



# DESCANSO COMMUNITY WATER DISTRICT

**September 17, 2024**

POSTED:

## **NOTICE**

A Regular Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

**Tuesday, September 17th, 2024, 7:00 pm**

**Descanso Town Hall, Viejas Grade Blvd., Descanso, CA**

### **AGENDA**

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE.**
2. **ROLL CALL.**
3. **APPROVAL OF AGENDA.**
4. **PUBLIC COMMENT:** An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No Board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited, and each speaker may be limited to no more than 3 minutes (Brown Act, Section 54954.3).
5. **APPROVAL OF THE MINUTES:** The Board will review the draft minutes from the following meetings and take appropriate action:
  - Regular Meeting held on June 18<sup>th</sup>, 2024
6. **FINANCIAL REPORT:** The district's accountant will present the financial report to the Board. The Board will consider its approval and take appropriate action.
7. **PROPOSED SUSP CONTRACT:** The Districts Board will discuss the matter and take appropriate action.
8. **ENGINEERING STATUS REPORT:** The District's Engineer will update the Board on the status of the 2017 Water System Improvements.
9. **IRON AND MANGANESE TREATMENT FACILITY BIDS RECEIVED JUNE 2024:** The Board will review and discuss the bid received from Cora Construction for construction of the Water Treatment facility and take appropriate action.
10. **IRON AND MANGANESE TREATMENT FACILITY:** The Board will discuss the possibility of re-issuing the RFP for Construction of the Iron and Manganese Treatment facility and take appropriate action.
11. **NV5 TASK ORDER 08, CONTRACT AMENDMENT 06:** The Board will discuss NV5's Task Order 08 dealing with design document modifications and Bidding Assistance for Treatment Facility Construction and take appropriate action.
12. **GENERAL MANAGER'S REPORT:** The GM will provide a report on activities occurring since the last meeting.
  - A. GM Report.
  - B. Q&A.

- 13. **DCWD BOARD OF DIRECTORS NEWSLETTER:** The Board will discuss a draft outline of the DCWD Board of Directors Newsletter and take appropriate action.
- 14. **OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS**
- 15. **MOTION TO ADJOURN**

<b>Board of Directors</b>		
Maureen Phillips  President  (619) 445-6042	Sheri Minix  Director  (619) 823-4216	Lee Johnson  Financial Officer  (619) 445-4122
Vacancy	Vacancy	Dan DeMoss  General Manager  (916) 616-7761

NOTE: Arrangements will be made for handicapped accessibility as required. Please contact the District by calling (855) 224-6981 (7 days a week-24/7). The next regular meeting of the Descanso Community Water District Board of Directors will be held on December 17, 2024.

**Item 1**

**CALL TO ORDER, PLEDGE OF ALLEGIANCE**

## Item 2

### **ROLL CALL:**

1. Maureen Phillips
2. Sheri Minix
3. Lee Johnson
4. Dan DeMoss

**Item 3**

**APPROVAL OF AGENDA:**

The Board will review and discuss any last-minute revisions to the posted agenda.

**Notes:**

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**Item 4**

**PUBLIC COMMENT:**

An opportunity for the public to comment on any topic that is within the jurisdiction of the Board and not on this agenda. No board action is authorized for items not on this agenda. The total amount of time allocated for public comment may be limited and each speaker may be limited to no more than 3 minutes (Brown Act Section 54854.3).

**Notes:**

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## Item 5

### APPROVAL OF THE MINUTES:

The Board will review the draft minutes from the following meetings and take appropriate action:

- Regular Meeting held on June 18<sup>th</sup>, 2024

### Notes:

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## Minutes

A Meeting of the Board of Directors of the Descanso Community Water District (DCWD) has been called for:

***Tuesday, June 18th, 2024, 7:00 pm  
Descanso Town Hall, Viejas Grade Blvd., Descanso, CA***

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE:** The meeting was called to order by President Phillips at 7:02 PM.
2. **ROLL CALL:** Members present were Phillips, Johnson, and Minix. Dan DeMoss with CRWA, SUSP/DCWD Administrative Assistant Cierra Creamer, SUSP/DCWD Field Technician Cameron West. Jason Kaminsky with HNK CPAs.
3. **APPROVAL OF AGENDA:** The agenda was approved with no changes. No action needed.
4. **PUBLIC COMMENT:** A customer had some questions about the watershed coming down from Elm to which DeMoss and the board answered. No action needed.
5. **APPROVAL OF THE MINUTES OF THE MARCH 2024 MEETING:** The board looked over the minutes and had no changes. A motion to approve the minutes with no changes was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.
6. **FINANCIAL REPORT:** Kaminsky went over the financial report and answered any questions. Johnson asked if the pricing on the chemicals has gone down to which Dan replied that it hasn't and since we buy the chemicals in bulk the cost isn't always listed on the report. A motion to accept the financial report as is, was made by Minix and a second by Johnson. A vote was taken, 3 approved and 0 opposed.
7. **PROPOSED FY 2024/2025 BUDGET:** Kaminsky went over the proposed budget and answered any questions. There was a question made by Johnson regarding the budgeting for the plant to which DeMoss and Kaminsky answered. A motion to accept the financial report was made by Johnson and a second by Minix. A vote was taken, 3 approved and 0 opposed.

8. **ENGINEERING STATUS REPORT:** The board went over and reviewed the update provided by NV5 Engineer James Owens. It was discussed that a special meeting will be called for opening bids. No action needed.
  
9. **GENERAL MANAGERS REPORT:** DeMoss went over the current happenings in the district. He went over the Lead and Copper Inventory, late notices, and the tractor needing to be bought for the district. West went over the recent leak on Hwy 79 and how he had to call TC Construction for help with getting it fixed. He also went over a low-pressure complaint we've received and what could be possibly done about it. No action needed.
  
10. **DCWD BOARD OF DIRECTORS NEWSLETTER:** A newsletter is not needed at this time. No action needed.
  
11. **SUCH OTHER ITEMS DIRECTLY RELATED TO THE PREVIOUS AGENDA ITEMS ABOVE AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS:** Phillips and Johnson will be re-running so they will be working on getting that done. Jo Mackenzie is running for CSDA Board Representative and would like the district's support so Phillips would like that added to the special meeting agenda. No action needed.
  
12. **MOTION TO ADJOURN:** A motion was given by Minix and a second by Johnson to adjourn the meeting at 8:16 PM.

<b>Board of Directors</b>		
Maureen Phillips President (619) 445-6042	Sheri Minix Director (619) 823-4216	Lee Johnson Finance Officer (619) 445-4122
Vacancy	Vacancy	Dan DeMoss General Manager (916) 616-7761

**Item 6**

**FINANCIAL REPORT:**

The District's accountant will present the financial report to the Board. The Board will consider approval and take appropriate action.

**Notes:**

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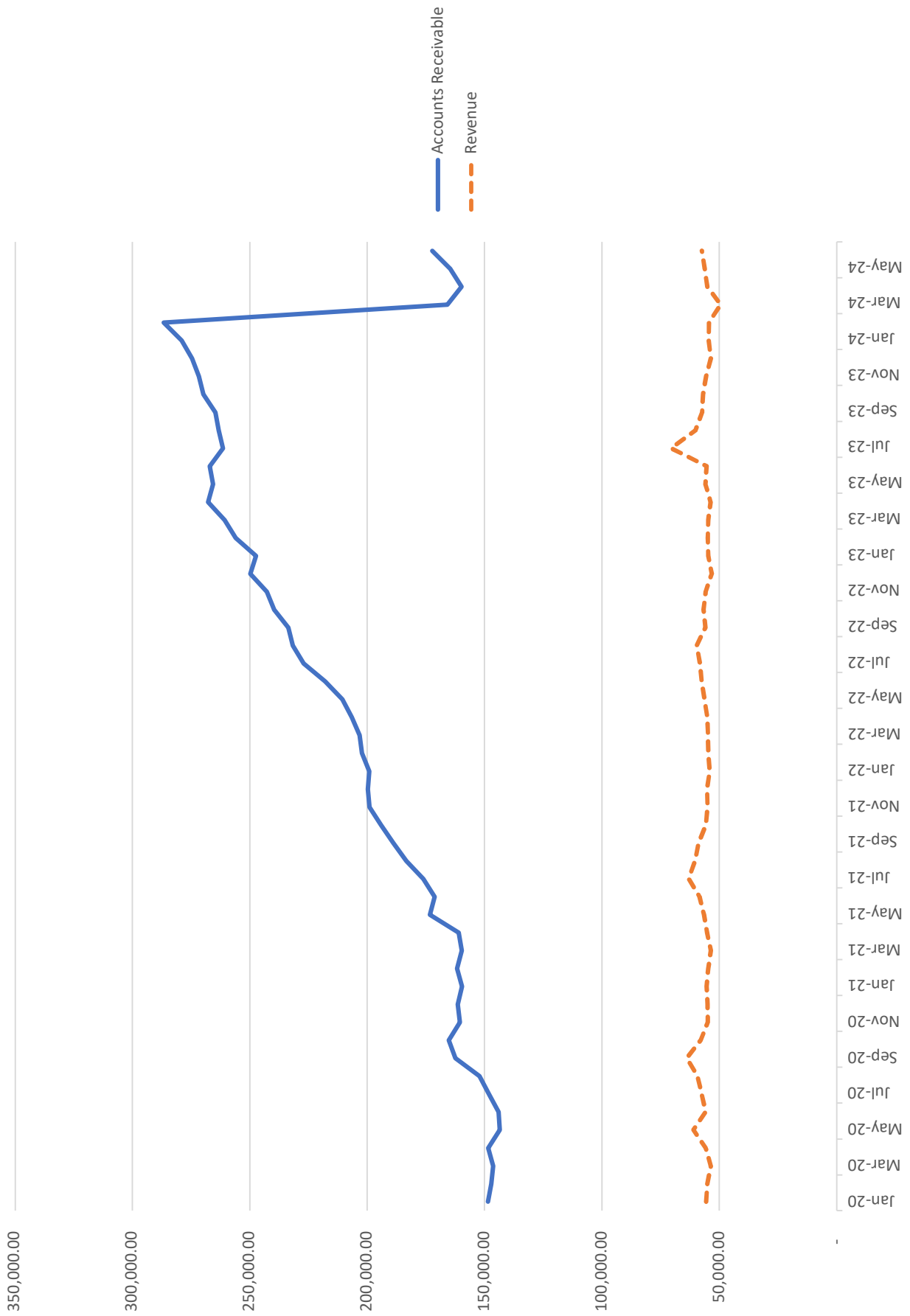
**Descanso Community Water District**  
**Statement of Net Position**  
As of June 30, 2024

