



**LINCOLN-SMD 1 WASTEWATER AUTHORITY  
MEETING AGENDA**

Regular Meeting of the Board of Directors

Lincoln City Hall, Third Floor Council Chambers  
600 Sixth Street, Lincoln, CA 95648

November 17, 2023, at 10:00 a.m.

The public may also observe and participate in the meeting via Zoom at the following  
videoconferencing link:

[https://us06web.zoom.us/webinar/register/WN\\_L2bYfOdARYiQxL2vDwckAQ](https://us06web.zoom.us/webinar/register/WN_L2bYfOdARYiQxL2vDwckAQ)

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**Board of Directors**

CITY OF LINCOLN

Dan Karleskint, Chair  
Holly Andreatta

COUNTY OF PLACER

Jim Holmes, Vice Chair  
Shanti Landon

**General Manager and Secretary**

George Barber

**Legal Counsel**

Wes Miliband

**PRELIMINARY MATTERS**

- A. CALL TO ORDER
- B. PLEDGE OF ALLEGIANCE
- C. ROLL CALL
- D. PUBLIC COMMENT ON NON-AGENDA ITEMS

*Any member of the public wishing to address the Board of Directors regarding items not on the Agenda within the Authority's subject matter jurisdiction should do so at this time. With respect to items on the Agenda, the Board will receive public comments at the time the item is opened for discussions, prior to any vote or other Board action. A three-minute time limit is requested. Please complete a speaker card and submit it to the General Manager at the meeting.*



## **ACTION CALENDAR**

1. APPROVAL OF MINUTES – 10/13/23 Regular Meeting
2. CONSENT ITEMS

*It is recommended by the General Manager that these items, which are expected to be routine in nature and without controversy, be received and acted upon by the Board without discussion. If any Board member or interested party requests that an item be removed from the Consent Calendar for discussion, it will be considered separately. The consent calendar may be approved by a single motion to approve, followed by a second and then a call for vote.*

- 2.1 APPROVAL AND AUTHORIZATION TO EXECUTE AGREEMENT FOR MUNICIPAL FINANCE ADVISORY SERVICES WITH DEL RIO ADVISORS, LLC.
3. GENERAL MANAGER'S REPORT AND UPDATE – A written and verbal report.
4. OPERATIONS REPORT AND UPDATE – A written and verbal report.
5. CANCEL REGULAR MEETING OF THE BOARD OF DIRECTORS FOR FEBRUARY 9, 2024 AND WWTRF OPERATIONS CONTRACT INTERVIEWS AND SET A SPECIAL MEETING DATE FOR THE FOLLOWING WEEK – Consider the cancellation of the February Board meeting and the WWTRF Operations Contract Interviews and set a Special Meeting and the interviews for the following week.
6. CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION – Closed session conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Government Code § 54956.9(d)(2)) – One potential case.
7. LISWA UNIT DEFINITION FOR COST OF SERVICE CALCULATION AND REPORTING POLICY – Consider and potentially adopt changes to the policy as set forth in staff report.
8. DRAFT POLICY AND PROCEDURE MANUAL – No action to be taken. This is a discussion item only with staff providing a presentation and inviting comments and direction from the Board.
9. LEGAL REPORT – Counsel will provide a verbal report.
10. DIRECTOR'S COMMENTS

## **ADJOURNMENT**

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THE FOLLOWING INFORMATION IS PROVIDED TO ASSIST WITH PUBLIC PARTICIPATION:

Americans with Disabilities Act (ADA): In compliance with the ADA, if you need special assistance to participate in this meeting or other services in conjunction with this meeting, please contact the Lincoln City Clerk's Office at (916) 434-2490. The meeting room is wheelchair accessible and disabled parking is available. Notification at least 24 hours prior to the meeting or time when services are needed will assist staff in assuring reasonable arrangements can be made to provide accessibility to the meeting or service.

Agenda Availability: The main posting location of the LiSWA Agenda is on the public kiosk outside the entrance of Lincoln City Hall, 600 6th Street, Lincoln, California. Agenda Packets are available for review at the Lincoln City Clerk's Office, 600 6th Street, Lincoln, California.



**LINCOLN-SMD 1 WASTEWATER AUTHORITY  
MEETING AGENDA**

Regular Meeting of the Board of Directors  
October 13, 2023, at 10:00 a.m.

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**PRELIMINARY MATTERS**

- A. CALL TO ORDER - The meeting was called to order at 10:00 am.
- B. PLEDGE OF ALLEGIANCE- The pledge was led by the Director Holmes.
- C. ROLL CALL

Dan Karleskint, Chair  
Jim Holmes, Vice Chair  
Holly Andreatta, Director  
Shanti Landon, Director  
Staff present:  
George Barber, General Manager and Board Secretary  
Wes Miliband, Legal Counsel

- D. PUBLIC COMMENT ON NON-AGENDA ITEMS

There were no public comments on non-agenda items.

**ACTION CALENDAR**

- 1. APPROVAL OF MINUTES – 09/08/23 Regular Meeting 09/08/23 Special Meeting  
Motion to approve by Director Holmes, Second by Director Andreatta, Approved 4-0

- 2. CONSENT ITEMS

*It is recommended by the General Manager that these items, which are expected to be routine in nature and without controversy, be received and acted upon by the Board without discussion. If any Board member or interested party requests that an item be removed from the Consent Calendar for discussion, it will be considered separately. The consent calendar may be approved by a single motion to approve, followed by a second and then a call for vote.*

- 2.1 CHANGE OF THE NOVEMBER 2023 REGULAR MEETING OF THE BOARD OF DIRECTORS DATE AND TIME TO NOVEMBER 17, 2023 AT 10:00 AM.

Motion to approve by Director Holmes, Second by Director Landon, Approved 4-0

- 3. GENERAL MANAGER'S REPORT AND UPDATE - A written and verbal report was provided discussing Pre-submission meeting, financial processes, and website.



4. OPERATIONS REPORT AND UPDATE – A written and verbal report was provided by Gary Hengst, Chief Operator, Board questions were answered as he discussed projects and operations.

OPERATIONS RFQ AD-HOC COMMITTEE – Consider the establishment of an Ad Hoc Committee consisting of two Board Members, the General Manager, Legal Counsel, City of Lincoln staff and County of Placer staff and appoint two Board members for the selection process of the contract operator for LiSWA. – Director Holmes nominated Director Landon, Director Andreatta nominated Chair Karleskint, both accepted. Motion to approve by Director Landon, Second by Director Andreatta, Approved 4-0

5. PRESENTATION BY ALLIANT INSURANCE SERVICES – Alliant Insurance Representative will provide a presentation on the company and the California Sanitation Risk Management Authority (CSRMA). – Seth Cole from Alliant Insurance Services provided a presentation on the CSRMA and the process for LiSWA to join.

RESOLUTION NO. 2023-06 CHANGING THE MAILING ADDRESS OF THE AUTHORITY – Consider a change of mailing address from 600 Sixth Street Lincoln, CA (Lincoln City Hall) to 1245 Fiddyment Road Lincoln, CA (Wastewater Treatment and Reclamation Facility). – The General Manager presented reasons for changing the mailing address. Motion to approve by Director Landon, Second by Director Andreatta, Approved 4-0

6. DRAFT POLICY AND PROCEDURE MANUAL – The General Manager and Counsel presented the draft policies, explaining the opportunity for the Board and the public to see the early draft. Counsel invited the Board to reach out for clarifications or with questions and an updated version will be provided at the next Board meeting.
7. LEGAL REPORT – Counsel had nothing additional to report.
8. DIRECTOR'S COMMENTS-There were no Director's comments.

**ADJOURNMENT Meeting was adjourned at 10:52 am**

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## Lincoln-SMD1 Wastewater Authority

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### Memorandum

To: Board of Directors  
From: George Barber, General Manager  
Date: 11/17/23 Regular Board Meeting

#### **Agenda Item #2**

SUBJECT: Consent Items

*It is recommended by the General Manager that these items, which are expected to be routine in nature and without controversy, be received and acted upon by the Board without discussion. If any Board member or interested party requests that an item be removed from the Consent Calendar for discussion, it will be considered separately. The consent calendar may be approved by a single motion to approve, followed by a second and then a call for vote.*

#### **2.1 APPROVAL AND AUTHORIZATION TO EXECUTE AGREEMENT FOR MUNICIPAL FINANCE ADVISORY SERVICES WITH DEL RIO ADVISORS, LLC.**

Legal Counsel and I worked with Tristan Butcher, LiSWA and Placer County Treasurer in the selection process for a Municipal Financial Advisor. Nita Wracker from the City of Lincoln provided assistance in the selection. After each reviewed the proposals and individually scored them, we met and determined that Del Rio Advisors would be the best firm to work with LiSWA as we worked toward financing improvements.

#### **Action Requested:**

**“Approval of the agreement with Del Rio Advisors, LLC for Municipal Finance Advisory Services and authorization for the General Manager to execute and administer the agreement.”**

**Administering Agency:** Lincoln-Sewer Maintenance District 1 Wastewater Authority

**Contract Description:** Municipal Advisory Services for the Lincoln-SMD1 Wastewater Authority 2023

## CONSULTANT SERVICES AGREEMENT

**THIS AGREEMENT** is made in Lincoln, California, by and between the Lincoln-Sewer Maintenance District 1 Wastewater Authority, ("Authority"), and Del Rio Advisors, LLC ("Consultant"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide the services described in the Engagement Agreement/Disclosure, referred to herein and attached as **Exhibit A**. Consultant shall provide said services at the time, place, and in the manner specified in **Exhibit A**. In the event of a conflict between the terms of this Agreement and the terms in **Exhibit A**, the terms provided for in **Exhibit A** shall prevail.
2. **Payment.** Authority shall pay Consultant for services rendered pursuant to this Agreement at the time and in the amount set forth in **Exhibit A**. The payment specified in **Exhibit A** shall be the only payment made to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all billings for said services to Authority in the manner specified therein, or, if no manner be specified, then according to the usual and customary procedures which Consultant uses for billing clients similar to Authority. **The amount of this Agreement shall not exceed Sixty-Two Thousand Five Hundred Dollars (\$62,500).**
3. **Facilities, Equipment and Other Materials, and Obligations of Authority.** Consultant shall, at its sole cost and expense, furnish all facilities, equipment, and other materials which may be required for furnishing services pursuant to this Agreement.
4. **Exhibits.** All exhibits referred to herein will be attached hereto and by this reference incorporated herein.
5. **Time for Performance.** Time is of the essence. Failure of Consultant to perform any of the services within the time limits set forth in **Exhibit A** or as otherwise customary for such services shall constitute material breach of this contract.
6. **Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of the Authority. Authority shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement. Authority shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement.
7. **Licenses, Permits, Etc.** Consultant represents and warrants to Authority that it has all licenses, permits, qualifications, and approvals of whatsoever nature, which are legally required for Consultant to practice its profession. Consultant represents and warrants to Authority that Consultant shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice its profession at the time the services are performed.
8. **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for the satisfactory performance of Consultant's obligations pursuant to this Agreement. Neither party shall be considered in default of this Agreement to the extent

performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

9. **Hold Harmless and Indemnification Agreement.** At all times during the performance of this agreement, Consultant agrees to protect, defend, and indemnify Authority, its agents and governing body members from and against any damages including costs and attorney's fees arising out of negligent or intentional acts or omissions of Consultant, its employees or agents. This indemnification shall extend to claims, losses, damages, injury, and liability occurring during and after completion of Consultant's services. Acceptance of insurance required by this Agreement does not relieve Consultant from liability under this indemnification clause.
10. **Insurance.** Consultant shall file with Authority concurrently herewith a Certificate of Insurance, in companies acceptable to Authority, for insurance coverage or self-insurance in the amounts of not less than one million dollars (\$1,000,000) to cover all of its operations, specifically, but not limited to, not less than one million dollars (\$1,000,000) general liability, and one million dollars (\$1,000,000) professional liability (E&O). Consultant represents and warrants that the undersigned principal for Consultant is the sole employee and only member of Del Rio Advisors, LLC, thus precluding otherwise applicable requirements for a Certificate of Workers' Compensation Insurance. If, during the term of this Agreement, Consultant hires one or more employees and/or adds members to Del Rio Advisors, LLC, then Consultant shall promptly provide notice to the Authority and obtain adequate evidence of workers' compensation insurance of not less than one million dollars (\$1,000,000) and a Certificate of Workers' Compensation Insurance. All costs of complying with these insurance requirements shall be included in Consultant's fee(s). These costs shall not be considered a "reimbursable" expense under any circumstances.
11. **Consultant Not Agent.** Except as Authority may specify in writing Consultant shall have no authority, express or implied, to act on behalf of Authority in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied pursuant to this Agreement to bind Authority to any obligation whatsoever.
12. **Assignment Prohibited.** Consultant may assign its rights and obligations under this Agreement only upon the prior written approval of Authority, said approval to be in the sole discretion of Authority.
13. **Personnel.**
  - A. Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that Authority, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Consultant to perform services pursuant to this Agreement, including those members of the Project Team as explained below, Consultant shall remove any such person immediately upon receiving notice from Authority of the desire of Authority for removal of such person or persons.
  - B. Notwithstanding the foregoing, if specific persons are designated as the "Project Team" in **Exhibit A**, Consultant agrees to perform the work under this Agreement with those individuals identified. Reassignment or substitution of individuals or subcontractors named in the Project Team by Consultant without the prior written consent of Authority shall be grounds for cancellation of the Agreement by Authority, and payment shall be made pursuant to Section 15 (Termination) of this Agreement only for that work performed by Project Team members.
14. **Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in accordance with its Fiduciary Duties, as described in **Exhibit A**. Additionally, Consultant shall generally perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. All products of whatever nature which Consultant delivers to Authority pursuant to this Agreement shall be prepared in a substantial first class

and workmanlike manner and conform to the standards or quality normally observed by a person practicing in Consultant's profession.

15. **Termination.**

- A. Authority shall have the right to terminate this Agreement at any time by giving thirty (30) days' notice in writing of such termination to Consultant. In the event Authority gives such notice of termination, Consultant shall work with Authority to complete any pending work, if practicable, within the 30-day window and shall cease rendering service upon expiration of 30 days from receipt of Authority's notice of termination. In the event Authority shall terminate this Agreement:
- 1) Consultant shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include: handwriting, typewriting, printing, photostatting, photographing, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof.
  - 2) Authority shall have full ownership and control of all such writings delivered by Consultant pursuant to this Agreement.
- B. Consultant may terminate its services under this Agreement upon thirty- (30) days' advance written notice to the Authority.
- C. If terminated by either Party, Authority will pay any standard reimbursable expenses accrued to date and any outstanding invoices related to the scope of services performed to the date of termination. Payments made pursuant to this Section shall be in accordance with the terms set forth in **Exhibit A**. Authority shall not in any manner be liable for lost profits which might have been made by Consultant had Consultant completed the services required by this Agreement.

