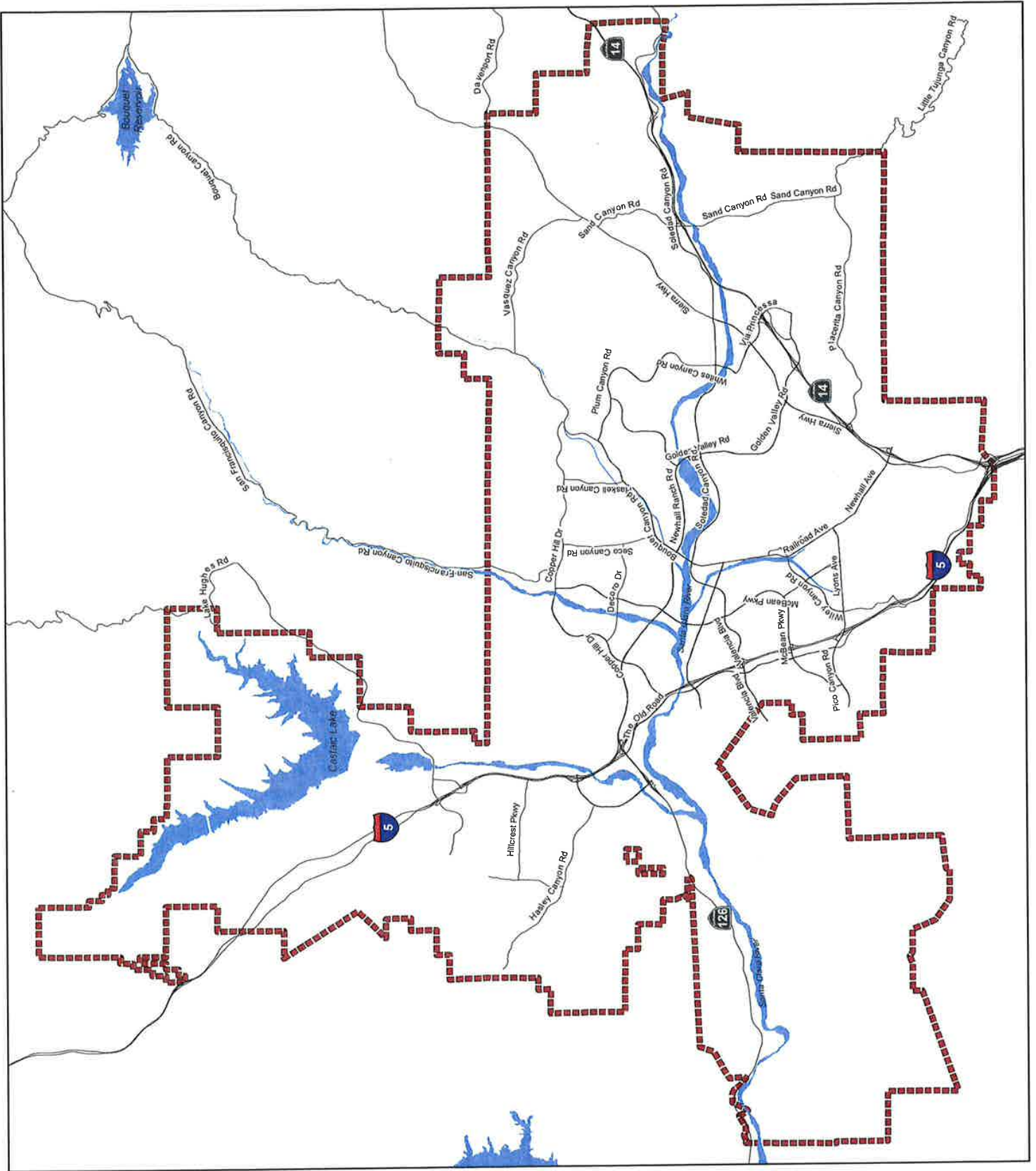
[Signature]
Secretary

Date: 11.1.2017

LANDOWNER, ANNEXATION LANDS

By: [Signature]

Title: Manager



**CLWA
Service Area**

**EXHIBIT A
CLWA Boundaries**

- Legend**
- Freeway / Major Road
 - Water Feature
 - CLWA Service Area Boundary

Created by
CLWA Engineering Dept.
27 Nov 2017



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EXHIBIT B
ANNEXATION POLICY

ANNEXATIONS TO CASTAIC LAKE WATER AGENCY

SECTION

- 1. ANNEXATION COMMENCEMENT PROCEDURES**
- 2. GENERAL POLICIES RELATED TO ANNEXATIONS**
- 3. FINANCIAL POLICIES RELATED TO ANNEXATIONS**

1. ANNEXATION COMMENCEMENT PROCEDURES

1.1 Request for Annexation, Basic Information, Non-Refundable Payment.

A request for annexation of land(s) ("Annexation Land") shall be made by the fee owners or their duly authorized agents ("Applicants") to the Agency and shall be in writing. The request shall include:

- (a) A **map** of the area proposed to be annexed specifically identifying the location of all assessor's parcels and roads, and a list of the assessed values by assessor's parcel number;
- (b) Identification of the current **ownership** of each parcel;
- (c) A statement of the **present use** of each of the parcels;
- (d) A statement of **proposed land use** and/or zoning changes for each parcel, plus a copy of all vesting tentative maps or tentative maps affecting the area proposed to be annexed; and
- (e) For Local Agency Formation Commission informational purposes, a statement setting forth whether the **number of voters** within the area proposed to be annexed is less than 12, or 12 or more.

Each request for annexation shall be accompanied by a non-refundable payment of up to \$10,000 as determined by the General Manager to reimburse the Agency for staff time and expenses of evaluating, processing the feasibility of the proposed annexation and publishing the petition and preparing and making the filings required by law. If the request involves more than one Water Service Area (“WSA”) of the Agency, then the non-refundable payment for such request will be up to \$10,000 for lands within each WSA.

1.2 Submittal of Request

A request for annexation and all information required in connection therewith shall be submitted to the General Manager.

2. GENERAL POLICIES RELATED TO ANNEXATIONS

2.1 Water Supply

- (a) **Water Demand.** The Agency’s General Manager shall estimate the highest potential water use, in acre-feet per year, (“Water Demand”) for the proposed Annexation Land. This estimate shall be on the basis that the proposed Annexation Land will ultimately be put to its highest and best use, which shall be determined by considering land planning information available, including that of the landowner in determining the Water Demand for the proposed Annexation Land. The sole exception to this highest and best use standard shall be for lands irrevocably dedicated to a non-irrigated public use, in their natural state, for park or open space purposes.

- (b) **Additional Water Supplies Determination.** The Agency shall evaluate and determine the source of water supply needed by the Agency to serve the Annexation Land (“Additional Water Supplies”) and also the reliability of that source of supply for potable water purposes (“Reliability”). The Additional Water Supplies for the Annexation Land shall be equal to the amount of Water Demand, plus an upward adjustment for the source of supply’s Reliability so as to avoid any diversion from the Agency’s existing water supply from and/or reduction in water supply reliability within the existing Agency service area.
- (c) **Transfers of Water Rights.** Additional Water Supplies, at the reasonable discretion of the Board of Directors and on advice and recommendation of the General Manager, can be provided from transfers of contractual rights to the State Water Project Contract Table A Amounts or rights to water from other sources.
- (d) **Agency Vesting.** The rights to the Additional Water Supplies and all appurtenant requirements to exercise such rights for the delivery of the Additional Water Supplies to the Agency must be fully vested in the name of the Agency as a condition precedent to the approval and to completion of the annexation.

2.2 Revenue Plan

Prior to completion of an annexation, the General Manager shall present to the Board a revenue plan concerning the Annexation Lands (“Revenue Plan” herein). The Revenue Plan will include a component for 1% property taxes, a component setting forth the method of payment of Acquisition Costs of the

Additional Water Supplies, Carrying Costs (Section 3.4), and Back Taxes (Section 3.2(a)(1)) as set forth herein.

(a) **1% Property Taxes.** Absent mitigating factors, the Revenue Plan shall require the Applicant to secure dedication to the Agency the same percentage share of 1% property tax monies that exist in the remainder of the Los Angeles and Ventura Counties portions of the Agency that are not impacted by redevelopment projects. This requirement is to avoid use of the Agency's existing share of the 1% property tax money to subsidize the costs related to the Annexation Lands. To the extent that the dedication of the share of the 1% property tax money from the Annexation Land is not equal to the same percentage share that exists in the Agency, an equivalent sum of money ("1% Tax Equivalent" herein) shall be paid by the annexing land as set forth in the Annexation Agreement, including by way of stand-by charge.

(b) **Acquisition Costs and Carrying Costs.** The Revenue Plan will set out the acquisition costs and the Carrying Costs to the Agency of the Additional Water Supplies and the method of payment of such obligations by the annexing lands to the Agency. Such obligations shall be set forth in the Annexation Agreement.

(c) **Back Taxes.** The Revenue Plan will set forth the manner in which the Back Taxes (Section 3.2(a)(1)) will be paid by the owners of the annexing land. Such obligation shall be set forth in the Annexation Agreement.

2.3 Retail Water Service

Retail Water Purveyor Service. The Applicant's plan for service of water to the Annexation Land must, absent mitigating factors, include contractual or other appropriate provisions for service of the Annexation Land by an existing retail water purveyor of the Agency.

2.4 Additional Approvals

- (a) **DWR.** To the extent required by Agency's SWP contract, the Director of the Department of Water Resources ("DWR") of the State of California must approve all changes in the Agency's service territory prior to completion of an annexation.
- (b) **LAFCO.** The relevant Local Agency Formation Commission must process and approve changes in Agency boundaries if, and to the extent, required by California law.

2.5 No Agricultural Use

The Agency will not process any annexation where Agency water will be used for agricultural purposes. The Agency, further, will condition all annexations, to the maximum extent permitted by law, to preclude use of water of the Agency for agricultural purposes.

2.6 Contiguous Territory

An area proposed for annexation shall be contiguous to the Agency. No annexation shall leave an unannexed area entirely or nearly surrounded by area annexed to the Agency, unless the Board specifically finds that the Agency's interests will not be adversely affected by such a configuration of annexed territory.

2.7 Minimum Acreage

The Agency, absent mitigating factors, will not process an annexation involving less than 250 acres. This minimum acreage requirement may, however, be satisfied by simultaneous annexation of smaller parcels whose combined acreage exceeds 250 acres.

2.8 Annexation Terms and Conditions

All annexations shall be subject to the following terms and conditions:

- (a) **Regulations.** The sale and delivery of all water by the Agency, regardless of the nature and time of use of such water, shall be subject to regulations promulgated from time to time by the Agency, and also those regulations promulgated by the retail water purveyor(s) serving the proposed Annexation Land.
- (b) **No outside use.** Except upon terms and conditions specifically approved by the Board, water sold and delivered by the Agency shall not be used in any manner which intentionally or avoidably results in its use outside the Agency service area.
- (c) **No additional works.** The Agency shall not be obligated to provide additional works or facilities, necessitated by the annexing area, as defined by Agency policies in effect from time-to-time for the delivery of water to the Annexation Land from works or facilities owned and operated by the Agency.
- (d) **Common pool.** Except as set forth in this paragraph or in the Annexation Agreement, Additional Water Supplies acquired to meet the Water Demand of Annexation Land is a water right of the Agency for use in its service area, including the Annexation Land when annexation is

completed. Subject to the Water Demands on the Agency, the Additional Water Supplies may be used for water banking and other uses as deemed appropriate at the discretion of the Board and is not dedicated solely for use on the Annexation Land. Notwithstanding the foregoing, if, pursuant to the Annexation Agreement, the owners of the Annexation Land are required to pay the capital and/or the carrying costs for the Additional Water Supplies as described in Section 3.2(a)(2) of this Policy, and are not in default of such obligation as determined by a final judgment, the Agency shall not treat such Additional Water Supplies as water available to support “can-serve”, “will-serve”, or “water availability” letters (“Water Availability” herein) for any new development within the service area of the Agency and shall, upon request, provide the retail water purveyor serving the Annexation Land with the necessary water supply assurances to enable the retail provider to issue Water Availability letters for the Annexation Land to the extent the Additional Water Supplies would be sufficient to support such letters.

- (e) **Lead Agency.** At its election, the Agency, in cooperation with the LAFCO, shall be the lead agency for purposes of compliance with the California Environmental Quality Act and, in any event, shall direct, conduct, and have final approval of the environmental analysis for the Additional Water Supplies.
- (f) **Water Efficiency Guidelines.** To the extent practicable, the retail water purveyor(s) and owner(s) of parcels, as appropriate, within an Annexation Land, shall comply with all Agency rules and regulations, including the following:

- (1) **Conservation.** Annual water use shall be minimized by incorporating water conservation measures into the development plans. Use of local groundwater, surface water, and recycled wastewater supplies shall be maximized to reduce demands on the Agency.
- (2) **BMPs:** Best Management Practices (“BMPs”) conservation measures, as identified by the Agency from time to time, shall be applied uniformly in all new and existing developments within the annexed area. At least one model home constructed in each new development within the proposed Annexation Land shall demonstrate a water conserving landscape.
- (g) **Coordination Compliance.** The retail water purveyor(s), within which the proposed Annexation Land is or will be located, and the Agency shall coordinate to assure compliance with these provisions so that information is provided to the Agency regarding such compliance.

3. FINANCIAL POLICIES RELATED TO ANNEXATIONS

3.1 Annexation Agreement; Additional Water Supplies; Processing Costs, and Annexation Charges

- (a) **Annexation Agreement.** An Applicant shall enter into an agreement with the Agency whereby the Applicant agrees to pay all Agency Processing Costs and Annexation Charges as defined herein (“Annexation Agreement” herein). Unless approved otherwise by the Board, all Processing Costs must be paid as a condition precedent to completion of the annexation. The Annexation Agreement shall provide the

security for and method of payment of the Processing Costs (if appropriate), the 1% Tax Equivalent, and Annexation Charges as determined appropriate by the Board.

- (b) **No Guarantee.** The Annexation Agreement will recite that obtaining amendments in the Agency's State Water Contract or new contracts to secure Additional Water Supplies from other sources is not a routine process, could take considerable months or years, and that there can be no guarantee or prediction of success for the annexation and/or contract amendment, or new contract negotiation efforts.
- (c) **Assumption of Risk.** The Annexation Agreement will explicitly provide that the Agency lacks legal authority in any way to predict its decision concerning a proposed annexation prior to completion of required environmental review processes, and that the Applicant assumes all financial risk related to ultimate Agency Board decisions to approve or to deny annexations in whole, or in part.
- (d) **Processing Deposit.** Unless a lesser sum is approved by the Board, the Annexation Agreement shall require a deposit of \$50,000 by each fee owner of the Annexation Land (in addition to the initial payment of up to \$10,000) as a condition of processing or continuing to process the annexation. The deposit will be used to pay for Processing Costs. Further, whenever the Agency so requests, additional sums must be paid by the Applicant to restore the deposit to \$50,000. Following completion of the annexation or termination of the annexation process, any unexpended deposit money shall be returned to the Applicant. Periodic accounting of the expenditures shall be provided by the Agency to the Applicant.

- (e) **Board Approval.** All Agency-Applicant Annexation Agreements shall be subject to Board-approval. The terms will differ for individual annexations because all annexations are unique and raise special issues.
- (f) **No Subsidy.** The obligation for the owners of Annexing Land to pay processing costs is to ensure that the Applicant is not subsidized in any way by existing Agency ratepayers and taxpayers.
- (g) **Processing Costs.** Processing Costs, include, but are not limited to, title reports, Carrying Costs incurred before completion of annexation, staff time, engineering, environmental, and legal services, including the negotiation and amendment of the Annexation Agreement, the Agency's State Water Contract, or negotiation and execution of contracts to secure Additional Water Supplies from other sources and litigation, including costs and attorneys' fees, if any, required to complete the annexation (Processing Costs" herein).

3.2 Annexation Charges

- (a) **Condition Precedent.** The annexation charge shall be paid to the Agency pursuant to the Annexation Agreement as a condition precedent to any obligation of the Agency with regard to providing Additional Water Supplies, and shall consist of the following components ("Annexation Charges" herein):
 - (1) **Back-Tax Computation.** In order to equitably share in benefits provided by the Agency through its existing Agency-wide facilities, the annexing area shall be required to pay an amount that is equivalent to total Agency ad valorem taxes that would have been levied

on the annexation area lands had they been included in the Agency territory since 1963 (“Back Tax” or Back Taxes” herein). Payment for Back Taxes for Agency facilities shall be calculated as follows: Applicant will provide the Assessor’s Parcel Number for the Annexation Land. The assessed value of the parcel will be obtained from the latest Assessor’s list in Los Angeles or Ventura County where the Annexation Land is located. Based on past history of increases in assessed value, the assessed value of the parcel(s) will be calculated for each year back to 1963. The computed annual assessed value will then be multiplied by the combined tax for that year to determine the amount of tax that would have been paid in that year. The result of each year’s calculation will then be brought forward to reflect the current value of those annual amounts. The calculation will use the interest rate the Agency received for its investments during each period. From 1963 to 1986, the Agency invested its savings in Certificates of Deposit. From 1987 forward, the Agency also deposited funds in the Local Agency Investment Fund. The total sum of payments from 1963 to the present represents the Back Tax amount for those parcels to be annexed.

- (2) **Payment for Additional Water Supplies.** Applicant will, at its sole expense, pay for the Additional Water Supplies needed to serve the proposed Annexation Land. The payment may be made by issuance of Agency debt secured by assessments, charges, standby charges, fees, or taxes on the proposed Annexation

Land. The Applicant will accordingly pay, as part of its Annexation Charges, the costs of Additional Water Supplies, including, without limitation, the “purchase or transfer price” exacted by the holder of the right to the water to be transferred to the Agency, any payment for contractual or other rights required for the Agency to use water transportation, water storage, or other facilities, cost of financing, and issuance of securities (“Acquisition Costs” herein, “Carrying Costs” (as defined in Section 3.4) to be paid after completion of annexation, and the 1% Tax Equivalent (\$2.2).

3.3 Payment Requirement in Full

All Processing Costs shall be paid in full prior to completion of the annexation and Annexation Charges paid as set forth in the Annexation Agreement.

3.4 “Carrying Costs” Defined

The term “Carrying Costs” refers to any required payments to the State of California Department of Water Resources for additional Table A Amount, or to the contracting party with the Agency for other source of water supply.

3.5 Facility Capacity Fees

Upon development of property within the Annexation Land, Agency facility capacity fees shall be payable pursuant to then existing Agency policies as a condition precedent to water service. To the extent the Annexation Charges include capital costs covered by Agency facility capacity fees, a credit against such fees will be provided.

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EXHIBIT D
ANNEXATION AGREEMENT

ANNEXATION AGREEMENT

This Agreement is entered into by and between Castaic Lake Water Agency (“CLWA”) and _____ (“Landowner” herein).

RECITALS

A. CLWA is a public agency organized in accordance with California Water Code Appendix, Chapter 103 (the “Act”) for the purpose of acquiring water and water rights and to provide and sell such water at wholesale and retail to customers in Los Angeles and Ventura Counties, California. The boundaries of CLWA are attached hereto as Exhibit “A”.

B. CLWA has adopted an Annexation Policy (“Annexation Policy”) which determines the criteria for annexation to Agency, a copy of which is attached and incorporated as Exhibit “B”.

C. Landowner is a _____ which owns lands consisting of _____ acres in the County of Los Angeles, zoned as _____ and adjacent to the boundary of Agency as shown on the map attached hereto as Exhibit “C” (“Annexation Lands” or “Lands”).

D. Landowner desires to annex the Annexation Lands into Agency for purposes of receiving a water supply for such Lands conditioned on the approval of the County of Los Angeles (“County”) for land use approval and the approval of the Los Angeles County Local Agency Formation Commission (“L. A. LAFCO”) for annexation and compliance with the requirements of this Agreement and the Annexation Policy.

E. County is the lead agency for purposes of conducting the analysis of environmental impacts of the proposed land use, including the annexation and water supply from CLWA, pursuant to the requirements of the California Environmental Quality Act (“CEQA”) and Agency is a responsible agency pursuant to the provisions of CEQA.

F. Pursuant to the Annexation Policy, Landowner has submitted a written request for annexation (“Request for Annexation”), and has entered into the Deposit and Funding Agreement between the parties dated _____, for the purpose of defraying the cost of the time and expense of evaluating and processing the feasibility of the proposed annexation. A copy of the executed Deposit and Funding Agreement is attached as Exhibit “D” (“Deposit and Funding Agreement”).

G. CLWA has a water supply, which supplements local groundwater, to serve existing lands within its present boundaries. This water supply consists of 95,200 acre-foot per year (“AFY”) Table A Amount from the State Water Project and 11,000 AFY of water supply from Buena Vista Water Storage District (BV) and Rosedale-Rio Bravo

Water Storage District (RRB) pursuant to a joint project of the BV and RRB (“BV-RRB Acquisition”)

H. Subject to the foregoing, CLWA has evaluated the Request for Annexation and has determined that the annexation as proposed is feasible based upon its SWP and BV-RRB Acquisition supplies.

I. A portion of the total CLWA supply will be a supply of water for the Lands (“Additional Water Supply”) on the terms and conditions described herein.

J. CLWA, in its discretion, has determined the highest potential use of water demand of the Annexation Lands based on to the proposed land uses and other relevant information provided by Landowner, and that it will be able to provide a supply of water for the Annexation Lands which will meet such needs when the lands are fully developed in the foreseeable future.

K. CLWA has determined that, assuming all conditions precedent have been met, the Additional Water Supply is sufficient in amount and reliability so as not to divert any water supply or water supply reliability from CLWA’s existing service area.

L. CLWA has estimated the Additional Water Supply cost for the Annexation Lands, in addition to the costs to process the Request for Annexation, and Landowner previously has agreed to pay for such Additional Water Supply along with the costs to process the Request for Annexation pursuant to the separate Deposit and Funding Agreement.

M. Landowner also shall pay the costs for acquisition of the Additional Water Supply and other costs of annexation as part of the terms and conditions of this Agreement set out below.

N. Notwithstanding anything to the contrary, unless specifically superseded by this Agreement, Landowner shall be responsible for CLWA charges, assessments and taxes as applicable within its WSA’s (as defined below) or as imposed by L. A. LAFCO.

NOW, THEREFORE, in consideration of the payment of money and the mutual promises of the parties hereto, it is agreed as follows:

1. RECITALS, DEFINED TERMS.

A. RECITALS. All recitals set out above are true and correct.

B. DEFINED TERMS. All terms shall have the meanings set out here or in the Annexation Policy. In the event of an inconsistency between this Agreement and the Annexation Policy, this Agreement shall govern. As used herein, “annexation” or “date of

annexation” shall mean the later of (i) that date on the annexation legally is completed as evidenced by the filing of a revised boundary statement with the State; or (ii) the date any litigation related to such annexation has been concluded by final judgment of a court of competent jurisdiction

As used herein, “Carrying Costs” means “Carrying Costs” as defined in Section 3.4 of the Annexation Policy, and includes but is not limited to all costs of acquiring the Additional Water Supply and the facilities, works, property and improvements needed for them, as determined and calculated pursuant to Section 3.C.2 of the Deposit and Funding Agreement. “Carrying Costs” does not include administrative or processing costs provided for in this Agreement or the Deposit and Funding Agreement.

2. ANNEXATION LANDS.

A. PROPOSED USE. The Landowner’s proposed use of the Annexation Lands is divided into land use areas (“Land Use Area(s)”). Each Land Use Area’s proposed use and density is set out on Exhibit “C”.

B. WATER DEMAND. CLWA has determined that the highest potential use in AFY, taking into consideration information and land planning information available, including the proposed use by the Landowner in each Land Use Area (“Water Demand”), is as follows:

- [Land Use Area 1]
- [Land Use Area 2]
- [Land Use Area 3]
- [Land Use Area 4]
- [Land Use Area 5]

Total:

C. PROPOSED USE AND WATER DEMAND CONDITIONAL AND SUBJECT TO ADJUSTMENT. The proposed use of the Annexation Lands is subject to the approval of the County Planning Commission and the Board of Supervisors. In addition, the annexation of the Annexation Lands into Agency for purposes of obtaining a water supply is conditional and subject to the approval of L. A. LAFCO. Should the land use and density be changed as a result of conditions imposed by the County or L. A. LAFCO in a manner that materially affects the Water Demand for the Annexation Lands, CLWA will re-evaluate the Water Demand

and make the appropriate adjustments (including, without limitation, in costs to be paid by Landowner for the Additional Water Supply) to correspond to the land use and density authorized for the Annexation Lands in a timely manner and this Agreement shall be amended accordingly.

3. SOURCE OF WATER SUPPLY.

- A. ADDITIONAL WATER SUPPLY.** It is the policy of CLWA to avoid any diversion of water supply from or reduction in water supply reliability within the existing service area. CLWA has invested in water supply, importation, distribution, banking, and water treatment facilities, the costs of which are apportioned and budgeted among various Water Service Area(s) (“WSA” or “WSAs”) within its service area pursuant to the Act. In anticipation of increased demand for water within CLWA and the Santa Clarita Valley, CLWA has completed its analysis pursuant to CEQA and has acquired rights to water from BV and RRB pursuant to the BV-RRB Acquisition. The agreement is titled “Agreement for Buena Vista/Rosedale-Rio Bravo Water Banking and Recovery Program Water Acquisition by Castaic Lake Water Agency” duly executed and dated May 22, 2007 by CLWA, BV, and RRB and is on file with CLWA. The water supply for the Annexation Lands in the amount of _____ AFY will be provided from CLWA’s common supply as augmented by the BV-RRB Acquisition.
- B. COMMON POOL.** The Additional Water Supply needed for CLWA to serve the Lands is part of the CLWA common supply for all of the lands within CLWA, including, but not limited to, the Annexation Lands. Subject to the Water Demands on CLWA and the provisions of this Agreement, including Section 3.C. below, the Additional Water Supply may be used for any lawful purpose, including water banking and other uses as deemed appropriate at the discretion of CLWA and is not dedicated solely for the benefit of any particular lands, including the Annexation Lands.
- C. ASSURANCE.** Notwithstanding that the Additional Water Supply is part of the CLWA common supply as set forth in Section 3.B. above, upon execution of this Agreement and payment of the Carrying Costs for the Additional Water Supply, and provided that Landowner is not in default in the performance of obligations set forth in this Agreement or the Deposit and Funding Agreement, as established by a final judgment, CLWA shall not treat such Additional Water Supply related to the demand of the Annexation Lands as water available to support “can-serve”, “will-serve”, or

“water availability” letters (“Water Availability”) for any existing or other new development within the present CLWA service area. Upon request, as provided by law, CLWA will provide the retail water purveyor for the Annexation Lands with the necessary water supply assurances to enable the retail purveyor to issue a Water Availability letter for the Annexation Lands to the extent CLWA water supplies, including the Additional Water Supplies, are sufficient to support such letter as is consistent with law and with this Agreement. Pending confirmation from retail purveyors of delivery of water to dwelling units, the Additional Water Supply may be used by CLWA for banking or other uses consistent with this assurance.