	<b>Jun 30, 24</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
<b>Cash and Cash Equivalents</b>	
<b>Cash</b>	
General Fund7573-Cal Bank	387,346
Checking7680-Cal Bank	20,152
Emgncy/Cap ImproveFund-Cal Bank	597,240
Installment Fund - US Bank	2,994
Reserve Fund - US Bank	37,476
Deposits In Transit	699
<b>Total Cash</b>	<b>1,045,907</b>
<b>Total Cash and Cash Equivalents</b>	<b>1,045,907</b>
<b>Total Checking/Savings</b>	<b>1,045,907</b>
<b>Accounts Receivable</b>	
<b>Customer Accounts Receivable</b>	
Customer Accounts Receivable	172,268
<b>Total Customer Accounts Receivable</b>	<b>172,268</b>
<b>Allowance for Doubtful Accounts</b>	-96,000
<b>Total Accounts Receivable</b>	<b>76,268</b>
<b>Other Current Assets</b>	
Security Deposits	3,260
Materials and Supplies	31,011
Prepayments	437
<b>Total Other Current Assets</b>	<b>34,708</b>
<b>Total Current Assets</b>	<b>1,156,883</b>
<b>Fixed Assets</b>	
<b>Utility Plant-At Original Cost</b>	
Utility plant-original cost	4,052,764
<b>Total Utility Plant-At Original Cost</b>	<b>4,052,764</b>
<b>Accumulated Depreciation</b>	-1,269,276
<b>Total Fixed Assets</b>	<b>2,783,488</b>
<b>Other Assets</b>	
Uncapitalized Fixed Assets -WIP	25,157
<b>Total Other Assets</b>	<b>25,157</b>
<b>TOTAL ASSETS</b>	<b>3,965,528</b>

**Descanso Community Water District**  
**Statement of Net Position**  
As of June 30, 2024

	<b>Jun 30, 24</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	58,995
Other Current Liabilities	
<b>Current Portion of LTD</b>	
Loan Payable - US Bank	18,600
Loan Payable - SD County	4,465
USDA Series 2021A Short Term	24,000
USDA Series 2021B Short Term	7,000
<b>Total Current Portion of LTD</b>	54,065
Interest Accrued	22,022
<b>Total Other Current Liabilities</b>	76,087
<b>Total Current Liabilities</b>	135,082
<b>Long Term Liabilities</b>	
<b>Long-Term Debt</b>	
Loan Payable - US Bank 4/2038	340,836
Loan Payable-SD County 1/2041	95,209
USDA Series 2021A Long Term	1,421,000
USDA Series 2021B Long Term	30,000
<b>Total Long-Term Debt</b>	1,887,045
<b>Total Long Term Liabilities</b>	1,887,045
<b>Total Liabilities</b>	2,022,127
<b>Equity</b>	
Previous Net Position	1,887,613
Net Income	55,789
<b>Total Equity</b>	1,943,402
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,965,529</b>

# Accounts Receivable Balance



Unaudited - No assurance is provided on these financial statements

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 April through June 2024

	Apr 24	Budget	\$ Over Budget	% of Budget	May 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	41,380	40,560	820	102%	42,505	42,756	-251	99%
Total Income	41,380	40,560	820	102%	42,505	42,756	-251	99%
<b>Gross Profit</b>	41,380	40,560	820	102%	42,505	42,756	-251	99%
<b>Expense</b>								
Operating Expenses	583	1,117	-534	52%	842	1,203	-361	70%
Water Treatment	175	6,154	-5,979	3%	660	1,070	-410	62%
Repairs and Maintenance	1,206	1,481	-275	81%	1,272	1,481	-209	86%
Transmission & Distribution	26,757	29,148	-2,391	92%	28,554	29,148	-594	98%
Depreciation	13,557	20,224	-6,667	67%	13,557	20,224	-6,667	67%
General & Administrative	10,929	5,643	5,286	194%	7,559	5,644	1,915	134%
Total Expense	53,207	63,767	-10,560	83%	52,444	58,770	-6,326	89%
<b>Net Ordinary Income</b>	-11,827	-23,207	11,380	51%	-9,939	-16,014	6,075	62%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,639	7,687	-48	99%	7,663	7,687	-24	100%
Viejas Grade Project Charge	1,581	1,591	-10	99%	1,586	1,591	-5	100%
Supp Debt Charge	4,505	4,533	-28	99%	4,519	4,533	-14	100%
Interest Income	1,352	230	1,122	588%	1,148	230	918	499%
<b>Total Other Income</b>	15,077	14,041	1,036	107%	14,916	14,041	875	106%
<b>Other Expense</b>								
Interest Expense	4,382	4,423	-41	99%	4,382	4,423	-41	99%
<b>Total Other Expense</b>	4,382	4,423	-41	99%	4,382	4,423	-41	99%
<b>Net Other Income</b>	10,695	9,618	1,077	111%	10,534	9,618	916	110%
<b>Net Income</b>	<u>-1,132</u>	<u>-13,589</u>	<u>12,457</u>	<u>8%</u>	<u>595</u>	<u>-6,396</u>	<u>6,991</u>	<u>-9%</u>

# Descanso Community Water District

## Statement of Revenues, Expenses, & Change in Net Position

April through June 2024

	Jun 24	Budget	\$ Over Budget	% of Budget	Apr - Jun 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	43,659	42,752	907	102%	127,544	126,068	1,476	101%
Total Income	43,659	42,752	907	102%	127,544	126,068	1,476	101%
<b>Gross Profit</b>	43,659	42,752	907	102%	127,544	126,068	1,476	101%
<b>Expense</b>								
Operating Expenses	1,803	1,497	306	120%	3,228	3,817	-589	85%
Water Treatment	175	6,738	-6,563	3%	1,010	13,962	-12,952	7%
Repairs and Maintenance	9,327	1,481	7,846	630%	11,805	4,443	7,362	266%
Transmission & Distribution	29,521	29,147	374	101%	84,832	87,443	-2,611	97%
Depreciation	13,557	20,224	-6,667	67%	40,671	60,672	-20,001	67%
General & Administrative	-68,841	5,876	-74,717	-1,172%	-50,353	17,163	-67,516	-293%
Total Expense	-14,458	64,963	-79,421	-22%	91,193	187,500	-96,307	49%
<b>Net Ordinary Income</b>	58,117	-22,211	80,328	-262%	36,351	-61,432	97,783	-59%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,663	7,688	-25	100%	22,965	23,062	-97	100%
Viejas Grade Project Charge	1,586	1,592	-6	100%	4,753	4,774	-21	100%
Supp Debt Charge	4,519	4,533	-14	100%	13,543	13,599	-56	100%
Interest Income	1,072	230	842	466%	3,572	690	2,882	518%
<b>Total Other Income</b>	14,840	14,043	797	106%	44,833	42,125	2,708	106%
<b>Other Expense</b>								
Interest Expense	4,382	4,423	-41	99%	13,146	13,269	-123	99%
Total Other Expense	4,382	4,423	-41	99%	13,146	13,269	-123	99%
<b>Net Other Income</b>	10,458	9,620	838	109%	31,687	28,856	2,831	110%
<b>Net Income</b>	<b>68,575</b>	<b>-12,591</b>	<b>81,166</b>	<b>-545%</b>	<b>68,038</b>	<b>-32,576</b>	<b>100,614</b>	<b>-209%</b>