16. **Non-Discrimination.** Consultant shall not discriminate in its employment practices because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation in contravention of the California Fair Employment and Housing Act, Government Code section 12900 *et seq.*

17. **Records.** Consultant shall, consistent with Record Retention regulations established by the Securities Exchange Commission, maintain at all times complete detailed records with regard to work performed under this Agreement in a form acceptable to Authority. Authority shall have the right to inspect such records at any reasonable time. Notwithstanding any other terms of this Agreement, no payments shall be made to Consultant until Authority is satisfied that work of such value has been rendered pursuant to this Agreement. However, Authority shall not unreasonably withhold payment and, if a dispute exists, the withheld payment shall be proportional only to the item in dispute.

18. **Ownership of Information.** All professional and technical information developed under this Agreement and all work sheets, reports, and related data shall become the property of Authority, and Consultant agrees to deliver reproducible copies of such documents to Authority on completion of the services hereunder. The Authority agrees to indemnify and hold Consultant harmless from any claim arising out of reuse of the information other than for the services identified in **Exhibit A**.

19. **Waiver.** One or more waivers by one party of any major or minor breach or default of any provision, term, condition, or covenant of this Agreement shall not operate as a waiver of any subsequent breach or default by the other party.



20. **Conflict of Interest.** In addition to the Conflict provisions as outlined in **Exhibit A** to this Agreement, Consultant certifies that no official or employee of the Authority, nor any business entity in which an official of the Authority has an interest, has been employed or retained to solicit or aid in the procuring of this Agreement. Consultant further agrees that no such person will be employed in the performance of this Agreement without immediately notifying the Authority.
21. **Entirety of Agreement.** This Agreement, along with any and all exhibits referenced herein, contains the entire agreement of Authority and Consultant with respect to the subject matter hereof, and no other agreement, statement, or promise made by any party, or to any employee, officer or agent of any party, which is not contained in this Agreement, shall be binding or valid.
22. **Alteration.** No waiver, alteration, modification, or termination of this Agreement shall be valid unless made in writing and signed by all parties, except as expressly provided in Section 15, Termination.
23. **Governing Law.** This Agreement is executed and intended to be performed in the State of California, with the laws of California to govern the interpretation and effect of the terms of this Agreement. Any legal proceedings on this Agreement shall be brought under the jurisdiction of the Superior Court of the County of Placer, State of California. Each party waives any Federal court removal and/or original jurisdiction rights it may have.
24. **Notification.** Any notice or demand desired or required to be given hereunder shall be in writing and deemed given when personally delivered or deposited in the mail, postage prepaid, and addressed to the parties as follows:

AUTHORITY:

Lincoln-SMD1 Wastewater Authority  
 Attn: George Barber  
 General Manager  
 1245 Fiddymont Road  
 Lincoln, CA 95648

Phone: 530-378-5240

CONSULTANT:

Del Rio Advisors, LLC  
 Attn: Kenneth L. Dieker  
 Principal  
 1325 Country Club Drive  
 Modesto, CA 95356

Phone: 209-543-8704

Fax: 209-554-0427

Any notice so delivered personally shall be deemed to be received on the date of delivery, and any notice mailed shall be deemed to be received five (5) days after the date on which it was mailed.

25. **Term of Agreement.** The Term of this Agreement shall commence on the last date of execution below and shall remain in effect until the earlier of December 31, 2025 or termination pursuant to Section 15.
26. **Signatures.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. The Parties agree that an electronic copy of a signed contract, or an electronically signed contract, shall have the same force and legal effect as a contract executed with an original ink signature. The term “electronic copy of a signed contract” refers to a transmission by facsimile, electronic mail, or other electronic means of a copy of an original signed contract in a portable document format. The term “electronically signed contract” means a contract that is executed by applying an electronic signature using technology approved by the Parties.

Executed as of the date stated below:

**LINCOLN-SEWER MAINTENANCE DISTRICT 1 WASTEWATER AUTHORITY**

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

Printed Name/Title: George Barber

Title: General Manager

Date: \_\_\_\_\_

Approved As to Form: Counsel for Authority

By: \_\_\_\_\_  
Wesley A. Miliband

**DEL RIO ADVISORS, LLC\***

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

Printed Name/Title: Kenneth L. Dieker

Title: Member / Principal

Date: \_\_\_\_\_

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

Printed Name/Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*\*If Consultant is a corporation, this agreement must be signed by two corporate officers, one of which must be the Secretary of the corporation, and the other may be either the President or Vice President, unless an authenticated corporate resolution is attached delegating authority to a single officer or other officers to bind the corporation.*



# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

**October 11, 2023**

**Lincoln-Sewer Maintenance District 1 Wastewater Authority**

**Mr. George Barber**

**General Manager**

**600 6<sup>th</sup> Street**

**Lincoln, CA 95648**

**RE: Engagement Agreement / Disclosures**

**Dear Mr. Barber:**

This letter specifies a proposed engagement agreement ("Engagement") between Del Rio Advisors, LLC Municipal Advisor ("MA") and the Lincoln-Sewer Maintenance District 1 Wastewater Authority (the "Authority"). This letter also provides certain written policies and disclosures to be provided by the Municipal Advisor to the Authority as now required by both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"), effective July 1, 2014.

**Scope of MA Activities to be Performed:**

Under the regulations, Municipal Advisors are required to provide a specific list of services to be performed while acting as MA.

If a **competitive public sale** is recommended:

- Assist in negotiating and obtaining bids from bond counsel, disclosure counsel, and trustee.
- Prepare a draft Interested Parties List and Financing Schedule.
- Prepare a detailed cost of issuance budget.
- Assist in assembling the Official Statement for the financing in a manner consistent with existing laws, regulations, and standards of the securities industry.
- Take primary responsibility in the preparation and coordination of comprehensive presentations to the rating agencies and bond insurers.
- Prepare all staff reports and presentations for Board consideration.
- Prepare the Notice of Publication and the Notice of Sale to be posted with the bid documents.

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***Del Rio Advisors, LLC***

*1325 Country Club Drive*

*Modesto, CA 95356*

*Phone: (209) 543-8704*

*Mobile: (209) 480-1862*

*Email: [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com)*



# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

- Secure the bidding date and time and utilize the IPREO platform to take all electronic bids.
- Prepare the draft Notice of Publication to be sent to the Bond Buyer.
- Prepare the draft Notice of Sale.
- Analyze the bids and make a recommendation to award the bonds to the winning firm.
- Review and comment on all documents.
- Coordinate the delivery, printing and final approval of legal documents, the preparation of closing certificates and the final Official Statement.
- Attend all meetings and calls, as requested.

If a **negotiated public sale** is recommended:

- Assist in negotiating and obtaining bids from bond counsel, disclosure counsel, underwriter(s) and trustee.
- Prepare a draft Interested Parties List and Financing Schedule.
- Request a detailed gross spread proposal from the underwriter(s).
- Prepare a detailed cost of issuance budget.
- Assist in assembling the Official Statement for the financing in a manner consistent with existing laws, regulations, and standards of the securities industry.
- Assist in the preparation and coordination of comprehensive presentations to the rating agencies and bond insurers.
- Prepare all staff reports and presentations for Board consideration.
- Undertake pre-pricing analysis before the sale including providing detailed comparable sales; develop a target pricing range for all maturities.
- Advise the Authority on pricing on the day of sale and assist in the negotiation of final pricing.
- Provide a post-pricing analysis with relevant comparable data to assist the Authority in memorializing the transaction.
- Review and comment on all documents.
- Coordinate the delivery, printing and final approval of legal documents, the preparation of closing certificates and the final Official Statement.
- Attend all meetings and calls, as requested.

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If a **direct placement** is recommended:

- Assist in negotiating and obtaining bids from bond counsel, placement agent and the trustee (if needed).
- Prepare a draft Interested Parties List and Financing Schedule.
- Draft or review the term sheet to be sent to lenders.
- Review the term sheet responses and make recommendations to the Authority as to lender selection.
- Prepare all staff reports and presentations for Board consideration.
- Prepare a detailed cost of issuance budget.
- Review and comment on all documents.
- Coordinate the delivery, printing and final approval of legal documents and the preparation of closing certificates.
- Attend all meetings and calls, as requested.

If a **Federal or state loan program** is recommended:

- Assist in drafting the finance portion of the applications.
- Prepare the draft pro forma to be included in the application (**note: WIFIA requires a 30-year projection**)
- Assist in negotiating and obtaining bids from bond counsel and trustee (if needed).
- Prepare a draft Interested Parties List and Financing Schedule.
- Prepare a detailed cost of issuance budget.
- Prepare all staff reports and presentations for Board consideration.
- Take primary responsibility in the preparation and coordination of a comprehensive presentation to the rating agency (**note: WIFIA requires at least one investment grade rating**).
- Review and comment on all documents.
- Coordinate the delivery, printing and final approval of legal documents and the preparation of closing certificates.
- Attend all meetings and calls, as requested.

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# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

## **Term of Engagement Agreement**

The commencement date of the agreement is the execution date as indicated on the signature page of this agreement and the end date is the earlier of termination by either party or December 31, 2025.

## **Termination of Engagement Agreement**

This engagement may be terminated by either party with thirty (30) days written notice delivered by registered mail to the other party. If terminated, Authority will pay any standard reimbursable expenses accrued to date and any outstanding invoices related to the scope of services performed to the date of termination.

## **Compensation and Out-of-Pocket Expenses**

### **Financing Transactions**

MA proposes a fixed contingent fee for a particular transaction dependent on the size and sale type of the issue as listed in the tables on the next page. MA will also seek reimbursement for standard expenses such as mileage, lodging or other items spent on behalf of the project.

As listed in the following tables, the "not-to-exceed" expense amount is capped by transaction. Both the proposed fees and expenses are contingent upon the successful sale and closing of the transaction. If two or more series are sold simultaneously for a single project, the total par amount of the transactions combined will be used to calculate the contingent fee and allocated pro-rata amongst the series.

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# Del Rio Advisors, LLC

*"Independent Registered Municipal Advisor"*

## Option One – Public Offering, Private Placement to Institutional Investors or Loans Obtained from State and Federal Programs

### Public Offering, Private Placement or Loans from State and Federal Programs

Low	High	Fee <sup>(1, 2)</sup>
\$0	\$5,000,000	\$27,500
\$5,000,001	\$10,000,000	\$32,500
\$10,000,001	\$20,000,000	\$42,500
\$20,000,001	\$50,000,000	\$52,500
>\$50,000,000		\$62,500

- (1) Add to this figure up to a "not-to-exceed" \$750 for normal reimbursable expenses.
- (2) All fees assume negotiated bond sale; add \$5,000.00 for a competitive sale.

## Option Two – Direct Placement to Commercial Banks or to Other Direct Lenders

### Direct Placement

Low	High	Fee <sup>(1)</sup>
\$0	\$5,000,000	\$22,500
\$5,000,001	\$10,000,000	\$27,500
\$10,000,001	\$20,000,000	\$32,500
\$20,000,001	\$50,000,000	\$42,500
>\$50,000,000		\$52,500

- (1) Add to this figure up to a "not-to-exceed" \$750 for normal reimbursable expenses.

### **Del Rio Advisors, LLC**

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# Del Rio Advisors, LLC

*"Independent Registered Municipal Advisor"*

## **Time and Materials Projects**

The Authority may wish to engage MA on a time and materials basis. Under this arrangement, MA will be compensated at the hourly rate listed below:

Team Member	Hourly Rate
Kenneth L. Dieker	\$200.00

The total hours or dollars available for a particular assignment may be capped at a fixed amount. In addition, MA will seek reimbursement for standard expenses such as mileage, lodging or other items spent on behalf of the project. Hourly fees and expenses would be billed and payable on a quarterly basis.

*Note: If during the time and materials process a particular financing is identified, in consultation with and permission of the Authority, MA would switch from a time and materials basis to compensation on a fixed contingent fee basis. **Please see the section labeled "Financing Transactions" above.***

## **Fiduciary Duty**

MA is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board (MSRB). As such, MA has a Fiduciary duty to Authority and must provide both a Duty of Care and Loyalty that entail the following:

### **Duty of Care**

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Authority with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the Authority determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Authority; and
- d) undertake a reasonable investigation to determine that MA is not forming any recommendation on materially inaccurate or incomplete information; MA must have a reasonable basis for:

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### ***Del Rio Advisors, LLC***

*1325 Country Club Drive*

*Modesto, CA 95356*

*Phone: (209) 543-8704*

*Mobile: (209) 480-1862*

*Email: [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com)*





# Del Rio Advisors, LLC

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*"Independent Registered Municipal Advisor"*

- i. any advice provided to or on behalf of the Authority;
- ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Authority, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Authority securities; and
- iii. any information provided to the Authority or other parties involved in the municipal securities transaction when participating in the preparation of an official statement.

## **Duty of Loyalty**

MA must deal honestly and with the utmost good faith with Authority and act in Authority's best interests without regard to the financial or other interests of MA. MA will eliminate or provide full and fair disclosure (included herein) to Authority about each material conflict of interest (as applicable). MA will not engage in municipal advisory activities with Authority as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in Authority's best interests.