D. CONDITIONS PRECEDENT. The following events and actions must take place prior to and as an express condition precedent to any obligation of CLWA to provide the Additional Water Supply to the Annexation Lands:

1. Final land use approvals by the County for the Lands.
 2. Landowner’s consent to establishment of WSAs with boundaries which include the Annexation Lands.
 3. Landowner’s consent to final adoption and implementation of the CLWA Standby Charge to be levied on Annexation Lands.
 6. Final written approval by the Department of Water Resources (DWR) for extension of CLWA’s service area to coincide with the Annexation Lands’ boundaries.
 7. Execution of a Water Availability letter (and/or other appropriate provision for water services as required by the retail water agency) for the Annexation Lands with the retail water purveyor with jurisdiction in each WSA.
 8. The Additional Water Supply is physically available to serve the Annexation Lands.
- 4. WATER SERVICE AREAS.** Pursuant to the Act, CLWA will assign WSAs to Annexation Lands to apportion rates, charges, fees, assessments, and taxes (collectively “Charges” herein) to the WSA to provide funds for the annual budget of CLWA for water facilities as set out therein and in the Annexation Policy. Because each WSA varies from another in a number of respects, including, but not limited to, proximity to various CLWA water facilities, each WSA may have a different schedule of

Charges to fund the portion of the budget of CLWA allocated to that WSA. ”).

5. ANNEXATION CHARGES: BACK TAXES. Pursuant to the Annexation Policy and, in addition to any other amounts to be paid pursuant to this Agreement or the Deposit and Funding Agreement, Landowner is required to pay to CLWA, as a condition precedent to CLWA’s obligation to provide Additional Water Supply to the Land, a sum of money or other equivalent consideration (as determined at the sole discretion of CLWA) equivalent to the ad valorem taxes that would have been paid by Annexation Lands had they been within CLWA since 1963 (“Back Taxes” herein)

6. ANNEXATION CHARGES: CARRYING COSTS.

A. Payments under the Deposit and Funding Agreement.

Pursuant to the Deposit and Funding Agreement, Landowner has agreed to pay the costs of processing the Request for Annexation, the Administrative and Operating Costs, and the Carrying Costs for the Additional Water Supply for the time periods set out therein. The permanent funding for the Carrying Costs and associated Capital Costs shall be the Standby Charge described below. Landowner’s payment of the Carrying Costs under the Deposit and Funding Agreement shall terminate only at such time as CLWA receives actual funds from the Standby Charge.

B. Standby Charge.

CLWA may request that L.A. LAFCO make this Standby Charge a term and condition of annexation. Notwithstanding, as of the date of the annexation, the Carrying Costs shall be calculated and paid to CLWA pursuant to an annual water standby charge adopted and levied by CLWA on the Lands in each WSA as follows:

1. Calculation of Costs and Amortization. Such costs shall be determined as follows: The unit cost as determined under Section 3.C.2 of the Deposit and Funding Agreement shall be multiplied by the number of AFY of the Additional Water Supply which CLWA has determined will be needed to serve the Annexation Lands during that year.

This calculation shall be performed on an annual basis before January 1 of each year and shall be in an amount

sufficient to pay for all such costs during the coming year at whatever times they may be levied.

2. **Adoption.** The annual Standby Charge shall be adopted by CLWA pursuant to the Uniform Standby Charge Act and the provisions of the Act as they exist at the time of adoption each year. As allowed by State Law, such charge shall be collected on the tax roll in the same manner and at the same time as ad valorem property taxes.
3. **Enforcement.** Failure to pay the Standby Charge shall be considered failure to pay real property taxes, resulting in the lien and foreclosure procedure set out in state law

7. **ANNEXATION CHARGES: 1% PROPERTY TAX TRANSFER.** The 1% Tax Transfer equivalent component shall be determined as set out in the Annexation Policy in effect on the date of annexation. In the event the County agrees to transfer such 1% property tax collected from the Annexation Lands to CLWA as a term and condition of annexation, no equivalent component shall be owed from Landowner.

In the event that the amount of the 1% property tax transfer related to the Annexation Lands is not transferred to CLWA by the County or the amount transferred is less than the existing 1% property tax received by CLWA from existing lands, the present value of that portion of the 1% property tax that CLWA would have received ("1% Tax Equivalent") will be calculated as follows:

CLWA's estimated assessed value of the proposed land use when fully developed will be escalated over a fifty- (50) year period using the 2% inflation factor allowed by law. The annual tax revenue will be calculated by taking CLWA median tax increment at the time of the calculation (currently 0.058064) multiplied by the assessed value for that year. The present value of those amounts will be calculated using the current interest yield on a thirty- (30) year treasury bond.

This amount shall be paid by Landowner to CLWA in a lump sum upon the date of annexation.

8. **CONDITIONS PRECEDENT TO ANNEXATION.** The following events and actions must take place prior to and as an express condition precedent to annexation of the Annexation Lands and with the approval of L.A. LAFCO, will be terms and conditions of annexation:

- A. Payment of all costs pursuant to the Deposit and Funding Agreement.
- B. Payment of all costs owing as of the date of annexation under this Agreement.
- C. Certification of environmental review by County for the Annexation Lands accepted by CLWA as a responsible agency.
- D. Approval of County of annexation to CLWA, which approval is conditioned on the payment of all costs as set forth herein.
- E. Guarantee of payment of the 1% Tax Equivalent.
- F. Compliance with any and all other terms and conditions of annexation required by L.A. LAFCO.

9. **COVENANTS.**

- A. **Standby Charges.** Landowners of Annexation Lands shall take all actions necessary, execute contracts, consents, and waivers of notice and hearing as required for CLWA to adopt and impose the Standby Charge (as allowed by law) before final tract map approval and establish the WSAs for the Annexation Lands.
- B. **DWR Consent, CEQA, Urban Water Management Plans and Related Documents.** CLWA will exercise its best efforts and, with due diligence and in good faith, seek DWR and any other agency's consent as required to extend CLWA boundaries to include Annexation Lands and to use the SWP facilities to transport the Additional Water Supply to CLWA as provided herein. CLWA will seek to amend, certify, and adopt any CEQA document or UWMP (including water supply assessments and written verifications as applicable) that is declared by final judgment of a court of competent jurisdiction to be invalid in whole or in part and affects the ability of CLWA to provide the assurance required in Section 3.C.

10. **WATER USE.**

- A. **No Agricultural Use.** The water supply shall not be used for agricultural purposes.
- B. **Regulations.** The sale and delivery of all water by CLWA, regardless of the nature and time of use of such water, shall be

subject to regulations promulgated from time-to-time by CLWA, and also those regulations promulgated by the retail water purveyor(s) serving the proposed Annexation Lands.

C. No Outside Use. Except upon terms and conditions specifically approved by the Board, water sold and delivered by CLWA shall not be used in any manner which intentionally or avoidably results in its use outside the CLWA service area.

D. Water Efficiency Guidelines. To the extent practicable, the retail water purveyor(s) and owner(s) of parcels, as appropriate, within an Annexation Land, shall comply with all CLWA rules and regulations, including, but not limited to, the following:

1. Conservation. Annual water use shall be minimized by incorporating water conservation measures into the development plans.

2. BMPs. Best Management Practices (“BMPs”) conservation measures, as identified by CLWA from time-to-time, shall be applied uniformly in all new and existing developments within the annexed area. At least one model home constructed in each new development within the proposed Annexation Lands shall demonstrate a water conserving landscape.

11. INDEMNITY. Landowner shall, at all times, indemnify, defend, and save CLWA, its Board of Directors, officers, representatives, consultants, contractors, agents and employees free and harmless from, and pay in full, any and all claims, demands, losses, damages, or expenses, including reasonable attorneys’ fees for counsel acceptable to CLWA and costs that CLWA, its Board of Directors, officers, representatives, consultants, contractors, agents and/or employees may sustain or incur in any manner relating to Landowner’s performance or failure to perform under this Agreement, or challenging the validity of this or related agreements or approvals (including but not limited to environmental certifications) but excepting any loss, damage, or expense, and claims for loss, damage, or expense resulting solely from the negligent acts or misconduct of CLWA, its Board of Directors, officers, representatives, consultants, contractors, agents, or employees.

12. DISCLAIMERS.

A. No Guarantee. Landowner hereby acknowledges that the process to complete the provisions of this Agreement can take considerable time and is subject to delay as a result of governmental processing and litigation.

B. Assumption of Risk. Landowner acknowledges that CLWA cannot predict its decision concerning the Annexation of Lands, and the conditions that may be imposed by government agencies with jurisdiction and how they may affect CLWA and Landowner assumes all financial risk related to the ultimate decision by CLWA to approve or deny the annexation should conditions occur or be imposed that are not expressly set forth in this Agreement.

13. NOTICES. All written notices required to be given pursuant to the terms hereof shall be either: (i) personally delivered, (ii) deposited in the United States express mail or first class mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by overnight courier service, or (iv) delivered by facsimile transmission, provided that the original of such notice is sent by certified United States mail, postage prepaid, no later than one (1) business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon first attempt at delivery pursuant to the methods specified in clauses (i), (ii) or (iii) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses or to such other address as the receiving Party may from time to time specify by written notice to the other Party:

<p>To CLWA:</p> <p>Castaic Lake Water Agency 27234 Bouquet Canyon Road Santa Clarita, CA 91350 ATTN: Dan Masnada Telephone: 661-297-1600 Facsimile: 661-297-1610</p>	<p>To Landowner:</p>
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14. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and, all of which taken together, shall constitute one and the same instrument. Signatures sent by facsimile shall be deemed originals and treated in all respects as originals. As may be necessary for any alternative dispute resolution required or permitted under this Agreement, a copy of this Agreement shall be deemed to be an original for the purposes of satisfying the California and/or Federal Rules of Evidence.

15. APPROVAL. Landowner and CLWA each acknowledges that execution of this Agreement by each other is conditioned upon any necessary approval of the terms of the Agreement by their respective governing bodies.

16. **AUTHORITY.** In signing below, each of the Parties represents and warrants to each of the other Parties that each is a duly organized or constituted entity, with all requisite power to carry out its obligations under this Agreement, and that the execution, delivery, and performance of this Agreement have been duly authorized by all necessary action of the Board of Directors or other governing body of such Party, and shall not result in a violation of such Party's organizational documents.
17. **GOVERNING LAW.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.
18. **AGREEMENT.** No amendment of this Agreement shall be binding upon the Parties unless it is in writing and executed by all of the Parties.
19. **FURTHER ACTION.** The Parties agree to and shall take such further action and execute and deliver such additional documents as may be reasonably required to effectuate the terms and conditions of this Agreement and to the extent consistent with the terms hereof.
20. **NO ASSIGNMENT.** Except as otherwise provided in this Agreement, neither Party shall assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of CLWA, which shall not be unreasonably withheld. Assignment without consent shall not be effective to terminate Landowner's obligations hereunder. Agency's consent to one assignment shall not constitute consent to a subsequent assignment or waiver of the requirement for such consent.
21. **JOINT DRAFTING AND NEGOTIATION.** This Agreement has been jointly negotiated and drafted. The language of this Agreement shall be construed as a whole according to its fair meaning and without regard to or aid of Civil Code Section 1654 or similar judicial rules of construction. Each Party acknowledges that it has had the opportunity to seek the advice of experts and legal counsel prior to executing this Agreement and that it is fully aware of and understands all of its terms and the legal consequences thereof. This Agreement is intended to be the entire agreement of the Parties as to the matters set forth herein.
22. **HEADINGS.** Headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.
23. **NO THIRD PARTY BENEFICIARIES.** Except as otherwise provided herein, no third party shall be entitled to claim or enforce any rights under this Agreement.

24. **SEVERABILITY.** In the event that any provision of this Agreement is determined by a court to be invalid, the court shall reform the provision in a manner that is both consistent with the terms of this Agreement taken as a whole and legally valid. The remainder of this Agreement shall not be affected thereby.
25. **SUCCESSORS AND PERMITTED ASSIGNS.** All covenants and agreements contained in this Agreement by or on behalf of any of the Parties shall bind and inure to the benefit of their respective successors and permitted assigns, whether so expressed or not.
26. **INTEGRATION.** This Agreement shall constitute the entire agreement of the Parties as to those matters set out here. To the extent the provisions of the Annexation Policy or the Deposit and Funding Agreement are inconsistent with this Agreement, the provisions of this Agreement shall prevail.

[THE REMAINDER OF THIS PAGE LEFT BLANK]

27. **TERM.** This Agreement shall take effect on the date of execution by both parties and shall continue in full force and effect until CLWA provides written notice to Landowner that all obligations hereunder have been performed or otherwise have been provided for.

IN WITNESS WHEREOF, each Party has executed this Agreement on the date set forth below, said Agreement to be effective on the later of the two, i.e., when both Parties have signed this Agreement (the "Effective Date").

Date: _____

CASTAIC LAKE WATER AGENCY

By: _____

Title: _____

ATTEST:

Secretary

Date: _____

LANDOWNER, ANNEXATION LANDS

By: _____

Title: _____

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ATTACHMENT B

FIRST AMENDMENT TO DEPOSIT AND FUNDING AGREEMENT

This First Amendment to Deposit and Funding Agreement (“First Amendment”), is entered into as of ~~April 21~~^{May 21}, 2019 by and between Santa Clarita Valley Water Agency, a Special Act Agency and successor in interest to the Castaic Lake Water Agency (“SCV Water”) and DACA Castaic, LLC (“Landowner”). SCV Water and Landowner are each a “Party” and may be referred to collectively as the “Parties”.

RECITALS:

- A. SCV Water and Landowner entered into that certain Deposit and Funding Agreement dated November 14, 2017 (“Agreement”).
- B. On July 17, 2018, the SCV Water Board of Directors adopted Resolution No. SCV-47, determining that 489 acre feet of its Buena Vista Rosedale Rio Vista Water Supply (“Additional Water Supply”) is potentially available for the Tapia Ranch Annexation Lands subject to certain conditions.
- C. Pursuant to Section 3(C) of the Agreement, Landowner was required to pay SCV Water the administrative and operating costs arising from the Acquisition of the Additional Water Supply and the past Carrying Costs of the Additional Water Supply by January 17, 2018.
- D. Landowner requested a payment plan to meet its financial obligations under the Agreement.
- E. The Parties desire to amend the Agreement to provide for a Payment Schedule that sets forth the required payments and deadlines for such payments.
- F. The Parties further desire to amend the Agreement to change the name Castaic Lake Water Agency (“CLWA”) to Santa Clarita Valley Water Agency (“SCV Water”) throughout the Agreement because SCV Water is by law the successor in interest to CLWA.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

- 1. ‘Castaic Lake Water Agency’ or ‘CLWA’ is hereby replaced throughout the Agreement with ‘Santa Clarita Valley Water Agency’ or ‘SCV Water.’
- 2. Section 3(C)(1) and 3(C)(2) are amended to read as follows:
 - “1. **ADMINISTRATIVE AND OPERATING COSTS.** Landowner is responsible for paying SCV Water the administrative and operating costs arising from the acquisition of the Additional Water Supply. Administrative and operating costs include, but are not limited to, title reports, staff time, engineering, environmental (including CEQA compliance) and legal services arising from the acquisition of the Additional Water Supply, including negotiation and preparing of all water transfer

agreements, as well as agreements with the Department of Water Resources and other parties whose consent is required to complete performance of this Agreement, defense of any litigation challenging the BV-RRB Acquisition, as well as direct overhead as determined by SCV Water's customary practices. "Direct overhead includes, by way of example and not of limitation, salaries, benefits, equipment and facilities costs. Landowner shall not be required to reimburse SCV Water for its normal administrative costs and operating costs.

2. **CARRYING COSTS.** Landowner is responsible for paying SCV Water the Carrying Costs of the Additional Water Supply. Until SCV Water's actual receipt of funds pursuant to Section 6.B of the Annexation Agreement (the Standby Charge), Landowner is responsible for paying the Carrying Costs for the Additional Water Supply in a manner which allows SCV Water to meet its obligations to BV-RRB in a timely manner without requiring SCV Water to advance its own funds to pay such costs. The Landowner's Carrying Costs shall be determined as follows: The total Carrying Costs for the BV-RRB acquisition shall be divided by the total number of AFY acquired in the BV-RRB acquisition, less direct sales of the BV-RRB water in a given year, to determine the unit cost. That unit cost then shall be multiplied by the number of AFY of the Additional Water Supply which SCV Water has determined will be needed to serve the Annexation Lands."

3. Section 3(C)(3) is renumbered as Section 3(C)(4).

4. Section 3(C)(3) is added to read as follows:

"3. **PAYMENT OF ADMINISTRATIVE AND OPERATING COSTS AND CARRYING COSTS.** The administrative and operating costs arising from the acquisition of the Additional Water Supply and the Carrying Costs of the Additional Water Supply required to be paid by Sections 3(C)(1) and (2) above, including interest, shall be paid by Landowner to SCV Water according to the Payment Schedule and as described in the attached Exhibit E. Consistent with Section 7 of this Agreement, failure to make payments by the due dates in Exhibit E shall be an Event of Default "

5. The attached Payment Schedule is added to the Agreement as Exhibit E.

6. Continuing Effect of Agreement. Except as amended by this First Amendment, all other provisions of the Agreement remain in full force and effect. From and after the date of this Amendment, whenever the term "Agreement" appears in the Agreement, it shall mean the Agreement as amended by this First Amendment.

7. No Assignment. Nothing in this First Amendment to Annexation Agreement may in any way be interpreted as SCV Water's consent to an assignment of the Agreement, which is required for any assignment in Section 23. Any such consent has not been provided by SCV Water and Applicant remains and is a Party to the Agreement and is bound by the terms and conditions of the Agreement.

IN WITNESS WHEREOF, each Party has executed this First Amendment on the date set forth below, said First Amendment to be effective on the later of the two, i.e., when both Parties have signed this First Amendment (the "Effective Date").

5/21/19

Date: ~~Matthew D. [Signature]~~
MDS

SANTA CLARITA VALLEY WATER AGENCY

By: Matthew [Signature]

Title: GENERAL MANAGER

ATTEST:

April Jacobs
Secretary

Date: 5/13/19

DACA CASTAIC, LLC

By: Howard [Signature]

Title: Manager of DACA V, Managing Member of DACA-Castaic, LLC

APPROVED AS TO FORM:

Best, Best, & Krieger, LLP

By: Joseph P. Byrne
Joseph P. Byrne, Esq.
Co-General Counsel

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ATTACHMENT C



January 16, 2019

Board of Directors
Santa Clarity Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 31350

Att: SCV Water Board Members
Re: Tapia Ranch Project

Dear Board Members:

Having worked together for many years, the Tapia Ranch Project appreciates the cooperation and partnership with the SCV Water Agency (SCV Water). The history of working together exceeds the six (6) years DACA-Castaic LLC has owned the property, and goes all the way back to Castaic Lake Water Agency's acquisition of Buena Vista Rosedale-Rio Bravo (BV-RRB) water in 2007 that was allocated to the Tapia Ranch Project. More recently SCV Water and Tapia Ranch have executed a Deposit and Funding Agreement in 2017 that resulted in extensive analysis to determine that the Tapia Ranch Project will require 489 acre feet of water annually. Following the execution of the Deposit and Funding Agreement, SCV Water determined in 2018 that its supplies are adequate to proceed with allocating the water to Tapia Ranch.

As the process moves forward, Tapia Ranch has been very pleased that SCV Water is willing to be flexible with the payment terms of the water allocated to the project. It is our understanding that SCV Water will accept a payment structure that includes a payment in January 2019 for certain past and present carrying costs, and a full reimbursement of the acquisition and carrying costs in December 2019. This is a very generous offer that we would gladly accept if the Tapia Ranch Project was an approved project. Unfortunately, the approval process through the County of Los Angeles is very slow and difficult, and our Tapia Ranch Project is not approved and remains a very high entitlement risk.

The reality is that the Tapia Ranch Project could very well be denied or significantly reduced during the County approval process. Since the Tapia Ranch Project application was accepted by the County in 2012, the property has been downzoned through One Valley One Vision (OVOV) to be rural 5 and 10 acre lots that effectively make the property undevelopable. The only viable development of the Tapia Ranch project is through the grandfathered application filed by DACA-Castaic LLC in 2012.

As small developers without an endless supply of capital, we are forced to finance large capital outlays such as the water purchase. It is not possible to finance the water acquisition under current market conditions and the terms of the Water Purchase Agreement. The provision allowing SCV Water ten years to return the purchase price if our project is not entitled or reduced in size precludes any financing source from advancing the capital. We certainly agree that carrying costs should be paid by any developer that expects to have the water reserved, but we request your understanding of the entitlement risks. Help us get you paid. Simply allowing the water costs to be paid after the project is approved but before the project is formally annexed into the District will allow us to get the purchased price funded. It is our expectation that the Tapia Ranch Project will be approved within the next 24 months.

Thus we propose the following terms for paying for the 489 AFY of BV-RRB water listed below. Many of the costs are based on information and an understanding of the costs provided by SCV Water staff. If they are not correct, we agree to minor adjustments. Please note that we have added additional money for i) an Option Payment and, ii) True-up Adjustment that is in the BV-RRB Water Acquisition Agreement.

1) Past Acquisition and Carrying Costs due March 31, 2019

• July-December 2018 Interest Costs	\$ 78,334
• Jan-December 2019 Interest Costs	\$ 156,667
• 2019 Carry Costs	\$ 419,277
• 2018 Water Sales Credit	(\$ 83,352)
• Option Payment	\$ 25,000
• True-up Adjustment per BV-RRB Agreement	<u>\$ 25,000</u> (estimate)
Total:	\$ 620,956

2) Carrying Costs due January 31, 2020

• Jan-December 2020 Interest Costs	\$ 160,000 (estimate)
• 2020 Carrying Costs	\$ 425,000 (estimate)
• 2019 Water Sales Credit	(\$ 80,000) (estimate)
• Option Payment	\$ 50,000
• True-up Adjustment per BV-RRB Agreement	<u>\$ 25,000</u> (estimate)
Total:	\$ 580,000

3) Carrying Costs due January 31, 2021

• Jan-December 2020 Interest Costs	\$ 165,000 (estimate)
• 2021 Carrying Costs	\$ 435,000 (estimate)
• 2020 Water Sales Credit	(\$ 80,000) (estimate)
• Option Payment	\$ 75,000
• True-up Adjustment per BV-RRB Agreement	<u>\$ 25,000</u> (estimate)
Total:	\$ 620,000

4) Past Acquisition and Carrying Costs due December 31, 2021

• Acquisition and Carrying Costs	<u>\$ 3,755,117</u>
Total:	\$ 3,755,117

Once again, we want to emphasize that we are extremely appreciative for SCV Water's flexibility with the proposed terms that have been extended to us. Unfortunately we just need a bit more time that we are willing to pay for through carrying costs, interest, and option payments. The very significant entitlement risks to pay the full acquisition costs prior to approval of the project are just not financeable.

Thank you and we look forward to hearing your response.



Howard Justus
Manager DACA-Castaic LLC

Cc: Jon Myhre
Matt Stone

ATTACHMENT D



October 27, 2021

Steve Cole
Dirk Marks
Rick Vasilopoulos
Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

Dear Misters Cole, Marks and Vasilopoulos:

DACA-Castaic, LLC hereby requests the date to obtain entitlements under paragraph six of the Deposit and Funding Agreement be extended from November 14, 2022 to December 31, 2023 and the payment plan for the additional water supply be extended two years from December 31, 2021 to the same December 31, 2023.

DACA-Castaic, LLC and Castaic Lake Water Agency (“SCV Water”) entered into the Deposit and Funding Agreement (“DFA”) on November 14, 2017. On April __, 2019, that agreement was amended by the First Amendment to Deposit and Funding Agreement (“Amended DFA”). The DFA provided in paragraph six that DACA-Castaic obtain the certification of its Environmental Impact Report (“EIR”) by the fifth anniversary of the DFA. The fifth anniversary will occur on November 14, 2022. The Amended DFA was entered into, in part, to provide DACA-Castaic will a payment plan for the Carrying Costs incurred by the SCV Water for the Additional Water Supply as defined in the Amended DFA.

DACA-Castaic will not be able to obtain the certification of its EIR within the allotted five years for a host of reasons including, without limitation, the complexity of the EIR requiring the replacement of the primary EIR consultant, the expansion of subject areas studied as a result recent case law and the increase of review times required by Los Angeles County Planning Department. We are on schedule to have our EIR before the Los Angeles County Planning Commission by December 31, 2022. Given the probability of litigation over the EIR, we are requesting the entitlement period be extended a year beyond that date to accommodate the expected litigation.