**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	Jul 23	Budget	\$ Over Budget	% of Budget	Aug 23	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	56,762	44,473	12,289	128%	46,365	44,473	1,892	104%
Total Income	56,762	44,473	12,289	128%	46,365	44,473	1,892	104%
Gross Profit	56,762	44,473	12,289	128%	46,365	44,473	1,892	104%
<b>Expense</b>								
Operating Expenses	2,360	1,570	790	150%	3,818	1,615	2,203	236%
Water Treatment	405	6,127	-5,722	7%	180	6,743	-6,563	3%
Repairs and Maintenance	1,017	1,470	-453	69%	6,383	1,470	4,913	434%
Transmission & Distribution	27,484	29,148	-1,664	94%	26,889	29,148	-2,259	92%
Depreciation	13,574	13,574	0	100%	13,574	13,574	0	100%
General & Administrative	9,362	6,662	2,700	141%	4,970	5,644	-674	88%
Total Expense	54,202	58,551	-4,349	93%	55,814	58,194	-2,380	96%
Net Ordinary Income	2,560	-14,078	16,638	-18%	-9,449	-13,721	4,272	69%
<b>Other Income/Expense</b>								
Other Income								
Treatment Plant Project Charge	7,663	7,687	-24	100%	7,663	7,687	-24	100%
Viejias Grade Project Charge	1,586	1,591	-5	100%	1,586	1,591	-5	100%
Supp Debt Charge	4,519	4,534	-15	100%	4,519	4,533	-14	100%
Other Non-Operating Income	69				0			
Interest Income	1,166	230	936	507%	1,242	230	1,012	540%
Total Other Income	15,003	14,042	961	107%	15,010	14,041	969	107%
<b>Other Expense</b>								
Interest Expense	1,323	4,505	-3,182	29%	4,464	4,505	-41	99%
Total Other Expense	1,323	4,505	-3,182	29%	4,464	4,505	-41	99%
Net Other Income	13,680	9,537	4,143	143%	10,546	9,536	1,010	111%
Net Income	<b>16,240</b>	<b>-4,541</b>	<b>20,781</b>	<b>-358%</b>	<b>1,097</b>	<b>-4,185</b>	<b>5,282</b>	<b>-26%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	Sep 23	Budget	\$ Over Budget	% of Budget	Oct 23	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	43,611	43,638	-27	100%	43,160	43,592	-432	99%
Total Income	43,611	43,638	-27	100%	43,160	43,592	-432	99%
<b>Gross Profit</b>	43,611	43,638	-27	100%	43,160	43,592	-432	99%
<b>Expense</b>								
Operating Expenses	2,480	1,292	1,188	192%	1,855	1,346	509	138%
Water Treatment	400	1,703	-1,303	23%	7,139	6,247	892	114%
Repairs and Maintenance	505	1,470	-965	34%	3,486	1,481	2,005	235%
Transmission & Distribution	26,959	29,148	-2,189	92%	26,767	29,147	-2,380	92%
Depreciation	13,574	13,574	0	100%	13,557	13,557	0	100%
General & Administrative	6,271	5,876	395	107%	6,841	7,352	-511	93%
Total Expense	50,189	53,063	-2,874	95%	59,645	59,130	515	101%
<b>Net Ordinary Income</b>	-6,578	-9,425	2,847	70%	-16,485	-15,538	-947	106%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,663	7,687	-24	100%	7,687	7,688	-1	100%
Viejias Grade Project Charge	1,586	1,592	-6	100%	1,591	1,591	0	100%
Supp Debt Charge	4,519	4,533	-14	100%	4,533	4,533	0	100%
Other Non-Operating Income	0				0			
Interest Income	1,200	230	970	522%	1,320	230	1,090	574%
Total Other Income	14,968	14,042	926	107%	15,131	14,042	1,089	108%
<b>Other Expense</b>								
Interest Expense	4,464	4,505	-41	99%	4,429	4,470	-41	99%
Total Other Expense	4,464	4,505	-41	99%	4,429	4,470	-41	99%
<b>Net Other Income</b>	10,504	9,537	967	110%	10,702	9,572	1,130	112%
<b>Net Income</b>	<b>3,926</b>	<b>112</b>	<b>3,814</b>	<b>3,505%</b>	<b>-5,783</b>	<b>-5,966</b>	<b>183</b>	<b>97%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	Nov 23	Budget	\$ Over Budget	% of Budget	Dec 23	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	41,822	40,962	860	102%	39,907	41,619	-1,712	96%
Total Income	41,822	40,962	860	102%	39,907	41,619	-1,712	96%
<b>Gross Profit</b>	41,822	40,962	860	102%	39,907	41,619	-1,712	96%
<b>Expense</b>								
Operating Expenses	2,016	1,552	464	130%	935	1,050	-115	89%
Water Treatment	690	1,103	-413	63%	13,238	6,335	6,903	209%
Repairs and Maintenance	6,092	1,481	4,611	411%	924	1,481	-557	62%
Transmission & Distribution	27,204	29,148	-1,944	93%	27,519	29,148	-1,629	94%
Depreciation	13,557	13,557	0	100%	13,557	13,557	0	100%
General & Administrative	11,984	5,644	6,340	212%	15,287	5,876	9,411	260%
Total Expense	61,543	52,485	9,058	117%	71,460	57,447	14,013	124%
<b>Net Ordinary Income</b>	-19,721	-11,523	-8,198	171%	-31,553	-15,828	-15,725	199%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,663	7,687	-24	100%	7,639	7,687	-48	99%
Viejas Grade Project Charge	1,586	1,591	-5	100%	1,581	1,592	-11	99%
Supp Debt Charge	4,519	4,533	-14	100%	4,505	4,533	-28	99%
Other Non-Operating Income	0				0			
Interest Income	1,244	230	1,014	541%	1,185	230	955	515%
Total Other Income	15,012	14,041	971	107%	14,910	14,042	868	106%
<b>Other Expense</b>								
Interest Expense	4,429	4,470	-41	99%	4,429	4,470	-41	99%
Total Other Expense	4,429	4,470	-41	99%	4,429	4,470	-41	99%
<b>Net Other Income</b>	10,583	9,571	1,012	111%	10,481	9,572	909	109%
<b>Net Income</b>	<b>-9,138</b>	<b>-1,952</b>	<b>-7,186</b>	<b>468%</b>	<b>-21,072</b>	<b>-6,256</b>	<b>-14,816</b>	<b>337%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	Jan 24	Budget	\$ Over Budget	% of Budget	Feb 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	40,774	40,939	-165	100%	40,733	40,937	-204	100%
Total Income	40,774	40,939	-165	100%	40,733	40,937	-204	100%
<b>Gross Profit</b>	40,774	40,939	-165	100%	40,733	40,937	-204	100%
<b>Expense</b>								
Operating Expenses	765	1,124	-359	68%	653	1,018	-365	64%
Water Treatment	530	774	-244	68%	825	942	-117	88%
Repairs and Maintenance	1,150	1,481	-331	78%	1,088	1,481	-393	73%
Transmission & Distribution	27,064	29,148	-2,084	93%	26,889	29,147	-2,258	92%
Depreciation	13,557	13,557	0	100%	13,557	13,557	0	100%
General & Administrative	6,110	18,743	-12,633	33%	5,831	5,644	187	103%
Total Expense	49,176	64,827	-15,651	76%	48,843	51,789	-2,946	94%
<b>Net Ordinary Income</b>	-8,402	-23,888	15,486	35%	-8,110	-10,852	2,742	75%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,639	7,687	-48	99%	7,615	7,688	-73	99%
Viejias Grade Project Charge	1,581	1,591	-10	99%	1,576	1,591	-15	99%
Supp Debt Charge	4,505	4,533	-28	99%	4,490	4,533	-43	99%
Other Non-Operating Income	0				0			
<b>Interest Income</b>	1,214	230	984	528%	1,028	230	798	447%
Total Other Income	14,939	14,041	898	106%	14,709	14,042	667	105%
<b>Other Expense</b>								
Interest Expense	1,276	4,458	-3,182	29%	4,417	4,458	-41	99%
Total Other Expense	1,276	4,458	-3,182	29%	4,417	4,458	-41	99%
<b>Net Other Income</b>	13,663	9,583	4,080	143%	10,292	9,584	708	107%
<b>Net Income</b>	<b>5,261</b>	<b>-14,305</b>	<b>19,566</b>	<b>-37%</b>	<b>2,182</b>	<b>-1,268</b>	<b>3,450</b>	<b>-172%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	Mar 24	Budget	\$ Over Budget	% of Budget	Apr 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	35,751	40,559	-4,808	88%	41,380	40,560	820	102%
Total Income	35,751	40,559	-4,808	88%	41,380	40,560	820	102%
<b>Gross Profit</b>	35,751	40,559	-4,808	88%	41,380	40,560	820	102%
<b>Expense</b>								
Operating Expenses	734	1,166	-432	63%	583	1,117	-534	52%
Water Treatment	195	1,134	-939	17%	175	6,154	-5,979	3%
Repairs and Maintenance	1,478	1,481	-3	100%	1,206	1,481	-275	81%
Transmission & Distribution	27,243	29,148	-1,905	93%	26,757	29,148	-2,391	92%
Depreciation	13,557	20,224	-6,667	67%	13,557	20,224	-6,667	67%
General & Administrative	11,454	7,076	4,378	162%	10,929	5,643	5,286	194%
Total Expense	54,661	60,229	-5,568	91%	53,207	63,767	-10,560	83%
<b>Net Ordinary Income</b>	-18,910	-19,670	760	96%	-11,827	-23,207	11,380	51%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,615	7,687	-72	99%	7,639	7,687	-48	99%
Viejas Grade Project Charge	1,576	1,592	-16	99%	1,581	1,591	-10	99%
Supp Debt Charge	4,490	4,533	-43	99%	4,505	4,533	-28	99%
Other Non-Operating Income	3,677				0			
Interest Income	1,004	230	774	437%	1,352	230	1,122	588%
Total Other Income	18,362	14,042	4,320	131%	15,077	14,041	1,036	107%
<b>Other Expense</b>								
Interest Expense	4,417	4,458	-41	99%	4,382	4,423	-41	99%
Total Other Expense	4,417	4,458	-41	99%	4,382	4,423	-41	99%
<b>Net Other Income</b>	13,945	9,584	4,361	146%	10,695	9,618	1,077	111%
<b>Net Income</b>	<b>-4,965</b>	<b>-10,086</b>	<b>5,121</b>	<b>49%</b>	<b>-1,132</b>	<b>-13,569</b>	<b>12,457</b>	<b>8%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	May 24	Budget	\$ Over Budget	% of Budget	Jun 24	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
Operating Revenues	42,505	42,756	-251	99%	43,659	42,752	907	102%
Total Income	42,505	42,756	-251	99%	43,659	42,752	907	102%
<b>Gross Profit</b>	42,505	42,756	-251	99%	43,659	42,752	907	102%
<b>Expense</b>								
Operating Expenses	842	1,203	-361	70%	1,803	1,497	306	120%
Water Treatment	660	1,070	-410	62%	175	6,738	-6,563	3%
Repairs and Maintenance	1,272	1,481	-209	86%	9,327	1,481	7,846	630%
Transmission & Distribution	28,554	29,148	-594	98%	29,521	29,147	374	101%
Depreciation	13,557	20,224	-6,667	67%	13,557	20,224	-6,667	67%
General & Administrative	7,559	5,644	1,915	134%	-68,841	5,876	-74,717	-1,172%
Total Expense	52,444	58,770	-6,326	89%	-14,458	64,963	-79,421	-22%
<b>Net Ordinary Income</b>	-9,939	-16,014	6,075	62%	58,117	-22,211	80,328	-262%
<b>Other Income/Expense</b>								
<b>Other Income</b>								
Treatment Plant Project Charge	7,663	7,687	-24	100%	7,663	7,688	-25	100%
Viejas Grade Project Charge	1,586	1,591	-5	100%	1,586	1,592	-6	100%
Supp Debt Charge	4,519	4,533	-14	100%	4,519	4,533	-14	100%
Other Non-Operating Income	0				0			
Interest Income	1,148	230	918	499%	1,072	230	842	466%
Total Other Income	14,916	14,041	875	106%	14,840	14,043	797	106%
<b>Other Expense</b>								
Interest Expense	4,382	4,423	-41	99%	4,382	4,423	-41	99%
Total Other Expense	4,382	4,423	-41	99%	4,382	4,423	-41	99%
<b>Net Other Income</b>	10,534	9,618	916	110%	10,458	9,620	838	109%
<b>Net Income</b>	<b>595</b>	<b>-6,396</b>	<b>6,991</b>	<b>-9%</b>	<b>68,575</b>	<b>-12,591</b>	<b>81,166</b>	<b>-545%</b>

**Descanso Community Water District**  
**Statement of Revenues, Expenses, & Change in Net Position**  
 July 2023 through June 2024

	TOTAL			
	Jul '23 - Jun 24	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Operating Revenues	516,429	507,260	9,169	102%
Total Income	516,429	507,260	9,169	102%
Gross Profit	516,429	507,260	9,169	102%
Expense				
Operating Expenses	18,844	15,550	3,294	121%
Water Treatment	24,612	45,070	-20,458	55%
Repairs and Maintenance	33,928	17,739	16,189	191%
Transmission & Distribution	328,850	349,773	-20,923	94%
Depreciation	162,735	189,403	-26,668	86%
General & Administrative	27,757	85,680	-57,923	32%
Total Expense	596,726	703,215	-106,489	85%
Net Ordinary Income	-80,297	-195,955	115,658	41%
Other Income/Expense				
Other Income				
Treatment Plant Project Charge	91,812	92,247	-435	100%
Viejas Grade Project Charge	19,002	19,096	-94	100%
Supp Debt Charge	54,142	54,397	-255	100%
Other Non-Operating Income	3,746			
Interest Income	14,175	2,760	11,415	514%
Total Other Income	182,877	168,500	14,377	109%
Other Expense				
Interest Expense	46,794	53,568	-6,774	87%
Total Other Expense	46,794	53,568	-6,774	87%
Net Other Income	136,083	114,932	21,151	118%
Net Income	<b>55,786</b>	<b>-81,023</b>	<b>136,809</b>	<b>-69%</b>