## **Conflicts of Interest and Other Matters Requiring Disclosures:**

- As of the date of the Engagement, there are no actual or potential conflicts of interest that MA is aware of, other than listed below, that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If MA becomes aware of any other potential conflict of interest that arises after this disclosure, MA will disclose the detailed information in writing to Authority in a timely manner;
  - **DRALLC is currently under contract with the County of Placer (the "County") as both the MA and IRMA to the County. DRALLC understands that the County is a member of the Authority and that County representatives make up a portion of the Authority's Board. DRALLC does not see the relationship with the County as being in conflict at all with the Authority relationship due to the Fiduciary Duty established with the Authority upon initiation of this Engagement;**

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- **MA has a conflict of interest from compensation for municipal advisory activities to be performed, that is contingent on the size or closing of any transactions as to which MA is providing advice;**
- **If MA's fee under this agreement is a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by Authority and MA of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by MA. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, MA may suffer a loss. Thus, MA may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair MA's ability to render unbiased and competent advice or to fulfill its fiduciary duty to Authority; and**
- **If a portion of the MA's fee under this agreement is based on hourly fees of MA personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest because it could create an incentive for MA to recommend alternatives that would result in more hours worked. This conflict of interest will not impair MA's ability to render unbiased and competent advice or to fulfill its fiduciary duty to Authority;**
- The fees paid to MA increase the cost of investment to Authority. The increased cost occurs from compensating MA for municipal advisory services provided;
- MA does not act as principal in any of the transaction(s) related to this Engagement;
- During the term of the MA relationship, this Engagement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this Engagement and the revised writing will be promptly delivered to Authority;

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# Del Rio Advisors, LLC

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- MA does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by MA;
- MA has not made any payments directly or indirectly to obtain or retain the Authority's municipal advisory business;
- MA has not received any payments from third parties to enlist MA's recommendation to Authority of its services, any municipal securities transaction, or any municipal finance product;
- MA has not engaged in any fee-splitting arrangements involving MA and any provider of investments or services to Authority;
- MA does not have any other Engagements or relationships that might impair MA's ability either to render unbiased and competent advice to or on behalf of Authority or to fulfill its fiduciary duty to the Authority, as applicable; and
- MA does not have any legal or disciplinary events that are material to Authority's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

## **Legal Events and Disciplinary History**

MA does not have any legal events and disciplinary history on their Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations, and civil litigation. Authority may electronically access MA's most recent Forms MA and each most recent Forms MA-I are filed at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

## **Registration and Customer Complaints**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide

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certain written information to their municipal entity and obligated person clients which include the following:

- Del Rio Advisors, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Authority and the Municipal Securities Rulemaking Board.
- Within the Municipal Securities Rulemaking Board ("MSRB") website at [www.msrb.org](http://www.msrb.org), Authority may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

## **Recommendations**

If MA makes a recommendation of a municipal securities transaction or municipal financial product and the recommendation is requested in writing by Authority or the review of another party's recommendation is requested in writing by Authority, MA will determine, as long as the work is within the scope of this Engagement, based on the information obtained through reasonable diligence, whether a municipal securities transaction or municipal financial product is suitable for the Authority. MA will inform Authority of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which MA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for Authority;
- whether MA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Authority's objectives; and
- If Authority elects a course of action that is independent of or contrary to the advice provided by MA, MA is not required on that basis to disengage from Authority.

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## Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (the "SEC") record retention regulations, MA is required to maintain in writing, all communication and created documents between MA and Authority for five (5) years.

## Various Matters

Based upon the date of execution below, MA may begin work immediately on the understanding that the Authority will make every effort to formalize this Engagement. This letter may act as either an exhibit to any standard form of Authority contract or if one is not available, may act as the agreement between the parties.

If there are any questions regarding the above, please do not hesitate to contact Kenneth L. Dieker of Del Rio Advisors, LLC. If the foregoing terms meet with your approval, please **acknowledge receipt** by executing this letter, scan and email a copy to [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com).

Sincerely,

Del Rio Advisors, LLC

By: 

Kenneth L. Dieker, Principal

AUTHORITY

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

Mr. George Barber, General Manager

Dated: \_\_\_\_\_, 2023

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## Lincoln-SMD1 Wastewater Authority

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### Memorandum

To: Board of Directors  
From: George Barber, General Manager  
Date: 11/17/23 Regular Board Meeting  
**Agenda Item #3**  
SUBJECT: General Manager's Report

- While I was on vacation, there were no major issues or concerns.
- The West Yost Team worked in my absence with Gary Hengst to provide answers to questions that came up on the Operations RFQ tour, I worked with this team to field the final round of questions asked by the perspective proposers.
- I will be leaving on vacation after the Board Meeting. Jim Mulligan will be available if needed and I will continue to have email access. I will review and process bills as they come through.
- I have started the development of the connection fee analysis and once the initial process thoughts are developed, I will work with the TAG and the Treasurer to seek input on the analysis.
- Working with Attorney Wes Miliband on the Policy and Procedure Manual.
- Received a new copy of the approval from the California Department of Tax and Fee Administration to facilitate the vehicle transfers.
- Billing process is completed, and we are issuing bills.
- I am in regular communication with Gary about operations.
- The PGE accounts have been transferred and the PGE loan for the Oxidation Ditch Project is has been executed. Finalizing Details.
- The timeline for the Operations RFQ is shown below as the process continues.

Item	Status	Working with	Notes- Green Complete Yellow New
<b>Current Projects</b>			
Pipelines	In process	Lincoln PW	Psomas and County Surveyor resolving final issues
Vehicles	In process	Lincoln PW	Received form, DMV next..
Reclaimed Water Cost Study			
Connection Fee Analysis	In process		Discussed w/ TAG, developing
Operations RFQ	In process		Mandatory Site Meeting next
Phase I Improvements	In process		Engineering in process
Website	In process		Getting .gov approval
Board Compensation Policy	In process		In review
Procurement Policy	In process		In review
Investment Policy	In process		In review
Reserve Policy	In process		In review
NPDES Permit	Renewal in Process		Providing comments
<b>Financial</b>			
Develop and Approve Budget	Completed	Lincoln Finance	Completed
Develop process for paying bills with Placer County Treasurer/Auditor	Completed	Placer	Paying Invoices and Billing
Set Charge per WWTRU	Completed	Lincoln/Placer	Approved
Transfer Funds to County	Completed	Lincoln /Placer	Completed
West Yost Billing approval process	Completed		Approved through County Process
Select Municipal Financial Advisor	Completed		Contract on Agenda
Obtain Insurance	Completed		Delivery of Information ongoing
<b>Property Transfers</b>			
Wastewater Treatment Plant	Completed	Lincoln Admin/County Counsel	
Conservation Easement	Completed	Lincoln Admin/County Counsel	Agreement executed
Business Property	Completed	Lincoln Admin	Inventory list and Bill of Sale
Equipment	Completed	Lincoln PW	Inventory list and Bill of Sale
Fixtures	Completed	Lincoln PW	Inventory list and Bill of Sale
Supplies	Completed	Lincoln PW	Inventory list and Bill of Sale
<b>Operations Transfers</b>			
Stantec Operations Agreement	Completed	Lincoln Admin	

Solar Star Power Purchase Agreement	Completed	Lincoln Admin/County Counsel	
Solar Star Site Lease Agreement	Completed	Lincoln Admin/County Counsel	
Machado Recycled Water Agreement	Completed	Lincoln Admin/County Counsel	
Farm Management of Effluent Disposal Lands Auburn Ravine Ranch	Completed	Lincoln Admin/County Counsel	
Western Placer Waste Management Authority Agreement	Completed	Lincoln Admin/County Counsel	
Radmall Lease	Completed	Lincoln Admin/County Counsel	
Utility Services	Completed	Lincoln Admin	
Alarm systems	Completed	Lincoln Admin/County Counsel	
Ensure proper transfer of SMD1 duties	Completed	Stantec/Placer	
<b>Other</b>			
City of Lincoln Admin/IT and Public Works services	Completed		Approved by the Board
Logo, Letterhead, etc.	Completed		
<b>Policies and Procedures</b>			
Debt Management Policy	Completed		Approved
Establish WWTRU Policy	Completed	Lincoln/Placer	Approved



## RFQ Development

### LiSWA WWTRF Project Phase I

George Barber

11/13/2023

Project start date: 07/14/23

Milestone description	Assigned to	Progress	Start	Days
<b>Project development</b>				
Develop RFQ		100%	7/14/2023	23
Draft RFQ for Board Input		100%	8/11/2023	1
Finalize RFQ		100%	9/1/2024	20
Final RFQ for Board Approval		100%	9/8/2023	1

## RFQ Evaluation Period

### LiSWA WWTRF Project Phase I

George Barber and Selection Team TBD

Project start date: 11/22/23

Milestone description	Assigned to	Progress	Start	Days
<b>RFQ Response Period</b>				
Issue RFQ		100%	9/18/2023	32
RFQ Response due date			11/22/2023	1
Evaluate RFQ Responses		0%	11/22/2023	30
Selection Committee Meets		0%	1/11/2024	1
Interview Top 2		0%	2/8/2024	2
Update Presented to Board		0%	2/9/2024	1

## Contract Finalize & Execute

### LiSWA WWTRF Project Phase I

Wes Miliband/ George Barber

Project start date: 02/12/24

Milestone description	Assigned to	Progress	Start	Days
<b>Negotiate and Finalize</b>				
Negotiate Contract		0%	2/12/2024	21
Contract Presented to Board			3/8/2024	1
Crossover Period if Needed		0%	3/8/2024	115

Placer Budget to Actuals

Company: CO260 Lincoln Sewer Maintenance District 1 Wastewater Authority  
 Budget Structure: Special District Budget - Detail Level  
 Period: FY2024 - Jun  
 Time Period: Current Period YTD  
 Book and Book for Budget: Modified Accrual (Common)  
 Ignore Commitments: No  
 Ledger Account/Summary: Master Account Set: Income Statement  
 Fund(s): FD32606 Lincoln Sewer Maintenance District 1 Wastewater Authority Fund

Account Set	Budget	Commitments	Obligations	Actuals	Balance	Percentage of Budget
Total Revenue	(12,712,231.00)	0	0	(11,466,385.83)	(\$1,245,845.17)	90.20%
42010:Investment Income	0	0	0	(35,038.71)	\$35,038.71	0.00%
46230:Sanitation Services	0	0	0	(2,082,681.85)	\$2,082,681.85	0.00%
46240:Sanitation Services - Other	0	0	0	(1,635,931.00)	\$1,635,931.00	0.00%
46345:Miscellaneous Agency Collections	0	0	0	(2,197,319.07)	\$2,197,319.07	0.00%
48030:Miscellaneous	(50,000.00)	0	0	(4,477,142.14)	\$4,427,142.14	8,954.28%
49120:Long Term Debt Proceeds	(4,063,199.00)	0	0	(1,038,273.06)	(\$3,024,925.94)	25.55%
49130:Principal and Interest On bonds	(8,599,032.00)	0	0	0.00	(\$8,599,032.00)	0.00%
Total Expenses	8,798,263.00	0	0	1,706,637.89	\$7,091,625.11	19.40%
Total Capital Assets	0	0	0	0	0.00	0.00%
Total Expenses ( Non Capital Assets )	8,798,263.00	0	0	1,706,637.89	\$7,091,625.11	19.40%
52040:Communication Services Expense	12,000.00	0	0	0	\$12,000.00	0.00%
52080:Insurance	330,000.00	0	0	169.22	\$329,830.78	0.05%
52160:Maintenance	20,000.00	0	0	0	\$20,000.00	0.00%
52170:Fuels & Lubricants	18,000.00	0	0	1,288.85	\$16,711.15	7.16%
52240:Professional / Membership Dues	1,000.00	0	0	0	\$1,000.00	0.00%
52360:Professional and Special Services - General	681,000.00	0	0	167,623.66	\$513,376.34	24.61%
52370:Professional and Special Services - Legal	100,000.00	0	0	0	\$100,000.00	0.00%
52380:Professional and Special Services - Technical, Engineering and Environmental	5,596,263.00	0	0	1,358,397.06	\$4,237,865.94	24.27%
52400:Professional and Special Services - Information Technology	100,000.00	0	0	0	\$100,000.00	0.00%
52450:Short-Term Rents and Leases - Buildings & Improvements	57,400.00	0	0	9,956.26	\$47,443.74	17.35%
52510:Commissioner's Fees	9,600.00	0	0	0	\$9,600.00	0.00%
52570:Advertising	7,500.00	0	0	0	\$7,500.00	0.00%

Placer Budget to Actuals

Account Set	Budget	Commitments	Obligations	Actuals	Balance	Percentage of Budget
52800:Utilities	1,775,500.00	0	0	169,092.84	\$1,606,407.16	9.52%
53190:Taxes and Assessments	90,000.00	0	0	110.00	\$89,890.00	0.12%
ROU and SBITA Lease Non-Budgetary Revenue and Expense	0	0	0	0	0.00	0.00%
ROU and SBITA Lease Revenue	0	0	0	0	0.00	0.00%
ROU and SBITA Lease Asset (Capital Outlay)	0	0	0	0	0.00	0.00%
Facilities and Administration Cost Revenue and Expense	0	0	0	0	0.00	0.00%
42840:Facilities and Administration Cost Revenue	0	0	0	0	0.00	0.00%
52840:Facilities and Administrative Costs Expense	0	0	0	0	0.00	0.00%
<b>Net (Income)/Loss</b>	<b>(3,913,968.00)</b>	<b>0</b>	<b>0</b>	<b>(9,759,747.94)</b>	<b>\$5,845,779.94</b>	<b>249.36%</b>