Accordingly, we are also requesting the maturity date for the payment plan of the Carrying Costs be extended to the same December 31, 2023. We are not requesting a waiver of the payment of annual carrying cost. As such, we expect to make annual payments on January 31, 2022 and January 31, 2023 and payment in full on December 31, 2023.

According to our projections, the earliest homes will be occupied will be July 2025, assuming our project is approved and EIR certified in December 2022, final engineering requires a year, grading requires a year and road construction, model construction and the first group of inhabitable homes requires six months to complete.

PO Box 60094 · San Diego, CA 92166 · (619) 405-3585

www.TapiaRanch.com

Should you require additional information, please contact me at 619-405-3585.

Sincerely,

A handwritten signature in blue ink that reads "Howard Justus". The signature is fluid and cursive, with the first name "Howard" being more prominent than the last name "Justus".

Howard Justus

Manager,
DACA Castaic, LLC

ATTACHMENT E

SECOND AMENDMENT TO DEPOSIT AND FUNDING AGREEMENT

This Second Amendment to Deposit and Funding Agreement (“Second Amendment”), is entered into as of December __, 2021 by and between Santa Clarita Valley Water Agency, a Special Act Agency and successor in interest to the Castaic Lake Water Agency (“SCV Water”) and DACA Castaic, LLC (“Landowner”). SCV Water and Landowner are each a “Party” and may be referred to collectively as the “Parties”.

RECITALS:

- A. SCV Water and Landowner entered into that certain Deposit and Funding Agreement dated November 14, 2017 (“Agreement”).
- B. On July 17, 2018, the SCV Water Board of Directors adopted Resolution No. SCV-47, determining that 489 acre feet of its Buena Vista Rosedale Rio Vista Water Supply (“Additional Water Supply”) is potentially available for the Tapia Ranch Annexation Lands subject to certain conditions.
- C. Pursuant to Section 3(C) of the Agreement, Landowner was required to pay SCV Water the administrative and operating costs arising from the Acquisition of the Additional Water Supply and the past Carrying Costs of the Additional Water Supply by January 17, 2018.
- D. At Landowner’s request, the Parties executed a First Amendment to Deposit and Funding Agreement dated May 21, 2019 that extended that deadline to December 31, 2021 and provided for a payment plan (“Payment Schedule”) for Landowner to meet its financial obligations (“First Amendment.”)
- E. Landowner has requested another extension of time to meet its financial obligations under the Agreement.
- F. SCV Water is willing to amend the Agreement to provide for an amended Payment Schedule that sets forth the required payments and deadlines and obligations for such payments.

NOW THEREFORE, in consideration of the mutual promises set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

- 1. Section 3(C)(3) is amended to read as follows:

“3. **PAYMENT OF ADMINISTRATIVE AND OPERATING COSTS AND CARRYING COSTS.** The administrative and operating costs arising from the acquisition of the Additional Water Supply and the Carrying Costs of the Additional Water Supply required to be paid by Sections 3(C)(1) and (2) above, including interest, shall be paid by Landowner to SCV Water according to the payment schedule and as described in the attached Exhibit E. Consistent with Section 7 of this Agreement, failure to make payments by the due dates in Exhibit

E shall be an Event of Default, and any and all payments made by Landowner to SCV Water shall not be refunded to Landowner.”

2. The attached amended and updated Payment Schedule replaces the previous Exhibit E and is the new Exhibit E to the Agreement.

3. Consistent with the terms of the Agreement, Landowner agrees and acknowledges that, in the Event of Default by Landowner, any and all payments made by Landowner to SCV Water at any time pursuant to this Agreement, including those that have already been made and those that are made in the future, are not refundable to Landowner and Landowner further agrees to waive any and all rights to bring any action in law to recover such payments.”

4. Continuing Effect of Agreement. Except as amended by this Second Amendment, all other provisions of the Agreement remain in full force and effect. From and after the date of this Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement as amended by the First Amendment and this Second Amendment.

IN WITNESS WHEREOF, each Party has executed this Second Amendment on the date set forth below, said Second Amendment to be effective on the later of the two, i.e., when both Parties have signed this Second Amendment (the “Effective Date”).

Date: _____

SANTA CLARITA VALLEY WATER AGENCY

By: _____

Title: _____

ATTEST:

Secretary

Date: _____

DACA CASTAIC, LLC

By: _____

Title: _____

APPROVED AS TO FORM:

Best, Best, & Krieger, LLP

By: _____

Joseph P. Byrne, Esq.
Co-General Counsel

REVISED TAPIA RANCH PAYMENT SCHEDULE - (AMENDED EXHIBIT E)

	Estimated Payment (1/31/2022) (8)	Partial Payment of Acquisition and Past Carrying Costs (12/31/22) (6)	Estimated Payment (1/31/2023) (8)	Payment Due (12/31/2023)
Annual Interest on Acquisition and Past Carrying Costs (1)	\$156,667		\$115,167	
Annual Carrying Costs (2)(9)	\$455,792		\$471,900	
Option Payment (3)	\$125,000		\$150,000	\$3,775,117
Acquisition and Past Carrying Cost (4)				-\$83,130
Credit for Water Sales in 2018-2020 (5)		\$1,000,000		-\$1,000,000
Partial Payment of Acquisition and Past Carrying Costs				
Total Payment (7)	\$737,459	\$1,000,000	\$737,067	\$2,691,987

Notes:


- (1) The highlighted numbers in this row are estimates and assume SCV Water interest rates remain at 4.15%. The actual required payments may be adjusted and will be based on the actual interest rates.
- (2) The highlighted Annual Carrying Costs numbers in this row are estimates and the actual required payments will be adjusted to reflect the actual Annual Carrying Costs.
- (3) The Option Payments are hard numbers and must be paid by the due dates.
- (4) The highlighted lump sum payment in this row is an estimate and the final required payment may be adjusted and will be based on the actual remaining Acquisition and Past Carrying Costs.
- (5) Revenue for 2018 water sales will be credited upon final payment on 12/31/2023 . No water sales are assumed in 2021 and 2022.
- (6) Partial payment of Acquisition and Past Carrying Costs.
- (7) The highlighted number in this row will be adjusted based on actual numbers consistent with the above comments.
- (8) Payments of interest, annual carrying costs, partial Past Carrying Costs and Options are not refundable.
- (9) Ongoing annual carrying costs assumed to be paid under the future Annexation Agreement

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BOARD MEMORANDUM

DATE: November 30, 2021

TO: Board of Directors 

FROM: Eric Campbell
Chief Financial and Administrative Officer

SUBJECT: Approve a Revised Community Facilities District Policy

SUMMARY

At the September 7, 2021 regular Board meeting, two developers presented their cases for the Santa Clarita Valley Water Agency (Agency) to create a Community Facilities District (CFD) for obtaining land-based financing. Each presentation was followed by a lengthy Board discussion. The Board requested that staff return to the Finance and Administration Committee to discuss and possibly refine the existing policy (attached). At the October 18, 2021 Finance and Administration Committee meeting, two alternative paths for the policy were developed for Board discussion.

DISCUSSION

Background

Community Facilities Districts are often created for establishing a method of financing public improvements, fees, or services by imposing a “special tax” on real property in a defined geographic area. CFDs issue bonds, repaid by landowners (including homeowners) through an annual levy of the CFD special tax. The special tax is commonly referred to as a “Mello-Roos” tax. The Agency has historically not facilitated or allowed capacity fees or facilities for new development to be financed through a CFD, whether the CFD was created by the District or an overlapping public agency. Some public agencies, such as school districts, utilize CFDs to accelerate funding of fees or improvements. Accelerated funding enables faster development.

There may be instances where the use of CFD financing would benefit both the Agency and the Santa Clarita Valley. The Spring Canyon development is an example where it was determined by the Board to be beneficial.

At the October 18, 2021, Finance and Administration meeting, staff and the Committee discussed the financing of developer-contributed capital through Community Facilities District. The Committee came up with two alternative modifications to the Policy as follows:

1. Do not consider participating in CFDs with the exception of two that have been under significant preliminary development, as evidenced by the Agency holding a deposit that may be drawn on for costs incurred for development of the CFD.
2. On a case-by-case basis, there must be a significant benefit to the Agency’s customers beyond typical distribution infrastructure required for the development project as

determined by the sole discretion of the Board; and a staff report and presentation of the significant benefit will be made for the Board to make their determination.

FINANCIAL CONSIDERATIONS

There are no immediate financial or rate impacts resulting from this discussion item.

RECOMMENDATION

The Finance and Administration Committee recommends that the Board of Directors discuss and select one of the two alternatives concerning the CFD Policy (Attached is a version with option 2 in redline).

EC

Attachment

M65



POLICIES, RULES AND REGULATIONS	
Title: COMMUNITY FACILITIES DISTRICT (CFD) POLICY	
Approval Date: December 2020	Effective Date: December 15, 2020
Approved By: Board of Directors	DMS #26348

incidental costs and expenses incurred in connection with proceedings to implement a CFD. Should the account be drawn down to a determined amount, the Agency will notify the Developer to provide an additional deposit to enable continuing payments of preliminary expenses. Limited administrative costs may also be recovered from special tax proceeds.

- j. The total tax burden (that is, the maximum annual CFD special tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping CFD, and any other taxes, fees, and charges payable from and secured by the property) on any residential owner-occupied parcel in a CFD, shall not exceed 2% (the basic property tax levy of 1%, plus 1%) of the expected assessed value of such parcel upon completion of the public and private improvements relating thereto.

(Originally adopted February 2020; revised December 2020)

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BOARD MEMORANDUM

DATE: November 22, 2021

TO: Board of Directors

FROM: Dirk Marks *DM*
Director of Water Resources

SUBJECT: Authorize the General Manager to Enter into a Lease Agreement with Rolling Hills Farms for the Devil's Den Property

SUMMARY

On January 1, 2016, the Agency executed an Agricultural Lease Agreement (Agreement) with Rolling Hills Farms (RHF) for the sole purpose of farming and reasonably related activities on the Devil's Den property. The current Agreement expires on December 31, 2021. RHF's has expressed interest in leasing the property for an additional 5-year period. Staff recommends entering into a new five (5) year Agricultural Lease through December 31, 2026, incorporating updates to the terms and conditions.

DISCUSSION

RHF has agreed to enter into a new Lease Agreement for a five (5) year term ending December 31, 2026. Under the terms of the new Agreement, RHF will continue to continuously control weeds and grasses, maintain, and repair all structures, facilities, and fixtures on the leased property in a manner that complies with applicable fire codes, plow down requirements and other applicable regulations. RHF has additionally agreed to maintain any solar generation facility acreage at a higher level than the balance of the property for an additional fee upon request by any solar generation company leasing Devil's Den area property owned by SCV Water.

The decision by SCV Water to make any of its State Water Project (SWP) water available to RHF in any given year will now be at the sole discretion of SCV Water. RHF has been made aware of this and they intend to utilize the existing groundwater wells for any farming practices which require water. If SWP water becomes available, SCV Water will notify RHF of the amount of water available and the price for said water to be delivered to Devil's Den. RHF is under no obligation to purchase such water. A copy of the proposed lease is attached.

FINANCIAL CONSIDERATIONS

There are no costs to the Agency to enter into the new Agricultural Lease Agreement

RECOMMENDATION

Staff recommends that the Board of Directors authorize the General Manager to enter into a 5-year Agricultural Lease Agreement with Rolling Hills Farms at the Devil's Den property.

Attachment

DM

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Attachment

DRAFT

AGRICULTURAL LEASE AGREEMENT

(DEVIL'S DEN, KERN AND KINGS COUNTY, CALIFORNIA)

THIS AGRICULTURE LEASE ("Lease") is entered into as of January 1, 2022, by and between SANTA CLARITA VALLEY WATER AGENCY ("SCVWA"), a public agency ("Lessor"), and DENNIS RODRIGUES, BRUCE RODRIGUES, BILL RODRIGUES, NANETTE RODRIGUES, and JANET R. RODRIGUES, both individually and as a general partnership, known as ROLLING HILLS FARMS ("Lessee").

1. **LEASE.**

Subject to all the terms and conditions contained in this Lease, Lessor hereby leases to Lessee and Lessee hereby hires from Lessor all of that certain real property located in the Counties of Kern and Kings, State of California, as more particularly described on Exhibit "A", Exhibit "B", Exhibit "C", Exhibit "D" and Exhibit "E" (Buildings), attached hereto and hereby incorporated into this Lease, but excluding all gas, oil, mineral (Section 9, *infra*), and water rights (except for local water production from existing wells (Section 5.D., *infra*)), and farm equipment (Section 5.E., *infra*) (hereinafter "Leased Property") for the sole purpose of farming and activities reasonably related to such. Notwithstanding the foregoing, Lessor shall have the right of entry and use of the premises as set forth in Section 8 herein. Lessee accepts the Leased Property "AS IS" with no representations or warranties of any kind, whether expressed or implied. Lessee has occupied the Leased Property continuously since 1993 pursuant to the terms of three prior Lease Agreements dated December 20, 1993, May 1, 2008, and December 12, 2013, respectively, and the amendments thereto. Any obligations of Lessee under the prior Lease

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Agreements which by their nature survive termination or expiration, such as indemnity obligations, shall survive the execution of this Lease.

2. LEASE TERM.

This Lease shall be for a term of five (5) years commencing as of the date of this Lease and expiring on December 31, 2026, unless terminated earlier, as hereinafter provided, subject to the provisions of Section 11 hereof. The Lease term may be extended on the same terms and conditions by mutual written agreement of the parties. At the end of the Lease Term, or upon any earlier termination of this Lease, Lessee shall immediately surrender and deliver up to Lessor possession of the Leased Property. If the Lessor will not be extending the Lease at the end of the term or otherwise terminates the Lease, the Lessor will notify Lessee as early as practicable, but in no event less than ninety (90) days prior to the expiration of the then current term.

3. RENT.

Rent for the Leased Property consists of two components, payment for SWP Water (as defined below) which is delivered by Lessor to the Leased Property, when available, and maintenance and repair of the leased premises.

A. SWP Water.

Lessor receives an annual contractual allocation of water from the State Water Project based upon the former Devil's Den Water District Table A Amount ("SWP Water"). The amount of SWP Water which is delivered to Lessor in any given year is subject to curtailment based on the availability of water to contractors in the State Water Project. The contractual allocation of SWP Water can be reduced during any

hydrologic year and the cost and availability of water may be affected by such a reduction. The decision by Lessor to make any of its SWP Water available to Lessee in a given year, irrespective of its allocation, will be at the sole discretion of Lessor and Lessee acknowledges that the availability of SWP Water is not material to its obligations under this Lease. Lessor will notify Lessee when it has SWP Water available for delivery to Lessee for use on the Property and Lessor and Lessee will agree on a mutually acceptable price for such water. Lessee is under no obligation to purchase such water unless the terms are acceptable to Lessee in its sole discretion.

B. Maintenance and Repair.

- (i) As the second rent component for this Lease, Lessee shall take all reasonable actions, at its sole cost and expense, to continuously control weeds and grasses, and to maintain and repair all structures, facilities, and fixtures on the Leased Property whether or not being used for agricultural production, less reasonable wear and tear in a manner that complies with applicable fire codes, plow down requirements, and other applicable regulations. Such repair obligation of Lessee shall specifically include repair and maintenance of all fencing – whether or not installed by Lessee – which is used in any manner to contain livestock. Lessor shall not be liable to Lessee or any third party for personal injury, including death, to livestock, Lessee or third parties or property damage resulting from the failure to properly maintain fencing. Except as otherwise provided herein, Lessor shall have no responsibility whatsoever to repair and maintain any

structures, facilities, or fixtures of any kind during the Lease term. Lessee shall not commit, or suffer to be committed, any waste, nuisance, or damage upon the Leased Property, nor shall it permit use by others of the Leased Property for such purposes or as a dump site. Lessee is solely responsible for preventing unauthorized dumping by third parties on the Leased Property and shall remove waste dumped on the site at its sole cost and expense. Lessor reserves the right to periodically inspect the Leased Property and notify Lessee of any waste that has accumulated. Upon receipt of such notice, Lessee will cause such waste to be removed within thirty (30) days.

- (ii) Lessee shall provide for, and fund all weed control on the Leased Property and/or comply with the Agricultural Stabilization and Conservation Service (“ASCS”), County, State, or Federal requirements for fallowing the Leased Property. In the event Lessor is required to perform weed control, Lessee shall repay all such costs to Lessor within thirty (30) days of receipt of a billing. Failure to pay the billed amount shall be a material breach of this Lease.
- (iii) Lessee shall not use or plant, or allow others to use or plant, genetically modified organisms (“GMOs”) on the Leased Property whether by the growing of GMO crops or by the feeding of feed products containing GMO materials to livestock on the Leased Property.
- (iv) Except for the approved active production wells being used by Lessee to provide groundwater for the Leased Property, Lessee specifically agrees

that should any unused water wells be discovered on the Leased Property, Lessee will notify Lessor within thirty (30) days of the discovery of any such wells and will cover and seal all such wells ("cap" or "capping" herein), at Lessee's cost, including unused water wells with metal plates according to Lessor's written specifications, within four (4) months of discovery. If any Approved Production Wells become "unused", as determined by SCVWA in its sole discretion, Lessee will cap such wells within four (4) months of such written designation by Lessor. In addition to capping any unused water wells discovered on the Property at Lessee's cost, Lessee agrees that if it discovers any abandoned wells on the Property, it shall promptly destroy any such abandoned wells consistent with local and state requirements for the destruction of such. For purposes of this Lease, an abandoned well is one that meets the definition of an abandoned well in the County Code, or if it is not defined in such, it is a well that is damaged or in such a deteriorated condition that it has little prospect for reuse and presents a safety hazard.

- (v) Lessee will provide discing of land as requested by Lessor in connection with maintaining portions of the Leased Property that Lessor intends to lease or develop for solar generation facilities or any other purpose. Lessee will charge Lessor for such discing at the rate of \$22.00/acre in 2022. This cost will increase at a rate of 3% each year the lease agreement remains active, culminating in a 2027 cost of \$25.50/acre. This method of tilling is meant to keep the property that is under consideration for

development from accumulating weeds and other vegetation that would need to be removed in connection with any such development.

4. LESSEE ACCEPTS PRESENT CONDITION.

Lessee accepts the occupancy and possession of the Leased Property “AS IS” and in the condition in which it exists without any warranty or warranties of the Lessor as to its condition of habitability, condition of safety, or quality or availability of water. The parties acknowledge that Lessee Mr. Dennis Rodrigues is currently in possession of the Leased Property and is familiar with the Leased Property and has no objection to the present condition.

5. LESSEE’S USE AND POSSESSION OF LEASED PROPERTY.

A. **Farming Business.** Lessee shall use the Leased Property solely for the planting, growing, and harvesting of crops, including the tilling of the soil, and for the storage and use of equipment necessary for the planting, growing, and harvesting of crops and for livestock grazing including facilities for the transportation of, and provision of water to, the livestock (“Farming Business”). All costs and expenses in any way related to the planting, growing, and harvesting of crops on the Lease Property, including compliance with all regulations promulgated by other agencies, including, but not limited to the Irrigated Lands Program managed by the Central Valley Regional Water Quality Control Board, shall be fully paid by Lessee. Lessee shall use the Leased Property for Farming Business in a manner consistent with the requirements of this Lease. Lessee shall take all necessary actions, at its own and sole expense, to conduct its Farming Business in such a manner that the Leased Property rental value or soil condition is not materially reduced during the Lease term or during any period subsequent to the Lease term. Such actions include Lessee’s participation in any Federal agricultural subsidy program, or any other program to ensure that the Leased Property rental

value is not materially reduced. Lessee agrees to abide by and perform, at its own and sole expense, the necessary operations to meet all County, State, and Federal “plow down” regulations on all lands leased from Lessor, and as required to meet the local Kern and Kings Counties interpretations and requirements, including, but not limited to requirements to comply with local fire codes.

B. **Chemical Treatments.** Lessee agrees not to apply fertilizers, pesticides, insecticides, fungicides, herbicides, or other chemical treatments that will have a residual effect beyond the term of this Lease, except with the prior written consent of Lessor. Any fertilizers, pesticides, insecticides, herbicides, or other chemical treatments used on the Leased Property shall be approved by the U.S. Department of Agriculture and the California Department of Food and Agriculture.

C. Reserved. D. **Water.** Water for the Leased Property may be provided by Lessor as follows:

- (i) **SWP Water.** To the extent that Lessor offers SWP Water for delivery to Lessee pursuant to Section 3A and Lessee agrees to take such delivery, the SWP Water shall be delivered to Lessee at the Santa Clarita Valley Water Agency Turnout at Reach 31a, Turnout No. 1, Coastal Branch, at a flow rate up to and not exceeding 38 cubic feet per second, with such water to be scheduled as requested by Lessee, subject, however, to the State's approval of the schedule.
- (ii) When SWP Water is not made available for delivery to Lessee, Lessee may utilize the Approved Production Wells to obtain such

water as is reasonably available for farming or cattle grazing purposes. Any such water may be used for reasonable beneficial purposes only on the Leased Property for the purposes set out herein. Lessee acknowledges that such water may not be available in sufficient quantity or of acceptable quality for such uses (or for any use) and the Lessee is responsible for costs of pumping, well maintenance, treatment, and transportation. Lessee may not increase the depth of the Approved Production Wells or drill new wells on the Leased Property without the express written consent of Lessor. Use of water pumped from the Approved Production Wells confers no water rights of any kind whatsoever, including, but not limited to, by way of license, easement, profit, or prescription, or in any other manner on Lessee.

- (iii) **Local Water.** All water (except rain), for irrigation of the crops to be grown on the Leased Property during the term of this Lease from water wells on the Leased Property, shall be deemed to be obtained from Lessor. Water deemed to be obtained from Lessor shall be used only on the Leased Property located within the boundaries of Devil's Den Water District for reasonable beneficial purposes and only in the performance of Lessee's obligations under this Lease. Lessee shall not export or permit any other party to export water to or for lands other than the

Leased Property. Lessee likewise agrees not to import groundwater for use on the Leased Property.

- (iv) LESSOR EXPRESSLY ASSUMES NO RESPONSIBILITY TO LESSEE FOR WATER SHORTAGE OR FOR THE CONDITION OF THE APPROVED PRODUCTION WELLS (INCLUDING PUMPING EQUIPMENT) WHICH ARE A SOURCE OF WATER TO THE LEASED PROPERTY. THE PARTIES HERETO LIKEWISE ACKNOWLEDGE AND AGREE THAT LESSOR ASSUMES NO RESPONSIBILITY FOR AND DOES NOT WARRANT THE QUALITY OR QUANTITY OF THE WATER AVAILABLE TO THE LEASED PROPERTY.

E. **Use of Equipment and Buildings.** During the term of this Lease, Lessee shall have use of the following items: Santa Clarita Valley Water Agency-owned buildings and shops as described in Exhibit "E" hereof, as well as certain fixtures and property that has previously been placed on the Property by Lessee and acknowledged as being owned by Lessor including, but not limited to, approximately 50 miles of fencing (barbed/woven/electrified), all livestock pens and corals, approximately 18 water troughs, approximately 30,000 feet of PVC piping, and one removable and submersible well pump. Lessee acknowledges that its use of the foregoing is with the express understanding that Lessor does not provide any warranty of habitability as to houses, of safety of buildings or shops, and that all other fixtures and equipment are provided in their current actual condition, "AS IS". Lessee further acknowledges that potable water is not available to houses listed on Exhibit "E"

hereof, attached hereto and hereby incorporated herein. Upon ninety (90) days' notice by Lessor to Lessee, Lessee shall return to Lessor, for demolition by Lessor or its agents, any dwelling, house or building listed on Exhibit "E". Such demolition shall not affect rent due under this Lease. This Lease does not include provision for any use of farm equipment of Lessor that may be stored by Lessor on the Leased Property.

F. **No Improvements.** Lessee is not required or permitted, without Lessor's advanced written permission, to furnish, build, or construct any buildings, improvements, or structures upon the Leased Property. If, during said term, Lessee constructs any buildings, improvements, or other structures on the Leased Property, or improves any groundwater wells available to the Leased Property, the same shall become a part thereof, and the property of Lessor (with the exception of trade fixtures), without reimbursement to Lessee, and shall not be removed by Lessee unless Lessor and Lessee agree in writing to the contrary.

6. **LIENS AND ENCUMBRANCES.**

Except as specifically agreed to in advance in writing by Lessor, Lessee shall not incur, suffer, or permit to exist, any liens, security interests, or encumbrances to be levied or asserted against the Leased Property. Any such unauthorized lien, security interest, or encumbrance shall be deemed, at the option of Lessor, a material breach of this Lease and an immediate forfeiture of all Lessee's interests therein. Unless otherwise agreed, any and all liens or encumbrances incurred by the Lessee on the Leased Property shall be promptly paid by Lessee.

7. INSURANCE.

During the entire term of this Lease, the Lessee shall, at Lessee's sole cost and expense, maintain comprehensive general and automobile liability and worker's compensation insurance, on an occurrence basis, against claims for personal injury, death, or property damage occurring in, upon, or about hereinabove described Leased Property, or arising in any manner from the Lessee's operations on the Leased Property. The liability insurance shall be with California licensed insurers carrying a Best's Insurance Guide rating of A or better and shall not be less than \$2,000,000 combined single limit for bodily injury and property damage. Lessee shall also obtain and maintain an "all-risk" policy of insurance with a minimum single limits coverage of \$1,000,000. All such insurance shall be for the mutual and joint benefit and protection of the parties. A certified copy of the policy or policies of insurance shall be delivered to the Lessor at the time of execution hereof.

Lessee shall obtain and maintain workers' compensation insurance, in accordance with the "Workers' Compensation and Insurance Act", Division IV of the Labor Code of the State of California, as amended from time to time, and any accompanying regulations. The Lessee shall provide employer's liability insurance with limits of no less than \$1,000,000 for each accident, \$1,000,000 disease policy limit, and \$1,000,000 for disease for each employee of Lessee.