**Descanso Community Water District**  
**Statement of Cash Flows**  
 April through June 2024

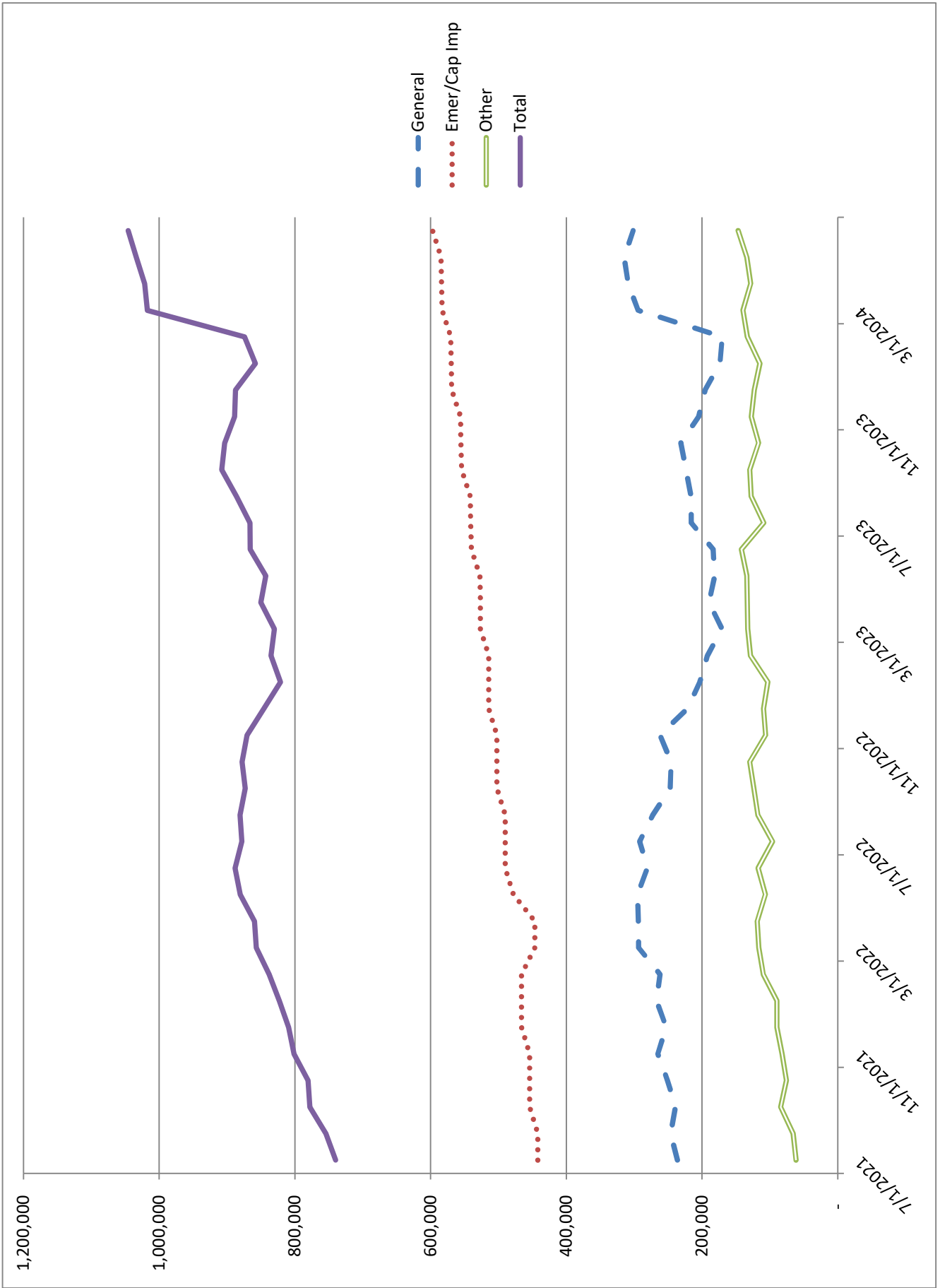
	<b>Apr - Jun 24</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	68,042
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	-9,929
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	3,518
Allowance for Doubtful Accounts	-71,010
Security Deposits:Office 28857B Old Hwy 80	450
Materials and Supplies:Plant Material	-1,780
Prepayments:G&A	91
Prepayments:Taxes/Fees	278
Accts Pay - General	3,520
Accts Pay - Accrued	19
Interest Accrued:Int Accr-LTD-Outside	4,395
	-2,406
Net cash provided by Operating Activities	-2,406
<b>INVESTING ACTIVITIES</b>	
Accumulated Depreciation:Utility Plant-Acc Depr	40,670
Uncapitalized Fixed Assets -WIP	-552
	40,118
Net cash provided by Investing Activities	40,118
<b>FINANCING ACTIVITIES</b>	
Current Portion of LTD:Loan Payable - US Bank	400
Long-Term Debt:Loan Payable - US Bank 4/2038	-9,400
	-9,000
Net cash provided by Financing Activities	-9,000
Net cash increase for period	28,712
Cash at beginning of period	1,017,195
Cash at end of period	<b>1,045,908</b>



**Descanso Community Water District**  
**Statement of Cash Flows**  
July 2023 through June 2024

	<b>Jul '23 - Jun 24</b>
<b>OPERATING ACTIVITIES</b>	
Net Income	55,789
Adjustments to reconcile Net Income to net cash provided by operations:	
Customer Accounts Receivable:Customer Accounts Receivable	87,759
Customer Accounts Receivable:Customer Accounts Receivable:Customer Prepayments	7,068
Allowance for Doubtful Accounts	-63,490
Security Deposits:Office 28857B Old Hwy 80	450
Materials and Supplies:Plant Material	-1,780
Prepayments:G&A	-8
Prepayments:Taxes/Fees	-5
Accts Pay - General	16,987
Accts Pay - Accrued	-6,855
Interest Accrued:Int Accr-LTD-Outside	-554
<b>Net cash provided by Operating Activities</b>	<b>95,362</b>
<b>INVESTING ACTIVITIES</b>	
Accumulated Depreciation:Utility Plant-Acc Depr	162,732
Uncapitalized Fixed Assets -WIP	-1,793
Uncapitalized Fixed Assets -WIP:Well #5-Fe/Mn Plant:Task 08 (\$232209)	-11,682
Uncapitalized Fixed Assets -WIP:Well #6-Fe/Mn Plant:Task 08 (\$232209)	-11,682
<b>Net cash provided by Investing Activities</b>	<b>137,575</b>
<b>FINANCING ACTIVITIES</b>	
Current Portion of LTD:Loan Payable - US Bank	800
Current Portion of LTD:Loan Payable - SD County	143
Long-Term Debt:Loan Payable - US Bank 4/2038	-18,600
Long-Term Debt:Loan Payable-SD County 1/2041	-4,465
Long-Term Debt:USDA Series 2021A Long Term	-24,000
Long-Term Debt:USDA Series 2021B Long Term	-7,000
<b>Net cash provided by Financing Activities</b>	<b>-53,123</b>
<b>Net cash increase for period</b>	<b>179,814</b>
<b>Cash at beginning of period</b>	<b>866,094</b>
<b>Cash at end of period</b>	<b>1,045,908</b>

DCWD Cash Flow Balances



Unaudited - No assurance is provided on these financial statements



**AGREEMENT FOR OPERATION AND MAINTENANCE SERVICES FOR THE  
WATER SUPPLY FACILITIES OF DESCANSO COMMUNITY WATER DISTRICT**

This Agreement ("Agreement") is made and entered into this 1<sup>st</sup> day of September, 2024 (the "Effective Date"), by and between the Descanso Community Water District, a community services district organized and existing under the Community Services District Law, California Government Code § 61000 *et seq.* ("DCWD") and Specialized Utility Services Program, a subsidiary of California Rural Water Association a California nonprofit corporation ("Operator"). DCWD and Operator are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

**RECITALS**

**WHEREAS**, DCWD is the owner of water supply and distribution facilities, and

**WHEREAS**, DCWD has a need for special services to operate and maintain its water supply and distribution facilities; and

**WHEREAS**, DCWD has received a proposal from Operator and, following careful review of the proposal, DCWD has determined that Operator is the reasonable source for providing the needed services on a continuing basis; and

**WHEREAS**, Operator has represented to DCWD that it has: (1) the necessary training, experience, expertise, competency, licensing and technical skills to perform the necessary services; (2) a demonstrated understanding of DCWD's operations and maintenance needs and an ability to provide the necessary services at reasonable cost to the DCWD by virtue of its current and specialized knowledge of relevant data, issues and conditions; (3) all licenses and qualifications required by the State of California, and all other applicable authority to perform the Services included herein; and

**WHEREAS**, DCWD is relying on Operator's representations in entering into this Agreement; and

**WHEREAS**, Operator is ready, willing and able to provide the services set forth in Exhibits A and B in a timely and proper manner, and

**WHEREAS**, Operator entered into contract with DCWD in July 2012 for temporary operation and maintenance services, and

**WHEREAS**, Operator renewed the operations contract in June 2018 with a term ending July, 2024, and

**WHEREAS**, Operator presents a contract renewal for adjusted rates starting September 1, 2024, and

**NOW, THEREFORE**, DCWD and the Operator agree as follows:

1. Project. DCWD desires to engage Operator to operate and maintain water facilities owned by the DCWD for DCWD ("Project") as set forth in this Agreement.

2. Scope of Services and Term.

2.1 General Scope of Services. Operator promises and agrees to furnish to DCWD all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply services in order to complete the Project (“Services”). The Services are more particularly described in Exhibit “A” attached hereto and incorporated herein by this reference. In addition, Operator shall endeavor to provide Additional Services relating to the operation and maintenance of the water system, which include, but are not limited to, the services listed in Exhibit “B.” All Services and Additional Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations. In the event of any conflict between any of the provisions of this Agreement (including Exhibits), or between this Agreement and applicable law, rule or regulation, the provision that requires the highest level of performance from Operator for DCWD’s benefit shall prevail.

2.2 Term. The initial term of this Agreement shall be the term beginning on the September 1<sup>st</sup>, 2024, and last for three years with the option to renew after two years, unless earlier terminated as provided herein. The term of this Agreement shall be automatically extended on each anniversary date of this Agreement for an additional one month term unless either Party gives at least five (5) days advance written notice of its intent not to renew, prior to the end of the current term.

### 3. Responsibilities of Operator.

3.1 Control and Payment of Subordinates; Independent Contractor. The Services shall be performed by Operator or under its supervision. Operator will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. DCWD retains Operator on an independent contractor basis and not as an employee. Operator retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Operator shall also not be employees of DCWD and shall at all times be under Operator’s exclusive direction and control. Operator shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Operator shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers’ compensation insurance. Operator hereby indemnifies and holds DCWD harmless from any and all claims that may be made against DCWD based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement. It is further understood and agreed by the Parties that neither Operator nor Operator’s assigned personnel shall have any right to act on behalf of DCWD in any capacity whatsoever, except as otherwise authorized by the Board of Directors of DCWD.

3.2 Time of Performance. Operator shall perform the Services expeditiously, within the term of this Agreement. Operator represents that it has the professional and technical personnel required to perform the Services in

conformance with such conditions. Upon request of DCWD, Operator shall provide a more detailed schedule of anticipated performance.