LISWA Expense Detail FY 2023/2024						
Vendor	Date	Invoice #	Amount	G/L	G/L BEGINNING BALANCE	G/L ENDING BALANCE
<b>G/L ACCOUNTING 52040: COMMUNICATION SERVICES EXPENSE</b>						
				52040	\$ 12,000.00	\$ 12,000.00
<b>Total G/L 52040: COMMUNICATION SERVICES EXPENSE</b>			\$ -		\$ 12,000.00	\$ 12,000.00
<b>G/L ACCOUNTING 52080: INSURANCE</b>						
Alliant Insurance Services	07/03/23	2353180	\$ 169.22	52080	\$ 330,000.00	\$ 329,830.78
<b>Total G/L 52080: INSURANCE</b>			\$ 169.22		\$ 330,000.00	\$ 329,830.78
<b>G/L ACCOUNTING 52160: FLEET MAINTENANCE</b>						
City of Lincoln				52160	\$ 20,000.00	\$ 20,000.00
<b>Total G/L 52160: FLEET MAINTENANCE</b>			\$ -		\$ 20,000.00	\$ 20,000.00
<b>G/L ACCOUNTING 52170: FUEL AND LUBRICANTS</b>						
City of Lincoln - Supplemental June 2023 Invoice	09/06/23	650344	\$ 1,288.85	52170	\$ 18,000.00	\$ 16,711.15
<b>Total City of Lincoln</b>			\$ 1,288.85			
<b>Total G/L 52170: FUEL AND LUBRICANTS</b>			\$ 1,288.85		\$ 18,000.00	\$ 16,711.15
<b>G/L ACCOUNTING 52240: MEMBERSHIP DUES</b>						
				52240	\$ 1,000.00	\$ 1,000.00
<b>Total G/L 52240: MEMBERSHIP DUES</b>			\$ -		\$ 1,000.00	\$ 1,000.00
<b>G/L ACCOUNTING 52360: PROFESSIONAL AND SPECIAL SERVICES - GENERAL (SC2940)</b>						
Atkinson, Andelson, Loya, Ruud & Romo	07/31/23	688821	\$ 18,589.44	52360	\$ 100,000.00	\$ 81,410.56
	08/31/23	691987	\$ 14,032.72	52360		\$ 67,377.84
<b>Total Atkinson, Andelson, Loya, Ruud &amp; Romo (SC2940)</b>			\$ 32,622.16			
Fieldman, Rolapp & Associates	08/04/23	28541	\$ 1,047.00	52360	\$ 531,000.00	\$ 597,330.84
<b>Total Fieldman, Rolapp &amp; Associates (SC2940)</b>			\$ 1,047.00			
West Yost Associates				52360		\$ 597,330.84
West Yost Associates	06/30/23	2054509	\$ 36,879.89	52360		\$ 560,450.95
West Yost Associates	07/31/23	2054801	\$ 1,793.00	52360		\$ 558,657.95
West Yost Associates	07/31/23	2054802	\$ 35,968.23	52360		\$ 522,689.72
West Yost Associates	08/31/23	2055174	\$ 44,910.26	52360		\$ 477,779.46
West Yost Associates	09/30/23	2055755		52360		\$ 477,779.46
<b>Total West Yost Associates (SC2940)</b>			\$ 119,551.38			
Placer County				52360	\$ 50,000.00	\$ 50,000.00
<b>Total Placer County</b>			\$ -			
City of Lincoln - Supplemental June 2023 Invoice	09/06/23	650344	\$ 10,835.00	52360	\$ 50,000.00	\$ 516,944.46
<b>Total City of Lincoln</b>			\$ 10,835.00			
Sonitrol	07/01/23	5239949	\$ 19.96		\$ 20,000.00	\$ 19,980.04
Sonitrol	08/01/23	5241860	\$ 1,161.94			\$ 18,818.10
Sonitrol	09/01/23	5243790	\$ 1,161.94			\$ 17,656.16
Sonitrol	10/01/23	5245769	\$ 1,224.28			\$ 16,431.88
<b>Total Sonitrol (SC3010) \$1,200 per month \$5,600 Maint/Repairs</b>						
			\$ 3,568.12			
<b>Total G/L 52360: PROFESSIONAL AND SPECIAL SERVICES - GENERAL (SC2940)</b>			\$ 167,623.66		\$ 701,000.00	\$ 533,376.34
<b>G/L ACCOUNTING 52370 - LEGAL FEES</b>						
					\$ 100,000.00	\$ 100,000.00
<b>Total G/L 52370: LEGAL FEES</b>			\$ -		\$ 100,000.00	\$ 100,000.00
<b>G/L ACCOUNTING 52380 - PROFESSIONAL AND SPECIAL SERVICES TECHNICAL, ENGINEERING &amp; ENVIRONMENTAL (SC3310)</b>						
City of Lincoln				52380	\$ 100,000.00	\$ 100,000.00
<b>Total Engineering</b>			\$ -			
Stantec	07/21/23	2108384	\$ 237,102.00	52380	\$ 5,496,263.00	\$ 5,359,161.00
Stantec	07/21/23	2108385	\$ 186,513.63			\$ 5,172,647.37
Stantec	08/27/23	2122422	\$ 234,651.00			\$ 4,937,996.37
Stantec	08/27/23	2122423	\$ 209,474.16	52380		\$ 4,728,522.21
Stantec	09/19/23	2132066	\$ 286,865.00			\$ 4,441,657.21
Stantec	09/19/23	2132067	\$ 203,791.27			\$ 4,237,865.94
<b>Total Stantec</b>			\$ 1,358,397.06			
<b>Total G/L 52380: PROFESSIONAL AND SPECIAL SERVICES TECHNICAL, ENGINEERING &amp;</b>			\$ 1,358,397.06		\$ 5,996,263.00	\$ 4,237,865.94
<b>G/L ACCOUNTING 52400 - PROFESSIONAL AND SPECIAL SERVICES - I/T</b>						
					\$ 100,000.00	\$ 100,000.00
<b>Total G/L 52400 - PROFESSIONAL AND SPECIAL SERVICES - I/T</b>			\$ -		\$ 100,000.00	\$ 100,000.00
<b>G/L ACCOUNTING 52450 - SHORT TERM RENTS &amp; LEASES</b>						
Western Placer WMA	07/01/23	C124294	\$ 4,978.13		\$ 57,400.00	\$ 52,421.87
Western Placer WMA	08/01/23	C124883	\$ 4,978.13			\$ 47,443.74
<b>Total G/L 52450 - Short Term Rents &amp; Leases</b>			\$ 9,956.26		\$ 57,400.00	\$ 47,443.74
<b>G/L ACCOUNTING 52510: JPA BOARD MEMBERS (\$200/MEMBER/MTG/MO)</b>						
					\$ 9,600.00	\$ 9,600.00
<b>Total G/L 52510: JPA BOARD MEMBERS (\$200/MEMBER/MTG/MO)</b>			\$ -		\$ 9,600.00	\$ 9,600.00
<b>G/L ACCOUNTING 52570: ADVERTISING/OUTREACH</b>						
					\$ 7,500.00	\$ 7,500.00
<b>Total G/L 52570: ADVERTISING/OUTREACH</b>			\$ -		\$ 7,500.00	\$ 7,500.00
<b>G/L ACCOUNTING 52800 (SC4340) - UTILITIES</b>						
PG&E	08/03/23	2023-08-03	\$ 488.78		\$ 1,745,000.00	\$ 1,744,511.22
PG&E	09/01/23	2023-09-01	\$ 459.26			\$ 1,744,051.96
PG&E	10/03/23	2023-10-03	\$ 783.84			\$ 1,743,268.12
PG&E	11/06/23	2023-11-02				\$ 1,743,268.12
<b>Total PG&amp;E</b>			\$ 1,731.88			
City of Lincoln	08/08/23	2023-07-31 IRR	\$ 286.83			\$ 1,742,981.29
City of Lincoln	08/08/23	2023-07-31 Main	\$ 2,008.43			\$ 1,740,972.86
City of Lincoln	09/08/23	2023-08-31 IRR	\$ 331.86			\$ 1,740,641.00
City of Lincoln	09/08/23	2023-08-31 Main	\$ 2,117.78			\$ 1,738,523.22
City of Lincoln - Supplemental June 2023 Invoice	09/06/23	650344	\$ 162,616.06			\$ 1,575,907.16
<b>Total City of Lincoln</b>			\$ 167,360.96			
<b>Total Cyber Security/VPN</b>					\$ 10,500.00	\$ 1,749,023.22
						\$ 1,749,023.22
<b>Total G/L 52800 - UTILITIES (SC4340)</b>			\$ 169,092.84		\$ 1,755,500.00	\$ 1,586,407.16
<b>G/L ACCOUNTING 53190 - TAXES AND ASSESSMENTS</b>						
California Air Resources Board	07/21/23	P-05686-072123	\$ 110.00	53190	\$ 90,000.00	\$ 89,890.00
<b>Total G/L 53190: TAXES AND ASSESSMENTS</b>			\$ 110.00		\$ 90,000.00	\$ 89,890.00
<b>GRAND TOTAL</b>			\$ 1,706,637.89		\$ 8,798,263.00	\$ 7,091,625.11

Received 09/21/23

Processed in 23/24

Received 09/21/23

Processed in 23/24

Processed in 23/24

2022/2023 Expenses Process in 2023/2024

Need to move budget to New G/L

## October 2023 WWTRF Operations Report

11-10-23

### Highlights

- 141.103 Million Gallons (MG) of influent, 99.207 MG was sent to reclamation and 57.879 MG of effluent flow was sent to Auburn Ravine.
- Oxidation Ditch #2 anoxic basin mixer 2B was found vibrating violently when it lost one of its 3 propeller blades (photo 1). We replaced it but decided it would be prudent to drain the ditch and determine if any damage had been done to the mixer support.
- After draining Ditch #2 we found damage to the mixer support which we replaced (photo 2). We also found a damaged diffuser which we also replaced (photos 3&4)
- The Maturation Pond Outlet gate actuators were replaced with Beck actuators and an emergency auto closing battery system (photos 5&6). We saved LiSWA about \$142,000 by finding an electric system rather than replacing with another hydraulic system.
- The Outfall mag meter replacement came in November 1<sup>st</sup> and will be installed soon.

### Compliance

No compliance issues.

Major Equipment Out of Service						
Equipment	Failure Date	Redundancy	Problem	Solution	Estimated Repair Cost	Estimated Return to Service Date
Influent pump 1B	4/5/2023	1 of 6	Motor winding problem.	Pump is at H&M getting repaired.	\$38,000	12/30/2023
Outfall Flow Meter	10/1/2023	1 of 1	Magmeter coil failed	Replace with new.	\$15,000	11/10/2023