All policies of insurance shall provide coverage to Lessor by written endorsement: (i) with the exception of the workers' compensation policy name the Lessor, its officers, employees, and agents as additional named insured, (ii) be primary coverage to the full limit of liability stated in the declarations, thereby making any other insurance carried by Lessor into excess, non-contributing insurance only, (iii) contain "cross liability" or

"severability of interest" coverage, (iv) provide that Lessor shall not be prejudiced or lose any coverage whatsoever by any failure of Lessee to comply with notice or other policy requirements, and (v) preclude any cancellation or reduction in coverage without giving Lessor at least thirty (30) days prior notice thereof in writing, which notice shall be effective only after being actually and physically received by Lessor.

All policies of insurance shall have the approval of Lessor as to limit, form, and deductibles. Notwithstanding the foregoing, Lessor's receipt of "acceptance" of certificates of insurance or policies of insurance shall not obligate Lessor to review such certificates or policies for compliance with this Lease. Any failure of Lessee-provided insurance to at least match the Lease requirements shall not be the basis on any legal or equitable theory whatsoever for any lessening of Lessee's responsibilities to Lessor under this Lease. Further, the insurance requirements under this Lease shall not be construed as in anyway limiting Lessee's liability for payment of loss or damages in any way arising out of use of the Leased Property.

If Lessee fails to pay premiums on said policies, Lessor may do so at its option and shall be reimbursed on demand by Lessee. Lessee shall, annually on the anniversary date of this Lease, provide Lessor with endorsements confirming continuing insurance coverage which complies with the requirements of this Section.

**8. LESSOR'S RIGHT OF ENTRY AND USE BY LESSOR;
MODIFICATION OF LEASED PROPERTY.**

A. Lessor and its agents or representatives shall have the right, at all reasonable times, with or without notice, to enter upon the Leased Property to inspect the Leased Property to determine compliance with the terms of the Lease, to exercise all rights of

Lessor under this Lease, to shut off water to Lessee pursuant to Section 9 hereof, to post notices, and for any and all lawful purposes. If Lessee fails to take any required action or conduct any operations in accordance with the best course of husbandry practices in the farming community surrounding the Leased Property, or otherwise fails to comply with this Lease, Lessor may enter the Leased Property, and take any reasonable action the Lessor deems necessary to protect Lessor's interest in this Lease or the Leased Property. Lessee agrees to reimburse Lessor on demand for the cost of any reasonable actions taken by Lessor in accordance with this Section. Lessor, in its sole discretion, or its agents, shall have full access to, and use of, the Leased Property for all purposes (including, but not limited to, installation, repair, maintenance, or renovation of water and electric facilities), subject only and solely to payment for any crop damage caused by Lessor or its agents. Water and electric facilities include, but is not limited to, water wells, monitoring wells, rain gauges, solar electric facilities, and related and appurtenant equipment to such facilities.

B. Lessor, at its sole discretion, upon ninety (90) days written notice to Lessee, may terminate this Lease with respect to all or any portion of the Leased Property for any reason, including the lease or sale of all or a portion of the Leased Property for the construction of a solar generation facility or other development purposes. The areas described in such notice, if less than the entire Leased Property, will be deemed a modification of the Leased Property and this Lease will continue in full force and effect with respect to the remaining Leased Property. If Lessee determines, in its sole discretion, that the remaining Leased Property after such notice is no longer suitable for use by Lessee, then Lessee may thereafter terminate this Lease with ninety (90) days written notice to Lessor. Notwithstanding anything in this Agreement to the contrary, if the portion of the Leased Property that the Lessor

removes from the Leased Premises is currently being used for crop production, Lessee shall have a minimum of six months to maintain possession of such portion of the Leased Property pursuant to the terms and conditions of this Agreement or at the option of Lessor, Lessor may instead immediately take possession of such portion of the Leased Property and compensate Lessee for the fair market value of such crops. In the event that Lessee plants crops that require more than a single growing season to mature for commercial viability, then the fair market value of such crops will reflect the additional cost of bringing such crops to maturity.

9. GAS, OIL, AND MINERAL RIGHTS; WATER RIGHTS.

The parties acknowledge that all rights to minerals, oils, gas, and other hydrocarbons located on or under the Leased Property are held by third parties and, thus, are not included as part of the Leased Property. Said third parties may possess the right to enter upon the Leased Property to exploit said rights, and this Lease, and Lessee's interest in the Leased Property is hereby made subject to such rights without remuneration for crop damage. SAID LEASED PROPERTY, NOTWITHSTANDING EXHIBIT'S "A", "B", "C" or "D" HEREOF, SHALL NOT BE CONSIDERED TO INCLUDE SOURCES OF WATER (STATE WATER PROJECT OR EXISTING OR NEWLY DEVELOPED LOCAL WELLS). SAID SOURCES OF WATER ARE HEREBY AUTHORIZED TO BE SHUT OFF BY LESSOR IN ITS SOLE DISCRETION. THIS LEASE CONFERS NO WATER RIGHTS OR RIGHTS TO WATER ON LESSEE, AS MORE EXPRESSLY SET OUT IN SECTION 5.D.

10. DEFAULT AND REMEDIES OF LESSOR.

A. **Material Default and Breach.** Notwithstanding any provision to the contrary, the occurrence of any of the following shall constitute a material default and breach of this lease by Lessee:

- (i) Any failure to pay rent or to make other payments when required under the lease within 10 days after notice of such failure;
- (ii) Abandonment or vacation of the Leased Property;
- (iii) Any failure to perform any other provision of the lease when that failure continues for 30 days after written notice;
- (iv) The making by Lessee of any general assignment for the benefit of creditors; the filing of a bankruptcy petition by or about Lessee; the appointment of a trustee or receiver or other action to take possession of Lessee's assets or its interest in the lease.

B. **Termination and Damages.** In the event of any default by Lessee, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the right to terminate this Lease and all rights of Lessee under this Lease by giving written notice of such termination. No other act of Lessor shall be construed as termination of the Lease except such written notice. In the event that Lessor elects to terminate the Lease, Lessor may recover from Lessee all of the following:

- (i) The worth at the time of award of any unpaid rent that had been earned at the time of the Lease termination;
- (ii) The worth at the time of award of the amount by which the unpaid rent that would have been earned after the Lease termination until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;
- (iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term of this Lease after the

time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

- (iv) Any other amount necessary to compensate Lessor for all detriment proximately caused by Lessee's failure to perform its obligations under this Lease.

If Lessee breaches this lease and abandons the Leased Property before the natural expiration of the Lease term or any extension thereof, Lessor may continue this Lease in effect by not terminating Lessee's right to possession of the Leased Property, in which event Lessor shall be entitled to enforce all rights and remedies under this Lease as they become due.

C. **Additional Remedies.** In addition to the foregoing, Lessor shall also have the following:

- (i) The right to declare the term hereof ended and with process of law to re-enter the Leased Property and take possession thereof and remove all persons therefrom, and Lessee shall have no further claim thereon or hereunder; or
- (ii) The right to collect rent and other charges as the same may, from time-to-time, become due and to bring actions for such collections without terminating this Lease, and to thereafter, at any time, elect to terminate this Lease and all rights of Lessee in or to the Leased Property.

If Lessor shall elect to re-enter the Leased Property under the provisions of Sections 10.C(i) or (ii), above, Lessor shall not be liable for damages by reason of such re-entry.

D. **Breach, Remedies Cumulative.** Each of the terms, conditions, covenants, and provisions under this Lease is a material consideration for this Lease, the breach of which shall be deemed a default hereunder. All rights, options, and remedies of Lessor contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Lessor shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver by Lessor of a breach of any of the terms, covenants, or conditions of this Lease by Lessee shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant, or condition herein contained. No waiver of any default of Lessee hereunder shall be implied from any omission by Lessor to take any action on account of such default if such default persists or is repeated and no express waiver shall affect default other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11. **TERMINATION.**

At the expiration of the term of this Lease, or any prior termination thereof, the Lessee agrees to surrender the possession of the Leased Property in good condition, reasonable wear and tear accepted, with repair and maintenance obligations having been met and with no reduction in the rental value or the property or the soil. It is understood that if, at any non-default expiration of this Lease, the Lessee has not fully harvested any crop then growing thereon, the Lessee shall have a right of entry upon the Leased Property, notwithstanding the expiration of the term, for the purpose of completing the harvesting of the crop. The right of

entry, however, shall expire thirty (30) days after the expiration of the term of this Lease. Lessee shall, while in possession following the Lease Term, continue without interruption all of the requirements of this Lease. Upon the expiration or sooner termination of this Lease, Lessee shall remove any and all persons and its property from the Leased Property. If Lessee should fail to perform this obligation, Lessor may take all steps necessary to remove such persons and its property from the Leased Property and Lessee shall promptly reimburse Lessor for all costs and expenses incurred in such removal, including attorneys' fees. If Lessee shall fail to remove all personal property, including livestock, from the Leased Property within thirty (30) days of the expiration or termination of this Lease, Lessor shall deem the same to be abandoned by the Lessee and may sell the same in order to recover costs incurred in the removal of such persons and property or other amounts due under this Lease. Lessee may remove any above ground well equipment installed by the Lessee for purposes of water production for irrigation, provided, however, that if it removes equipment from the Approval Production Wells, it will cap such wells in accordance with Section 3B(iv).

12. ELECTRICITY CHARGES.

Lessee shall pay all charges for electric or any other type of power that may be incurred in any way in connection with the farming operations on the Leased Property or for any other purposes during the term of this Lease.

13. HAZARDOUS MATERIALS.

Lessee personally assumes and agrees to indemnify, defend, and hold Lessor harmless from and against all liability, including all foreseeable and unforeseeable consequential damages, directly or indirectly ARISING OUT OF THE USE, GENERATION, STORAGE, OR DISPOSAL ON OR FROM THE LEASED PROPERTY, BY OR FOR THE

BENEFIT OF LESSEE, ON OR AFTER THE TIME OF EXECUTION HEREOF, of any hazardous substance, hazardous material, hazardous waste, pollutant, contaminant, or related material (“Hazardous Materials”), including, without limitation, the cost of any required or necessary studies or investigations, repair, cleanup, detoxification, or other remedial action, and the preparation and execution of any closure or other required plans. For the purposes of this covenant of indemnity, Hazardous Materials shall include, but not be limited to, substances defined as “hazardous substance” or “pollutant or contaminant” under any applicable federal, state or local law, rule or regulation.

14. **EMINENT DOMAIN.**

If the Leased Property should be taken by any public or quasi-public authority under the power of or threat of eminent domain during the term of this Lease, the following shall govern:

A. **Whole or Substantial Portion.** If the whole of the Leased Property should be so taken, or if a substantial portion of the Leased Property should be taken so as to materially impair the use of the Leased Property contemplated by Lessee, and thereby frustrate Lessee’s purpose entering into this Lease, then, in either of such events, this Lease shall terminate at the time of such taking. In such event, of the compensation and damages payable for or on account of the Leased Property, exclusive of the buildings and improvements thereon, Lessee and Lessor, as their interests may appear, shall receive a sum equal to the worth at the time of the compensation award of the amount by which the fair rental value of the Leased Property exceeds the rent payable pursuant to the terms of this Lease for the balance of the term; the balance of such compensation and damages shall be payable to and be the sole property of Lessor. All compensation and damages payable for or on account of the buildings

and improvements located on the Leased Property and constituting a part of the Leased Property shall be payable to Lessor.

B. **Less Than Whole or Substantial Portion.** If less than the whole of the Leased Property should be taken by any public or quasi-public authority under the power or threat of eminent domain during the term and this Lease, the Lease is not terminated as provided in subsection A. above. Lessee shall promptly reconfigure and restore the Leased Property, with respect to the portion of the Leased Property not so taken, as an integral unit of the same quality and character as existed prior to such taking. The compensation and damages payable for, or on account of, such taking shall be applied to the reasonable cost of reconfiguration and restoration of the Leased Property by Lessee, not including any sums payable for or on account of the buildings and improvements situated on the Leased Property, which latter sums are payable to Lessor. The remainder, if any, after reconfiguration and restoration, shall be paid to Lessor.

C. **Leasehold Interest.** No taking of any leasehold interest in the Leased Property or any part thereof shall terminate or give Lessee the right to surrender this Lease, nor excuse Lessee from full performance of its covenants for the payment of rent and other charges or any other obligations hereunder capable of performance by Lessee after any such taking, but in such case all compensation and damages payable for or on account of such taking shall be payable to and be the sole property of Lessee and Lessor, and allocated to the parties pursuant to this Lease.

D. **Disagreement.** Should Lessor or Lessee for any reason disagree (i) as to whether any portion of the Leased Property taken is so substantial as to impair materially the use of the Leased Property contemplated by Lessor, (ii) on the division of any compensation or

damages paid for or on account of any taking of all or any portion of the Leased Property, or (iii) on the amount by which the rent payable by Lessee hereunder is to be equitably reduced in the event of a partial taking, then and in any of such events, the matter shall be determined by arbitration in the manner provided in Section 16 hereof.

15. TAXES.

All personal property, sales and use taxes shall be paid by Lessee. Any increase in real property taxes, assessments or other taxes or fees incurred due to the use of the Leased Property, or the farming operations of Lessee on the Leased Property shall be the sole responsibility of Lessee and shall be paid prior to delinquency.

16. MEDIATION AND ARBITRATION.

Any dispute, claim or controversy arising out of or relating to this Lease or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Lease to arbitrate, shall be determined by arbitration, subject to the provisions below, before one arbitrator. The arbitration shall be administered by Judicial Arbitration and Mediation Services (“JAMS”) pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator may, in the award, allocate all or part of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys’ fees of the prevailing party.

The parties agree that any and all disputes, claims, or controversies arising out of or relating to this Lease, shall be submitted to JAMS, or its successor, for mediation and, if the matter is not resolved through mediation, then it shall be submitted to JAMS, or its

successor, for final and binding arbitration pursuant to the arbitration clause set forth above. Either party may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. The parties will cooperate with JAMS and with one another in selecting a mediator from JAMS panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will participate in the mediation in good faith, and that they will share equally in its costs. All offers, promises, conduct, and statements, whether oral or written, made in the course of the mediation by any of the parties, their agents, employees, experts, and attorneys, and by the mediator or any JAMS employees, are confidential, privileged and inadmissible for any purpose, including impeachment, in any arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. Either party may initiate arbitration with respect to the matters submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session or 45 days after the date of filing the written request for mediation, whichever occurs first. The mediation may continue after the commencement of arbitration if the parties so desire. Unless otherwise agreed by the parties, the mediator shall be disqualified from serving as arbitrator in the case. The provisions of this clause may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees, and expenses, include, attorneys' fees, to be paid by the party against whom enforcement is ordered.

17. WAIVER AND AMENDMENT.

Any waiver by Lessor or a breach of any term, covenant, or condition of this Lease shall not constitute a waiver of any future breach by Lessee of the same or any other

term, covenant, or condition contained herein, or a waiver of any rights of the Lessor under the terms hereof. Any waiver by Lessor shall be effective only in writing, signed by the General Manager of Lessor, and then only to the extent set forth in such writing.

18. ENTIRE AGREEMENT.

This Lease is the sole agreement and document between the parties concerning the leasing of the Leased Property and any other property described herein and may be modified or amended only by a subsequent writing signed by all parties. All statements or representations made prior to or contemporaneously with this Lease are agreed to be fully set forth herein.

19. INSOLVENCY.

If Lessee, or any of them, at any time during the term hereof, shall become insolvent or be adjudged bankrupt, either voluntary or involuntary, or should Lessee commence any proceedings of any nature under any chapter of the Bankruptcy Act, this Lease shall immediately terminate at the option of the Lessor, and Lessor shall immediately have the right to re-enter upon and take possession of said Leased Property and all crops growing thereon, and this leasehold shall not be, or become part of, the bankrupt estate or be subject to any administration under any such proceedings.

20. NOTICES.

Any notices relative to this Agreement or necessary to carry out its provisions shall be in writing and shall be (i) delivered personally to the party to whom the notice is to be given, or (ii) sent via commercial overnight courier, and addressed to such party at the address shown by its name on the signature page. Notice shall be deemed delivered upon delivery.

Notice to any Lessee is agreed to be notice to all other Lessees. Parties hereto may change their addresses for notice purposes by means of a delivery or mailing pursuant to this Section:

To Lessor: Santa Clarita Valley Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
ATTN: Matthew Stone, General Manager

To Lessee: Rolling Hills Farms
P. O. Box 12
Star Route
Avenal, CA 93239
ATTN: Dennis Rodrigues

21. LESSEE'S INDEMNITY.

Lessor shall, to the fullest extent permitted by law, not be responsible or liable for and Lessee hereby expressly promises to indemnify, defend, and save Lessor harmless from any actions or claims for injury, death, damage, or loss, to persons or property, no matter how occurring, whether suffered, sustained, or claimed by Lessee, the employees of Lessee, or third persons, while in or about the Leased Property or in any way as a result of Lessee's operations thereon, including, but not limited to environmental claims, claims relating to the use of GMOs and claims relating to nuisance, injury, damage or death relating to the livestock or the repair and maintenance of fencing. Lessee is an independent contractor and Lessee, its employees and agents, are not, nor shall they become, employees of Lessor as a result of this Lease. Lessee shall bear the sole risk of loss, damage, destruction, disease and death of crops or livestock and shall indemnify and hold harmless Lessor from any and all claims relating to such risk. If any portion of the Leased Property shall be overflowed by water, whether by storm, seepage, flood or any other cause, the same shall not be grounds for termination of the Lease and Lessee specifically shall indemnify and hold harmless Lessor from any and all claims arising out of such overflow of water, whether for personal injury or death or property damage. The

indemnification obligations of this Section 21 shall survive the expiration or termination of this Lease.

22. CONFORMANCE TO LAW.

Lessee shall, at its own expense, conduct its operations on the Leased Property and maintain the Leased Property in an orderly fashion and in strict conformity to all laws, statutes, ordinances, rules, regulations, requirements, and orders which are now or hereafter may be, enacted or adopted by any governmental agency having jurisdiction of the Leased Property, including, but not limited to local fire codes. Lessee shall indemnify, defend, and hold harmless Lessor from any and all claims arising out of Lessee's failure to comply with this Section 22. The foregoing indemnification shall survive the expiration or termination of this Lease.

23. ATTORNEYS' FEES.

In any action to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and court costs.

24. ASSIGNMENT AND SUBLEASES.

A. Except as set forth in sub-section 24.B below, Lessee shall not assign this Lease or any interest therein or sublet or otherwise transfer its interest in the said Leased Property or any part thereof or allow any permission to occupy or use any part of the Leased Property, without the prior written consent of Lessor, nor shall this Lease nor any interest therein be assignable by operation of law. A consent to one assignment, subletting, or use by another person is not consent to a future assignment, subletting or use by another person. An assignment or a subletting without Lessor's consent shall be void and, at Lessor's option, shall terminate this Lease. Lessor is making this Lease with specific and strong reliance on the farming skills and

financial strength of Lessee, and no assignment or subletting under this Section 24 will be approved by Lessor, except with full prepayment of Lessor's estimate of anticipated rent. Lessor's judgment of such amount shall be deemed correct, unless made on a totally arbitrary and capricious basis.

B. Lessor has acknowledged and given its consent to the use of the Leased Property by the sub-lessees. Notwithstanding the foregoing, Lessee shall remain solely responsible for the compliance by such sub-lessees with the terms and conditions of this Lease.

25. SUCCESSORS.

Subject to the preceding Section, this Lease, and all of its terms and conditions, shall inure to the benefit of, and be binding upon, the parties to this Lease and their respective heirs, executors, administrators, successors, and assigns.

26. HEADINGS.

This Lease shall be understood and interpreted without reference to subject headings of the individual paragraphs thereof.

27. SEVERABILITY.

If any term or provision of this Lease or any application of this Lease shall be held invalid or unenforceable, the remainder of this Lease and any application of the terms and provisions shall remain valid and enforceable under this Lease or California law.

(Signature page follows)

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date first written above.

Dated: _____

SANTA CLARITA VALLEY WATER
AGENCY
(LESSOR)

By: _____
MATTHEW STONE
General Manager

Dated: _____

ROLLING HILLS FARMS
A general partnership
(LESSEE)

By: _____
DENNIS RODRIGUES
Individually and as a General Partner
Star Route 1, Box 12
Kettleman City, CA 93229

By: _____
JANET R. RODRIGUES
Individually and as a General Partner
Star Route 1, Box 12
Kettleman City, CA 93229

By: _____
BRUCE RODRIGUES
Individually and as a General Partner
Star Route 1, Box 12
Kettleman City, CA 93229

By: _____
NANETTE RODRIGUES
Individually and as a General Partner
Star Route 1, Box 12
Kettleman City, CA 93229

By: _____
BILL RODRIGUES
Individually and as a General Partner
Star Route 1, Box 12
Kettleman City, CA 93229

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BOARD MEMORANDUM

DATE: November 29, 2021
TO: Board of Directors
FROM: Joseph Byrne and Thomas Bunn
General Counsel
SUBJECT: Approve Continuation of Remote Meetings as Described in AB 361 and Make Required Findings

SUMMARY / DISCUSSION

At the September 28, 2021 adjourned Board meeting, pursuant to AB 361, the Board of Directors adopted Resolution No. SCV-235 that authorized the Board to continue to have remote meetings based upon the continued state of emergency for COVID-19, and made findings that (1) Los Angeles County officials have imposed or recommended measures to promote social distancing; and (2) meeting in person would present imminent risks to the health and safety of attendees. In order to continue to hold remote meetings pursuant to AB 361, the Board is required to reconsider the circumstances of the state of emergency and make one or both of the above findings within 30 days of the last action.

Consistent with this requirement, at the October 19, 2021 and November 17, 2021 regular Board meetings, the Board reconsidered the circumstances of the state of emergency and authorized continued remote meetings for an additional 30 days, making one of the above findings - that state and local officials continue to impose or recommend measures to promote social distancing.

At the time this report was prepared, there is a continued state of emergency for COVID-19. This item is on the Agenda for the Board to consider whether to continue remote meetings pursuant to AB 361 for an additional 30 days

The recommendation below is consistent with the action the Board took at the October 19, 2021 and November 17, 2021 regular Board meetings, which authorized continued remote meetings pursuant to AB 361 based on a finding that state and local officials continue to impose or recommend social distancing.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

That the Board of Directors vote to continue virtual meetings pursuant to AB 361 for an additional 30 days based on the findings that (1) it has reconsidered the circumstances of the state of emergency for COVID-19, and (2) state and local officials continue to impose or recommend measures to promote social distancing.

MBS

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ITEM NO.
7

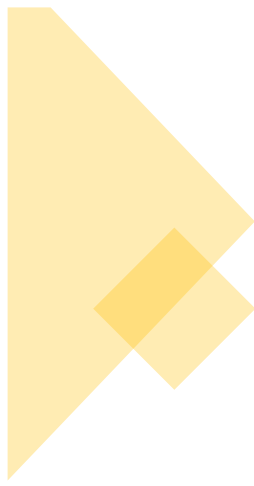
California Water and Wastewater Arrearage Payment Program

Board Meeting 12/07/2021

- Administered by the California State Water Board Division of Drinking Water and funded by the American Rescue Plan Act (ARPA) of 2021
- Provides financial relief directly to water systems for residential and commercial customers that accrued water debt of 60 days or more past-due because of COVID-19 for services rendered between March 4, 2020, and June 15, 2021; Industrial and irrigation services are not eligible for funding
- Because there are sufficient funds, water systems will receive 100% of requested relief funding plus 3% in administrative costs
- Application was submitted electronically on November 3



- Water systems must allocate the funds as bill credits within 60 days of receiving funds and provide written notification to eligible customers of the amounts credited to their accounts.
 1. State that the credit is being provided through the California Water and Wastewater Arrearage Payment Program through funding from the State Water Resources Control Board using federal ARPA funds
 2. Offer to enroll customers with remaining debt into a payment plan with a 30-day enrollment period (up to 12-month payment plan)
 3. Provide a formal mechanism for a customer to contest or appeal a bill
 4. Contain a telephone number for customers to call to discuss options to avert disconnection for nonpayment
 5. Include a referral statement that additional assistance may be available through the Low-Income Household Water Assistance Programs
 6. Include a statement that the bill credit may be taxable (1099 for relief over \$600)
- Moneys not credited to customers within six months of receipt must be remitted back to the State




Reported to State	
Total Reported Arrearages	\$ 651,961
3% Administrative Costs	\$ 19,559
Total Maximum Funding	\$ 671,520
Outstanding A/R 11/12/21	\$ 1,347,026
Reported Arrearages	\$ (651,961)
Remaining Outstanding A/R	\$ 695,065
A/R Outstanding before 3/2020	\$ 299,042
A/R Outstanding after 6/15/2021	\$ 396,023

= /> 46 days





BOARD MEMORANDUM

DATE: November 12, 2021
TO: Board of Directors
FROM: Steve Cole 
Assistant General Manager
SUBJECT: November 10, 2021 Water Resources and Watershed Committee Meeting Report

The Water Resources and Watershed Committee met at 5:30 PM on Wednesday, November 10, 2021 via teleconference. In attendance were Committee Chair Jeff Ford, Directors B. J. Atkins, Ed Colley, William Cooper, and Jerry Gladbach. Staff members present were Administrative Technician Terri Bell, Assistant General Manager Steve Cole, Sustainability Manager Matt Dickens, Water Resources Planner Sarah Fleury, Management Analyst II Cheryl Fowler, Board Secretary April Jacobs, Executive Assistant Eunie Kang, Director of Water Resources Dirk Marks, General Manager Matthew Stone, Water Resources Planner Rick Vasilopoulos, and Principal Water Resources Planner Rick Viergutz. General Counsel Joseph Byrne and members of the public were present. A copy of the Agenda is attached.

Item 1: Public Comment – There was no public comment.