3.3 Conformance to Applicable Requirements. All work prepared by Operator shall be subject to the approval of DCWD. Operator shall correct unacceptable work at its own cost and expense and without reimbursement from DCWD.

3.4 DCWD's Representative. DCWD hereby designates the President of the Board of Directors, or his designee, to act as its representative for the performance of this Agreement ("DCWD's Representative"). DCWD's Representative shall have the power to act on behalf of DCWD for all purposes under this Contract. Operator shall not accept direction or orders from any person other than DCWD's Representative or his or her designee.

3.5 Operator's Representative. Operator hereby designates Dan DeMoss, or his designee, to act as its representative for the performance of this Agreement ("Operator's Representative"). Operator's Representative shall have full authority to represent and act on behalf of the Operator for all purposes under this Agreement. The Operator's Representative shall supervise and direct the Services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.6 Coordination of Services. Operator agrees to work closely with DCWD staff in the performance of Services and shall be available to DCWD's staff, consultants and other staff at all reasonable times.

3.7 Standard of Care; Performance of Employees. Operator shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Operator represents and maintains that it is skilled in the professional calling necessary to perform the Services. Operator warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Services assigned to them. Finally, Operator represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. Operator shall perform, at its own cost and expense and without reimbursement from DCWD, any services necessary to correct errors or omissions which are caused by the Operator's failure to comply with the standard of care provided for herein. Any employee of the Operator or its sub-consultants who is determined by DCWD to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to DCWD, shall be promptly removed from the Project by the Operator and shall not be re-employed to perform any of the Services or to work on the Project.

3.8 Laws and Regulations. Operator shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Operator shall be liable for all violations of such laws and regulations in connection with Services and all costs arising therefrom. Operator shall defend, indemnify and hold DCWD, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations. In providing defense under this Section, Operator shall use counsel reasonably acceptable to the DCWD. The provisions of this Section shall survive termination or expiration of this Agreement.

### 3.9 Insurance.

3.9.1 Time for Compliance. Operator shall not commence the Services under this Agreement until it has provided evidence satisfactory to DCWD that it has secured all insurance required under this section. In addition, Operator shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to DCWD that the subcontractor has secured all insurance required under this section.

3.9.2 Minimum Requirements. Operator shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Services by the Operator, its agents, representatives, employees or subcontractors. Operator shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 00 01, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. In addition, Operator shall provide Commercial Crime (Fidelity) insurance (loss sustained form CR 00 21 or CR 00 23).

(b) Minimum Limits of Insurance. Operator shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or

disease. Commercial Crime limits of no less than \$200,000.

3.9.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Operator shall provide endorsements on forms supplied or approved by DCWD to add the following provisions to the insurance policies:

(a) General Liability. The general liability policy shall be endorsed to state that: (1) DCWD and its governing board, directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the Services or operations performed by or on behalf of the Operator, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects DCWD and its governing board, directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Operator's scheduled underlying coverage. Any insurance or self-insurance maintained by DCWD, its directors, officials, officers, employees, agents and volunteers shall be excess of the Operator's insurance and shall not be called upon to contribute with it in any way.

(b) Automobile Liability. The automobile liability policy shall be endorsed to state that: (1) DCWD and its governing board, directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by the Operator or for which the Operator is responsible; and (2) the insurance coverage shall be primary insurance as respects DCWD and its governing board, directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of the Operator's scheduled underlying coverage. Any insurance or self-insurance maintained by DCWD, its governing board, directors, officials, officers, employees, agents and volunteers shall be excess of the Operator's insurance and shall not be called upon to contribute with it in any way.

(c) Workers' Compensation and Employers Liability Coverage. The insurer shall agree to waive all rights of subrogation against DCWD, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by the Operator.

(d) Commercial Crime. Operator shall provide a Client's Property endorsement for the Crime Insurance policy to eliminate the exclusion for loss of or damage to DCWD property, in Endorsement Form No. CR 04 01 05 06 or equivalent.

(e) All Coverages. Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to DCWD; and (B) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to DCWD and its governing board,

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directors, officials, officers, employees, agents and volunteers.

3.9.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to DCWD and its governing board, directors, officials, officers, employees, agents and volunteers.

3.9.5 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A: VII, licensed to do business in California, and satisfactory to DCWD.

3.9.6 Verification of Coverage. Operator shall furnish DCWD with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to DCWD. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by DCWD if requested. All certificates and endorsements must be received and approved by DCWD before work commences. DCWD reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.10 Safety. Operator shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Operator shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions as applicable shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.11 Non-Discrimination in Services and Benefits. Operator certifies that the Services and any other service provided pursuant to this Agreement shall be without discrimination based on color, race, creed, national origin, religion, sex, age, sexual preferences, or physical or mental disability in accordance with all local, State and Federal Laws or administrative directives established by the DCWD Board of Directors. For the purposes of this Agreement, distinctions on the grounds of color, race, creed, national origin, religion, sex, age, sexual preferences or physical or mental disability include but are not limited to the following: denying a participant any service or benefit or providing a service or benefit to a participant which is different, or provided in a different manner or at a different time from that provided to other participants in this Agreement; subjecting a participant to segregation or separate treatment in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any service or benefit; treating a participant differently from others in determining whether the participant has satisfied any admission,

enrollment quota, eligibility, membership or other requirement or condition which individuals must meet in order to be provided any service or benefit; and the assignment of times or places for the provision of services on the basis of race, color, creed or national origin of the participants to be served.

3.12 Conflict of Interest. Operator shall comply with the laws and regulations of the State of California and DCWD regarding conflicts of interest, including but not limited to Article 4 of Chapter 1, Division 4, Title 1 of the California Government Code, commencing with Section 1090, and Chapter 7 of Title 9 of said Code, commencing with Section 87100 including regulations promulgated by the California Fair Political Practices Commission. Operator covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of Operator's obligations and responsibilities hereunder. Operator further covenants that no person having any such interest shall be employed in the performance of this Agreement.

3.13 Endorsement. To the extent permissible under any certifications or licenses held by Operator or its employees or agents rendering the Services, Operator shall endorse all reports and engineering data furnished by it, as required by law.

#### 4. Fees and Payments.

4.1 Compensation. Operator shall receive compensation for all Services rendered under this Agreement at the rates set forth in Exhibit "D" attached hereto and incorporated herein by reference. The total compensation for all Services rendered under this Agreement for the initial term of this Agreement shall not exceed Twenty-Eight Thousand Five Hundred Fifty-Five Dollars per month (\$28,555.00 / month) without written approval of DCWD. The total compensation for all Services rendered under this Agreement for extended terms after the initial term shall be adjusted by a rate of two percent (3%) annually, effective upon the start date of the extended term. Any of the Additional Services set forth in Exhibit "B" or other Extra Work may be authorized, as described below; and if authorized, said Additional Services and Extra Work will be compensated at the rates and manner set forth in this Agreement.

4.2 Payment of Compensation. The operator shall submit to DCWD a monthly invoice for the Services, Additional Services and Expenses incurred for the most recently completed month. DCWD shall, within 30 days of receiving such statement, review the statement and pay all approved charges thereon.

4.3 Reimbursement for Expenses. Subject to DCWD's approval, in addition to the total compensation for Services, Operator shall be reimbursed for actual reasonable expenses incurred in the performance of the Services including but not limited to expenses set forth in Exhibit "C". All expenses shall be noted in each monthly itemized statement and must be supported by evidence acceptable to DCWD. All expenses including sub consultant expenses shall be pass-through only and DCWD shall be responsible only for actual direct expenses and neither Operator nor any sub consultant may add any mark-up on expenses.

4.4 Extra Work. At any time during the term of this Agreement, DCWD may request that Operator perform Additional Services, as set forth in Exhibit "B" or other Extra Work. As used herein, "Extra Work" means any work which is determined by DCWD to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Operator shall not perform, nor be compensated for, Additional Services or Extra Work without written authorization from DCWD's Representative; provided, however, that in the event of an emergency that involves the endangerment of life or property, the disruption of service to DCWD customers, or the potential waste of significant amounts of water, Operator may proceed with all necessary repairs, which may constitute Extra Work, after providing telephonic notice to DCWD's Representative. A written notice of the Extra Work performed due to emergency and documentation of actual costs shall be provided to DCWD as soon as reasonably possible thereafter.

4.5 Prevailing Wages. Operator is aware of the requirements of California Labor Code Sections 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Operator agrees to fully comply with such Prevailing Wage Laws. DCWD shall provide Operator with a copy of the prevailing rates of per diem wages in effect at the commencement of this Agreement. Operator shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Operator's principal place of business and at the project site. Operator shall defend, indemnify and hold the DCWD, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

#### 4.6 Records Retention.

4.6.1 Maintenance and Inspection. All records, documents and general correspondence relating to the Services in possession of the Operator shall be retained and made available for review upon termination of the contract.

### 5. General Provisions.

#### 5.1 Termination of Agreement.

5.1.1 Grounds for Termination. DCWD may, by written notice to Operator, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to Operator of such termination, and specifying the effective date thereof, at least ninety (90) days before the effective date of such termination. Upon termination, Operator shall be compensated only for those services which have been adequately rendered to DCWD, and Operator shall be

entitled to no further compensation. Operator may not terminate this Agreement except for cause.

5.1.2 Termination for Cause. Should either Party fail to substantially perform its obligations in accordance with this Agreement, the other Party shall thereupon have the right to declare that Party in default under this Agreement by giving written notice thereof to the defaulting Party. If said default is not cured within thirty (30) days following the notice of default, the non-defaulting Party shall have the right and option to terminate this Agreement. Notice of termination shall be given to the defaulting Party at least fifteen (15) business days before the effective date of such termination.

5.1.3 Effect of Termination. If this Agreement expires or is terminated as provided herein, Operator shall provide all finished or unfinished Documents and Data and other information of any kind prepared by Operator in connection with the performance of Services under this Agreement. Operator shall be required to provide such documents and other information within fifteen (15) days of DCWD's request. In addition, Operator shall be responsible to perform all necessary services to close-out its performance of the Services and transition performance of its duties hereunder to a new operator as directed by DCWD.

5.1.4 Provision of New Services. In the event this Agreement expires or is terminated in whole or in part as provided herein, DCWD may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

**Operator:** California Rural Water Association  
Attn: Dan DeMoss or Ruby Brungess  
1234 North Market Blvd.  
Sacramento, CA 95834  
E-mail: [ddemoss@calruralwater.org](mailto:ddemoss@calruralwater.org), with a copy to  
[rbrungess@calruralwater.org](mailto:rbrungess@calruralwater.org)

**DCWD:** Descanso Community Water District  
Attn: President, Board of Directors  
P.O. Box 610  
Descanso, CA 91916  
E-mail: [mphillipswater@gmail.com](mailto:mphillipswater@gmail.com), with a copy to:  
[Brooke.Miller@bbklaw.com](mailto:Brooke.Miller@bbklaw.com)

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Notice sent via e-mail shall be deemed made when sent unless notice of failure of transmission is received. Actual notice shall be deemed adequate notice on the date actual notice occurred,

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regardless of the method of service. Any Party may change the address to which notice may be given by providing the other parties with written notice of such change at least fifteen (15) calendar days prior to the effective date of the change.