Photo 1: Broken anoxic basin mixer 2B



Photo 2: Ditch#2 Anoxic Mixer 2B Repair





Photo 3&4: Ditch #2 Diffuser Replacement Before and After



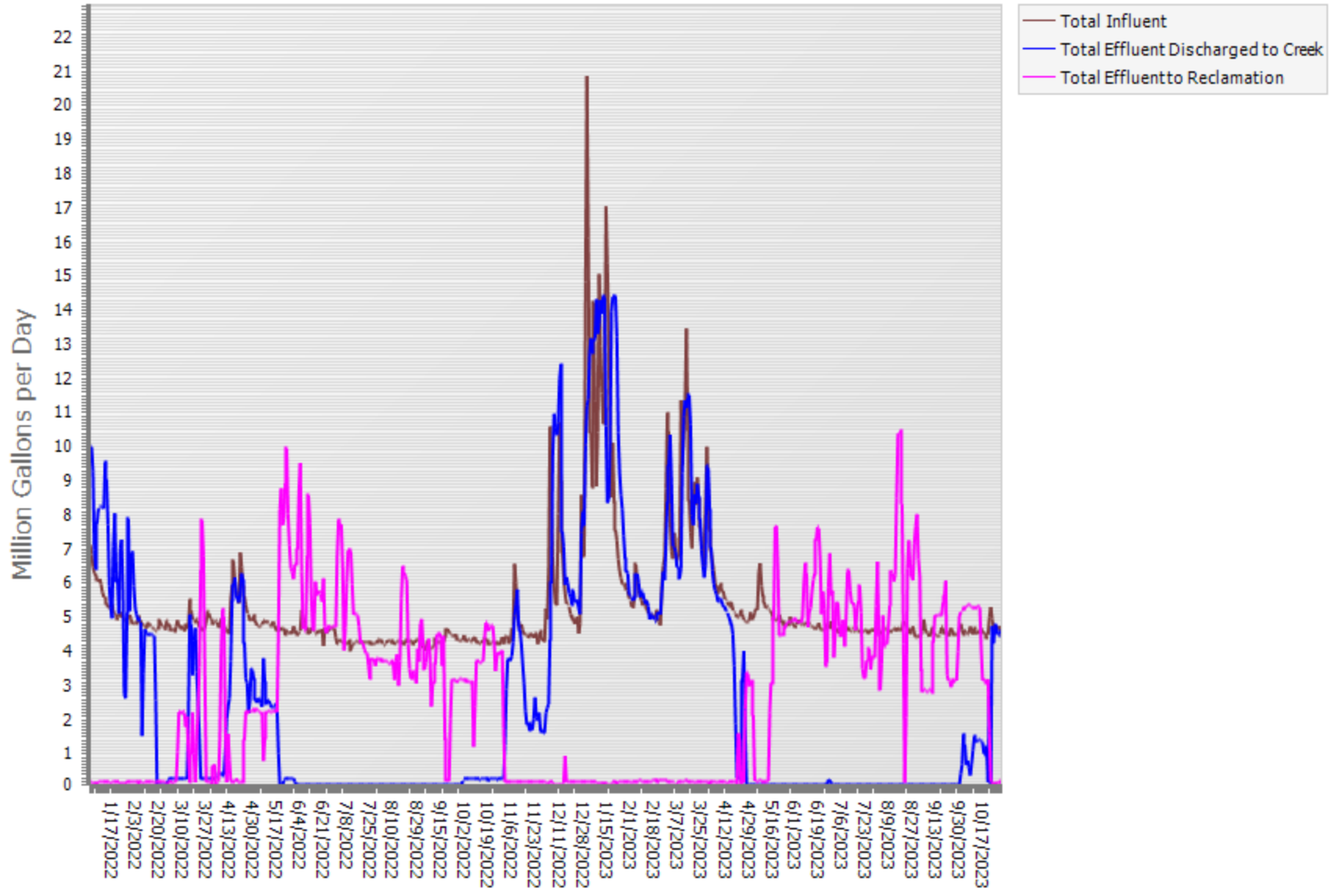


Photo 4&5: Before and After Beck Actuator Installation





# Total Treatment Plant Flow



LISWA WWTRF Operation and Maintenance Budget FY 2023-2024 Report Month: September	Current Period					Project to Date					Project to Date Total Annual Budget				
	Month: # 3	Actual	Budgeted	Variance	% Budget	Actual	Budgeted	Variance	% Budget	Actual	Budgeted	Budget Remaining	% Budget		
<b>DIRECT PERSONNEL (Stamtec O&amp;M Labor)</b>															
Reg Labor Direct (223.000)	231050.25	249255.25	-18205.00	98%	729892.00	747765.75	-17873.75	98%	729892.00	2991063.00	2261171.00	24%			
Over Time (223.001)	1878.00	25000.00	-23122.00	5%	4094.75	75000.00	-70905.25	5%	4094.75	50000.00	45905.25	8%			
Standby Pay (223.006)	1940.00	11850.00	-9890.00	19%	6748.00	35550.00	-28802.00	19%	6748.00	23700.00	16952.00	28%			
R&R Labor(223.007)		0.00	0.00	#DIV/0!	0.00	0.00	0.00	#DIV/0!	0.00	0.00	0.00	#DIV/0!			
<b>DIRECT PERSONNEL (Stamtec Labor)</b>															
Groundwater Testing Labor (223.004)	0.00	5500.00	-5500.00	10%	1687.50	16500.00	-14812.50	10%	1687.50	11000.00	9312.50	15%			
Permit, Planning & Reporting Eng Services (223.003 & 223.003.1 & 223.003.2 & 223.003.3 & 223.003.4)	2542.00	50000.00	-47458.00	11%	16524.00	150000.00	-133476.00	11%	16524.00	100000.00	83476.00	17%			
<b>Sub Total</b>	<b>237,430.25</b>	<b>341,605.25</b>	<b>-104,175.00</b>	<b>74%</b>	<b>758,946.25</b>	<b>1,024,815.75</b>	<b>265,869.50</b>	<b>74%</b>	<b>758,946.25</b>	<b>3,175,763.00</b>	<b>2,416,816.75</b>	<b>24%</b>			
<b>WWTRF DIRECT EXPENSES</b>															
Operating Supplies	1100.34	11500.00	-10399.66	10%	3405.55	34500.00	-31094.45	10%	3405.55	23000.00	19594.45	15%			
Maintenance Supplies	2685.87	12500.00	-9814.13	15%	5481.42	37500.00	-32018.58	15%	5481.42	25000.00	19518.58	22%			
Chemicals	62497.87	25000.00	-187502.13	24%	179796.66	75000.00	-570203.34	24%	179796.66	500000.00	320203.34	36%			
Laboratory Supplies	80.85	4000.00	-3919.15	7%	811.53	12000.00	-11188.47	7%	811.53	8000.00	7188.47	10%			
Outside Lab Services	6940.00	40000.00	-33060.00	19%	22435.00	120000.00	-97565.00	19%	22435.00	80000.00	57565.00	28%			
Safety Supplies	812.23	2500.00	-1687.77	35%	2595.32	7500.00	-4904.68	35%	2595.32	5000.00	2404.68	52%			
Repair Parts	51100.52	125000.00	-73899.48	17%	65364.68	375000.00	-309635.32	17%	65364.68	250000.00	184635.32	26%			
Outside Services	47720.42	175000.00	-127279.58	25%	131978.08	525000.00	-393021.92	25%	131978.08	350000.00	218021.92	38%			
Equipment Rental-Outside	0.00	750.00	-750.00	0%	0.00	2250.00	-2250.00	0%	0.00	1500.00	1500.00	0%			
Telephone	300.00	2500.00	-2200.00	9%	650.00	7500.00	-6850.00	9%	650.00	5000.00	4350.00	13%			
Postage & Freight	0.00	500.00	-500.00	4%	60.43	1500.00	-1439.57	4%	60.43	1000.00	939.57	6%			
Vehicle Expense/Mileage	1082.97	750.00	332.97	51%	1155.02	2250.00	-1094.98	51%	1155.02	1500.00	344.98	77%			
Utilities/Plant Diesel Fuel	0.00	4000.00	-4000.00	0%	0.00	12000.00	-12000.00	0%	0.00	8000.00	8000.00	0%			
Uniform Expense	1719.38	9000.00	-7280.62	21%	5788.14	27000.00	-21211.86	21%	5788.14	18000.00	12211.86	32%			
Tools	0.00	1500.00	-1500.00	0%	0.00	4500.00	-4500.00	0%	0.00	3000.00	3000.00	0%			
Taxes & Licenses	0.00	4500.00	-4500.00	0%	0.00	13500.00	-13500.00	0%	0.00	9000.00	9000.00	0%			
Training	0.00	3000.00	-3000.00	0%	0.00	9000.00	-9000.00	0%	0.00	6000.00	6000.00	0%			
Computer Expense	0.00	1750.00	-1750.00	0%	0.00	5250.00	-5250.00	0%	0.00	3500.00	3500.00	0%			
Ground Water Monitoring	2893.00	9000.00	-6107.00	18%	4743.00	27000.00	-22257.00	18%	4743.00	18000.00	13257.00	26%			
Biosolids Disposal	75640.16	400000.00	-324359.84	17%	206405.19	1200000.00	-993594.81	17%	206405.19	800000.00	593594.81	26%			
Membership & Certificates	0.00	2500.00	-2500.00	0%	0.00	7500.00	-7500.00	0%	0.00	5000.00	5000.00	0%			
UV Maintenance	0.00	50000.00	-50000.00	0%	0.00	150000.00	-150000.00	0%	0.00	100000.00	100000.00	0%			
R&R Outside Labor and Expenses (223.007)	130746.43	342500.00	-211753.57	16%	166667.84	1027500.00	-860832.16	16%	166667.84	685000.00	518332.16	24%			
Contingency	0.00	50000.00	-50000.00	1%	1247.61	150000.00	-148752.39	1%	1247.61	100000.00	98752.39	1%			
<b>Sub Total</b>	<b>385,320.04</b>	<b>1,502,750.00</b>	<b>-1,117,429.96</b>	<b>18%</b>	<b>798,585.47</b>	<b>4,508,250.00</b>	<b>-3,709,664.53</b>	<b>18%</b>	<b>798,585.47</b>	<b>3,005,500.00</b>	<b>2,206,914.53</b>	<b>27%</b>			
<b>WWTRF Total</b>	<b>\$ 622,750.29</b>	<b>\$ 1,844,355.25</b>	<b>-1,221,604.96</b>	<b>28%</b>	<b>\$ 1,557,531.72</b>	<b>\$ 5,533,065.75</b>	<b>-3,975,534.03</b>	<b>28%</b>	<b>\$ 1,557,531.72</b>	<b>\$ 6,181,263.00</b>	<b>\$ 4,623,731.28</b>	<b>25%</b>			



## Lincoln-SMD1 Wastewater Authority

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### Memorandum

To: Board of Directors  
From: George Barber, General Manager  
Date: 11/17/23 Regular Board Meeting

#### **Agenda Item #5**

SUBJECT: Consider the cancellation of the February Board meeting and the WWTRF Operations Contract Interviews and set a Special Meeting and the interviews for the following week.

I serve on the Board of Directors for a non-profit that supports a school in Honduras. I have plans to go work on the facility at the end of January. While I was recently on vacation with some dear friends of ours, they asked us to vacation with them to celebrate her 70<sup>th</sup> birthday. This would be directly after my trip to Honduras and in the Caribbean. This conflicts with the schedule for Operations contract interviews and the February Board meeting. I committed to our friends to request a change in the meeting to be able to celebrate with them.

#### **Staff Recommendation:**

**“Cancellation of the February Board Regular Board meeting and setting a special meeting on \_\_\_\_\_.”**



## Lincoln-SMD1 Wastewater Authority

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### Memorandum

To: Board of Directors  
From: George Barber, General Manager  
Date: 11/17/23 Regular Board Meeting

**Agenda Item #7**

SUBJECT: LiSWA Unit Definition for Cost of Service and Reporting Policy

Agendized for the April 14, 2023 LiSWA Board Meeting was the LiSWA Initial Wastewater Cost of Service Setting Report, evaluating the cost-of-service calculations, unit definition and reporting policy (“**Reporting Policy**”). The Reporting Policy was approved unanimously by the Board. This item is before the Board now to consider whether changes are warranted to the policy.

During the implementation of LiSWA charges in the City of Lincoln rate process, some commercial applications did not fit well into the LiSWA existing policy and use determination.

After discussion with staff from both Member Agencies, it is recommended to amend the policy to provide a determination process for commercial connections that don’t fit well into the existing policy.

If there are multiple applications of commercial connections that previously were not addressed, the TAG will make a recommendation in the future to add categories to the policy.

**Staff Recommendation:**

**“Approval of changes and adoption of the updated LISWA Unit Definition for Cost of Service and Reporting Policy.”**



**LINCOLN-SMD1 WASTEWATER AUTHORITY  
UNIT DEFINITION FOR COST-OF-SERVICE CALCULATION AND REPORTING POLICY**

**I. PURPOSE**

The purpose of this Unit Definition for Cost-of-Service Calculation and Reporting Policy ("**Policy**") is to establish the standard for calculating the units of measure to be used in determining the share of cost for the provision of wastewater services to Lincoln-SMD1 Wastewater Authority ("**LiSWA**") members and setting requirements for updating the units as described and defined below.

**II. BACKGROUND**

~~The~~ LiSWA was established on November 30, 2022, by the execution of a Joint Powers Agreement ("**JPA**") between the City of Lincoln ("**City**") and the County of Placer ("**County**"), collectively the "Member Agencies". The JPA set forth that the cost of service applied to each Member Agency would be the percentage of Equivalent Dwelling Units ("**EDUs**") that are connected and providing flow to the Wastewater Treatment and Reclamation Facility ("**WWTRF**"), as more specifically explained in the JPA, Section 10 (Budget; Cost / Rate Setting).

Each Member Agency, in their own regulations or practices, define EDUs differently; therefore it is important for LiSWA to provide a clear written criteria for counting and reporting of the units of measure for the determination of the cost of service for each Member Agency.

**III. POLICY**

The Policy of ~~the~~ LiSWA for establishing the units of measurement for the determination of the cost of service for the Member Agency is provided in three parts; (1) the Definition of Unit for Cost of Service; (2) Standard Factors for the units; and (3) the updating and reporting of the units.

A. Definition of Unit for Cost-of-Service

The Wastewater Treatment and Reclamation Unit ("WWTRU") will be the unit of measure for determining the cost of service to each Member Agency. For purposes of clarity, ~~The~~the WWTRU is synonymous to ~~replaces~~ all references to EDUs in the JPA, or any other document created by LiSWA or that was used during the establishment of ~~the~~ LiSWA.

B. WWTRU Standard Factors

The following table titled **LiSWA WWTRU Standard Factors** details the appropriate WWTRU factor for each connection into the wastewater system for the purpose of calculating the total WWTRUs contributing to the wastewater facility operated by LiSWA.

When either Member Agency determines a connection does not reasonably meet any of the definitions in the table, that Member Agency may present their findings and recommendation to the Technical Advisory Group ("TAG") and the TAG will



determine whether they support the recommendation or make appropriate adjustments to the findings and determine the appropriate WWTRU.

LiSWA WWTRU Standard Factors		
Ordinance Code Types of Service	Matched Land Use Code Descriptions	LiSWA WWTRU Factors
<b>Residential</b>		
Single-Family Residential	SINGLE FAM RES, HALF PLEX	1 WWTRU per dwelling unit
	RESIDENCE ON COMMERCIAL LAND	
	RESIDENTIAL, AUXILIARY IMP	
	SINGLE FAM RES, CONDO	
Multi-Family Residential	APARTMENTS, 4 UNITS OR MORE	0.714 WWTRU per dwelling unit
	3 SINGLE FAM RES, TRIPLEX	
Duplex	2 SINGLE FAM RES, DUPLEX	0.771 WWTRU per dwelling unit
Mobile homes	MOBILE HOME PARK	0.714 WWTRU per space
	MOBILE HOME IN M H PARK	
	MOBILE HOME OUTSIDE OF PARK	
--	RV Parks <sup>(a)</sup>	0.357 WWTRU per space
Active Adult Residential	<sup>(b)</sup>	0.714 per Single Family Dwelling
Hotel/Motel with kitchen	HOTELS, MOTELS, RESORTS	1 WWTRU per dwelling unit
Hotel/Motel without kitchen	HOTELS, MOTELS, RESORTS	0.5 WWTRU per dwelling unit
<b>Low density</b>		
Parking garages	PARKING LOTS	1 WWTRU per 6,000 sq. ft.
Warehouses	WAREHOUSE	1 WWTRU per 6,000 sq. ft.
Churches without kitchen or meeting hall	CHURCHES	1 WWTRU per 6,000 sq. ft.
--	MISC. PUBLIC BUILDINGS	1 WWTRU per 6,000 sq. ft.
<b>Medium density</b>		
Storage facilities	MINI-STORAGE, COVERED STORAGE	1 WWTRU per 3,000 sq. ft. of office space(c)
Theaters	THEATER, BOWLING ALLEY	1 WWTRU per 3,000 sq. ft.
Bowling/entertainment centers (without kitchen)		
Offices	OFFICE GENERAL	1 WWTRU per 3,000 sq. ft.
	OFFICE CONDO	
Auditoriums, halls, and lodges	LODGES, HALLS	1 WWTRU per 3,000 sq. ft.



Low usage retail stores (hardware, appliance, furniture)	COMMERCIAL STORE	1 WWTRU per 3,000 sq. ft.
Retail stores	SHOPPING CENTER	1 WWTRU per 3,000 sq. ft.
Barber/beauty shops (with lavatories)	SUBURBAN STORE	1 WWTRU per 1,500 sq. ft.
Banks and financial offices	BANKS, S&L'S, CREDIT UNION	1 WWTRU per 3,000 sq. ft.
--	UTILITIES, PUBLIC & PRIVATE	1 WWTRU per 3,000 sq. ft.
--	AUTO SALES, REPAIR	1 WWTRU per 3,000 sq. ft.
--	LIGHT INDUSTRIAL	1 WWTRU per 3,000 sq. ft.
--	MISCELLANEOUS INDUSTRIAL	1 WWTRU per 3,000 sq. ft.
High density		
Markets (without disposal)	MINI-MARKETS, NO GAS	1 WWTRU per 1,500 sq. ft.
Markets (with disposal)		1 WWTRU per 1,500 sq. ft.
Medical/dental offices	OFFICE MEDICAL/DENTAL	1 WWTRU per 1,500 sq. ft.
Sports/fitness centers	TENNIS, SWIMMING CLUBS	1 WWTRU per 1,500 sq. ft.
Schools	SCHOOLS	1 WWTRU per 1,500 sq. ft.
	DAY CARE CENTERS	1 WWTRU per 1,500 sq. ft.
Service stations	MINI-MARKET WITH GAS	1 WWTRU per 1,500 sq. ft.
	SERVICE STATION	
--	AIRPORT	1 WWTRU per 1,500 sq. ft.
--	HEAVY INDUSTRIAL	1 WWTRU per 1,500 sq. ft.
--	MINING QUARRY	1 WWTRU per 1,500 sq. ft.
--	CAMPS & PARKS, GENERAL	1 WWTRU per 1,500 sq. ft.
--	MISCELLANEOUS RECREATIONAL	1 WWTRU per 1,500 sq. ft.
--	NON-PROFIT CAMPS/PARKS	1 WWTRU per 1,500 sq. ft.
--	CEMETERIES	1 WWTRU per 1,500 sq. ft.
--	GOLF COURSE	1 WWTRU per 1,500 sq. ft.
Hospitals	HOSPITALS COMMUNITY	0.5 WWTRU per Bed
Rest home	HOSPITALS CONVALESCENT	0.33 WWTRU per Bed



Convalescent hospital		1 WWTRU per 1,500 sq. ft.
Memory care facility		1 WWTRU per 1,500 sq. ft.
Special commercial users		
Carwashes	Carwashes <sup>(a)</sup>	1 WWTRU per 200 sq. ft
Laundromats	Laundromats <sup>(a)</sup>	1 WWTRU per 100 sq. ft
Restaurants, bakeries, cafes	RESTAURANTS, COCKTAIL LOUNGES	1 WWTRU per 500 sq. ft
	FAST FOOD RESTAURANT	
Bars	RESTAURANTS, COCKTAIL LOUNGES	1 WWTRU per 500 sq. ft
Delis/coffee shops w/out cooking facilities		1 WWTRU per 1,500 sq. ft
Mortuaries	Mortuaries <sup>(a)</sup>	1 WWTRU per 250 sq. ft
--	COMMON AREA	0 WWTRU
--	VACANT	0 WWTRU
Permitted Significant Industrial Users		
Low Strength - High Quantity		$\frac{\text{gpd flows}}{\left(\frac{\text{gpd flows} - 25,000}{1000}\right) \times 2.15 + 215}$
High Strength		$(\text{gpd}/215) \times (0.61 + (\text{BOD}/200) \times 0.22 + (\text{TSS}/200) \times 0.17) + \text{special treatment or handling costs}$
<p>(a) Not a current Land Use Code Description</p> <p>(b) Active Adult Residentials assigned 0.714 WWTRUs per dwelling unit regardless of Land Use Code Description.</p> <p>(c) WWTRUs assigned solely based on square footage of office space.</p> <p>gpd = gallons per day  BOD = Biological Oxygen Demand  TSS = Total Suspended Solids</p>		





C. Reporting

The JPA established the beginning cost allocation to the Member Agencies based upon respective EDU contributions to the WWTRF. The reference of EDU in the calculation is equivalent to a WWTRU defined in this policy.