Item 2: Sustainability Manager’s Report

- 2.1 Update on Conservation Activities & Performance** – Staff gave a presentation on Conservation Activities and Performance and responded to the Committee’s inquiries regarding the availability of devices which prevent water waste caused by broken sprinklers and the threshold at which high consumption notification letters are sent to customers.
- 2.2 Status of Drought Response and Performance** – Staff updated the Committee on the Status of Drought Response and Performance, noting that while conservation performance is trending in the right direction, continued engagement, programmatic support, and other efforts are critical to achieving a 15% reduction in consumption compared to 2020’s use.

Item 3: CLOSED SESSION

- 3.1 Conference with Legal Counsel – Anticipated Litigation (Section 54956.9)** – The Committee discussed this item in Closed Session.

Item 4: Closed Session Announcements – General Counsel Joseph Byrne announced that there were no actions taken in the Closed Session that were reportable under the Ralph M. Brown Act.

Item 5: Discuss and Consider Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch – Staff gave a presentation on the Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch and solicited the Committee’s recommendation for Board action. The Committee considered the alternatives identified in the staff report and developed a recommendation for consideration by the Board. That recommendation is the subject of a Board Memorandum to be considered at the December 7, 2021 regular Board meeting.

Item 6: Committee Planning Calendar – The Committee reviewed the Planning Calendar.


The meeting adjourned at 7:18 PM.

Attachment



Date: November 4, 2021

To: **Water Resources and Watershed Committee**
Jeff Ford, Chair
B.J. Atkins
Edward Colley
William Cooper
E.G. "Jerry" Gladbach

From: Steve Cole, Assistant General Manager 

The **Water Resources and Watershed Committee** is scheduled to meet via teleconference on **November 10, 2021 at 5:30 PM**, call-in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361 and SCV Water Resolution SCV-235, the SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and the ongoing imminent risks to the health or safety of the attendees from COVID-19. Any Director may call into an Agency Committee meeting using the Agency's **Call-In Number 1-(833)-568-8864, Webinar ID 161 983 1045** **or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1619831045>** without otherwise complying with the Brown Act's teleconferencing requirements.

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 Zoom Webinar link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

If the State of Emergency for COVID-19 expires prior to this meeting and after the posting of this Agenda, this meeting will be held in person at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Board and Training Rooms.

We request that the public submit any comments in writing if practicable, which can be sent to cfowler@scvwa.org or mailed to Cheryl Fowler, Management Analyst II, Santa Clarita Valley Water Agency, 26501 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 start of the meeting. Anything received after 4:00 PM the day of the meeting will be made available at the meeting and will be posted on the SCV Water website the following day.

MEETING AGENDA

ITEM

PAGE

1. **PUBLIC COMMENTS** – Members of the public may comment as to items within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so at the time each item is considered. (Comments may, at the discretion of the Committee Chair, 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 Committee must request to make comment at the commencement of the meeting at 5:30 PM.
2. Sustainability Manager’s Report
 - 2.1 Update on Conservation Activities & Performance
 - 2.2 Status of Drought Response and Performance
3. **CLOSED SESSION – SEPARATE DIAL-IN PHONE NUMBER WILL BE PROVIDED TO THE COMMITTEE AND APPROPRIATE STAFF**
 - 3.1 Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 (One Case)

OPEN SESSION CONTINUES WITH THE LINK/PHONE NUMBER LISTED ON THE FIRST PAGE OF THE THIS AGENDA
4. Closed Session Announcements
5. * Discuss and Consider Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch 5
6. * Committee Planning Calendar 57
7. Adjournment

* Indicates Attachment

◆ Indicates Handout

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 Cheryl Fowler, Management Analyst II, at (661) 513-1260 or in writing to Santa Clarita Valley Water Agency at 26501 Summit Circle, 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 Committee 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 November 4, 2021.

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BOARD MEMORANDUM

DATE: November 16, 2021
TO: Board of Directors
FROM: Eric Campbell 
Chief Financial and Administrative Officer
SUBJECT: November 15, 2021 Finance and Administration Committee Meeting Report

The Finance and Administration Committee met at 6:00 PM on Monday, November 15, 2021 via teleconference. In attendance were Chair Dan Mortensen, Directors Beth Braunstein, Ed Colley, R. J. Kelly and Gary R. Martin. Staff members on the call included Controller Amy Aguer, Accounting Technician II Kyle Arnold, Assistant General Manager Steve Cole, Financial Analyst Darine Conner, Management Analyst II Erika Dill, Sr. Management Analyst Kim Grass, GIS Manager Jose Huerta, Director of Finance and Administration Rochelle Patterson, Director of Tech Services Cris Perez, Executive Assistant Leticia Quintero, General Manager Matt Stone, Customer Service Manager Kathleen Willson and myself. Financial consultants Robert Porr and Lora Carpenter from Fieldman Rolapp were present, along with members of the public. A copy of the agenda is attached.

Item 1: Public Comment – There was public comment.

Item 2: Discuss Financing Policy – Financial Advisor – The Committee discussed the item and provided input to staff. Staff will periodically inform the Committee of any communications with the E&O (Engineering and Operations) Committee and Engineering staff regarding funds availability and project prioritization of the pay-go capital plan.

Item 3: Recommend Approval of a Resolution Revising Wholesale Water Rates – The Committee discussed the item and provided input to staff. Staff will seek legal counsel's comments on the comparative risks from ratepayers on any deferral/passing on the collection of costs from its one wholesale customer. Staff will be present two options on wholesale water rates at the December 7, 2021 regular Board meeting: 1) Full cost recovery and 2) the lower risk phase-in of full cost-of-service in the wholesale rates. Note, this Item will come back for discussion/recommendation at a future Board meeting.

Item 4: Recommend Approval of a Revised Purchasing Policy – The Committee discussed and approved to add a section in the Purchasing Policy giving authority to the General Manager to purchase treatment resin in excess of \$100k, and agreed that it be placed on the consent calendar to be approved at the December 7, 2021 regular Board meeting.

Item 5: Technology Update – Staff presented a GIS (Geographic Information Systems) PowerPoint presentation and recommended it be presented at the December 7, 2021 regular Board meeting.

Item 6: Recommend Receiving and Filing the July 2021 Monthly Financial Report – Staff and the Committee reviewed the July 2021 Monthly Financial Report and recommended it be placed on the consent calendar to be filed and received at the December 7, 2021 regular Board meeting.

Item 7: Committee Planning Calendar – Staff and the Committee briefly reviewed the FY 2021/22 Committee Planning Calendar.

Item 8: General Report on Finance and Administration Activities – Staff discussed Agency historical debt and revenue data, and also presented a PowerPoint presentation on the California Waste and Wastewater Arrearage Payment Program. The Committee recommended the same be presented at the December 7, 2021 regular Board meeting.

Item 9: Adjournment – The meeting was adjourned at 8:54 PM.

EC/ed

Attachment

M65



AMENDED

Date: November 12, 2021

To: **Finance and Administration Committee**
Dan Mortensen, Chair
Beth Braunstein
Ed Colley
R. J. Kelly
Gary R. Martin

From: Eric Campbell
Chief Financial and Administrative Officer

The **Finance and Administration Committee** is scheduled to meet via teleconference on **Monday, November 15, 2021 at 6:00 PM**; dial-in information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361 this meeting is being held remotely. The SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and state and local official's continuance to impose or recommend measures to promote social distancing. Any Director may call into the Agency Committee meeting using the **Agency's Call-In Number (1-833-568-8864), Webinar ID 161 239 7975 or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1612397975>** without otherwise complying with the Brown Act's teleconferencing requirements.

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 Zoom Webinar link above. Please see the notice below if you have a disability and require an accommodation in order to participate in the meeting.

If the State of Emergency for COVID-19 expires prior to this meeting and after the posting of this Agenda, this meeting will be held in person at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350 in the Board and Training Rooms.

We request that the public submit any comments in writing if practicable, which can be sent to edill@scvwa.org or mailed to **Erika Dill, Management Analyst II**, SCV Water, 27234 Bouquet Canyon Road, 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 SCV Water 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 within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so 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.	Discuss Financing Policy – Financial Advisor	
3. *	Recommend Approval of a Resolution Revising Wholesale Water Rates	7
4. *	Recommend Approval of a Revised Purchasing Policy	17
5. *	Technology Update	21
6. *	Recommend Receiving and Filing of July 2021 Monthly Financial Report	33
	July 2021 Check Registers Link: https://yourscvwater.com/wp-content/uploads/2021/11/Check-Register-July-2021.pdf	
7. *	Committee Planning Calendar	51
8.	General Report on Finance and Administration Activities	
9.	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 **Erika Dill, Management Analyst II** at (661) 297-1600, or writing to SCV Water 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 Committee less than seventy-two (72) hours prior to the meeting will be available for public inspection at SCV Water, located at 27234 Bouquet Canyon Road, Santa Clarita, California 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 November 12, 2021.

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BOARD MEMORANDUM

DATE: November 22, 2021
TO: Board of Directors
FROM: Steve Cole *SM*
Assistant General Manager
SUBJECT: November 18, 2021 Public Outreach and Legislation Committee Meeting Report

The Public Outreach and Legislation Committee met at 5:30 PM on Thursday, November 18, 2021 via teleconference. In attendance were Committee Chair Jerry Gladbach; Directors Kathye Armitage, B. J. Atkins, R. J. Kelly and Lynne Plambeck and; Assistant General Manager Steve Cole, Communications Manager Kathie Martin, Executive Assistance Eunie Kang, Administrative Technician Terri Bell; Consultants Dennis Albani and Anthony Molina from California Advocates, Consultant Geoff Bowman from Van Scoyoc Associate, Consultant Hunt Braly from Poole Shaffery. Consultant Joan Isaacson, Jack Hughes and Maria Doerr from Kearns & West. A member of the public was present. A copy of the agenda is attached.

Item 1: Public Comments – There was no public comment.

Item 2: Legislative Consultant Reports – Staff and the Committee reviewed the federal legislative report by Geoff Bowman, state legislative report by Dennis Albani and Anthony Molina and local legislative report by Hunt Braly.

Item 3: Update on Communication and Engagement Gap Analysis Efforts – A presentation was provided by Jack Hughes and Maria Doerr. The Committee provided recommendations to the outreach efforts and engagement with local community leaders. Staff will provide updates to the Committee at a future meeting.

Item 4: Communications Manager Activities – Kathie Martin provided an update on the Agency's Drought Communications efforts. And Staff and the Committee reviewed the following information: Social Media Report from Consultant Tripepi Smith, Legislative Tracking, Grant Status Report, Sponsorship Tracking FY 2021/22 and the Public Outreach and Legislation Committee Planning Calendar FY 2021/22.

Item 5: Adjournment – The meeting adjourned at 7:32 PM.

Attachment

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Date: November 9, 2021

To: **Public Outreach and Legislation Committee**
Jerry Gladbach, Chair
Kathye Armitage
B.J. Atkins
R.J. Kelly
Lynne Plambeck

From: Steve Cole, Assistant General Manager *SC*

The **Public Outreach and Legislation Committee** is scheduled to meet via teleconference on **Thursday, November 18, 2021 at 5:30 PM**, dial information is listed below.

**TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361 this meeting is being held remotely. The SCV Water Board will continue to hold remote Board and Committee meetings due to the continuing State of Emergency for COVID-19 and state and local official's continuance to impose or recommend measures to promote social distancing. Any Director may call into the Agency Committee meeting using the Agency's **Call-In Number 1-833-568-8864, Webinar ID: 161 165 6497 or Zoom Webinar by clicking on the link <https://scvwa.zoomgov.com/j/1611656497>** without otherwise complying with the Brown Act's teleconferencing requirements.

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We request that the public submit any comments in writing if practicable, which can be sent to **ekang@scvwa.org** or mailed to **Eunie Kang, Executive Assistant**, Santa Clarita Valley Water Agency, 27234 Bouquet Canyon 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 start of the meeting. Anything received after 4:00 PM the day of the meeting will be made available at the meeting and 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 within the subject matter jurisdiction of the Agency that are not on the Agenda at this time. Members of the public wishing to comment on items covered in this Agenda may do so 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.	Legislative Consultant Report:	
* 2.1	Van Scoyoc Associates	1
* 2.2	California Advocates	5
* 2.3	Poole & Shaffery	15
3. *	Update on Communication and Engagement Gap Analysis Efforts	17
4.	Communications Manager Activities:	
* 4.1	Social Media Report from Consultant Tripepi Smith	39
* 4.2	Legislative Tracking	45
* 4.3	Grant Status Report	47
* 4.4	Sponsorship Tracking FY 2021/22	49
* 4.5	Committee Planning Calendar FY 2021/22	51
5.	Adjournment	
*	Indicates Attachment	
◆	Indicates Handout	

NOTICES:

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Posted on November 9, 2021



BOARD MEMORANDUM

DATE: November 15, 2021

TO: Board of Directors

FROM: Courtney Mael *CM*
Chief Engineer

SUBJECT: Engineering Services Section Report

CAPITAL IMPROVEMENT PROJECTS (CIP) CONSTRUCTION

Project	Contractor	Contract Amount	Scheduled Completion	Notes
Vista Canyon Recycled Water Main Extension (Phase 2B)	Ferreira Construction Co., Inc.	\$2,584,110	12/31/2021	Construction is 80% complete. Contractor to construct bridge crossing starting in November 2021.
Commerce Center Pipeline	FivePoint/Blois Construction, Inc.	\$891,139.70	12/31/2021	Construction is 99% complete.
Magic Mountain Pipeline Phase 4	FivePoint/Toro Enterprises	\$3,368,093.07	1/31/2022	Construction is 90% complete.
Magic Mountain Pipeline Phase 5	FivePoint/Toro Enterprises	\$3,269,978.85	1/31/2022	Construction is 90% complete.
Magic Mountain Pipeline Phase 6A	FivePoint/Toro Enterprises	\$7,168,844.85	2/28/2022	Construction is 65% complete.
Magic Mountain Pipeline Phase 6B	FivePoint/Leatherwood Construction	\$4,568,687.07	2/28/2022	Construction is 70% complete.
Vista Canyon Recycled Water Tank (Phase 2B)	Pacific Tank and Construction, Inc.	\$3,906,870	4/01/2022	Construction is 35% complete.
Valley Center Well Material Purchase	Evoqua Water Technologies, LLC	\$512,802	5/01/2022	Material delivery complete. Start-up services on-hold pending site construction work to be completed.

Valley Center Well Site Construction	GSE Construction Company, Inc.	\$2,996,800	5/01/2022	Construction is 30% complete.
ESFP Standby Generator	NoHo Constructors, Inc.	\$463,000	TBD	Notice of Award has been issued. Construction contract, bonds, and insurance certificate are being reviewed.

CAPITAL IMPROVEMENT PROJECTS (CIP) PLANNING AND DESIGN

1. Castaic Conduit Bypass Pipeline – Design is 90% complete. Staff is in the process of acquiring a pipeline easement from the City of Santa Clarita. Staff is also securing a permit from the California Department of Fish and Wildlife.
2. ESFP Two 5 MG Tank Improvements – Final design is in progress.
3. ESFP Washwater Return and Sludge Collection System – The project is being advertised for construction bids.
4. E Wells (E-14, E-15, E-16, and E-17) PFAS Groundwater Treatment Improvements – Planning is in progress.
5. Honby Parallel Pipeline Phase 2 – The Board of Directors adopted the Addendum to the EIR on June 1, 2021. Design is in progress. Staff is securing permits from the California Department of Fish and Wildlife and the Los Angeles Regional Water Quality Control Board.
6. Magic Mountain Reservoir and Pump Station – Staff is preparing the California Environmental Quality Act (CEQA) documents. Staff is finalizing the preliminary plan for the pump station.
7. Newhall Tanks 1 and 1A Stairs and Catwalks Improvements – The CEQA Notice of Exemption form has been submitted to the County. Final design is in progress.
8. Recycled Water Central Park (Phase 2A) – The project’s Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMRP) was adopted by the CLWA Board of Directors on December 13, 2017. Design is on-hold pending resolution of recycled water permitting and regulatory issues.
9. Recycled Water Fill Station – The CEQA Notice of Exemption form was submitted to the County. Final design is in progress.
10. Recycled Water South End (Phase 2C) – Newhall County Water District, as the CEQA Lead Agency, certified the recirculated MND on August 10, 2017. The project MND/IS was adopted by the CLWA Board of Directors on August 23, 2017. Grant application for a Proposition 1 Grant was submitted the week of December 2, 2019. The Board of Directors adopted the Addendum to the MND on June 1, 2021 and authorized additional final design services on August 3, 2021. Final design is in progress.

11. Replacement Wells (Saugus Wells 3 and 4: Site and Equipment Design) – The Board of Directors authorized final design services on August 4, 2020 and final design is in progress.
12. Replacement Wells (Saugus Wells 3 and 4: Well Construction) – The well drilling work is being advertised for construction bids.
13. RVWTP Diesel Underground Storage Tank (UST) Replacement – The Planning and CEQA evaluation have been completed. Staff will be requesting for approval of final design services at the November 4, 2021 Engineering and Operations Committee meeting and the December 7, 2021 regular Board meeting.
14. Sand Canyon Pipeline Protection at Sierra Highway Bridge Widening – Final design is in progress. The City of Santa Clarita plans to advertise the Sand Canyon Pipeline Protection work under a separate bid item for the Sierra Highway Bridge Widening Project.
15. Santa Clara and Honby Wells PFAS Groundwater Treatment Improvements – Final design of the site improvements is in progress. The bid opening for the material purchase of the treatment vessels and bag filters was on October 21, 2021. Staff will be requesting for material purchase approval at the December 9, 2021 Engineering and Operations Committee meeting and the January 4, 2022 regular Board meeting.
16. Saugus Formation Dry Year Reliability Wells (Saugus Wells 5 and 6) – Staff is preparing a Planning and Feasibility Study Request for Proposal document.
17. S Wells PFAS Groundwater Treatment and Disinfection Facility – Preliminary Design and landscape concept has been completed. Discussions with the City of Santa Clarita are ongoing related to purchase of property.
18. T7, U4, and U6 Wells PFAS Groundwater Treatment Improvements, New RVIPS Disinfection Facility, and Saugus 1 and 2 VOC Improvements – The Preliminary Design Report has been completed. Biological and Cultural Resources Assessment in progress.
19. V-9 Turnout Facility – Planning is in progress.
20. Valencia Market Place Pipeline Replacement – The Preliminary Design Report and CEQA evaluation have been completed. Final design is in progress.
21. Well 201 VOC Treatment Improvements – Planning is in progress.
22. Well 205 Perchlorate Treatment Improvements – Staff is preparing responses to questions and comments raised at the meeting with Woodlands HOA before CEQA documents are released for public comment.

DEVELOPMENT PROJECTS – DESIGN, CONSTRUCTION, AND INSPECTION

Project Developer	Development Size	Infrastructure (Estimated at Build-out)	Schedule	Status
Aidlin Hills (Tract 52796) Lennar	102 Dwelling Units	2 tanks, 1 pump station, ±7670' of potable pipelines, and 9 public fire hydrants.	TBD	Consultants are preparing an updated Water Tech Memo for the project.
Castaic High School Rasmussen	250,000 Square Feet	2 miles of pipelines, 1 tank, and 1 pump station.	Construct facilities to meet scheduled school opening in fall 2019.	Construction is complete and pending punch list items. Easement documents are being prepared.
College of the Canyons (COC)	New Parking Structure for Valencia Campus	Relocation of 16" water line (approximately 1,015').	Construction is complete and pipeline is in operation.	Staff are working with COC on preparing easement.
Dockweiler	93 Single Family Units	1,400' of offsite pipeline, 3,600 feet of onsite pipeline.	Construction expected to be completed by January 2022.	Construction started in early March 2021. Pipeline is 95% complete.
Landmark Village (Tract 53108) FivePoint	1444 Dwelling Units	3.5 miles of piping pressure reducing station, 2MG Zone IA Tank, and 2 Hwy 126 crossings.	TBD	Design is on hold.
Mission Village Phase 1 FivePoint	3138 Dwelling Units	6.9 miles of new pipeline, 1 pressure reducing station (Petersen), 2 booster stations (Petersen potable & recycled). 1 booster station upgrade (Magic Mtn.), and 3 tanks (Petersen potable & recycled and Magic Mtn. No. 2 potable).	Magic Mountain Tank No. 2 is in service. Petersen Tanks and Booster Stations design to be complete by December 2021.	Retaining wall work on the Magic Mountain Tank No. 2 site is in progress. 1A, 1B, 1C, 1D, and in-tract potable water pipelines construction is completed, and recycled water pipelines construction is at 90% completion. Well 206/207 pipe relocation project in construction. Petersen potable and recycled water tanks and booster stations are under design. Magic Mountain Booster Station Upgrade is in construction.

Project Developer	Development Size	Infrastructure (Estimated at Build-out)	Schedule	Status
Needham Ranch Trammell Crow Co.	2,550,000 Square Feet Industrial and Commercial	4 miles of pipelines, 1 pump station, 2 tanks, and 2 pressure reducing stations.	Phase 1 construction is substantially complete. Phase 2 contract agreement was signed May 4, 2020.	Staff reviewing final submittal of the Phase 2 water distribution plans. Tank 7A plans are approved. Pine Street plans are approved and awaiting DDW waiver approvals. Temporary water line is complete.
Sand Canyon Plaza	129 Single Family Units, 451 Multi-Family Units, 140 Bed Senior Living, Commercial	1 tank, 1 pump station, 1,700' of offsite pipeline, and 8,500' of onsite pipeline.	TBD	Offsite pipeline plans are approved. 100% pump station plan review is complete. Tank planning study and preliminary design (25% plans) is complete. Final Design Authorization and MND & MMRP adoption was approved by Board of Directors on July 6, 2021.
Sheriff Station City of Santa Clarita	44,300 Square Feet	1 mile of pipeline.	Construction of main pipeline was completed in November 2019, with temporary bypass crossing over LADWP aqueduct. The permanent undercrossing will be scheduled for bidding pending LADWP's approval of undercrossing design.	Contract close out for the main pipeline is nearly complete. Staff are continuing to work with design and geotechnical consultants to address LADWP's comments on undercrossing design.
Spring Canyon (Tract 48086)	492 Dwelling Units	1 tank, 1 pump station, and 1 pressure reducing valve, Mammoth Lane upgrades and lift station upgrades.	Mammoth Lane upgrades must be complete prior to commencement of development.	Design plans for in-tract pipelines, tanks and pump station were approved and issued in July 2020. Staff is working with developer and consultant to address County standards for sewer lift station upgrades in order to transfer ownership to the City of Santa Clarita.

Project Developer	Development Size	Infrastructure (Estimated at Build-out)	Schedule	Status
Skyline Ranch Pardee (Tract 60922)	1220 Dwelling Units	17 miles of pipelines, 3 pump stations, and 4 tanks.	Phase 1 pipelines, pump station and tanks are online. Phase 2 pipelines, pump stations and tank are to be constructed by Spring 2023.	Skyline Tanks are online as of August 9, 2021. Second chlorination test for pipelines on Sierra Highway was performed and failed as of October 11, 2021. Developer to provide chlorination plan for the next round. Design of Phase 2 Deane Zone facilities (tank, chloramine facility, pump station) is underway.
Tesoro Highlands	696 Single Family Units, 9 Multi-Family Units, 2 acres of Commercial	2 tanks, 1 pump station, 1 pressure reducing station, and 64,000' of pipeline.	TBD	Phase 1 pipeline plans are approved. Tank, pump station and PRV station plans are 95% complete. 90% plans for Phases 2, 3 and 4 pipeline have been reviewed. 60% plans for Phase 5 have been reviewed.
Vista Canyon (Tract 69164) JSB Development	1100 Dwelling Units	5 miles of potable and recycled pipelines.	Construction of Phase 1 Potable and Recycled Water Systems are complete. Construction of Phase 2 to be completed by developer in December 2021.	Final punch list items, tie-ins, and easements are in progress.

MISCELLANEOUS PROJECTS – DESIGN, CONSTRUCTION, AND INSPECTION

Project / Facility	Scope of Work / Details	Status
Sprint cell site	T-Mobile bought Sprint and is decommissioning some Sprint sites.	Newhall Tank 2 – Agency is waiting on carrier plans to relocate off the tank.
AT&T cell sites	AT&T site upgrades and evaluation of locations for new sites.	<p>Newhall Tank 2 – Agency is waiting on carrier plans to install an emergency generator.</p> <p>Princess Tank – Agency previously issued a breach of contract to Crown Castle (site manager) and carrier. BB&K is working with Crown Castle legal team to resolve the issue.</p> <p>Carrier is evaluating three sites as potential for new locations: Catala, Live Oaks and Commerce Center tank sites. Agency is working with AT&T on a deposit letter for each location.</p>
T-Mobile cell sites	T-Mobile site upgrades.	<p>Bouquet Tank – Agency is waiting on carrier to start construction of fences around sector antennas.</p> <p>Carrier is working on plans to install emergency generators at the Bouquet Canyon, Catala, Honby, and Pinetree 3 tank sites. Agency is working with carrier on deposit letters and review of plans.</p>
Verizon cell sites	Verizon agreements for access and site upgrades.	<p>Skyblue Tank – Agency working with carrier on easement agreement to resolve access issues.</p> <p>Carrier has identified two tank site locations for emergency generator installations: Newhall and Princess. Agency is working with carrier on a deposit letter for each location.</p>
Fire Flow Tests		In October 2021, staff processed 9 fire flow requests.