### 5.3 Ownership of Materials and Confidentiality.

5.3.1 Documents and Data. DCWD shall provide Operator with all information pertinent to the Services required of Operator by this Agreement which is requested by Operator and which is within DCWD's possession. Except as otherwise provided herein, all documents prepared or obtained under the terms of this Agreement ("Documents and Data") shall remain the property of DCWD. Operator may make and maintain copies of Documents and Data at its own expense and shall have a non-exclusive license to use said Documents and Data and the information therein. Operator acknowledges that certain identifying information of DCWD customers may be subject to privacy laws, and Operator agrees to confer with DCWD to ensure any rights under this paragraph are exercised consistent with such laws. Notwithstanding the foregoing, Operator shall maintain ownership of any designs, drawings, engineering analysis or similar documents generated by Operator or a subcontractor to Operator that are developed as part of any Additional Services that Operator provides with respect to capital improvements. DCWD shall have a nonexclusive license to any designs, drawings, engineering analyses or similar documents owned by Operator pursuant to this Section for use within DCWD's service area. Operator represents and warrants that Operator has the legal right to license such Documents and Data, except that Operator makes no such representation and warranty in regard to Documents and Data which were prepared by design professionals other than Operator or provided to Operator by DCWD. Upon DCWD's request during the term of this Agreement or the period set forth herein for retention of records relating to this Agreement, Operator shall provide copies of such documents in reproducible format for DCWD's use pursuant to the license conveyed herein. Copies of any such documents maintained by Operator in electronic format shall be provided to DCWD in accessible electronic format, without encryption or password-protection. Operator acknowledges that materials maintained by DCWD may become public record subject to mandated disclosure by DCWD, subject to exceptions as provided for by law.

5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Operator in connection with the performance of this Agreement shall be held confidential by Operator. Such materials shall not, without the prior written consent of DCWD, be used by Operator for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Operator which is otherwise known to Operator or is generally known, or has become known, to the related industry shall be deemed confidential. Operator shall not use DCWD's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of DCWD.

5.3.3 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

5.3.4 Attorney's Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

5.3.5 Indemnification. To the fullest extent permitted by law, Operator shall defend, indemnify and hold DCWD and its governing board, directors, officials, officers, employees, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged negligent acts, omissions or willful misconduct of Operator, its directors, officials, officers, employees, and agents arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and reasonable attorney's fees and other related costs and expenses; provided, however, that the foregoing indemnification shall not apply to the extent any such claim, demand, cause of action, cost, expense, liability, loss, damage or injury results from DCWD's negligence or willful misconduct. Operator shall immediately notify the District and insurance carriers of any incident occurring during performance of this contract which may result in a claim or liability. Operator shall reimburse DCWD and its governing board, directors, officials, officers, employees, and/or agents, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Operator's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by DCWD or its governing board, directors, officials, officers, employees, and/or agents. Operator's obligations under this Section shall survive termination or expiration of this Agreement.

5.3.6 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

5.3.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Diego County.

5.3.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

5.3.9 DCWD's Right to Employ Other Consultants. DCWD reserves the right to employ other consultants in connection with this Project.

5.3.10 Successors and Assigns. This Agreement shall be binding on

the successors and assigns of the Parties.

5.3.11 Assignment or Transfer. Operator shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of DCWD. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

5.3.12 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Operator include all personnel, employees, agents, and subcontractors of Operator, except as otherwise specified in this Agreement. All references to DCWD include its directors, officials, officers, employees, and agents, except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

5.3.13 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

5.3.14 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

5.3.15 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

5.3.16 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

5.3.17 Prohibited Interests. Operator maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Operator, to solicit or secure this Agreement. Further, Operator warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Operator, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, DCWD shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of DCWD, during the term of his or her service with DCWD, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

5.3.18 Equal Opportunity Employment. Operator represents that it is

an equal opportunity employer, and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Operator shall also comply with all relevant provisions of any DCWD's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

5.3.19 Labor Certification. By its signature hereunder, Operator certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

5.3.20 Authority to Enter Agreement. Operator has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party

5.3.21 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

**[signatures on following page]**



**SIGNATURE PAGE TO**  
**AGREEMENT FOR OPERATION AND MAINTENANCE SERVICES FOR THE**  
**WATER SUPPLY FACILITIES OF DESCANSO COMMUNITY WATER DISTRICT**

**BETWEEN**  
**Specialized Utility Services Program**  
**AND**  
**Descanso Community Water District**

<b>DESCANSO COMMUNITY WATER DISTRICT</b>	<b>SPECIALIZED UTILITY SERVICES PROGRAM</b>
BY: _____	BY: _____
DATE: _____	DATE: _____
NAME: MAUREEN PHILLIPS	NAME: DAN DEMOSS
TITLE: PRESIDENT, BOARD OF DIRECTORS	TITLE: EXECUTIVE DIRECTOR

APPROVED AS TO FORM:

By: \_\_\_\_\_  
 General Counsel  
 Best Best & Krieger LLP

## **Exhibit A**

### **Standard Services**

1. Operate the existing facilities in accordance with Industry Standards and in compliance with applicable Federal, State, and County regulations, as well as Descanso Community Water District Administrative Code requirements.
2. Provide a qualified General Manager who will:
  - a. Serve as advisor to the Board of Directors.
  - b. Provide recommendations to develop policies for improving DCWD operations in accordance with Federal, State, and County regulations, as well as Descanso Community Water District Administrative Code requirements.
  - c. Serve as spokesperson for the District in accordance with Board policy and directives.
  - d. Inspect the production, distribution and storage system as appropriate and advise the Board.
  - e. Ensure all logs, records, tests, inspections, reports, and maintenance and repair actions comply with Industry Standards and are in accordance with all regulations.
  - f. When circumstances require, take immediate action to correct any deficiency in water quality or service availability and timely communicate such actions and the need therefor to the Board or the Board President, and to the public as appropriate.
  - g. Ensure District customers receive prompt and courteous service.
  - h. Recommend improvements or potential cost savings to District administration or system operations.
  - i. Assist in annual budget formulation.
  - j. Attend quarterly Board of Directors Meetings in person. Attendance in person at additional Board of Directors Meetings shall be performed at additional time and materials expense to the District when requested by the Board. Attendance from a remote site via teleconference or other means shall be at no additional cost to the District. Make tape recordings of meetings; prepare meeting minutes from notes and tapes, and resolutions and ordinances as directed by

the Board. Prepare resolutions, ordinances, board minutes and agendas and coordinate review of agendas, staff reports and action items with District legal counsel in a timely manner.

- k. Prepare/review correspondence as requested by the Board.
- l. Assist the President in the performance of his/her official duties as directed by the Board, or by the President in the absence of direction by the Board.
- m. Provide a monthly summary of work accomplished in such format as may be required by the Board. Each monthly summary shall include a summary of all emergency calls received.

General Manager is expected to be available an average of a minimum of 20 hours per week to provide these services and to oversee the services of the Chief Shift Operator. General Manager is expected to be at DCWD's office or within the DCWD's service area on a monthly basis for a minimum of two days per month. General Manager is anticipated to work remotely from a location that has reliable and sufficient internet and phone connectivity to perform the required duties, and is a location from which the General Manager can travel in a timely manner to Descanso. General Manager may share a limited portion of his duties with the Operations/Water Quality Manager, who will provide some General Manager duties specifically related to the California Department of Public Health and OSHA compliance and reporting. The Operations/Water Quality Manager shall have expertise in water quality and plant start-up and will serve on an as-needed basis for no additional compensation.

- 3. Provide an operator with the appropriate grade of certifications.
- 4. Provide a Utility Specialist 1 that will perform general maintenance duties in the District's service area. This individual will be on-site half time to full time. The position does not require certification unless required by applicable law.
- 5. Operator shall provide an administrative staff member to serve as a customer service representative available by phone during normal business hours. This person and telephone shall be in either Descanso and/or Sacramento (operator's headquarters). During non-business hours a voicemail shall be made available, and shall advise customer of an

emergency contact number of the operator. This customer service shall be in addition to operator's field personnel. Remote and local customer service representatives shall provide prompt and courteous attention to customers' needs and requests.

6. Provide a truck for use by Shift Operator for use in executing contract. Fuel, maintenance, service, licensing, insurance, and all other costs for owning and operating the vehicle shall be borne by the firm with no additional cost to DCWD. Vehicle shall be kept in proper working order, regularly cleaned (interior and exterior), and shall display the name and logo of the firm and DCWD on the passenger and driver sides of the vehicle at all times while conducting work for the contract or while in the service area of DCWD. A magnetic attachment of the display of the DCWD logo and name to the truck is acceptable and would be provided by firm.
7. Provide a cellular phone for use by Shift Operator and General Manager for use in executing contract during entire contract duration. Phone shall have sufficient coverage in the DCWD service area to permit communication while in field and in local office and where General Manager remotely works. Phone shall provide a means for verbal communication and reading and sending of emails and attachments. Data charges, telephone charges, and all other charges for purchase and ongoing use of the phones shall be borne by the firm with no additional cost to DCWD.
8. Maintain the production, storage and distribution system, including routine inspections, testing, sampling, maintenance, and minor repair. Retain in Descanso tools and minor equipment for conducting inspections and minor repairs. Motorized vehicles, excluding the truck listed in Item 4 above, are not a part of this requirement.
9. Complete and submit required reports to appropriate agencies.
10. Respond to water emergencies.
11. Read meters once every two months. Prepare and mail bi-monthly customer bills, past due notices, and 48-hour termination of service notices. Provide paper and envelopes for bill deliveries. Advise Board of dysfunctional metering systems.
  - a. All meters within the district are currently being read manually.

- b. The current operator uses ECIS software for the district's billing. This ECIS database will be made available to the Operator for performance of the Services.
  - c. See note on Exhibit C regarding postage
- 12. Collect customer payments and make timely deposits into the DCWD's account.
- 13. Coordinate customer inquiries, requests for service, etc., through a central customer service department. This customer service department shall be a part of Operator's firm and shall not be outsourced or subcontracted unless expressly agreed upon by District.
- 14. Perform general clerical duties (copying, typing, and filing). Paper shall be provided by the operator, and shall have a minimum of 25% recycled content.
- 15. Prepare correspondence as directed by the Board of Directors.
- 16. Perform water quality testing in accordance with California and federal requirements as those requirements exist as of the date of this agreement.
- 17. Provide support for DCWD's annual independent audit, for DCWD's accountant, and DCWD's Finance Officer, and coordinate as necessary with DCWD's accountant.
- 18. All data collected shall be made available in full, and in digital/editable format, to DCWD on a regular basis. All data shall be stored by the Operator, with prompt provision of files when requested by DCWD. Operator shall retain a regular backup at a remote site. Data shall be backed up at a frequency no less than weekly.
- 19. Maintain recordings of meetings
- 20. Operator is responsible for the cost of all staff training required to ensure maintenance of all certifications and proper operation of the DCWD system and no additional costs shall be paid by DCWD for this training.
- 21. Operator is responsible for coordinating ethics training as required by California law to be held at the March regular meeting of the Board of Directors. DCWD will pay costs for ethics training which are included in the expenses set forth in Exhibit "C".