The initial cost allocation for LiSWA is as follows:

8,338 (County) WWTRUs / 22,194 (City) WWTRUs  
8,338 + 22,194 = 30,532 Total WWTRUs  
8,332 / 30,532 = 27.3% (County)  
22,194 / 30,532 = 72.7% (City)

This is based on the active connections as of 08/31/2022, as stated in the JPA.

Each Member Agency shall provide to LiSWA at the end of each quarter of the year, a report including current and new connections to their wastewater system and their associated WWTRUs for that type of connection based on the factors in the table above titled LiSWA WWTRU Standard Factors.

The first report to LiSWA shall be provided no later than June 30, 2023, and shall account for all WWTRU's connected from August 31, 2022 to March 31, 2023.



## Lincoln-SMD1 Wastewater Authority

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### Memorandum

To: Board of Directors  
From: George Barber, General Manager  
Date: 11/17/23 Regular Board Meeting  
**Agenda Item #8**  
SUBJECT: LiSWA Policy and Procedure Manual

We appreciate the review and input provided in the development of the Policy and Procedure Manual.

We will provide a presentation on the current draft for comments and direction. This is not ready for adoption yet as we will be seeking input from the Municipal Financial Advisor on the appropriate sections.



# **Policies and Procedures Manual**

**Draft - November 10, 2023**

# **Policies and Procedures Manual**

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Chapter 1 – General Provisions

Chapter 2 – Board Member Code of Conduct

Chapter 3 – Bylaws

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Chapter 6 – Contract Policies and Procedures

Chapter 7 – Alternative Delivery Project Conflict of Interest Policy

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Chapter 10 – Board Compensation Policy

**CHAPTER 1**

**GENERAL PROVISIONS**

<b>Section 1</b>	<b>General provisions .....</b>	<b>2</b>
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## Section 1   General Provisions

### 1.1   Introduction.

The Lincoln-SMD 1 Wastewater Authority (“LiSWA”) is governed pursuant to the Joint Exercise of Powers Act (California Government Code Section 6500, et seq.), a Joint Powers Agreement effective on November 30, 2022 (“JPA Agreement”) between the City of Lincoln and the County of Placer (“Member Agencies”), and such other applicable laws, regulations and customs and practices common to a California joint powers authority. The JPA Agreement is fully incorporated by reference and attached hereto as **Exhibit A**. The Board of Directors of the Authority (“Board”) is composed of Directors representing each Member Agency. The purpose of LiSWA is to own, acquire, expand, manage, maintain, operate, and control facilities for the collection and transmission, treatment, reclamation, recycling, reuse, sale and disposal of water, wastewater, and recycled water.

LiSWA is authorized to exercise the powers common to the Member Agencies, powers otherwise permitted under the Joint Exercise of Powers Act, and powers necessary to accomplish the purposes of the JPA Agreement. LiSWA is further authorized to do all acts necessary, convenient and appropriate for the exercise of its powers as further described in the JPA Agreement.

### 1.2   Purpose.

The purpose of this Policies and Procedures Manual is to set forth the major policies and procedures by which the functions of LiSWA are carried out. Other procedures may be set forth in specific laws or regulations, the JPA Agreement, resolutions, or motions of LiSWA’s Board of Directors, whether or not included as part of this Policies and Procedures Manual.

### 1.3   Severability.

It is hereby declared to be the intention of the Board that the sections, paragraphs, sentences, clauses, and phrases of this Policies and Procedures Manual are severable; and if any phrase, clause, sentence, paragraph, or section of this Policies and Procedures Manual shall be declared unconstitutional or otherwise invalid by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any remaining phrases, clauses, sentences, paragraphs, and section of this Policies and Procedures Manual. Likewise, if a court of competent jurisdiction determines, for any reason, that any provision or requirement of this Policies and Procedures Manual is invalid or unenforceable as applied to a specific person or entity, such determination shall not affect the applicability of such provision or requirement to other persons or entities.

### 1.4   Amendments.

This Policies and Procedures Manual and any of its provisions may be amended, supplemented, or repealed from time to time. Such amendment, supplement, or repeal shall be accomplished by adoption of an regulation or resolution of the Board at a duly constituted meeting. The regulation or resolution will provide for the insertion, amendment, or removal of language in the Policies and Procedures Manual. Upon the effective date of the regulation or resolution, the revised or new sections shall be inserted in this Policies and Procedures Manual and those for which they are substituted shall

be removed.

#### 1.5 Definitions.

Except as otherwise provided in specific chapters or sections of this Policies and Procedures Manual, the following words shall have the following meanings:

Board or Board of Directors means the Board of Directors of LiSWA.

General Manager means: (a) the General Manager or interim General Manager of LiSWA as described in the JPA Agreement; or (b) a management level employee or consultant designated by the General Manager to perform certain functions on behalf of LiSWA.

JPA Agreement means that certain Joint Exercise of Powers Agreement effective November 30, 2022, between the City of Lincoln and the County of Placer under which LiSWA was established.

LiSWA, Authority or JPA means the Lincoln-SMD 1 Wastewater Authority, which was established by the JPA Agreement.

Member Agencies means the City of Lincoln (“City”) and Placer County (“County”).

State means the State of California.

#### 1.6 Posting or Publication of Regulations.

Regulations adopted by the Board shall be published or posted in accordance with Section 36933 of the California Government Code or as otherwise required by law.



**CHAPTER 2**

**BOARD MEMBER CODE OF CONDUCT**

**Section 1 General provisions ..... 1**

**Section 2 Rules of Procedure..... 1**

**Section 3 Proper Use and Safeguarding of Authority Property and Resources..... 1**

**Section 4 Use of Confidential Information ..... 1**

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**Section 7 Incompatible Offices ..... 2**

**Section 8 Improper Activities and the Reporting of Such Activities ..... 2**

**Section 9 Compliance with the Brown Act ..... 3**

## **Section 1   General.**

This Code of Conduct is intended to describe the manner in which Board members shall treat one another, LiSWA and member agency staff, and others they come into contact within their representative capacity on behalf of LiSWA. The primary purpose of this Code of Conduct is to entrench with LiSWA's policies a working respect by and between Board members.

The proper operation of LiSWA requires that decisions and policy be made using the proper channels, that the powers held by Board members are not used for personal gain, and that Board members remain objective and responsive to the needs of the public they serve. Accordingly, it is the policy of LiSWA that Board members and LiSWA staff will maintain the highest standard of personal honesty and fairness in carrying out their duties. This Code of Conduct sets forth the basic ethical standards to be followed by the Board of Directors of LiSWA. The objectives of this Code of Conduct are to: (1) provide guidance to Board members in dealing with ethical issues; (2) heighten awareness of ethics and values as critical elements in Board members' conduct; and (3) improve ethical decision-making and values-based management.

## **Section 2   Rules of Procedure.**

In order to maintain a professional and efficiently controlled environment during all Regular and Special Meetings of the Board, the Board shall generally adhere to Rosenberg's Rules of Order.

## **Section 3   Proper Use and Safeguarding of Authority Property and Resources.**

Except as otherwise authorized, Board members shall not use or permit the use of Authority-owned vehicles, equipment, telephones, materials or property for personal benefit or profit. Board members shall not ask or require LiSWA staff or its consultants to perform services for the personal benefit or profit of a board member or other staff or consultants. Each Board member must protect and properly use any LiSWA asset within her or his control, including information recorded on paper or in electronic form. Board members shall safeguard LiSWA property, equipment, moneys and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

## **Section 4   Use of Confidential Information.**

A Director is not authorized, without approval of the Board, to disclose information that qualifies as confidential information under applicable provisions of law to a person not authorized to receive it, that: (1) has been received for, or during, a closed session meeting of the Board; (2) is protected from disclosure under the attorney-client or other evidentiary privilege; or (3) is not required to be disclosed under the California Public Records Act and/or the federal Freedom of Information Act. It is within the Board's discretion to allow a Director who serves a member agency of LiSWA to disclose information obtained in a closed session that has a direct financial or liability implication for that member agency, to the following individuals: (1) legal counsel of that member agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member agency; or (2) other members of

that member agency that are present in a closed session of that member agency.

This section does not prohibit any of the following: (1) making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the Authority; (2) expressing an opinion concerning the propriety or legality of actions taken by the Authority in closed session, including disclosure of the nature and extent of the allegedly illegal action; or (3) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Board member must first bring the matter to the attention of either the Chair of the Board or the full Board, to provide the Board with an opportunity to cure an alleged violation.

A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of her or his official duties may be guilty of a misdemeanor under Government Code Section 1098.

#### **Section 5      Conflicts of Interest.**

All Board members are subject to LiSWA's Conflict of Interest Code, as set forth in Chapter 9 of this Policies and Procedures Manual.

#### **Section 6      Soliciting Political Contributions.**

Board members are prohibited from soliciting political funds for any reason whatsoever or contributions at LiSWA facilities, or from LiSWA staff. A Board member will not accept, solicit or direct a political contribution from: (a) LiSWA employees, officers, consultants or contractors; or (b) vendors or consultants who have a material financial interest in a contract or other matter while that contract or other matter is pending before the Authority. A Director will not use LiSWA's logo or any other indicia of the Authority's identity, or facsimile thereof, in any solicitation for political contributions contrary to state or federal law.

#### **Section 7      Incompatible Offices.**

A Board member shall not serve as an appointed or elected official for another public entity, the duties of which may require action contradictory or inconsistent with Board action. Serving on the governing body of any member agency of LiSWA is not incompatible with serving on the Board of Directors for LiSWA.

#### **Section 8      Improper Activities and the Reporting of Such Activities.**

The Board has the primary responsibility for: (1) ensuring compliance with the Authority's Policies and Procedures Manual and ensuring that Board members and staff do not engage in improper activities; (2) investigating allegations of improper activities; and (3) taking appropriate

corrective and disciplinary actions. Board members are encouraged to fulfill their obligations to the public and to LiSWA by disclosing to the Board to the extent not expressly prohibited by law, improper activities within their knowledge. Individual Board members will not interfere with the Chair's responsibilities in identifying, investigating and correcting improper activities.

A Board member shall not directly or indirectly use or attempt to use the authority or influence of her or his position for the purpose of intimidating, threatening, coercing, commanding, or influencing any other person for the purpose of preventing such person from acting in good faith to report or otherwise bring to the attention of the Board any information that, if true, would constitute: a work-related violation by a Board member or LiSWA employee or consultant of any law or regulation; gross waste of LiSWA funds; gross abuse of authority; a specified and substantial danger to public health or safety due to an act or omission of a LiSWA official or employee; use of an Authority office or position or of Authority resources for personal gain; or a conflict of interest of an Authority Board member or employee.

A Board member will not use or threaten to use any official authority or influence to effect any action as a reprisal against an Authority Board member or employee who reports or otherwise brings to the attention of the Board any information regarding the subjects described in this section.

**Section 9**      **Compliance with the Brown Act.**

The members of the Board of Directors, and persons appointed but who have not yet assumed office as members of the Board, will fully comply with the provisions of the Brown Act.

**CHAPTER 3**  
**BYLAWS OF THE**  
**LINCOLN-SMD 1 WASTEWATER AUTHORITY**

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## **Section 1 Introduction**

LiSWA was established in November 2022 pursuant to the Joint Exercise of Powers Act, Government Code section 6500 *et seq.*, and the JPA Agreement. The purpose of LiSWA is to own, acquire, expand, manage, maintain, operate, and control facilities for the collection and transmission, treatment, reclamation, recycling, reuse, sale and disposal of water, wastewater, and recycled water.

## **Section 2 Definitions**

Definitions are as set forth in Chapter 1, Section 1.5.

## **Section 3 Offices**

### **3.1 Principal Office.**

The principal office of the JPA shall be located at: 1245 Fiddymment Road in the City of Lincoln, California 95648.

### **3.2 Additional Offices.**

The JPA may also have offices at such other places both within and outside the State, as the Board may from time to time determine or the business of the JPA may require.

## **Section 4 Board**

### **4.1 Purpose of the Board.**

The Board is the legislative body of LiSWA. It operates under the provisions of the Joint Exercise of Powers Act (California Government Code Section 6500, *et seq.*) and all other applicable statutes and laws. It is the power and duty of the Board to manage and conduct the business and affairs of LiSWA pursuant to the JPA Agreement between the Member Agencies.

### **4.2 Power and Duties of the Board.**

The Board shall have the responsibility for the general management of the affairs, property and business of the JPA and may, from time to time, adopt and modify these Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The Board may exercise and shall be vested with all powers of the JPA insofar as not inconsistent with law, the JPA Agreement or these Bylaws.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between the Board and LiSWA staff and consultants.
- b) Hire and discharge, the General Manager, General Counsel, and Board Secretary and regularly monitor the performance of the General Manager, General Counsel, and Board Secretary.
- c) Serve as ambassadors for LiSWA and develop relationships with cooperating entities.
- d) Establish policies to guide the General Manager, General Counsel, and staff and consultants.
- e) Adopt strategic directives for LiSWA and review them annually.

- f) Adopt the LiSWA budget to meet the financial policies and achieve the strategic directives.
- g) Direct the preparation and issuance of bonds for capital projects as needed.
- h) Adopt an organizational structure and employee policies to support the mission, vision, core values, and goals as identified by the Board.
- i) Hold regular meetings to conduct the business of LiSWA in an open and transparent manner consistent with the applicable open meeting laws, including the Ralph M. Brown Act.
- j) Authorize the General Manager to perform actions, make decisions, and direct staff and consultants as needed to accomplish the goals, policies, and directives established by the Board.
- k) Take such other actions as may be required by law and as needed in furtherance of the purposes of the JPA Agreement including without limitation the powers set forth in the JPA Agreement at Section 4 (Powers of Authority).

#### 4.3 Directors.

Directors of the Board are appointed to serve as Directors of the JPA pursuant to the JPA Agreement at Section 7 (Governance).