FACILITY CAPACITY FEES (FCFs) AND CONNECTION FEES

Month	Regional	Distribution	Total
July 2021	\$220,561	\$2,395	\$222,956
August 2021	\$910,782	\$0	\$910,782
September 2021	\$100,195	\$12,771	\$112,966
October 2021	\$1,944,990	\$47,900	\$1,992,890
FY 2021/22 to Date	\$3,176,528	\$63,066	\$3,239,594
FY 2021/22 Budget	\$5,500,000	\$1,000,000	\$6,500,000

M65



BOARD MEMORANDUM

DATE: November 15, 2021
TO: Board of Directors
FROM: Eric Campbell *EC*
Chief Financial and Administrative Officer
SUBJECT: Finance, Administration and Information Technology Section Report

FINANCE & ADMINISTRATION

Key Accomplishments/Activities:

The Government Finance Officers Association (GFOA) awarded Santa Clarita Valley Water Agency the Certificate of Achievement for Excellence in Financial Reporting. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports that evidence the spirit of transparency and full disclosure, and then to recognize individual governments that succeed in achieving that goal. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

Lance, Soll & Lunghard, LLP (LSL), our financial audit firm, completed the fieldwork for our FY 2020/21 financial audit. LSL, working with staff, are preparing the year-end audited financial statements. This will complete the final fiscal year of divisional accounting from the divisions' legacy systems. Staff will now be able to manage the Agency's finances in one fully integrated system. Once the audited financial statements are complete, the year-end transactions and balances will be converted into Oracle Cloud Fusion.

Accounts payable has taken advantage of Oracle's new functionality in digital expense reimbursements. Oracle has allowed staff to issue interested Director and employee reimbursements via ACH / direct deposit.

Staff completed a kickoff call with Emtec's ClearCare group. This group will provide ongoing support for the cloud-based Oracle Fusion program. Emtec is continuing to work on report development for departments across the Agency.

Significant Upcoming Items:

Staff is developing a Request for Proposal (RFP) for Oracle Fusion managed services to provide support and customizations after the post go-live period. The operational and technical support will include, but not be limited to technical understanding or workflows, rules and implementations; escalation support and access to Oracle, Oracle quarterly updates, knowledge transfer and enhancements.

Ongoing: Staff continues to review and approve Certificates of Insurance, ensuring that the insurance limits conform with the Agency's insurance requirements.

Ongoing: Staff continues to assist with training in Oracle's procurement module with applications such as requisitions, purchase orders, and contract agreements.

CUSTOMER SERVICE

Key Accomplishments/Activities:

Staff completed the application for the California Water and Wastewater Arrearage Program (Program.) This Program is being administered by the California State Water Board Division of Drinking Water (DDW) and provides financial relief to residential and commercial customers who experienced past-due arrearages for services rendered between March 4, 2020 and June 15, 2021. Additional direct outreach to all customers with eligible arrearages will be made after receipt of program funding.

Customer messaging regarding the Agency's participation in the California Water and Wastewater Arrearage Program has been updated and posted to the public website in English and Spanish. Additionally, staff executed a direct mail campaign to all customers with an overdue balance. The mailer took form as an oversized postcard and contained messaging in English and Spanish.

Staff continues its work related to the migration of the Valencia Division's (VWD) internal ACH records to Invoice Cloud, its secure third-party payment processor. Accounts will be migrated in four phases, corresponding to their billing cycles. The project will be completed in late November 2021.

Staff completed the kick-off call for the enQuesta (billing) Conversion and Upgrade Project. Nicknamed the enCUP, the project will place all divisions on the same billing platform and a single bill format. The new platform includes a mobile work order system, a new online customer portal and document management system. A project plan was accepted and project go-live has been scheduled for May 31, 2022.

Ongoing: Direct customer outreach for aged receivables continues through mail and in-house phone collection campaigns. Each campaign is executed monthly, rotating every two weeks. Customer messaging remains status quo due to the State Senate's approval to extend the suspension of water service disconnection for nonpayment through December 31, 2021, as approved in the California Public Trailer Bill also known as SB-155.

Significant Upcoming Items:

The enCUP is in full force. Staff is working with Systems & Software (S&S) to identify project requirements, review backend configuration and identify current and future interfaces. Conversion data extraction dates have been calendared and confirmed by Northstar, the Santa Clarita Division current billing system vendor.

Staff is preparing for receipt of COVID-19 relief funding from the California Water and Wastewater Arrearage Program. Once received, the Agency will have 60 days to post funds and notify eligible customers of their funding allocation. The Program is being administered by the California State Water Board Division of Drinking Water (DDW).

HUMAN RESOURCES

Key Accomplishments/Activities:

Staff is currently recruiting for the positions of Administrative Technician for the Technology Services Department, Data Scientist for the Water Resources Department, and two Utility Workers.

Staff is preparing to recruit for the position of Electrical/Instrumentation Technician.

Staff has completed recruitment for the positions of Security Specialist and Senior Electrical Technician.

Staff completed the annual Flexible Benefit Plans Non-Discrimination testing. Results are showing the Agency has passed and continues to qualify for the tax-free basis plans.

Staff is preparing for an action plan and policy regarding the new Federal OSHA Emergency Temporary Standards that requires employers with 100 or more employees to either mandate vaccinations, or provide weekly testing to unvaccinated employees.

Staff has retained Koff & Associates to conduct an organizational study for the Finance Department. Staff is working with the consultant to complete necessary information required to begin the project.

Staff is preparing to launch the annual IGOE Health and Dependent Care Flexible Spending (FSA) Plan open enrollment period in mid-November 2021. Announcements will include the new IRS approved maximums for the 2022 plan year.

Staff continues to administer and maintain Leaves of Absence, (FMLA, Disability, Paid Family Leave-Baby Bonding, Paid Family Leave-Caregiving) for seven (7) employees at this time. Staff has processed one retirement and is working on three (3) employee relations issues. Staff responded to one comprehensive benefits survey request from another water district.

Significant Upcoming Items:

- EEOC-4 (Equal Employment Opportunity Commission) Report Compliance
- End-of-the-year process; updating changes in health, vision, dental, vesting schedule, etc. for every employee record.

TECHNOLOGY SERVICES

Key Accomplishments/Activities:

The IT team successfully serviced 120 ticket requests and fielded 20 hotline calls in October 2021.

Tech Services completed a cleanup and streamline of the Agency SharePoint site, and has started to work with departments to migrate files from network drives to the cloud.

The IT Team participated in the kickoff for the customer service system upgrade. IT has a significant role in the migration and support of this project.

The IT Team worked with Operations to configure and deploy a mobile application to support fleet management.

Significant Upcoming Items:

The IT team is planning various internal training sessions led by IT staff for Agency personnel.

The IT Team will be onboarding two new positions. Senior IT Technician and the Security Specialist will start in the beginning of December 2021.

The IT Team will be migrating the Agency to an updated spam filter solution. The transition will be seamless to the user and be completed in the month of December 2021.

Ongoing: The IT team is working with Buildings and Grounds (B&G) to strategize and plan for an Agency-wide video surveillance system.

Ongoing: GIS team is georeferencing easement documents from predecessor organizations to be deployed and accessible through the future SharePoint.

Ongoing: The IT team completed the network topology map in support of security initiative and is now developing a narrative and run-book.

Ongoing: The IT team is in the process of replacing Windows 7 workstations with Windows 10, which is to be completed by the end of this calendar year.

BUILDINGS AND GROUNDS

Key Accomplishments/Activities:

Staff worked with contractor to install new counter at the Rockefeller Lobby.

Staff replaced failing water heater and circulating pump at the Rockefeller location.

Staff worked with contractor to replumb and replace corroded pipes and strainer in boiler room at Rockefeller.

Staff working on operating system and cleaning out filter on the heating system at RVWTP (Rio Vista Water Treatment Plant).

Staff assisting Safety with repairs of eye wash system at several locations.

Significant Upcoming Items:

Staff is working with contractor to upgrade camera and operating system on mechanical gate at the Pine location.

Ongoing: Remodeling lobby counters, cabinets, and glass for better security for staff.

Ongoing: Working on project to remove and replace valves and Y-strainers at Rockefeller.

Start investigation process on HVAC controls system for heat actuators at Rockefeller.

EC

MBS



BOARD MEMORANDUM

DATE: November 15, 2021

TO: Board of Directors

FROM: Keith Abercrombie *KA*
Chief Operating Officer

SUBJECT: Treatment, Distribution, Operations and Maintenance Section Report

The Treatment, Distribution, Operations and Maintenance Section (TDOMS) provides reliable and high-quality water through rigorous preventative maintenance programs and timely response to corrective action maintenance. Routine inspections and maintenance of each facility is part of the overarching goal of TDOMS. Below is a discussion on these activities for the month of October 2021.

TREATMENT OPERATIONS AND MAINTENANCE

Monthly corrective and preventative maintenance work orders were completed at the following locations:

- Rio Vista Water Treatment Plant (RVWTP)
- Rio Vista Intake Pump Station (RVIPS)
- Earl Schmidt Filtration Plant (ESFP)
- Earl Schmidt Intake Pump Station (ESIPS)
- Saugus Perchlorate Treatment Facility (SPTF)
- Castaic and Pitchess Pipelines
- Recycled Water Pump Station
- Rio Vista Valve Vault No. 1
- Saugus Well 1
- Sand Canyon Reservoir
- Sand Canyon Pump Station (SCPS)

Preventative and Corrective Maintenance Work Order Summary

Work Orders	October 2021	FYTD 2021/22
Corrective Maintenance	46	126
Preventative Maintenance	47	287
Key Action Items Completed: All three distribution SCADA systems are now combined into one SCADA system.		

Work in Progress – Treatment

- SCPS – Repair hydraulic actuators on pumps No. 5
- Treatment SCADA System – Upgrade Treatment Servers
- Installing new screens on RVWTP Clarifiers
- ESIPS – Installing Replacement VFD Drives

DISTRIBUTION OPERATIONS AND MAINTENANCE

General operational and maintenance activities include:

- Valve exercising
- Fire hydrant maintenance
- Air and vacuum valve maintenance
- Blow off maintenance
- Meter reading
- Meter change-outs
- Control valve maintenance

In addition to routine operational and maintenance activities, there are a variety of other projects.

Meter Change-out Summary

NWD

Meter Size	October 2021	Quantity FYTD 2021/22
3/4"	44	113
1"	2	10
1 1/2"		
2"	4	9
>2"		4

SCWD

Meter Size	October 2021	Quantity FYTD 2021/22
3/4"	71	290
1"	5	40
1 1/2"	2	13
2"		5
>2"		

VWD

Meter Size	October 2021	Quantity FYTD 2021/22
3/4"	26	387
1"	27	29
1 1/2"		
2"		19
>2"	24	24

Distribution System Leak Summary

NWD – Approx. 9,679 Service Connections

Leak Type	October 2021	FYTD 2021/22
Service Leaks	1	18
Main Leaks	1	1

SCWD – Approx. 31,218 Service Connections

Leak Type	October 2021	FYTD 2021/22
Service Leaks	8	61
Main Leaks	1	2

VWD – Approx. 29,974 Service Connections

Leak Type	October 2021	FYTD 2021/22
Service Leaks	1	28
Main Leaks	2	5

Work in Progress

- SC-2 Gravity – Completing above ground construction. Abandoning old line at SC-4
- Dickason Drive Pipeline Replacement – Plans are at 99%
- Smyth Drive Pipeline Replacement – Plans are at 95%
- Newhall Ranch Road Pipeline Replacement – Working on Plans
- Vasquez Pipeline – Researching easement
- Sierra Highway Regulator Station – Building driveway
- Decoro Drive Paving – Work to start in the next 2 weeks

Completed Work

- Interconnection between the NWD and SCWD Systems on Old Wiley Cyn Rd has been completed
- Decoro Drive Pipeline Replacement – Construction completed
- West Newhall Interconnection (VWD and NWD) on Vista Ridge/Wiley Cyn
- Ridge Route Road Phase 2 Pavement Repair
- The Old Road Pavement Repair

PRODUCTION OPERATIONS AND WATER SYSTEMS

In addition to the general operation and maintenance of the production facilities, there are a variety of other projects within the Production and Water Systems.

Work in Progress

- Castaic HS Tank – In service, needed interior tank coating repairs to be scheduled at a later date
- SC-12 – Facility construction and upgrades for efficiency are complete, station is online. Working with engineering on easements
- Carnegie Booster Station – Meter, pump and motor replacement completed, pump 19 – Replacing broken suction valve, valve is on back order
- SC-2 gravity – SCE energized in October, start-up pending Cla-Val, station slab and fencing
- Honby Tank – Asphalt repairs ordered, scheduled for October/November 2021
- Saugus Well 2 – Motor replacement completed, well rehab pending video and well survey, scheduled for November/December 2021
- North Oaks Booster – Pump repair, pump on order
- Sand Canyon, Princess and Wiley Canyon Boosters – Electrical equipment replacement, purchase order issued, work scheduled October 2021 – January 2022
- Fairway Water Storage Tank Coating Project – Reline interior, spot repair exterior. Bids received November 1, 2021, Associated Tank Constructors, Inc. lowest responsible bidder

Completed Work

- Newhall Tank 2 Interior Recoat and Repair – Reline interior and repair interior rafters. Simpson Sandblasting. Completed, restored to service June 15, 2021
- Pinetree Well P3 – Returned to service June 16, 2021
- Sierra Well and W10 – Returned to service July 6, 2021
- Mitchell 5A – Returned to service July 7, 2021
- Castaic HS Booster – Operational, punch list items completed August 2021
- Friendly Valley Tank – Fence cut by fire department during fire suppression, repair completed September 28, 2021
- Pinetree Well P1 – Returned to service September 8, 2021
- N Wells Treatment Facility (BFDF) – Air conditioning for treatment building installed in September 2021, to be commissioned in October 2021

Water production summary by Division and Source is provided in the table below.

SCV Water Production Summary (Acre-Feet)

Division	Groundwater Oct 2021 (AF)	Imported Water Oct 2021 (AF)	*Total Production Oct 2021 (AF)	Groundwater FYTD 2021/22 (AF)	Imported Water FYTD 2021/22 (AF)	*Total Production FYTD 2021/22 (AF)	Recycled Water Production FYTD 2021/22 (AF)
NWD	596	307	902	2,815	2,126	4,941	NA
SCWD	407	1,912	2,319	1,977	9,924	11,901	NA
VWD	1,207	1,172	2,380	6,255	5,378	11,633	235
*SCV Water Totals	2,210	3,391	5,601	11,047	17,428	28,475	235
Percent	39%	61%		39%	61%		

* Displayed totals may vary due to rounding

SCV Water Regional Raw Water and Wholesale Summary (Acre-Feet)

Source	October 2021 (AF)	FYTD 2021/22 (AF)
Wholesale (LA36)	.43	2.24
Raw Water (RVWTP)	2,689	10,655
Raw Water (ESTP)	587	5,810
Wells (Saugus 1 & 2)	193	814

WATER QUALITY

Water Quality Complaints

NWD

Type of Complaint	October 2021	# of Complaints FYTD 2021/22
Hardness		
Odor		
Taste		
Color		1
Air		1
Suspended Solids		
Totals		2

SCWD

Type of Complaint	October 2021	# of Complaints FYTD 2021/22
Hardness		
Odor		2
Taste		1
Color		1
Air		
Suspended Solids		1
Totals		5

VWD

Type of Complaint	October 2021	# of Complaints FYTD 2021/22
Hardness		
Odor		
Taste		1
Color		2
Air		
Suspended Solids	1	1
Totals	1	4

Heterotrophic Plate Count Samples

NWD

Total # of HPCs Collected October 2021	# of HPCs Collected FYTD 2021/22
1	2

SCWD

Total # of HPCs Collected October 2021	# of HPCs Collected FYTD 2021/22
6	14

VWD

Total # of HPCs Collected October 2021	# of HPCs Collected FYTD 2021/22

PERCHLORATE CONTAMINATION PROGRAM MANAGEMENT

As a result of the detection of perchlorate at Well V-201, modifications are being made to the Department of Toxic Substances Control (DTSC) Remedial Action Plan (RAP) and the perchlorate project DDW 97-005 Engineering Report. A perchlorate removal facility has been constructed and resumption of Well V-201 service will occur following receipt of permit from State Water Resources Control Board (SWRCB) Division of Drinking Water (DDW).

In late December 2017, perchlorate was detected at Well V-205 just above the maximum contaminant level for drinking water of 6 ppb. A confirmation sample taken in March 2018 indicated a level of 8.1 ppb. The well was previously taken out of service in 2012. Staff is determining the course of action to pursue to return the well to service and potential cost recovery under the terms of the Settlement Agreement.

In May 2019, for the first time since 2005, perchlorate was detected in Alluvial Aquifer Well Q-2 at the maximum contaminant level of 6 µg/L. No drinking water quality standards were violated, but the well was removed immediately from service. Design has been completed on retrofitting treatment vessels. Bids to supply new treatment vessels were received on December 9, 2019 and a contract was awarded to Evoqua Water Technologies, LLC on December 12, 2019. Six bids for the site work were received on February 7, 2020 and a contract was awarded to Pacific Hydrotech Corp. on February 9, 2020. Construction at Q2 complete. The well will return to service upon permit approval by DDW.

PFAS

In May 2019, initial sampling for PFAS substances occurred and results were received. One well (Valley Center) exceeded Division of Drinking Water Interim Response Level of 70 ng/L and was shut off. Other wells exceeded the Interim Notification Levels for PFOS and PFOA. This information was presented to the SCV Water Board on June 4, 2019. PFAS sampling for the second quarter was done in August 2019 with results received in September and October 2019. In February 2020, the State Water Resources Control Board Division of Drinking Water issued new response levels; 10 parts per trillion (ppt) for perfluorooctanoic acid (PFOA) and 40 ppt for perfluorooctanesulfonic acid (PFOS.)

SCV Water has taken 20 wells out of service due to PFAS. Three (3) were returned to service in late 2020 (N, N7, N8) with the completion of the first PFAS Treatment System.

WATER QUALITY LABORATORY

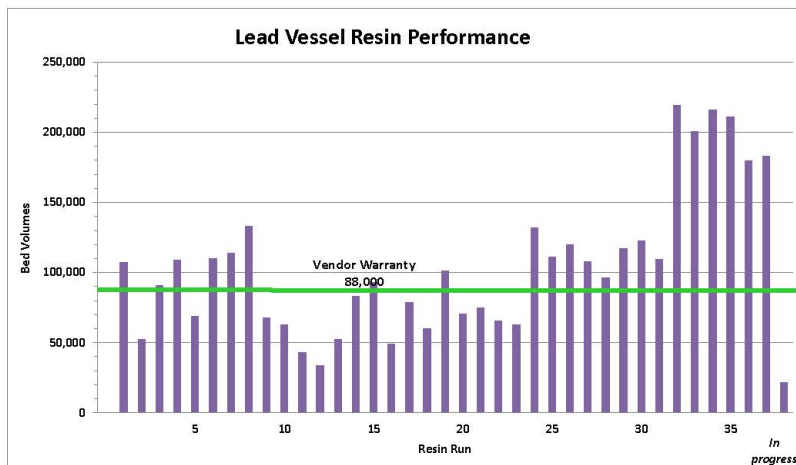
The laboratory continues to analyze compliance PFAS samples. Work is continuing on the new laboratory regulation requirements that were adopted in 2021.

**Saugus Perchlorate Treatment Facility
Resin Usage Summary
Based on Time to Breakthrough**

Resin Run Number	Fill Date	Breakthrough Date*	Days	Volume Treated (Million Gallons)	Volume Treated (Acre-Feet)	Bed Volumes Treated	Replacement Costs	\$/BV	\$/AF	Combined (Lead and Lead)		
										MG	AF	BVs
1	5/3/10	8/25/10	115	253	776	107,310	*	*	*			
2	9/8/10	11/8/10	62	120	368	52,289	\$ 105,728	\$ 2.02	\$ 287	373	1,144	159,599
3	12/10/10	3/26/11	107	239	735	90,841	\$ 115,458	\$ 1.27	\$ 157	359	1,103	143,130
4	5/5/11	8/9/11	97	288	883	108,745	\$ 112,255	\$ 1.03	\$ 127	527	1,618	199,586
5	8/17/11	10/14/11	59	180	554	68,941	\$ 112,255	\$ 1.63	\$ 203	468	1,437	177,686
6	11/6/11	4/10/12	157	288	883	109,850	\$ 112,048	\$ 1.02	\$ 127	468	1,437	178,790
7	4/20/12	7/16/12	88	280	860	113,905	\$ 112,048	\$ 0.98	\$ 130	568	1,743	223,754
8	7/11/12	11/5/12	118	349	1,070	133,044	\$ 112,048	\$ 0.84	\$ 105	629	1,930	246,949
9	11/16/12	1/10/13	56	177	544	67,744	\$ 112,258	\$ 1.66	\$ 206	526	1,614	200,788
10	1/10/13	3/10/13	60	165	505	62,836	\$ 43,567	\$ 0.69	\$ 86	342	1,049	130,579
11	3/19/13	5/4/13	47	112	344	42,769	\$ 118,213	\$ 2.76	\$ 344	276	849	105,605
12	5/8/13	6/15/13	39	95	293	33,577	\$ 141,989	\$ 4.23	\$ 485	207	637	76,346
13	6/10/13	8/20/13	72	179	551	52,099	\$ 118,212	\$ 2.27	\$ 215	275	844	85,676
14	9/12/13	11/30/13	80	217	667	83,031	\$ 118,212	\$ 1.42	\$ 177	397	1,218	135,130
15	11/21/13	2/9/14	81	246	755	92,790	\$ 118,212	\$ 1.27	\$ 157	463	1,422	175,821
16	2/24/14	3/31/14	36	128	393	48,854	\$ 105,494	\$ 2.16	\$ 269	374	1,148	141,644
17	4/28/14	8/6/14	103	205	629	78,423	\$ 105,494	\$ 1.35	\$ 168	333	1,022	127,277
18	8/21/14	12/3/14	105	158	485	60,237	\$ 105,494	\$ 1.75	\$ 218	363	1,114	138,660
19	12/4/14	3/16/15	103	266	816	101,458	\$ 105,494	\$ 1.04	\$ 129	424	1,301	161,895
20	3/17/15	5/28/15	73	184	565	70,380	\$ 105,494	\$ 1.50	\$ 187	450	1,381	171,838
21	5/29/15	8/3/15	67	195	598	74,610	\$ 105,494	\$ 1.41	\$ 176	379	1,163	144,990
22	8/4/15	10/15/15	73	171	525	65,484	\$ 105,494	\$ 1.61	\$ 201	366	1,123	140,094
23	10/16/15	12/8/15	54	165	506	62,988	\$ 105,494	\$ 1.67	\$ 208	336	1,031	128,472
24	12/9/15	3/31/16	114	346	1,062	131,983	\$ 105,494	\$ 0.80	\$ 99	511	1,568	194,971
25	4/1/16	7/7/16	98	291	893	111,167	\$ 105,494	\$ 0.95	\$ 118	637	1,955	243,150
26	7/8/16	10/17/16	102	314	964	119,919	\$ 105,494	\$ 0.88	\$ 109	605	1,857	231,086
27	10/21/16	1/25/17	97	283	869	107,984	\$ 105,494	\$ 0.98	\$ 121	597	1,832	227,903
28	1/26/17	4/18/17	83	252	773	96,192	\$ 105,494	\$ 1.10	\$ 136	535	1,642	204,176
29	4/25/17	8/5/17	103	306	939	116,938	\$ 105,494	\$ 0.90	\$ 112	558	1,713	213,130
30	8/11/17	1/3/18	146	322	988	122,845	\$ 105,494	\$ 0.86	\$ 107	628	1,927	239,783
31	1/16/18	6/9/18	145	289	887	109,395	\$ 105,494	\$ 0.96	\$ 119	611	1,875	232,240
32	6/18/18	12/24/18	190	574	1,762	219,207	\$ 105,494	\$ 0.48	\$ 60	863	2,649	328,602
33	12/13/18	6/10/19	180	525	1,611	200,536	\$ 105,494	\$ 0.53	\$ 65	1,099	3,373	419,743
34	6/11/19	12/30/19	203	566	1,737	216,073	\$ 108,162	\$ 0.50	\$ 62	1,091	3,348	416,609
35	12/18/19	7/8/20	204	552	1,694	211,010	\$ 108,162	\$ 0.51	\$ 64	1,118	3,431	427,083
36	7/9/20	2/6/21	213	471	1,446	179,890	\$ 128,334	\$ 0.71	\$ 89	1,023	3,140	390,900
37	2/16/21	8/30/21	196	477	1,464	182,727	\$ 142,690	\$ 0.78	\$ 97	948	2,910	362,617
38	9/14/21	11/1/21	49	100	307	21,518	\$ -	\$ -	\$ -	577	1,771	204,245
Total			3,975	10,329	31,701	3,929,586	\$ 3,938,743	NA	NA	20,305	62,319	7,730,345
Average			103	265	814	101,299	\$107,874	\$ 1.15	\$ 142.15	507	1,557	193,502

+ Breakthrough defined as Lead Vessel effluent reaching 6 µg/L.
* Initial resin delivery was included in construction contract

Runs 1-2 had 315 cubic feet of resin
Runs 3-11 had 350 cubic feet of resin + 180 cubic feet of anthracite
Run 12 has 434 cubic feet of resin + 180 cubic feet of anthracite
Runs 13-present had 350 cubic feet of resin + 180 cubic feet of anthracite



SAFETY/EMERGENCY/RISK MANAGEMENT

A safe and healthful work environment is a critical component to the mission and values of SCV Water. Throughout the reporting month, several routine safety related training, inspections, and various other items were completed. The Safety Department continues to integrate health and safety programs for SCV Water. Some of the items completed and currently in progress are as follows:

Work in Progress

- Development of First Aid/CPR training through American Heart Association. Both online and hands on training will be conducted this fall and winter
- Implementing mass notification software to more effectively communicate with staff

Completed Work

Inspections

Monthly Inspections

- Underground storage tank (UST) designated operator
- Aboveground storage tank (AST) inspection
- Fire extinguishers
- Emergency eye-wash/shower stations
- Self-Contained Breathing Apparatus (SCBA) units
- Automated External Defibrillator (AED) units
- Quarterly inspection (Golden Triangle Warehouse)

Incident Data

- There were no recordable injuries in October 2021
- There were no lost workdays in October 2021

Safety Training

- Tailgate meetings took place at each location in October 2021
- Two new hire safety orientations took place in October 2021
- First Aid/CPR training took place at several locations in October 2021
- One Hazardous Waste Operations training class was completed in October 2021
- Qualified Rigging and Hand Signal Training took place in October 2021

Safety Compliance

- Continue to meet Cal-OSHA and Los Angeles County Public Health requirements regarding COVID-19


Safety Committee

- The next Safety Committee meeting will be held on November 24, 2021

M65



BOARD MEMORANDUM

DATE: November 15, 2021
TO: Board of Directors
FROM: Steve Cole 
Assistant General Manager
SUBJECT: Water Resources and Outreach Section Report

Key Accomplishments

Water Resources

- Staff participation continues in several Los Angeles County Water Planning Workshops to provide input to the County about concepts for better coordination (e.g., streamlined permitting and data sharing) and regional targets and facilitating a regional approach to water reliability and resiliency.
- In August 2021, staff initiated the Request for Qualifications for On-Call Water Resources Planning, Engineering, Environmental Assessment and Management, and Stakeholder and Community Engagement Services to assist with SCV Water's Water Resilience Initiative. Seventeen responses were received and staff has selected eleven qualified consultant teams to help with upcoming task orders to be developed. The vendors selected include Daniel B. Stephens & Associates Inc., Environmental Science Associates, Geosyntec Consultants Inc., Groundwater Solutions Inc., Kearns & West Inc., Paradigm Environmental Inc., Raftelis Financial Consultants Inc., Richard C. Slade & Associates LLC, Rincon Consultants Inc., Tully & Young Inc., and Woodward & Curran.
- Staff presented the Draft Groundwater Sustainability Plan to the SCV-GSA Board of Directors October 20, 2021. Technical details of the plan were discussed, and a high level summary of public comment provided. A special Board meeting was scheduled for November 23, 2021 to continue the discussion.
- Staff participated in the October 15, 2021 Sites Reservoir Financing Plan workshop.