## **Exhibit B**

### **Additional Services Related to the Operation and Maintenance of the Water System**

Operator shall endeavor to provide additional services needed for the operation and maintenance of the water system in accordance with industry standards, including, but not limited to, the following. These additional services are considered Extra Work under the Contract and are not included in the base rate for Services.

1. Repairs of facilities requiring excavation, such as main breaks, service leaks, hydrant & valve repairs. Operator shall provide all equipment and supplies, unless otherwise provided by DCWD.
2. Pulling and repairing wells, pumps, motors and related electrical and control systems.
3. Mailing special notices.
4. Cross – Connection Survey, when required by California Department of Public Health.
5. Planning, procurement and implementation of capital improvements work or the purchase or installation of new or replacement infrastructure, facilities or equipment, including but not limited to pipe, hydrants, meters, wells, structures, electrical equipment, pumps, heavy equipment, and vehicles.
6. At the direction of the Board, apply for and negotiate loans, grants, and other financial sources for improving the water works system.
7. Update map of water system in geographic information system database
8. Prepare a Water Conservation Plan

## **Exhibit C**

### **Expenses not included in Fee Schedule**

Following are examples of expenses not included in the monthly fee:

1. Power and telephone utility costs.
2. Servicing of DCWD debt.
3. Legal fees of DCWD.
4. Independent auditing fees of DCWD.
5. Professional engineering services.
6. Insurance payments or negotiations for policies owned by DCWD.
7. Payment of permits, fees, and expenses to other agencies resulting from DCWD's status as a political subdivision of the State of California and owner of the water facilities including, but not limited to, the California Department of Public Health, the Local Agency Formation Commission, California Secretary of State, and the Registrar of Voters.
8. Expenses related to the operation of the Board of Directors including meeting space rent, election fees, advertising fees, and stipends.
9. Treatment chemicals
10. Postage for periodic customer bills and special notices
11. Offsite laboratory services
12. Costs of Ethics Training program
13. Cost of purchase or significant repair of DCWD-owned equipment
14. Cost of treatment or related treatment equipment replacement costs

**Exhibit D  
Fee Schedule**

A monthly fee of \$28,555.00 shall be payable to execute the contract items described in Exhibit A from September 1, 2024, on a month-to-month basis.

Proposed fees for providing work on Exhibit B are:

\$95.00 per hour, per person for repair and emergency work on the water system

\$65.00 per hour for additional administrative work





## MEMORANDUM

<b>To:</b>	Maureen Phillips, Board President Descanso Community Water District	<b>Date:</b>	12 September 2024
<b>From:</b>	NV5, Inc. James F. Owens, PE	<b>Subject:</b>	2017 Water System Improvements
<b>Subject:</b>	Update to Board of Directors		

### Purpose of Memorandum

This memorandum provides updates on the status of the 2017 Water System Improvements Project (Project). Specifically, this memorandum provides an update on the status of bidding and contracting for the construction of the Well Drilling and Destruction Project and of the iron and manganese treatment facility.

### Well Drilling and Destruction Project

At its December 2023 Board of Directors meeting, DCWD took action to issue a Notice of Award to Stehly Brothers Drilling, Inc. for the drilling of the new Well No. 7 and for the destruction of Well No. 6. Following pump testing of the new Well No. 7, Well No. 6 would be destroyed. The project's scope of construction principally includes drilling, completing, and testing (water quality and production) the new well. Well No. 7 drilling would be complete prior to commencing construction of the Iron and Manganese Treatment Facility. The Well No. 6 destruction includes removal and recycling of the existing shed and concrete foundation. The new well (Well No. 7) would be equipped as part of the Iron and Manganese Treatment Facility improvements. Well No. 6 would be disinfected at the onset of the project to prevent intrusion of iron-consuming bacteria into the new well.

Following a prolonged series of bonding document and insurance certificate submittals and resubmittals by the construction contractor, DCWD's counsel found that the contractor's bonds and insurance certificates met the requirements of the bidding documents. The construction contract was executed via DocuSign (Stehly Brothers Drilling, DCWD's counsel, DCWD, and USDA Rural Development) on August 20, 2024. A limited Notice to Proceed was issued to Stehly Brothers Drilling on August 21, 2024. This limited Notice to Proceed authorized Stehly Brothers Drilling to proceed with well drilling permit applications (one for drilling Well No. 7, one for destruction of Well No. 6), preparation of materials submittals, and scheduling of the work.

A full Notice to Proceed is anticipated to be issued by October 20, 2024, at which time the contract times will commence. Stehly Brothers Drilling has submitted its drilling application to San Diego County, which provided the materials to the Division of Drinking Water of the State Water Resources Control Board (DDW) for review. DDW has questions on the well location and design, to which NV5 is providing responses. On January 20, 2023, NV5 provided design drawings for the new well, a draft Drinking Water Source Assessment and Protection (DWSAP) document, and draft water well permit applications for Well No. 6 (destruction) and Well No. 7 (new well) to DDW via email. NV5 did not receive a response from DDW pertaining to these documents.

### **Iron and Manganese Treatment Facility**

DCWD has completed two public solicitations for bids for the construction of the iron and manganese treatment facility.

In the first solicitation, the Notice Requesting Bids was advertised in The Alpine Sun on November 3, 2023. NV5 distributed the Notice Requesting Bids to approximately 25 general construction contractors, more specialized subcontractors, and various equipment and materials suppliers. There was a non-mandatory pre-bid meeting at the proposed treatment facility site on November 30, 2023, which was attended by one contractor (Stehly Brothers Drilling). No bids were received at the bid opening on December 7, 2023.

In the second solicitation, the Notice Requesting Bids was advertised in The Alpine Sun on May 3, 2024. DCWD also placed the Notice Requesting Bids on the California Special Districts Association RFP Clearinghouse. NV5 distributed the Notice Requesting Bids to approximately 25 general construction contractors, more specialized subcontractors, and various equipment and materials suppliers. There was a non-mandatory pre-bid meeting at the proposed treatment facility site on June 5, attended by one contractor (Cora Constructors). Cora Constructors submitted the sole bid at the scheduled bid opening on June 27, 2024. Cora's bid was \$3,588,049 (base bid items only). The estimate contained in the Notice Requesting Bids was \$1,350,000 (base bid items only). See enclosed Bid Form from Cora Constructors.

Feedback from some contractors indicates that potential causes of limited interest in the project are Descanso's relatively remote geographic location and larger, competing projects that advertised in the same timeframe (e.g. City of San Diego).

Ideally, the proposed treatment facility would commence field construction after Well No. 7 is completed and Well No. 6 is destroyed. This would prevent two contractors working at the site simultaneously. This delayed sequence appears to be achievable, as DCWD may reject all bids received on June 27, 2024, and new bids would not be received until November (see tentative schedule below). This will allow long lead time items, such as the treatment equipment, programmable logic controller, and instruments, to be procured and fabricated prior to starting field construction efforts.

USDA informed NV5 in August 2024 that, because of a recent increase median household income (MHI) for Descanso, additional grant funding for the project would not be available. The MHI data is per the United States Census, and may not be representative of the DCWD service area. DCWD could consider performing an income survey. However, it would take several months to complete this survey and confirm eligibility with USDA for additional grant funding.

USDA noted that, because of lack of favorable response to the construction bid solicitations, DCWD may award a construction contract separate from bid solicitation. However, this could be in violation of the Public Contracts Code. NV5 recommends that DCWD not pursue contracting outside of a public solicitation at this time.

AdEdge (equipment supplier for treatment facility) has held pricing for its equipment through August 31, 2024. NV5 will assist DCWD obtain updated pricing from AdEdge for inclusion in the Bid Form in the upcoming solicitation of bids. AdEdge most recently updated its pricing in May 2024.

NV5 and DCWD staff recommend rejecting all bids received on June 27, 2024 (Cora Constructors) due to the high bid price. NV5 and DCWD staff recommend soliciting bids anew for the construction of the iron and manganese treatment facility. An anticipated timeline for the bid solicitation is below. More favorable

pricing could be obtained from an increase in the number of submitted bids. A greater number of bids could be obtained by expanding the advertisement publications.

Friday, September 27, 2024 – Advertisement in The Alpine Sun and Imperial Valley Sun; email circulation via Association of General Contractors' San Diego Section Plan Room; publication at CSDA RFP Clearinghouse; posting on DCWD's website; distribution by NV5 to potentially interested bidders and suppliers.

Tuesday, October 29, 2024 – Pre-bid Job Walk at treatment facility site (non-mandatory)

Tuesday, November 19, 2024 – Bid Opening at Descanso Town Hall

Wednesday, December 18, 2024 – Board of Directors Meeting; possible action re: award of contract

DCWD could include an agenda item at its regular December board meeting to consider issuing a Notice of Award to a construction contractor.

As the proposed treatment facility building is located within a FEMA-mapped flood zone (Zone AO), a Certified Letter of Map Revision (CLOMR) was required. FEMA has approved the CLOMR application documents. Following construction, certification of the elevation of the constructed improvements will be submitted to FEMA.

### **Environmental Monitoring**

The projects' environmental documentation calls for pre-construction migratory bird surveys and for monitoring for cultural resources during earthwork activities by an archeologist and by a Native American monitor. NV5 suggests amendments to existing task orders be executed at the next DCWD Board meeting to consider authorizing these services.

\* \* \* \* \*

Bid Schedule must be complete in its entirety.