#### 4.4 Compensation.

Compensation shall be as set forth below in Chapter 10.

#### 4.5 Regular Meetings.

Regular meetings of the JPA shall be held on the second Friday of each month, currently set for 10:00 a.m. Regular meetings may be cancelled by the JPA's General Manager upon consultation with the Board or if not feasible then with at least the Board Chair. Regular meetings will be held at the JPA's principle office located at 600 6<sup>th</sup> Street, Lincoln, CA 95648.

At all Meetings of the Board, including Regular Meetings and Special Meetings, the Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members will strive to avoid even the appearance of impropriety to ensure and maintain public confidence.

Board members shall review each Board Agenda packet and all accompanying materials, reports, and recommendations prior to the Regular or Special Meeting to allow for focused and efficient discussion.

The Board and its members shall at all times perform their respective duties in accordance with applicable laws, LiSWA's Board Member Code of Conduct, and other such codes and policies as the Board may adopt.

#### 4.6 Special, Emergency, and Adjourned Meetings.

Special, emergency, and adjourned meetings of the Board may be called and held in the manner authorized in the Ralph M. Brown Act, Government Code Section 54950, *et seq.*, as may be amended from time to time.

Unless otherwise specified in the notice of a special or adjourned meeting, all such meetings shall be held in the same location as regular meetings.

#### 4.7 Agenda Planning.

The Board shall conduct its meeting pursuant to agendas established and provided to the public in accordance with applicable laws.

Members of the Board, the General Manager, and her or his designees may place matter on Board agendas in accordance with policy and procedures adopted by the Board.

Items may be placed on the agenda on either the consent calendar or the discussion/action item calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion/action item calendar at the request of any Board member during a Board meeting prior to the vote to approve the consent calendar.

The General Manager shall regularly prepare, conferring with the Board Chair as needed or as appropriate, and issue an agenda for each meeting of the Board.

#### 4.8 Organization.

Each meeting of the Board shall be presided over by the Chair or, in her or his absence, by the Vice Chair. The Secretary, or in her or his absence, any person designated by the JPA's General Manager, shall act as secretary of the meeting.

#### 4.9 Method of Voting.

Except as otherwise required by law, votes on all questions shall be *viva voce*, orally.

#### 4.10 Ralph M. Brown Act.

All meetings of the Board, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held and conducted in accordance with the Ralph M. Brown Act, commencing with Section 54950 of the Government Code.

#### 4.11 Closed Session.

All information received by a Director, or alternate Director attending in the Director's absence, in a closed session related to the information presented to the JPA Board in closed session shall be confidential. However, a Director may disclose information obtained in a closed session as set forth Chapter 2, Section 4.



#### 4.12 Board – General Manager Relationship.

The Board of Directors governs LiSWA and is the policy-making body of LiSWA. The Board operates under the provisions of the law governing JPAs and all other applicable statutes and laws as well as the JPA Agreement.

- a. The Board of Directors shall have the responsibilities as provided for in the JPA Agreement and in this Policies and Procedures Manual adopted by the Board.
- b. The General Manager is responsible for the following in implementing Board policy, administration of LiSWA business functions, and proposing new or modified Board policy, subject to periodic review by the Board:
  - i. Manage all day-to-day operations and business affairs of LiSWA.
  - ii. Achieve the goals and results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
  - iii. Regularly prepare and submit to the Board for approval budgets, rules and regulations to achieve the Board’s financial policies and strategic directives.
  - iv. Attend meetings of the Board and report on the general affairs of LiSWA and keep the Board advised on the needs of LiSWA.
  - v. Prepare and submit to the Board for approval, as needed, organizational designs for LiSWA; manage the employees and consultants of LiSWA, including the hiring and terminating of any and all officers and employees except the General Counsel and Board Secretary; and maintain an Employee Handbook meeting the requirements of law if such a handbook is prepared.
  - vi. Direct labor negotiations based on Board direction and develop labor contract proposals for Board consideration.
  - vii. Enforce a code of ethics applicable to all employees, providing clear guidelines for ethical standards of conduct.
  - viii. Administer LiSWA procurement of goods and services, and treatment of salvage or discard items in accordance with Board policy.
  - ix. Ensure the smooth and continuous operation of LiSWA in the event of any planned or unplanned absences by the General Manager.
  - x. Interact with the public and other entities pursuant to policies adopted by the Board. The General Manager shall assure, in cooperation and consultation with the Board, that LiSWA is appropriately represented in the community.
  - xi. Perform other responsibilities as they are delegated by the Board, either by resolution or by contract of employment.

#### 4.13 Board – General Counsel Relationship.

The General Counsel provides legal counsel to LiSWA and to the Board. The General Counsel reports to both the Board and to the General Counsel.

The Board of Directors is ultimately responsible for the hiring and terminating of the General Counsel. As a general practice, the Board and General Manager shall participate jointly in the hiring and terminating of the General Counsel.

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation as applicable, and review of job duties for the General Counsel.

With respect to the Board, the General Counsel shall:

- a. Give her or his legal advice or opinion whenever he or she deems necessary or when required by the Board.
- b. Inform the Board of material legal issues impacting LiSWA or the Board.
- c. Provide legal counsel to the Board with regard to conflict of interest issues.
- d. Provide legal counsel to the Board with regard to other ethical matters.
- e. Assist the Board in complying with applicable statutes and regulations.
- f. When necessary, act independently of the General Manager with regard to the foregoing matters.

The General Counsel shall not provide legal counsel to individual Board members except in their role as Board members.

#### 4.14 Board – Secretary Relationship.

The Board Secretary helps the Board fulfill its various responsibilities. The Board Secretary serves under the direction and control of the Board.

The Board of Directors is ultimately responsible for the hiring and terminating of the Board Secretary. As a general practice, the Board and General Manager shall participate jointly in the hiring and terminating of the Board Secretary, or in the case of the General Manager serving also as the Board Secretary then the Board shall determine the hiring and terminating of the Board Secretary.

The General Manager will assist as directed by the Board in preparing performance evaluations, recommendations for compensation, and review of job duties for the Board Secretary.

The General Manager will recommend to the Board the compensation of the Board Secretary, if applicable, but the Board may, at its discretion, provide to the General Manager its decision regarding the Board Secretary's compensation.

The Board Secretary shall:

- a. Maintain all Board records.
- b. Receive and disseminate Board communications.
- c. Act as recording secretary at all Board meetings.
- d. Coordinate with LiSWA management and staff and consultants in responding to Board member requests related to LiSWA affairs.
- e. Handle all other matters that are properly delegated to the Board Secretary by the Board.
- f. Notwithstanding these activities, the Board Secretary is not empowered to instruct or direct LiSWA management, staff, or consultants.

#### 4.15 Delegation of Board Authority to General Manager.

The Board retains all authority to act on behalf of LiSWA. The Board may, except where prohibited by law, delegate responsibility to the General Manager to establish policies, make decisions, take actions, establish practices, and develop activities to further the policies and goals established by the board.

In carrying out her or his role, the General Manager shall at all times serve LiSWA only pursuant to the powers of the General Manager as delegated by the Board of Directors and to the extent authorized by these Policies and Procedures or the General Manager's employment contract.

The Board may change its delegations to the General Manager at any time, subject to applicable law, policies adopted by the Board and any contract with the General Manager, thereby expanding or limiting the authority of the General Manager.

### **Section 5   Officers**

#### 5.1   Appointment and Term of Officers.

The Chair, the Vice Chair, Treasurer, and Secretary of the JPA shall be appointed and serve as set forth in Article 4 of the JPA Agreement.

### **Section 6   Resignations**

#### 6.1   Voluntary Resignation; Notice of Effectiveness.

Any member of the Board or officer of the JPA may, subject to contrary provision in any applicable contract, resign at any time by giving written notice to the Board or to the Chair or to the Secretary of

the JPA. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

6.2 Involuntary Resignation; Request.

The Board, in the exercise of its discretion, may request the resignation of any officer elected or appointed pursuant to Section 4 of these Bylaws. Pursuant to such request, but subject to contrary provisions in any applicable laws, regulations, or contracts, such officer shall resign by giving written notice to the Board. Any such resignation shall take effect at the time specified in such request.

**Section 7 Vacancies Among Officers**

If the office of any officer elected or appointed pursuant to Section 4 of these Bylaws becomes vacant at any time by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, such vacancy may be filled at any time by the Board or as otherwise provided in the JPA Agreement or applicable law.

**Section 8 Committees**

The Board, by a majority vote, may form standing or temporary committees as set forth in the JPA Agreement, Section 7.7 (Committees) for advice to the Board on matters of interest to the Board. Such vote shall designate the method for appointing committee members, the scope of the duties and responsibility of the committee, whether the committee is a standing or ad hoc committee, and such other matters as the Board may deem appropriate.

**Section 9 Amendments**

These Bylaws may be modified, amended or repealed, or new Bylaws may be adopted, by the affirmative vote of the Board at any regular or special meeting of the Board.

**CHAPTER 4**

**DEBT MANAGEMENT POLICY**

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## **Section 1 Debt Policy Background and Purposes**

LiSWA was established under the provisions of the Joint Exercise of Powers Act, being Chapter 5 of Division 7 of Title 1 of the California Government Code (“Government Code”), commencing with Section 6500 (the “Act”) and a Joint Exercise of Powers Agreement entered into by and between the City of Lincoln (“City”) and the County of Placer (“County” and collectively with the City, the “Member Agencies” and each a “Member Agency”) for the establishment of the LiSWA (the “Agreement”) and setting forth the powers of LiSWA, which include, but are not limited to:

Own, acquire, expand, manage, maintain, operate, and control facilities for the collection and transmission (as defined in this Agreement), treatment, reclamation, recycling, reuse, sale, and disposal of water, wastewater, and recycled water, and any related byproducts.

This LiSWA Debt Management Policy (“Debt Policy”) is intended to comply with the requirements of Section 8855 of the Government Code and to set forth various matters for LiSWA financing transactions.

## **Section 2 Findings**

### **2.1 Debt Management**

Unless otherwise directed or determined by the Board, this Debt Policy shall govern all debt issued by, or undertaken by, LiSWA.

LiSWA hereby recognizes that a fiscally prudent Debt Policy is required in order to:

Maintain LiSWA’s sound financial position.

Ensure LiSWA has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses and to respond to the needs of its members.

Protect LiSWA’s credit-worthiness and exposure to financial and legal liabilities.

Ensure that all LiSWA debt is structured in order to protect the interests of LiSWA members and ratepayers.

Help ensure that LiSWA’s debt is consistent with LiSWA’s planning goals and objectives, capital improvement programs or budget, as applicable.

### **2.2 Disclosure**

This Debt Policy is intended to establish and implement the practices and procedures necessary to ensure compliance with applicable federal and State of California (“State”) securities laws. The disclosure policies and procedures set forth in this Debt Policy are also to: reduce exposure of LiSWA and its officials and employees to liability for damages and enforcement actions based on misstatements and omissions in LiSWA’s disclosure documents; to reduce borrowing costs by promoting good investor relations; and to protect members and ratepayers of LiSWA and other third parties from misstatements or omissions in LiSWA’s disclosure documents.

### **Section 3 Purposes of For Which Debt May be Issued**

LiSWA will consider debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings and improvements, and any other uses, projects and/or capital programs authorized by the Agreement, for the following purposes:

- a. To finance public facilities, services or programs, including but not limited to short-term borrowing needs, budget shortfalls and access to capital for public improvements and infrastructure.
- b. To assist certain private individuals and entities in financing project(s) or program(s) that produces public benefits related to LiSWA purposes or powers.
- c. To refinance LiSWA outstanding debt in order to (i) produce debt service savings, (ii) to restructure debt for other benefits such as refinancing a bullet payment or a spike in debt service, or (iii) to provide or produce other public benefits
- d. To finance a project or program, consistent with LiSWA's purposes - which are intended to provide public benefits to any local community, including its residents, business, or institutions, including but not limited to promoting economic development.

### **Section 4 Authorized Types of Debt**

The following types of debt m under this Policy:

- a. Conduit revenue bonds or notes;
- b. General obligation bonds;
- c. Bond or grant anticipation notes;
- e. Leases, lease revenue bonds, installment sale or purchase agreements, certificates of participation and lease-purchase transactions;
- f. Revenue bonds;
- g. Tax and revenue anticipation notes;
- h. Land-secured financings, such as special tax revenue bonds issued under the Mello- Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment acts, including PACE financings; and
- i. Any other type of debt permitted under the Agreement and authorized by law.

For purposes of this section, the term "bonds" may include notes, warrants, leases, installment purchase agreements, certificates of participation, financing agreements, loan agreements, lease-lease-back financing transactions or any other evidence of an obligation to pay or repay money.

LiSWA may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment of this Policy.

This Debt Policy includes all debt that must ultimately be approved by the LiSWA Board. This Debt Policy is not intended to address inter-fund borrowing; interagency borrowing; or authorized investment activities of the LiSWA Treasurer ("Treasurer") including, but not limited to, reverse repurchase agreements and securities lending.



## **Section 5 Relationship to Capital Improvements Program or Budget, Planning Goals And Objectives**

LiSWA's goal is to undertake programs that advance its purpose, and this Debt Policy provides flexibility for LiSWA to obtain financing to provide wastewater treatment and reclamation services including financing programs to further its purpose.

LiSWA is committed to long-term financial planning, maintain appropriate reserve levels and employing prudent practices in governance, financial management and budget administration. LiSWA intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions in the annual operations budget.

It is LiSWA's goal to utilize conservative financing methods and techniques to obtain the highest practical credit ratings and the lowest practical borrowing costs.

LiSWA will comply with state and federal law as it pertains to the maximum term of debt, and any applicable procedures for setting and imposing any related assessments, rates and charges.

## **Section 6 Debt Administration**

Debt management will be the responsibility of General Manager (GM) and the Treasurer as follows:

### **6.1 Reviewing and recommending debt Financing – GM & Treasurer**

The GM and Treasurer will be responsible for reviewing, analyzing and recommending new issue debt financing when appropriate and consistent with these policies. The Board will review and approve proposed debt financing proposals.

### **6.2 Leading the process of issuance – GM, Treasurer and LiSWA Counsel**

Officials will work together to select financial advisors, underwriters, bond counsel, disclosure counsel and other members of a financing team. Officials will prepare bond documentation including official statements and will review them for material errors or omissions before such documents can be deemed final.

### **6.3 Internal control procedures regarding use of debt proceeds; fiscal agent – Treasurer**

Whenever reasonably possible, proceeds of debt used to finance capital improvements will be held by a third-party banking institution (trustee, fiscal agent or similar) and LiSWA will submit written requisitions for such proceeds. The Treasurer will execute each such requisition. The Treasurer will be responsible for selecting the banking institution associated with bond issues. To the extent recommended by bond counsel, the rating agencies or any bond insurer, the Treasurer will serve as LiSWA's fiscal agent on its debt transactions.