Sustainability & Conservation

- Staff met with MF Apartment management team to coordinate rebate post-inspections and coordination for launch of Phase 3 of the Multifamily Apartment program.
- Staff coordinated and facilitated the October 2021 SCV Water Drought Workgroup meeting.
- Staff attended and participated in the October 27, 2021 California Climate Adaption Strategy public engagement workshop. On November 2, 2021, staff presented an overview of SCV Water activity and success pertinent to its Multifamily Apartment project in coordinate with EPA WaterSense staff and other 2021 WaterSense Excellence Award winners.

- Staff attended several workshops with the Department of Water Resources and State Water Resources Control Board to review and respond to updated standard and methodologies for efficiency urban water use objective development in advance of implementation of AB 1668 and SB 606 (Conservation Long-term Framework).
- Sustainability/Conservation staff coordinated and conducted the monthly Sustainable Water Action Taskforce meeting.
- Staff chaired the November 10, 2021 Research & Evaluation Committee for the California Water Efficiency Partnership.
- Staff coordinated and facilitated SCV Water's Green Team meeting on November 10, 2021.

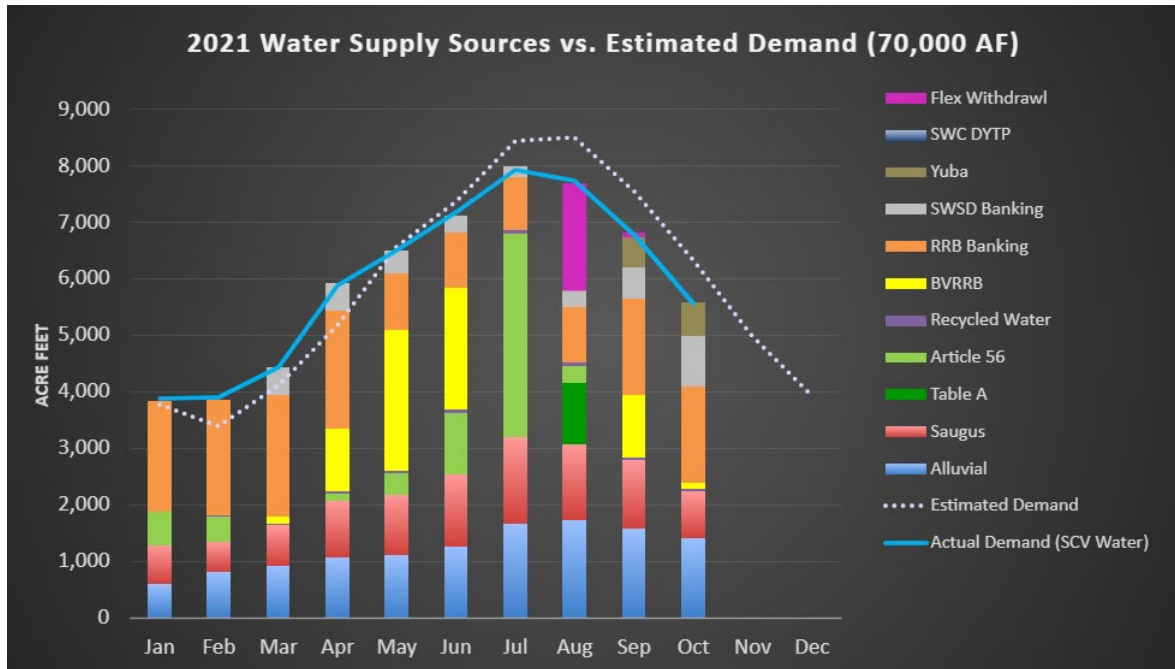
Outreach, Legislation and Grants

- Communication continues to support outreach for the final steps of the adoption of a Groundwater Sustainability Plan, with extensive outreach surrounding the November 23, 2021 SCV-GSA Board Meeting, including specific outreach through identified Disadvantaged Communities.
- Communications staff helped facilitate several employee activities including a flu shot clinic (9/29/21) and 14 small-group, outdoor "tailgates" on COVID issues the week of October 11, 2021.
- Staff assisted Customer Care with a direct mail piece to past-due accounts to inform them of the upcoming relief from the Water and Wastewater Arrearages Payment Program.
- On November 2, 2021, staff submitted a grant application under the Bureau of Reclamation's WaterSmart Water Energy and Efficiency Grant Program for Phase 1 of the Advanced Metering Infrastructure (AMI) Project. The project will replace 21,163 meters with AMI capable meters which can be read remotely, providing real-time leak detection and usage information to our customers through a Customer Engagement Portal. If successful, the grant will provide \$2,000,000 in funding for the Phase 1 AMI Project.
- On November 9, 2021, staff submitted a Title XVI Feasibility Study (Study) to the Bureau of Reclamation for the Phase 2A/2C Recycled Water Projects. Upon successful review of the Study by the BOR, it will be transmitted to the US Congress for approval, at which time the Agency may submit a competitive application for funding of 2A/2C Recycled Water Projects eligible costs in accordance with the then current funding opportunity.

WATER RESOURCES

Water Demand and Supply

A summary of 2021 water deliveries are shown on the next page:



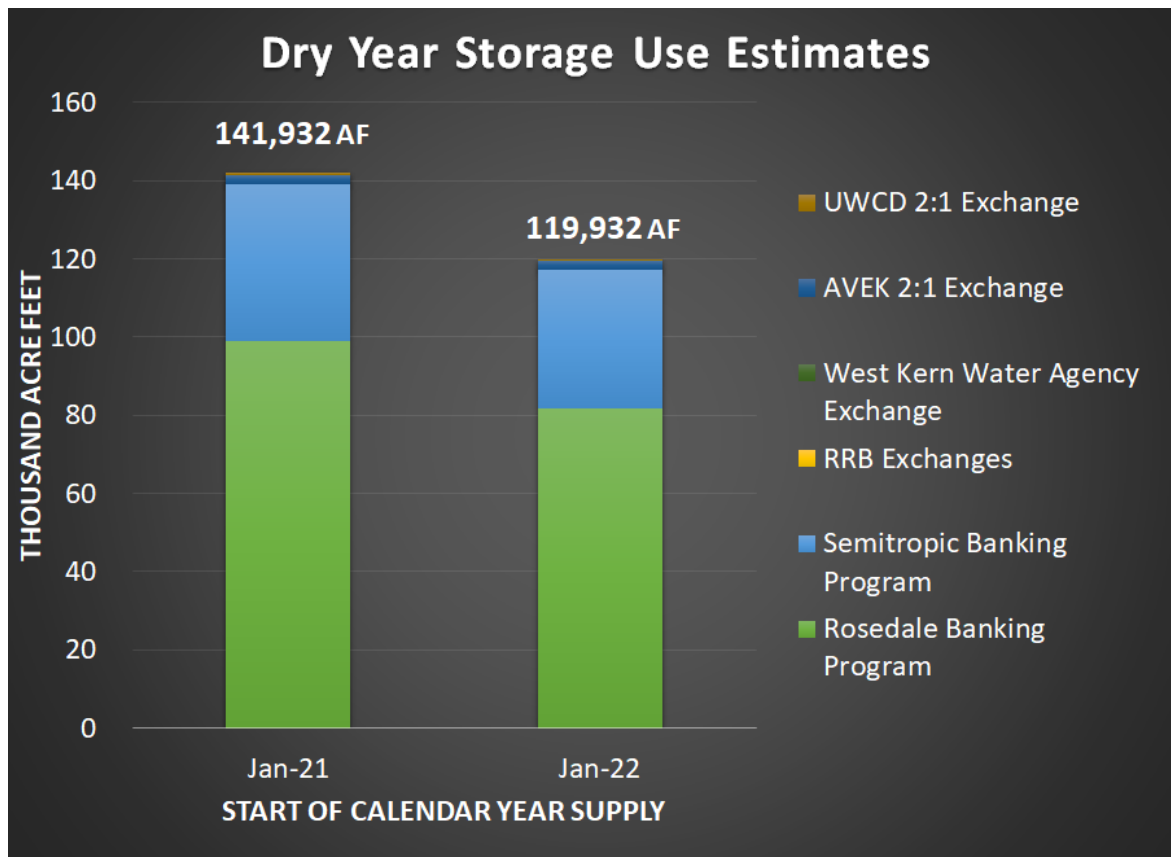
Note: Precipitation for water year 2021 in Santa Clarita was recorded as the driest year on record. Overall, the state hydrology is extremely dry resulting in a very low 2021 SWP allocation of 5%. In January 2021, SCV Water began utilizing dry-year water supplies, and is expected to continue through the end of the year. The graph above shows monthly water supply use vs. estimated demands.

A summary of the 2021 water operations update is below.



Note: Banking Programs include SCVWA's Semitropic Stored Water Recovery Unit (SWRU) program and Rosedale Rio Bravo Water Storage District program. Groundwater includes production from the SCVWA Alluvial and Saugus groundwater aquifers. Dry Year Water Purchase programs include Yuba Accord and State Water Contractor's Dry Year Transfer program.

- The initial State Water Project allocation for 2021 was 10% of Table A amount. On March 23, 2021, the allocation decreased to 5% of Table A amount.
- 2021 demands continue to be estimated at 70,000 AF. Recovery from Semitropic and Rosedale banking programs are anticipated to continue through the remainder of the year. Water purchases from the Yuba Accord Dry-Year Purchase Program are in the process of being delivered from north of the Delta.
- Staff has started to explore potential water exchange agreement opportunities with other parties.



Note: This graph shows actual SCVWA Dry Year Storage totals at the beginning of 2021 and estimated totals for the beginning of 2022 based on a 2021 SWP allocation of 5%.

Significant Upcoming Items

- Staff is developing a presentation for the November 18, 2021 WaterWise Program for the Association of Water Agencies of Ventura County. Staff will provide an overview of how SCV Water is managing the drought through the utilization of a diverse water supply portfolio and water conservation programs.
- Staff received a request to extend the term and payment provisions of the Deposit and Funding agreement for the proposed Tapia Ranch annexation. Staff prepared a memorandum for Water

Resources and Watershed Committee consideration and is preparing a Board memorandum with the Committee's recommendation.

- Staff participated in the November 4, 2021 State Water Contractors Operations and Engineering Committee. The Committee received several reports including a report on California Aqueduct liner repairs at mile post 54.95 and a status report on fire system modernization at pumping and generating stations.
- The Upper Santa Clara River Regional Water Management Group (USCR RWMG):
 - The RWMG and Stakeholders are preparing for the Round 2 grant solicitation under Proposition 1.
- Staff reviewed the draft Salt and Nutrient Management Plan (SNMP) Monitoring Report Update received from Luhdorff & Scalmanini Consulting Engineers (LSCE) on September 3, 2021. Upon review of the draft, additional adjustments to the numerical model were needed and the final report is expected to be completed in early December 2021.
- Staff continues to work with Woodard and Curran to refine the Online New Drop database. Reporting features, QA/QC, and dashboards will be improved as the tool is used by Water Resources and Customer Service staff. Customized reports continue to be developed to assist staff in completing quarterly reports to the Regional Board for the Agency's recycled water permit. Staff is also continuing to work with the Sanitation District to determine average wastewater flows from new development as part of an ongoing process to improve New Drop flow estimates.
- Staff will continue participating in the preparation of the Los Angeles Water Plan through several workgroups.
- Staff is working with Kennedy Jenks on the preparation of a Water Supply Assessment for the Lyons Canyon Trail and Castaic Mountainview Apartment projects.
- Staff is working with Geosyntec to transition SCV Water's Excel based MBK Water Supply Reliability Model to the GoldSim platform which will allow for a more dynamic reliability analysis of our near term and long-term water resource supplies. Staff is also currently working with Geosyntec and Kris Helm Consulting to establish monthly rules/logic for each element of our resource portfolio that will be used in the GoldSim model.
- As part of GSP implementation, two adjacent groundwater recharge sites have been selected on the east end of the Santa Clara River Basin for inclusion in the recharge feasibility study being conducted with the help of GSI technical consultants. Staff is working with the City to obtain an access agreement to conduct fieldwork at the east end locations. Legal is currently reviewing a draft of the agreement and a finalized version is anticipated by December 2021. Once the agreement is finalized, field work can be completed in early 2022. Additionally, groundwater monitoring data from the Castaic School site monitoring well will continue to be collected by staff.
- Staff anticipates completing the final GSP in November 2021 and presenting it to the SCV-GSA Board of Directors for adoption in mid-December 2021.
- Staff has initiated a data management effort to determine the feasibility of a centralized data repository for all SCV Water departments. Data collection efforts are underway to help determine the

extent of information collected by the various departments, the reports that each department generates, and existing methods/tools used for data organization within the Agency.

- Staff will continue to work on agreements with solar generation companies and Rolling Hills Farm for projects at the Devil's Den Water District.
- Staff continues to support Sites Reservoir Committee efforts to develop a Financing Plan and associated policies and agreements needed to advance the project.

LEGISLATIVE/GOVERNMENT AFFAIRS

- With the recent passage of the Infrastructure Investment and Jobs Act, we are working with our federal lobbyists to best position our Arundo removal projects for funding requests as soon as the process is announced.
- Similarly, with the Water Infrastructure Finance and Innovation Act, the US EPA announced a \$224 million water infrastructure loan for climate resilience in Los Angeles. Our federal lobbyist is coordinating a meeting between the Agency and EPA representatives for mid-December 2021.

Upcoming Sponsorships

- November 30 – December 3, 2021: ACWA Annual Fall Conference
- December 9, 2021 – SCV Chamber State of the County

OUTREACH – Social/Digital Media & Education

Staff continues to share water news, conservation tips, featured plants and job openings on our social media and e-news channels.

Outlet	Description	Notable Activity	Audience
Facebook	Social media		845
Instagram			1,356
Twitter			1,073
Website	yourSCVwater.org	Total users in September 2021	16,931
Water Currents	Customer e-newsletter	Open rate: October issue: 37% (average industry open rate: 21.64%)	17,554

Public Education - 2021

Activity	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021	2020
Education (virtual)**														
Students	926	888	1,054	626	720	420	53	79	564	715	*	*	6,045	2,457
Teachers	33	32	42	28	27	16		1	21	26	*	*	226	179
Garden Classes (virtual)	94	33	35	71	32	44	21	32	17	*	*		379	337

* Data not yet available

Significant Ongoing or Upcoming Items

- Development of the new website is ongoing, but the launch date has been postponed. Staff is working with the developer to revisit some early design issues. We want to be sure we have a product that reflects our Agency and is easy to navigate for our customers.
- Drought will be a focus for the foreseeable future. Outreach and Conservation staff are working closely on ideas for messaging.
- Staff is participating in the redistricting effort and will prepare and direct public outreach to insure public awareness and participation in the process.
- Draft Subgrantee Agreements for the Proposition 1 Round 1 IRWM Grant have been transmitted to project owners for review and comment and/or execution. Staff anticipates that all Subgrantee Agreement will be executed by November 30, 2021.
- Staff continues to engage with grant consultants and legislative advocates to identify grant funding opportunities for the Agency's planned Capital Improvement Projects.
- Staff is coordinating with the Operations Department on submission of a grant application to fund Phase 1 of an Automated Metering Infrastructure (AMI) Project. If the application is successful, the Bureau of Reclamation WaterSmart Water Energy Efficiency Grant will provide up to \$2,000,000 in grant funding to offset the cost of the AMI Project.

SUSTAINABILITY & WATER CONSERVATION



Water Conservation

Water Resources Monthly Section Report - October 2021

Water Production vs. Interim Conservation Goal



Conservation Program Participation (Current Month/Fiscal Year)

	Check-Ups	Workshops	Rebates	Engagement	Other
 Residential	6/69	23/87	37/122	1,053/8,396	0/2
 Commercial	1/18	0/50	5/5	Engagement	1/1
 Landscape	0/5	0/2		Engagement	0/0

Significant Upcoming Items

- AB 1668 and SB 606 (Conservation Long-term Framework) - Staff, in collaboration with industry partners, will develop a response to DWR/SWRCB conservation standards recommendations pertinent to the long-term framework.
- Landscape Programs- Staff is processing several large landscape/commercial landscape smart controller rebates and lawn replacement incentive projects.
- Multi-Family Apartment Program - Check-ups for 215 multifamily units (1 complex) are scheduled for early December 2021.
- Sustainability - Staff, with consultant support, will initiate evaluation of potential sustainability measures as part of the Agency's Sustainability and Climate Action Plan.
- Sustainability - Staff is coordinating launch of PV repairs for wind damaged area in the upper field.



M65

Item	Jul 1 Comm	Aug 3 Board	Aug 5 Comm	Aug 17 Board	Sep 2 Comm	Sep 7 Board	Oct 5 Board	Oct 7 Comm	Oct 19 Board	Nov 2 Board	Nov 4 Comm	Nov 16 Board	Dec 7 Board	Dec 9 Comm	Dec 21 Board	Jan 4 Board	Jan 6 Comm	Jan 18 Board	Feb 1 Board	Feb 3 Comm	Feb 15 Board	Mar 1 Board	Mar 3 Comm	Mar 15 Board	Apr 5 Board	Apr 7 Comm	Apr 19 Board	May 3 Board	May 12 Comm	May 17 Board	Jun 2 Comm	Jun 7 Board	Jun 21 Board	Jul 5 Board		
1 Monthly Committee Planning Calendar																																				
2 CIP Construction Status Report																																				
3 Monthly Operations and Production Report																																				
4 Third Party Funded Agreements Quarterly Report																																				
5 Annual Safety Program Update (FY 20-21)																																				
6 Annual Safety Program Update (FY 20-21)																																				
7 Recommend Approval to Authorize General Manager to Execute Reimbursement Agreement with City of Santa Clara for Eligible Portions of Golden Valley Pipeline to New Sheriff Station		C																																		
8 Purchase Order for Additional Final Design Services for Phase 2C South End Recycled Water Main Extension		C																																		
9 Recommend Approval of Decoro Drive Pavement Repair			C																																	
10 Recommend Approval of Purchase of IX Resin for the N.Wells PFAS Treatment System			C																																	
11 Approve a Resolution Authorizing Santa Clara Valley Water Agency to Provide Water Quality Laboratory Testing Services to the State of California Department of Water Resources				C																																
12 Recommend Approval of a Three-Year Annual Service Contract for the Liquid Chromatography Tandem Mass Spectrometer (LC/MS)							C																													
13 Approve a Resolution for a Construction Contract with N&H Constructors for the Earl Schmidt Filtration Plant (ESFP) Standby Generator Project								C																												
14 Recommend Adopting a Resolution Authorizing SCV Water to Apply for Funding from the Drinking Water State Revolving Fund (DWSRF) and to Execute a Financing Agreement for Groundwater Contamination Treatment Projects with the State Water Resources Control Board								C		C																										
15 Recommend Approval of a Resolution Authorizing the General Manager to Apply for Grant Funding Under the Federal Bureau of Reclamation WaterSmart Water Energy Efficiency Grant Program (WEEG) for an Automated Metering Infrastructure Project											C																									
16 Recommend Approval to Purchase Approximately 5,000 AMI Compatible Meters												C																								
17 Recommend Adopting a Resolution Authorizing SCV Water to Execute a Financing Agreement with the State Water Resources Control Board for the Los Angeles Residential Community Pipeline Project																																				
18 Recommend Approval of a Resolution Authorizing a Purchase Order to Lee & Co. Inc. for Final Design Services for Rio Vista Water Treatment Plant (RWTP) Underground Storage Tank (UST) Replacement Project																																				
19 Recommend Approval of a Resolution Awarding a Contract for Fairway Water Storage Tank Coating Project																																				
20 Recommend Adopting a Resolution Authorizing the General Manager to Apply for Grant Funding Under the 2021 Urban and Multibenefit Drought Relief Program and Execute a Grant Agreement with the State of California Department of Water Resources for the Saugus Wells 3 & 4 (Reclaim Wells) Well Equipment and Site Improvement Project																																				
21 Recommend Approval of a Resolution Awarding a Materials Purchase Contract for the Santa Clara and Honey Wells PFAS Groundwater Treatment Project with Aqueous Veils																																				
22 Recommend Adopting a Resolution Authorizing the General Manager to Apply for Grant Funding Under the 2021 Urban and Multibenefit Drought Relief Program and Execute a Grant Agreement with the Department of Water Resources for the Santa Clara and Honey Wells PFAS Groundwater Treatment Site Construction Project																																				

**Engineering and Operations Committee
Planning Calendar
FY 2021/22**

Item	Jul 1 Comm	Aug 3 Board	Aug 5 Comm	Aug 17 Board	Sep 2 Comm	Sep 7 Board	Oct 5 Board	Oct 7 Comm	Oct 19 Board	Nov 2 Board	Nov 4 Comm	Nov 16 Board	Dec 7 Board	Dec 9 Comm	Dec 21 Board	Jan 4 Board	Jan 6 Comm	Jan 18 Board	Feb 1 Board	Feb 3 Comm	Feb 15 Board	Mar 1 Board	Mar 3 Comm	Mar 15 Board	Apr 5 Board	Apr 7 Comm	Apr 19 Board	May 3 Board	May 12 Comm	May 17 Board	Jun 2 Comm	Jun 7 Board	Jun 21 Board	Jul 5 Board	
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Engineering and Operations Committee
Planning Calendar
FY 2021/22

Item	Jul 1 Comm	Aug 3 Board	Aug 5 Comm	Aug 17 Board	Sep 2 Comm	Sep 7 Board	Oct 5 Board	Oct 7 Comm	Oct 19 Board	Nov 2 Board	Nov 4 Comm	Nov 16 Board	Dec 7 Board	Dec 9 Comm	Dec 21 Board	Jan 4 Board	Jan 6 Comm	Jan 18 Board	Feb 1 Board	Feb 3 Comm	Feb 15 Board	Mar 1 Board	Mar 3 Comm	Mar 15 Board	Apr 5 Board	Apr 7 Comm	Apr 19 Board	May 3 Board	May 12 Comm	May 17 Board	Jun 2 Comm	Jun 7 Board	Jun 21 Board	Jul 5 Board													
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**Finance and Administration Committee
Planning Calendar
FY 2021/22**

	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Nov 16 Board	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board	
1	Approve a Resolution Allowing for PFAS Financing	C																									
2	Recommend Approval of Revised Customer Service Policy	C																									
3	Recommend Approval of a Contract Amendment with Equation Technologies for Project Management Services	C																									
4	Recommend Approval of Resolutions Setting Santa Clarita Valley Water Agency Tax Rate for FY 2021/22 and Requesting Levy of Tax by Los Angeles County and Ventura County (consent)	C																									
5	Recommend Approval of Resolution Authorizing July 2021 Water Supply Contract Payment (consent)	C																									
6	Recommend Receiving and Filing of April 2021 Monthly Financial Report (consent)	C																									
7	Recommend Approval of a Resolution Revising the Appropriations Limits for FY 2020/21 and FY 2021/22		C																								
8	Recommend Approval of a Resolution Authorizing FY 2021/22 Water Supply Contract Payments (consent)		C	C																							
9	Recommend Receiving and Filing of May 2021 Monthly Financial Report (consent)		C	C																							

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Nov 16 Board	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board	
10	Discuss Financing Policy - Financial Advisor			C																							
11	Discuss Establishing a Community Facilities District (CFD) for the Spring Canyon Development			C	C																						
12	Discuss Establishing a Community Facilities District (CFD) for The Highlands at Tesoro del Valle Development			C	C																						
13	Recommend Approval of Employee Manual 40 - Flexible Workplace Program			C	C																						
14	Recommend Approval of a Resolution Adjusting Employer's Contributions for PERS Medical Insurance			C	C																						
15	Review Financial Performance Metrics				P																						
16	Recommend Receiving and Filing of June 2021 Monthly Financial Report (consent)				C																						
17	Discuss Financing Policy - Financial Advisor					C																					
18	Recommend Approval of Additional Oracle Software Licenses with DLT Solutions, LLC					C	C																				
19	Review Financial Performance Metrics					C																					
20	Discuss Financing Policy - Financial Advisor							C																			
21	Discuss Wholesale Water Rates - Ratepayer Advocate							C																			
22	Discuss Community Facilities District (CFD) Policy							C																			
23	Technology Update							P																			