**BID SCHEDULE  
FOR  
IRON AND MANGANESE TREATMENT FACILITY**

Base Bid Items					
Item	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
1	Mobilization and Demobilization, Insurance and Bonding	Lump Sum	1	\$ 175,000-	\$ 175,000-
2	Sheeting, Shoring and Bracing	Lump Sum	1	\$ 3,000-	\$ 3,000-
3	Dewatering	Lump Sum	1	\$ 1.00	\$ 1.00
4	Furnish, Install, Maintain and Remove Erosion Control and BMPs	Lump Sum	1	\$ 22,000-	\$ 22,000-
5	Clearing, Grubbing, Grading, and Site Improvements	Lump Sum	1	\$ 150,000-	\$ 150,000-
6	Yard Piping	Lump Sum	1	\$ 170,000-	\$ 170,000-
7	Furnish and Install Pre-engineered CMU Building and Concrete Foundations	Lump Sum	1	\$ 705,000-	\$ 705,000-
8	Furnish and Install 11,800 Gallon and 6,250 Gallon Storage Tanks	Lump Sum	1	\$ 150,000-	\$ 150,000-
9	Pre-selected Iron and Manganese Treatment Facility	Lump Sum	1	\$ 303,848	\$ 303,848
10	Installation of Pre-selected Iron and Manganese Treatment Facility	Lump Sum	1	\$ 60,000-	\$ 60,000-
11	Mechanical Work Associated with Treatment Facility and Storage Tanks	Lump Sum	1	\$ 400,000-	\$ 400,000-
12	Electrical and Instrumentation Work	Lump Sum	1	\$ 900,000-	\$ 900,000-
13	Diesel Engine Generator and Automatic Transfer Switch	Lump Sum	1	\$ 75,000-	\$ 75,000-
14	Improvements to Well No. 5	Lump Sum	1	\$ <del>20,200</del> <sup>20,200</sup>	\$ <del>20,200</del> <sup>20,200</sup>
15	Improvements to Well No. 7	Lump Sum	1	\$ <del>82,000</del> <sup>82,000</sup>	\$ <del>82,000</del> <sup>82,000</sup>
16	Record Drawings	Lump Sum	1	\$ 2,200-	\$ 2,200-

Bidder shall total the extended amounts provided in the base bid schedule to determine total base bid price entered in the following:

Total Base Bid Price in Numerals: \$ 3,588,049.00

Total Base Bid Price in Words: THREE MILLION FIVE HUNDRED

EIGHTY-EIGHTY THOUSAND FORTYNINE DOLLARS

Cora Constructors Inc  
Bidder's Name

The low bid will be determined based on the Total Base Bid Price listed above.

Additive Bid Items					
Item	Description	Unit	Estimated Quantity	Unit Price	Extended Amount
A	Furnish and Install Roof-Mounted Electrical Solar Panel System	Lump Sum	1	\$ 66,000-	\$ 66,000-

Bidder shall total the extended amounts provided in the additive bid schedule to determine total additive bid price entered in the following:

Total Additive Bid Price in Numerals: \$ 66,000.00

Total Additive Bid Price in Words: SIXTY SIX THOUSAND DOLLARS

**D. COSTS INCLUDED IN PRECEDING BID**

The undersigned declares that the cost for all labor, materials, equipment, taxes, freight, insurance and incidentals necessary for the Work is included in the Total Bid Price including but not limited to sheeting, shoring, and bracing, or equivalent method for the protection of life and limb in trenches and open excavation in conformance with applicable safety orders.

**E. LIST OF SUBCONTRACTORS**

The name, California Contractor's license number, and location of place of business of each subcontractor who will perform work or labor or render service to the Contractor in or about the construction of the work or improvements in an amount in excess of one-half of one percent (0.5%) of the Contractor's total Bid, and the portion of the Work which will be done by each subcontractor is set forth as follows. Circumvention by the Contractor of the requirement to list subcontractors by the device of listing one subcontractor who will in turn sublet portions constituting the majority of the Work covered by this Contract shall be considered a violation of Chapter 4 of the California Public Contract Code and shall subject the Contractor to the penalties set forth in Sections 4110 and 4111 of said Code. Contractor shall conduct substitutions of subcontractors in compliance with Public Contract Code Sections 4107 and 4107.5 detailing the process and conditions under which a public agency may consent to a subcontractor substitution. Attach additional sheets if necessary. A C-57 licensed subcontractor shall be listed, or bidder shall note as "Self Perform" in the following table.











**Change Order No. 06  
to Task Order No. 08 Dated: 29 December 2015**

Date 19 September 2024  
Task Order No. 08  
NV5 Project No. SDB084308  
PM James F. Owens

**CLIENT**  
Descanso Community Water District  
c/o SUSP  
1234 N. Market Boulevard  
Sacramento, CA 95834

**NV5 OFFICE**  
NV5, Inc.  
f/k/a Nolte Associates, Inc.  
15092 Avenue of Science, Suite 200  
San Diego, CA 92128

**JOB DESCRIPTION AND LOCATION**

Fe and Mn Transmission Pipeline Improvements – Design Services

Descanso, San Diego County, CA

**NV5, Inc. will perform the following additional services:**

- See scope of services dated September 11, 2024

Fee for Additional Services Described Above:

Original Contract Fee: \$ 188,450.00  
Previous Changes: \$ 275,969.00  
This Change: \$ 24,440.00  
Revised Total Fee: \$ 488,859.00

All remaining terms and conditions of the Master Agreement Contract dated May 1, 2013 as amended through Change Order 03 to the Master Agreement, and Task Order 08 dated 29 December 2015 remain in full force and effect.

**DESCANSO COMMUNITY WATER DISTRICT  
AUTHORIZATION:**

BY: \_\_\_\_\_

PRINT NAME & TITLE: \_\_\_\_\_

**NV5, INC. AUTHORIZATION:**

BY: \_\_\_\_\_

PRINT NAME & TITLE: JEFFREY COOPER  
SR. VICE PRESIDENT

## EXHIBIT A

# Descanso Community Water District Descanso, San Diego County, CA Iron and Manganese Facility and Pipelines - Final Design Scope of Services Task Order 08 Contract Amendment 06

### Assumptions and Understanding

The Descanso Community Water District (DCWD) has completed two portions of its capital improvements plan which have funding from the United States Department of Agriculture, Rural Development (USDA): Viejas Grade Pipeline and Viejas Boulevard Pipeline. Two components remain outstanding: well drilling and destruction, and the construction of a treatment facility for the removal of Iron and Manganese. In late 2023, DCWD solicited bids for the drilling of a well to replace the existing Well No. 6 and for the destruction of Well No. 6. DCWD received two bids. DCWD issued a Notice of Award in December 2023 for the Well Drilling and Destruction Project, and has entered into an agreement for construction of the Well Drilling and Destruction Project.

In late 2023, DCWD solicited bids for the construction of the water treatment facility. From this solicitation, DCWD did not receive any bids. Following this, DCWD requested NV5's support in soliciting bids anew for the treatment facility's construction. DCWD advertised the project's call for bids on May 3, 2024. One bid was received on July 27, 2024. Therefore, DCWD desires to solicit bids a third time for the construction of the treatment facility, advertising the project's call for bids in late September 2024.

In summer/fall 2023, NV5 augmented the treatment facility design to include compliance with Title 24, Chapter 5 requirements for non-residential indoor lighting controls that were not in effect at the time of execution of the original task order, and were significantly less stringent than current standards. These design efforts were included in the design documents for the 2023 construction bid solicitation noted above.

This scope of services authorizes NV5's support for the second and third bidding solicitation for treatment facility construction. This scope of services also authorizes additional compensation for electrical design augmentation for services rendered in 2023.

### Task 3 – Design Documents – Scope and Compensation Modification

NV5 updated the electrical design documents in 2023 to comply with recently enacted Title 24 provisions pertaining to indoor lighting. No additional design efforts are requested of NV5 for this task. NV5's compensation for this task is adjusted as noted below.

### Task 9D – Bidding Assistance – Well No. 7 Drilling

One construction contract was originally anticipated to be advertised and bid for the treatment facility project. As noted above, DCWD is pursuing a second and third construction bid solicitation for the treatment facility. Below is a scope of work for the second and third bid solicitations. NV5's efforts for

11 September 2024

Page 1 of 2

Contract Amendment 06 – Scope of Services

Iron and Manganese Facility, Viejas Boulevard Pipeline, and Viejas Grade Pipeline – Final Design Services

58

the second bid solicitation have been completed, but have not yet been formally authorized or invoiced. DCWD completed its second construction bid solicitation in late June 2024.

NV5 modified the bidding documents for a second solicitation for construction bids for the treatment facility based on bidders’ questions received in the first and second solicitations. NV5 will modify the bidding documents to include updated pricing for treatment equipment (AdEdge) for the third solicitation.

NV5 will attend and coordinate the pre-bid conference and job walk for prospective bidders. NV5 anticipates this event will take place in the Descanso area during normal business hours (Monday through Friday 8am to 4pm) at a date to be determined.

NV5 will maintain the planholders list and will lead efforts to distribute bidding documents to parties that express interest. Bidding documents are anticipated to be distributed via email in .pdf format.

Following the pre-bid conferences and job walk, NV5 will issue responses to contractor questions and issue addenda for the project. NV5 will provide these responses to planholders. NV5 anticipates issuing addenda and question responses via electronic means (email of .pdf files). NV5 will attend the bid opening and one DCWD Board meeting in this scope of services.

Advertising costs shall be borne directly by DCWD. DCWD will be responsible for allowing access to the project site during the pre-bid meeting, and coordinating the bid opening at a public location in the Descanso area (e.g. Descanso Town Hall).

NV5 will provide services previously authorized under Contract Amendment 05, but not undertaken due to a lack of bids (first solicitation) and rejection of bids (second solicitation). This includes, following the bid opening, preparing a bid tabulation to compare unit and total pricing from received bids. NV5 will draft the PWC-100 Form for DCWD to upload to the Department of Industrial Relations’ webportal.

**Fee**

The additional task order time and materials fee to complete the above scope of services is \$24,440, based on the modified Charge Rate Schedule presented in Change Order 03 dated 27 July 2022 to the Master Services Agreement between DCWD and NV5, Inc.

<b>Task</b>	<b>Additional Fee</b>
Task 3 – Design Documents (Additional Compensation)	\$6,800
Task 9D – Bidding Assistance – Well No. 7 Drilling	\$17,640
<b>Total Fee</b>	<b>\$24,440</b>

\* \* \* \* \*



# **DCWD OPERATIONS REPORT**

## **September 17th, 2024**

### **SUMMARY**

- Normal day to day operations of the district
- Abigail and Cameron have been keeping up on yard maintenance around the well sites and the office.
- We have had multiple leaks around the district due to the company hired by SDG&E hitting lines that weren't marked out due to them not being listed on our maps. One of the most recent breaks caused an emergency shutdown that affected most of the district.
- Cameron has been working on the Lead Line Inventory and has that almost completed. Any customer side that he is unable to get, Cierra will send a survey letter to.
- The arrearage program reporting was completed and turned in. However, they sent it back with a couple things needing to be fixed, so once that is done the reporting will be re-submitted.

### **3 MONTHS LOOK AHEAD**

- Complete the Lead Line Inventory.
- We plan to continue changing out old/dead meters.
- Continue with usual routines such as daily rounds, meter reading, weekly deposits and billing.
- SUSP will purchase a tractor for the district.
- Routine flushing.
- Distribute shut off notices and door tags for non-payment.
- Add stock to our inventory of parts and materials.



**Item 14**

**OTHER ITEMS DIRECTLY RELATED TO THE ABOVE-DESCRIBED MATTERS AS MAY BE BROUGHT BEFORE THE BOARD OF DIRECTORS.**

**Notes:**

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**Item 15**

**MOTION TO ADJOURN.**

**Notes:**

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