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

	Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Nov 16 Board	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
24	Discuss Financing Policy - Financial Advisor																										
25	Recommend Approval of a Revised Purchasing Policy									C	C		P														
26	Technology Update										C		P														
27	Recommend Receiving and Filing of July 2021 Monthly Financial Report (consent)										C		P														
28	Recommend Approval of a Revised Community Facilities District (CFD) Policy												P														
29	Discuss California Water and Wastewater Arrearage Payment Program												P														
30	Recommend Receiving and Filing of SCV Water Comprehensive Annual Financial Report (CAFR) ended June 30, 2021 (consent)													P	P												
31	Review Financial Performance Metrics													P													
32	Recommend Receiving and Filing of August 2021 Monthly Financial Report (consent)													P	P												
33	Recommend Approval of a Professional Services Agreement for Oracle Managed Services															P	P										
34	Discuss Ratepayer Assistance Program															P	P										
35	Recommend Approval of a Revised Investment Policy - (Annually adopted via reso) (consent)															P	P										
36	Recommend Receiving and Filing of September 2021 Monthly Financial Report (consent)															P	P										
37	Recommend Receiving and Filing of October 2021 Monthly Financial Report (consent)															P	P										

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Nov 16 Board	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board	
38 Review Financial Performance Metrics																											
39 Recommend Receiving and Filing of December 2021 Monthly Financial Report (consent)																	P	P									
40 Recommend Receiving and Filing of November 2021 Monthly Financial Report (consent)																	P	P									
41 Recommend Approval of a Resolution Revising Wholesale Water Rates																		P									
42 Review Budget Calendar																			P								
43 Review Annual List of Professional Services Contracts (consent)																			P	P							
44 Technology Update																				P							
45 Recommend Receiving and Filing of January 2022 Monthly Financial Report (consent)																			P	P							
46 Recommend Approval of a Proposed Employee Salary Adjustment for FY 2022/23																					P						
47 Review Status of Operating FY 2021/22 and FY 2022/23 Biennial Budget																					P						
48 Recommend Receiving and Filing of February 2022 Monthly Financial Report (consent)																					P	P					
49 Recommend Approval of a Resolution Revising the FY 2021/22 and FY 2022/23 Biennial Budget																							P				
50 Approve a Resolution Adopting the Appropriation of All As-Yet Unappropriated Funds for FY 2021/22 (consent)																							P	P			
51 Approve a Resolution Adopting the Appropriation Limit for FY 2022/23 (consent)																							P	P			
52 Review Financial Performance Metrics																							P				
53 Recommend Receiving and Filing of March 2022 Monthly Financial Report (consent)																							P	P			

C = Completed Item
P = Planned Item

**Finance and Administration Committee
Planning Calendar
FY 2021/22**

Item	July 6 Board	July 19 Comm	Aug 3 Board	Aug 16 Comm	Sept 7 Board	Sept 20 Comm	Oct 5 Board	Oct 18 Comm	Nov 2 Board	Nov 15 Comm	Nov 16 Board	Dec 7 Board	Dec 13 RESCHEDULED Comm	Jan 4 Board	Jan 24 RESCHEDULED Comm	Feb 15 Board	Feb 28 RESCHEDULED Comm	Mar 15 Board	Mar 21 Comm	April 5 Board	April 18 Comm	May 3 Board	May 16 Comm	June 7 Board	June 20 Comm	June 21 Board
54	Recommend Approval of Resolution Authorizing July 2021 Water Supply Contract Payment																									
55	Technology Update																									
56	Recommend Receiving and Filing of April 2022 Monthly Financial Report (consent)																									

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PUBLIC OUTREACH AND LEGISLATION COMMITTEE AGENDA PLANNING CALENDAR FY 2021-2022

July 15, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Recommendation to Serve on the ACWA Legislative Committee
3. Equitable and Inclusive Engagement
4. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

August 19, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Communications Manager Activities:
 - Social Media Report from Consultant Tripepi Smith
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

September 16, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Discussion on Community Event Participation
3. Equitable and Inclusive Engagement
4. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

October 21, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Review of Outreach on Rent and Utility Relief Program
3. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

November 18, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Update on Communication and Engagement Gap Analysis Efforts
3. Communications Manager Activities:
 - Social Media Report from Consultant Tripepi Smith
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

December 16, 2021 Committee – VIRTUAL MEETING

1. Legislative Consultant Reports
2. Outreach Year in Review
3. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

January 20, 2022 Committee

1. Legislative Consultant Reports
2. Discussion of Legislative Platform
3. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

February 17, 2022 Committee

1. Legislative Consultant Reports
2. Status Update on Communication and Engagement Gap Analysis Efforts
3. Communications Manager Activities:
 - Social Media Report from Consultant Tripepi Smith
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

March 17, 2022 Committee

1. Legislative Consultant Reports
2. Discussion of Water 101 Ambassador Program
3. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

April 21, 2022 Committee

1. Legislative Consultant Reports
2. Discussion of Legislative Workshop
3. Communications Manager Activities:
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

May 19, 2022 Committee

1. Legislative Consultant Reports
2. Communications Manager Activities:
 - Social Media Report from Consultant Tripepi Smith
 - Legislative Tracking
 - Grant Status Report
 - Sponsorship Tracking FY 2021/22
 - Committee Planning Calendar FY 2021/22

**Santa Clarita Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2021/22

Item	Jul 6 Board	Jul 14 Comm	Aug 3 Board	Aug 11 Comm	Sep 7 Board	Sep 8 Comm	Oct 5 Board	Oct 13 Comm	Nov 2 Board	Nov 10 Comm	Nov 16 Board	Dec 7 Board	Dec 8 Comm	Jan 4 Board	Jan 12 Comm	Feb 1 Board	Feb 9 Comm	Mar 1 Board	Mar 9 Comm	Apr 5 Board	Apr 13 Comm	May 3 Board <i>TO BE MOVED</i>	May 11 Comm	Jun 7 Board	Jun 8 Comm	
1	Discuss and Consider Potential Amendment to the Deposit and Funding Agreement between Santa Clarita Valley Water Agency and DACA-Castaic, LLC for Tapia Ranch									C		P														
2	Authorize the General Manager to Enter into a Lease Agreement with Rolling Hills Farms for the Devil's Den Property											P														
3	Update on Conservation Activities & Performance		C	C	C	C	C	C	C	C			P	P	P	P	P	P	P	P	P	P	P	P	P	P
4	Status of Drought Response and Performance									C			P	P	P	P	P	P	P	P	P	P	P	P	P	P
5	Status of Water Supplies												P	P	P	P	P	P	P	P	P	P	P	P	P	P
6	Status of Sustainable Groundwater Management Act Implementation				C								P	P	P	P	P	P	P	P	P	P	P	P	P	P
7	Status of Sites Reservoir Project, Rosedale-Rio Bravo Water Banking Program and AVEK High Desert Banking Program		C										P	P	P	P	P	P	P	P	P	P	P	P	P	P
8	Status of Integrated Regional Water Management Plan Update												P	P	P	P	P	P	P	P	P	P	P	P	P	P
9	Recommend that the Board Authorize the General Manager to Enter Into Water Exchange Agreements with Irvine Ranch Water District												P	P	P	P	P	P	P	P	P	P	P	P	P	P
10	Recommend Approval of a Resolution Adopting Recycled Water Rules and Regulations															P	P	P	P	P	P	P	P	P	P	P
11	Recommend Approval of Amendment to Sites Reservoir Planning Costs Agreement															P	P	P	P	P	P	P	P	P	P	P
12	Authorize the General Manager to Enter into an Agreement to Fund Planning Costs for the Proposed High Desert Groundwater Banking Program															P	P	P	P	P	P	P	P	P	P	P
13	Status of Recycled Water Program															P	P	P	P	P	P	P	P	P	P	P
14	Recommend Authorizing the General Manager to Enter Into and Agreement for the Exchange/Transfer of Water from Irvine Ranch Water District Through the Rosedale Rio-Bravo Water Banking Program																P	P	P	P	P	P	P	P	P	P
15	Devil's Den Semi-Annual Report						C	C									P	P	P	P	P	P	P	P	P	P
16	Status of Water Supply and Water Banking Programs						C													P	P	P	P	P	P	P
17	Recommend Adopting a Resolution Authorizing Creation of a Standby Charge for the Tesoro del Val Annexation Area.																									
18	Review and Discussion of FY 2021/22 and FY 2022/23 Water Resources Operating Budget and Minor and Major Capital Projects Budgets																									
19	Review of Lawn Replacement Program Evaluation				C																					

**Santa Clara Valley Water Agency
Water Resources & Watershed Committee and Board Calendar**

FY 2021/22

	Item	Jul 6 Board	Jul 14 Comm	Aug 3 Board	Aug 11 Comm	Sep 7 Board	Sep 8 Comm	Oct 5 Board	Oct 13 Comm	Nov 2 Board	Nov 10 Comm	Nov 16 Board	Dec 7 Board	Dec 8 Comm	Jan 4 Board	Jan 12 Comm	Feb 1 Board	Feb 9 Comm	Mar 1 Board	Mar 9 Comm	Apr 5 Board	Apr 13 Comm	May 3 Board <i>TO BE MOVED</i>	May 11 Comm	Jun 7 Board	Jun 8 Comm
20	Status of Efforts Relating to Groundwater Spreading Pilot Program				C																					
21	Recommend Authorizing the General Manager to Enter into a Contract with Kris Helm Consulting for Water Resources Strategic Planning Services						C																			
22	Recommend Approval of Modification to Lawn Replacement Program						C																			
23	CLOSED SESSION: Devil's Den Real Property Negotiation and Ongoing Litigation							C																		
24	Status of Devil's Den Solar Generation Facilities							C																		
25	Approve a Resolution Authorizing the General Manager to Apply for Grant Funding Under the Federal Bureau of Reclamation WaterSmart Drought Relief Program for the Rosedale Phase 2 Wells Project								C																	
26	CLOSED SESSION: Property Negotiation - Water Transfers								C																	
27	Status of Upper Santa Clara River Salt and Nutrient Management Plan								C																	
28	Update on Water Operating Plan and Water Conservation Response Actions								C																	
29	CLOSED SESSION: Anticipated Litigation										C															
30	Consider Adoption of a Resolution to Enact Stage 1 of the Water Shortage Contingency Plan and Water Conservation and Water Supply Shortage Ordinance																									C
31	Recommend Authorizing the General Manager to Execute an Construction Contract for Bridgeport Pocket Park - TBD																									

From: [Jerry Gladbach](#)
To: [April Jacobs](#)
Subject: AB 1234 Report
Date: Tuesday, November 23, 2021 5:19:32 PM

DIRECTOR's AB 1234 REPORT

Director Name: Jerry Gladbach
Meeting Attended: SCV-GSA Board Meeting
Date of Meeting: November 23, 2021
Date of Meeting to be Presented: December 7, 2021
Points of Interest:

Staff presented the points of attachment whereby action would be noted and to be studied further regarding what actions may be necessary if any. They showed and discussed the Environmental Dependent Ecosystems, the main one is the 3spined stickleback in the SC River just east of I-5. They showed the change in the environment in the river and canyons comparing the condition before and after the flood of 2005.

The staff also showed the areas of low income areas and all are served by the SCVWA except Lily of the Valley and the LARC Ranch, both of which will be served by the SCVWA.

Staff also showed all of the various methods of communication with the above areas

The Board also appointed Director Martin as the voting delegate for ACWA's officers and Director Cooper as his alternate.

The Board also authorized a letter be sent in support of the SCVWA application for a grant for the Saugus 3 and 4 wells project

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BOARD OF DIRECTORS

PRESIDENT
GINA NATOLI

VICE PRESIDENT
MARIA GUTZEIT

B. J. ATKINS
RUSS BRYDEN
WILLIAM COOPER
JASON GIBBS
GARY MARTIN

ALTERNATE BOARD
E.G. "JERRY" GLADBACH
R.J. KELLY
LYNNE PLAMBECK
DAVID RYDMAN
LAURENE WESTE

GENERAL COUNSEL
THOMAS BUNN III

SECRETARY
EUNIE KANG

**NOTICE AND AGENDA OF SPECIAL BOARD MEETING OF
SANTA CLARITA VALLEY GROUNDWATER SUSTAINABILITY AGENCY BOARD**

**Santa Clarita Valley Water Agency – Board Room
Rio Vista Treatment Plant Facility
27234 Bouquet Canyon Road
Santa Clarita, CA 91350**

**WEB AND TELECONFERENCE ONLY
NO PHYSICAL LOCATION FOR MEETING**

Tuesday, November 23, 2021, at 2:30 PM

WEB AND TELECONFERENCING NOTICE

Pursuant to the provisions of AB 361, which amends the Brown Act to allow legislative bodies or local agencies to meet remotely during declared emergencies under certain conditions, any Director may call into an Agency Board meeting using the Agency's **Call-In Number 1 (833) 568 8864, Webinar ID: 160 564 7992 or Zoom by clicking on the link <https://scvwa.zoomgov.com/j/1605647992>** without otherwise complying with the Brown Act's teleconferencing requirements.

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 Zoom Webinar 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 ekang@scvwa.org or mailed to Eunie Kang, Board Secretary, Santa Clarita Valley Groundwater Sustainability Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350. All written comments received before 12:00 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 12:00 PM the day of the meeting will be posted on the SCV-GSA website the following day.

1. REGULAR PROCEDURES

- 1.1 Call to Order
- 1.2 Pledge of Allegiance
- 1.3 Public Comments – Members of the public may comment as to items within the subject matter jurisdiction of the Agency that are 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.)
- 1.4 Approval of Agenda

2. SPECIAL PROCEDURES **PAGE**

- 2.1 * Approve Continuation of Remote Meetings as Described in Assembly Bill 361 and Make Required Findings 1

3. CONSENT CALENDAR

All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by the Board by one motion. There will be no separate discussion on these items prior to the time the Board votes unless any Board member, staff or the public, requests specific items be discussed and/or removed from the Consent Calendar for separate action.

ITEMS **PAGE**

- 3.1 * Approve Minutes of the October 20, 2021, Santa Clarita Valley Groundwater Sustainability Agency Special Board of Directors Meeting 5

4. DISCUSSION AND/OR ACTION AGENDA ITEMS

ITEMS **PAGE**

- 4.1 * Discussion of Sustainable Management Criteria for Groundwater-Surface Water Interactions and Triggers for Groundwater Dependent Ecosystems (GDEs) 9
- 4.2 * Draft Responses to Public Comments of the SCV-GSA Draft Groundwater Sustainability Plan (GSP) 21
- Direct Link to Draft GSP:
<https://share.gsiws.com/index.php/s/CrynwfbbiHFCqgT>
- 4.3 * Designation of SCV-GSA Board Voting Delegate for Association of California Water Agency (ACWA) Election for the 2022-2023 Term 43
- 4.4 * Authorize Letter of Support for Santa Clarita Valley Water Agency's Saugus 3 & 4 Wells Project Grant Application 47

5. DIRECTOR REQUESTS FOR FUTURE AGENDA ITEMS

6. ADJOURNMENT

- * Indicates attachment
- ◆ To be distribute

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 Eunie Kang,

Secretary to the Board of Directors, at (661) 297-1600 or writing to Santa Clarita Valley Groundwater Sustainability 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, California 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.scvgsa.org>.

Posted on November 17, 2021

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From: [ejglad \(null\)](#)
To: [April Jacobs](#)
Subject: AB 1234 REPORT
Date: Tuesday, November 30, 2021 12:26:48 PM

CAUTION - EXTERNAL SENDER

DIRECTOR's AB 1234 REPORT

Director Name: Jerry Gladbach
Meeting Attended: ACWA's Energy Committee
Date of Meeting: November 30, 2021
Date of Meeting to be Presented at: December 7, 2021

Items of Interest:

Dan Muelrath, with Diablo Water District, near the East Bay Area, described their goal of being carbon neutral by 2027. Their electrical load is 1MW, and they are looking to buy 2 solar farms and will use offsets to meet their goal, if necessary.

Tina Javid, with So Cal Gas Co., described their strategy for meeting their goal of carbon neutral by 2045. Their company is the largest gas company in the US, they have 6 million meters, serve 22 million people, and have nearly 104,000 miles of pipelines. They realize that solar and wind is not for everybody. They will accomplish their goal by collaboration and looking at the entire spectrum of energy needs and suppliers. Their clean fuel strategy consists of clean hydrogen, synthetic gas, conversion of biomass, and others. They are building a house in Downey that will use hydrogen as its only energy supply. They will experiment with 2%, 4% and up to 20% hydrogen in their pipelines. Other countries are way ahead of us in the use of hydrogen. She pointed out that reliability and resiliency are critical.

David Burdick, Terra Verda, described the opportunities with energy storage coupled with solar and/or wind generation. David listed SCVWater as one of five of his clients.

Nick Blair, ACWA staff person to this committee, let us know that he has sent letters to the CARB regarding our needs and concerns with meeting their goal of electrical vehicles. He pointed out that they do not understand our industry. CARB is having workshops in the next two months and Nick urged the members to volunteer as a panelist at the workshops to better inform them of our concerns.

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BOARD MEMORANDUM

DATE: October 25, 2021
TO: Board of Directors
FROM: Ed Colley
Board Member
SUBJECT: Discuss and Consider Changing the Board Policy on Director Remote Attendance at Board and Committee Meetings

SUMMARY

The current policy requires a Director to provide an “important reason” to justify his or her remote attendance at an agency meeting. This may compel a Director to either publicly reveal personal information or forgo remote attendance. A change to allow each Director to determine for him or herself the importance of remote attendance, subject to reasonable limits applicable to all Directors, is proposed.

DISCUSSION

The current remote attendance policy provides:

“Directors may participate in Board meetings by teleconference with Board approval, at the request of the Board president, or by approval of the Board President if circumstances are such that obtaining Board approval is not practicable. Unless requested by the Board President, Directors wishing to participate in a Board meeting using teleconference shall submit a written request to the Board President that includes the reason(s) for the request. The Board President shall place the item on the next Board agenda for consideration. It is the Board’s position that Directors not participate in Board meetings by teleconference unless there is an important reason to do so. Any teleconferenced meeting shall comply with all of the requirements of the Brown Act.”

Recently Director R.J. Kelly submitted a request under this policy that serves to highlight substantial problems with this current policy.

Three fundamental assumptions are important to this discussion. First, every Director is primarily answerable to his or her constituents and the ratepayers of the Agency. Second, no Director’s personal life or medical issues should be made a subject of public discussion unless he or she chooses to voluntarily place an issue into the public domain. Third, every Director’s attendance and participation in meetings is important and valued.

Director Kelly asserted in his request that he needed to attend meetings remotely for “personal reasons.” He did not reveal any more specifics. One could speculate that he intends to go on a vacation, or that he needs to have prostate surgery; one could make up a hundred different possible scenarios, but none would serve any purpose as the public has far too little evidence

upon which to form an opinion. Ultimately, unless he decides, voluntarily, to tell the public, it is not their business.

Under the current policy that declares that an “important reason” must exist in order to overcome the presumption that teleconferencing is disfavored, a Director may be compelled to either reveal more information than they might otherwise want to keep private, or suffer the consequence of not being able to attend a meeting remotely. Depending on the nature of the “important reason” the Director may be faced with a Hobson’s choice.

Of course, the contours of an “important reason” are not included in the current policy. Some might consider a vacation to be of sufficient importance to warrant the absence. Others may not. Some might think that caring for one’s spouse following a mastectomy to be important. Others might reason that leaving that care to a hospital staff for a few hours would be the better option. Again, one could fill a hundred pages with reasons, and sorting them into important and un-important would likely be difficult and subject to substantial disagreement by members of the Board.

For each individual director called upon to judge the importance of a reason, it is likely that other factors would come into play. If the requestor was less popular it would be more likely that his or her reasons would be found to be un-important. A popular director’s request is more likely to be found to be important.

In his request, Director Kelly urges that it is important that every Director be afforded the opportunity to represent his or her constituents and to stay informed by attending meetings.

Of course, one should also consider the costs incurred when a Director attends a meeting remotely. When any Director attends remotely, every vote must be taken by roll call which always takes more time than the “clickers” which could otherwise be used. At the October 19, 2021 meeting, where every director attended remotely, it took 40 seconds to vote on the agenda by roll call. If one assumes it typically took 10 seconds to vote with the automated system used for in-person meetings, each roll call vote extends the meeting by about 30 seconds. If a typical Board agenda requires ten votes, a typical meeting is extended by five minutes. For committee meetings votes are not required, so one would not expect meetings to be any longer.

Additionally, some extra work is required in preparation for the meeting, and most of this work falls on the Board Secretary. However, again, the extra time for this preparation would normally be much less than a single hour.

The current policy implies that there exist some reasons important enough such that the costs and benefits of remote attendance tip in favor of attending remotely. The question then comes down to who should decide how the scale is balanced. Is it a better practice to allow each Director to make the decision for him or herself, or to allow the President or full Board to make the decision?

In allowing each Director to decide remote attendance for themselves, that policy would parallel the policy on attendance at meetings and events outside our own agency. It would also protect the Director’s privacy. It is proper for the Board to place reasonable limits on such attendance while leaving it to the discretion of each Director to decide his or her own priorities within those limits, and to leave the *judgement* of the use (or abuse) of this discretion up to the voters.

In addition, service as a Director is far from a full-time job, and the monetary compensation is modest. A typical meeting may last for three hours, and advance preparation may require a Director to spend about two hours per meeting. Thus, the average compensation may be less than \$50 per hour. Such modest compensation may not justify a policy that would impose substantial limitations on what an individual Director might otherwise do in their personal life in order to continue to serve his or her constituents and ratepayers.

As it applies to limits on remote attendance, a numerical annual limit similar to the policy on attendance on outside events would be workable. In most years about 24 – 30 Board meetings are held. If remote attendance was limited to about 20 to 25%, a limit of remote attendance to six Board meetings each year would be appropriate. Because remote attendance at committee meetings comes at a lower cost, a limit of eight might be appropriate. In any case, the limits would be established by the Board majority and applied evenly to every Director such that any possible bias is eliminated.

FINANCIAL CONSIDERATIONS

None.

RECOMMENDATION

Director Colley recommends that the remote attendance policy be changed to read as follows:

The Board finds that in-person attendance at Agency Board and Committee meetings is preferred, but sometimes important reasons exist for remote attendance as is allowed under the Brown Act. Directors may appear remotely by teleconference as allowed under the Brown Act only under the following conditions:

- 1) The Director must notify the Board Secretary of the intent to appear remotely at least twelve days in advance of the meeting and must provide the specific physical address of the remote location from which the Director will attend.
- 2) An individual Director will be allowed to attend no more than six meetings of the Board from a remote location in any calendar year.
- 3) An individual Director will be allowed to attend no more than eight meetings of all assigned standing Committees from a remote location in any calendar year.
- 4) If more than four Directors inform the Secretary of an intent to attend a meeting from a location outside the boundary of the Agency, the Secretary will inform the fifth and subsequent Directors that they may not attend the meeting remotely.
- 5) The Secretary will provide an electronic copy of any/all document(s) that is/are required to be posted at the remote location. The Director will print the document(s) and properly and timely post them.

- 6) The Director is responsible for compliance with all the requirements of law at the remote location. Any teleconferenced meeting shall comply with all the requirements of the Brown Act.
- 7) Ad Hoc Committee attendance will be as directed by the Chairperson of the Ad Hoc Committee.
- 8) The President may waive any requirement of this policy other than those which are required by law.

This policy will not be effective where no physical location for a meeting is provided, or the Board meets under the provisions of Government Code § 54953(e); in such cases the numerical limits do not apply. Additionally, where the President determines that remote attendance is impractical, such as when the Board itself travels to a remote location or where remote access to witness testimony or evidence might be insufficient, this policy will not apply, and remote attendance will not be permitted.

Attachment

**POLICIES AND PROCEDURES
FOR THE
BOARD OF DIRECTORS
OF THE
SANTA CLARITA VALLEY WATER AGENCY
(SCV WATER)**

August 20, 2019

**SECTION III, A.1
BOARD AND COMMITTEE MEETINGS**

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III. BOARD AND COMMITTEE MEETINGS

A. Board Meetings

1. Quorum and Voting

Seven (7) or more Directors constitute a quorum of the Board. No Board meeting may be called to order nor may any action be taken without the presence of a quorum. As the number of Directors reduces consistent with Sections 9 and 10 of the Act, a majority of the number of authorized Director positions shall constitute a quorum of the Board.

The Board shall act, at properly noticed Board meetings, only by ordinance, resolution, or motion. Adoption of any ordinance, resolution, or motion requires an affirmative vote by a majority of the Board unless the action being taken specifically requires otherwise. Directors should vote (yes, no, or abstain) on all proposed Board actions unless a Director declares the matter to be a conflict of interest prior to discussion of the subject, in which case the affected Director should recuse him or herself from discussing and/or voting on the matter and leave the room until after the discussion, vote and disposition of the matter is concluded (Political Reform Act, Government Code §§87100-87105).

Voting on ordinances shall be by roll call vote, with the yes's and no's recorded in the minutes. When conducting a roll call vote, the Secretary shall call for the vote of each Director and for the vote of the President last.

Voting on resolutions and motions may be by voice or electronic system vote, ruled upon as either passing or failing by the President. The President or the Board Secretary shall announce if an action was unanimous and if it was not, which Directors voted against the action. On demand of any Director, a roll call vote shall be called to confirm the ruling of the President as to the outcome of a voice or electronic system vote.

Directors may participate in Board meetings by teleconference with Board approval, at the request of the Board president, or by approval of the Board President if circumstances are such that obtaining Board approval is not practicable. Unless requested by the Board President, Directors wishing to participate in a Board meeting using teleconference shall submit a written request to the Board President that includes the reason(s) for the request. The Board President shall place the item on the next Board agenda for consideration. It is the Board's position that Directors not participate in Board meetings by teleconference unless there is an important reason to do so. Any teleconferenced meeting shall comply with all of the requirements of the Brown Act.

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