#### 6.4 Continuing Annual Disclosure – Treasurer, Auditor, and GM

The Securities and Exchange Commission (“SEC”) requires that underwriters obtain promises in writing from municipal debt issuers to provide specified financial and operating information on an annual basis for all public offerings. This promise for continuing annual disclosure is set forth in a separate agreement between the issuer and the underwriter who purchases LiSWA's bonds. The GM will oversee the preparation of annual disclosure reports as required under federal law and regulations, and consistent with the continuing disclosure agreement pertaining to that financing. Such reports will be reviewed in the manner of initial official statements. Under continuing disclosure requirements LiSWA is obligated to provide ongoing disclosure of material events, including those that are specifically enumerated in the agreement for its public offerings.

#### 6.5 Arbitrage administration-Treasurer

The Treasurer is charged with responsibility for establishing and maintaining, either directly or through contract, a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort includes tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax- exempt status of LiSWA's outstanding debt issues.

#### 6.6 Covenant Administration-GM

The GM will establish and maintain a system for monitoring the various covenants and commitments established within the documentation of a bond issue and ensuring that staff or consultants take such actions as required to comply with the various covenants of a financing.

#### 6.7 Small Lease-purchases

LiSWA, or any sub-unit of LiSWA, shall not enter into a lease-purchase contract, or incur other form of indebtedness, of more than \$50,000 without the express approval of the Board.

#### 6.8 Investing Bond Proceeds-Treasurer

The Treasurer is responsible for investing all bond proceeds held by LiSWA and directing the investment of all funds held by the relevant banking institution under the terms of the applicable securities issuance document(s). Such investments shall also be consistent with applicable State and federal law.

### **Section 7 Debt Structure Considerations**

#### 7.1 Rapidity of Debt Repayment

that it finances. The debt repayment term should be not be longer than the improvement's projected useful life in an effort to improve LiSWA's credit profile through early retirement of debt, and to recapture debt capacity for future use. LiSWA may choose to structure debt repayment on any particular transaction so as to consolidate or restructure existing obligations or to achieve other financial planning goals.

## 7.2 Capitalized Interest

LiSWA may include within its borrowings additional funds to pay interest on the obligation during an initial period. Such capitalizing of interest will be most commonly used to secure lease obligations during the project construction period, as generally required under California law, or to secure an improved financing structure for strategic management of cash flow.

## 7.3 Mello-Roos and Assessment Bonds

The GM will evaluate programs in light of the total tax rate burden.

## 7.4 Short-term Financing

LiSWA will consider issuing Tax and Revenue Anticipation Notes for annual cash flow purposes or other short-term financing instruments to the extent such securities would reduce expenses, increase revenues and/or expedite the meeting of LiSWA's goals.

## 7.5 Variable Rate Bond

LiSWA will consider variable rate debt on a case-by-case basis. The general preference of LiSWA is to issue fixed rate debt.

# **Section 8 Method of Sale**

There are generally three ways bonds can be sold, through a competitive, negotiated sale or a private placement. The following outlines the basis by which LiSWA will determine the appropriate method of sale for a given financing.

## 8.1 Competitive Process

With a competitive sale, any interested underwriter is invited to submit a proposal to purchase an issue of bonds. The bonds are awarded to the underwriter(s) presenting the best bid according to stipulated criteria set forth in the notice of sale. LiSWA, as a matter of policy, will seek to issue its debt obligations through a competitive process unless it is determined in consultation with the Treasurer that such a sale method will not produce the best results for LiSWA. This type of sale process is also significantly more likely to give LiSWA higher market exposure which creates an awareness of LiSWA credit that increases market interest in future debt issues of LiSWA.

## 8.2 Negotiated Sale

Under this method of sale, securities are sold through an exclusive arrangement between the issuer and an underwriter or underwriting syndicate. At the end of successful negotiations, the issue is awarded to the underwriters. Negotiated underwriting may be considered if it fits one or more of the following criteria: extremely small issue size; complex financing structure or nature of the project being financed (i.e., variable rate financing, new derivatives, and certain revenues issues, etc.); compromised credit quality of LiSWA or the issue; other issue or market factors which lead the GM and Treasurer to conclude that a competitive sale would not be effective. When determined appropriate by the GM and Treasurer, and approved by the Board, LiSWA may elect to sell its debt obligations through a negotiated sale.

## 8.3 Private Placement

When determined appropriate, usually in the case of a very small issue, and/or short financing term, LiSWA may elect to sell its debt obligations through a private placement or limited public offering. Selection of a lender or placement agent will be made pursuant to selection procedures developed by the GM and Treasurer.

## **Section 9 Refunding of LiSWA Indebtedness**

The LiSWA GM will monitor LiSWA's existing indebtedness and will initiate the refunding of such obligations if it would generate a reasonable level of savings. The following guidelines will be used in determining whether a refunding would be appropriate.

### 9.1 Debt Service Savings - Advance Refunding

LiSWA may issue advance refunding bonds (as defined by federal tax law) when advantageous, legally permissible, financially prudent, and net present value savings, expressed as a percentage of the par amount of the refunded bonds, equal or exceed 5 %. The LiSWA Board may approve a lower savings threshold to the extent that such a threshold is appropriate given the specific conditions of the proposed refunding. Under current federal law, advance refundings of tax-exempt securities result in federally taxable refunding securities.

### 9.2 Debt Service Savings - Current Refunding

LiSWA may issue current refunding bonds (as defined by federal tax law) when advantageous, legally permissible, and financially prudent, and net present value savings equal or exceed 3% of the outstanding amount of refunded bonds.

## **Section 10 Interpretation, Amendment**

This Debt Policy is intended to be interpreted in a manner consistent with LiSWA's existing policies and program guidelines and shall be subject to any contrary provisions thereof. The Board may, by resolution, waive any provision of this Policy, with respect to a particular debt issue.

The Board reserves the power to amend this Debt Policy in the future, by Resolution, as it may determine, from time to time.

## **Section 11 Disclosure Policies**

### **11.1 Disclosure Coordinator**

The Treasurer shall be the disclosure coordinator of LiSWA (for purposes of this Debt Policy, the "Disclosure Coordinator"). It is the policy of LiSWA that the Disclosure Coordinator will regularly consult with the GM and LiSWA Counsel with respect to the disclosure matters described in this Policy.

### **11.2 Outside Professionals**

It is LiSWA's policy to establish continuing working relationships with professional advisors with expertise in the area of public finance and federal securities laws applicable to the issuance of securities by LiSWA. Subject to the Securities and Exchange Commission's ("SEC") Independent Registered Municipal Advisor Rule ("IRMA"), LiSWA may hold a contract with one or more independent registered municipal advisor firms.

### **11.3 Review and Approval of Official Statements**

The Disclosure Coordinator shall review any Official Statement prepared in connection with any debt issuance by LiSWA in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by, or on behalf of, LiSWA.

In connection with its review of any such Official Statement, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting LiSWA, and all members of LiSWA staff, to the extent that the Disclosure Coordinator concludes that they should be consulted so that each such Official Statement will include all "material" information (as defined for purposes of federal securities law).

In connection with its review of the Official Statement, the Disclosure Coordinator shall also consult with representatives of the Member Agencies to the extent necessary.

As part of the review process, and prior to submitting any Official Statements to the Board for approval, the Disclosure Coordinator shall submit all Official Statements to the GM and LiSWA Counsel for their review.

The GM shall review the Official Statement and shall take primary responsibility for those sections of the Official Statement describing the operations of LiSWA.

LiSWA Counsel shall review the Official Statement and shall draft for the Official Statement descriptions of (i) any material current, pending or threatened litigation, (ii) any material settlements or court orders

and (iii) any other legal issues that are material information for purposes of the Official Statement.

The Treasurer shall review the Official Statement to identify any material difference in presentation of financial information from LiSWA's financial statements and ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the Treasurer (or the Treasurer's staff) or of relevance to the finances of LiSWA. In addition, the Treasurer shall determine whether LiSWA's then-available Financial Statements are appropriate to be included in the Official Statement and whether to seek the consent of LiSWA's outside auditor to including the Financial Statements in the Official Statement.

The GM is responsible for ensuring that the key LiSWA staff and consultants participate in preparation of the Official Statement. After receiving feedback from the GM, the Treasurer and LiSWA Counsel, the Disclosure Coordinator shall submit an Official Statement to the Board for approval.

The Board shall undertake such review as deemed necessary by the Board, following consultation with the Disclosure Coordinator, to fulfill the Board's responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with LiSWA's disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

The Disclosure Coordinator shall retain a record of the actions taken to prepare, check and approve each Official Statement.

#### 11.4 Continuing Disclosure Filings

Under the continuing disclosure undertakings that LiSWA has entered into in connection with its debt offerings, LiSWA is required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and LiSWA's audited financial statements.

If LiSWA does not have audited financial statements available, the Treasurer shall submit LiSWA's unaudited financial statements in either draft or final form whichever is available to meet the disclosure deadline. In the event draft or unaudited financial statements are submitted, the Treasurer shall submit final audited financial statements as soon as they are available.

LiSWA is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which:

- i. LiSWA will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and
- ii. LiSWA will file notices of enumerated events on a timely basis.

In connection with preparation of annual reports and event filings, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting LiSWA, and all members of LiSWA staff or consultants, to the extent that the Disclosure Coordinator concludes they should be consulted so the annual report and event filings will include all “material” information (as defined for purposes of federal securities law).

As part of the review process, the Disclosure Coordinator shall submit all annual reports and event filings to the GM, the Treasurer and LiSWA Counsel for approval, and shall also consult with representatives of the Member Agencies to the extent appropriate.

The Disclosure Coordinator shall retain a record of the actions taken to prepare, check and approve each continuing disclosure reports and notices.

#### 11.5 Rating Agency Presentations

The Disclosure Coordinator and/or GM shall manage the process of preparing rating agency presentations for a financing in the same manner that he or she does for Official Statements, except that approval by the Board shall not be required.

#### 11.6 Continuing Disclosure Filings

Whenever LiSWA makes statements or releases information relating to its finances to the public that reasonably expected to reach investors and the trading markets, LiSWA is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

LiSWA shall include a disclaimer on LiSWA website:

“No information on the LiSWA’s website is intended to be the basis of or should be relied upon in making an investment decision. The information on this website is not posted for the purpose of reaching the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community. Because each security issues by the LiSWA or its related entities may involve different sources of payment and security, you should refer for additional information to the official statement and continuing disclosure filings for the particular security, which can be found on the Municipal Security Rulemaking Board’s Electronic Municipal Market Access website: <https://emma.msrb.org/>.”

#### 11.7 Training

The Disclosure Coordinator shall ensure that the members of LiSWA staff or consultants involved in the initial or continuing disclosure process and the Board of Directors are properly trained to understand and perform their responsibilities. The General Manager is responsible for ensuring that key LiSWA staff or consultants participate in the training.

The Disclosure Coordinator shall arrange for disclosure training sessions conducted by LiSWA’s

disclosure counsel. Such training sessions shall include education on these Disclosure Procedures, LiSWA's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of LiSWA staff and members of the Board of Directors. Such training sessions may be conducted using a recorded presentation or written communication.

#### 11.8 Updates to Disclosure Procedures

The Disclosure Coordinator shall review the Disclosure's Procedures annually and proposed updates to the Disclosure Procedures to the Program Manager, the GM, the Treasurer and LiSWA Counsel as needed to address changes, including but not limited to changes in LiSWA's debt management program, financial reporting processes, or organizational structure. In addition, at any time all officers and employees of LiSWA are invited and encouraged to make recommendations for changes to these Disclosure Procedures so that they foster better compliance with applicable law, result in better information to investors, or makes the procedures required by these Disclosure Procedures more efficient. Following receipt of any such recommendation, the Disclosure Coordinator shall consult with third parties, including outside professionals assisting LiSWA and members of LiSWA staff, where appropriate, and shall determine whether such recommendation should be submitted as a proposal to Board of Directors.

#### 11.9 Documenting Compliance

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention or one or more consultants) by which compliance with these Disclosure Procedures is documented.

#### 11.10 Waiver of Procedures

The Disclosure Coordinator may, with the approval of the GM, the Treasurer, LiSWA Counsel and the Program Manager, depart from this Disclosure Policy when he or she is in good faith determines that such departure is in the best interests of LiSWA and is consistent with the duties of LiSWA under federal and state securities laws.

#### 11.11 Internal Use Only

These Disclosure Procedures are intended for the internal use of LiSWA only and are not intended to establish any duties in favor of or rights of any person other than LiSWA.



**CHAPTER 5**

**DISCLOSURE POLICY**

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## **Section 1 Purpose of Policy**

This Disclosure Policy is intended to ensure that LiSWA is in compliance with all applicable federal and state securities laws. Although not required by law, the SEC encourages municipal issuers to adopt such a policy to help avoid disclosure problems. The JPA's Board of Directors (Board) shall approve this policy. LiSWA's General Manager shall serve as Disclosure Coordinator for LiSWA and is responsible for ensuring adherence to this policy.

## **Section 2 Review and Approval of Official Statements**

The Disclosure Coordinator shall review any Official Statement prepared in connection with any debt issuance by LiSWA in order to ensure there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by LiSWA.

In connection with its review of the Official Statement, the Disclosure Coordinator shall consult with any relevant parties to the extent that the Disclosure Coordinator concludes they should be consulted so that the Official Statement will include all "material" information (as defined for purposes of federal securities law).

As part of the review process, the Disclosure Coordinator shall submit all Official Statements to the Board for approval. The cover letter used by the Disclosure Coordinator to submit the Official Statements shall be in substantially the form of **Exhibit B**.

The approval of an Official Statement by the Board shall be agendized as a new business matter and shall not be approved as a consent item. The Board shall undertake such review as deemed necessary by the Board, following consultation with the Disclosure Coordinator, to fulfill the Board's responsibilities under applicable federal and state securities laws. In this regard, the Disclosure Coordinator shall consult with LiSWA's disclosure counsel to the extent the Disclosure Coordinator considers appropriate.

## **Section 3 Continuing Disclosure Filings**

Under the continuing disclosure undertakings that LiSWA will enter into in connection with its debt offerings, LiSWA will be required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information, and LiSWA's audited financial statements. LiSWA is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.

The Disclosure Coordinator is responsible for establishing a system (which may involve the retention of one or more consultants) by which:

- (A) LiSWA will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis, and

- (B) LiSWA will file notices of enumerated events on a timely basis.
- (C)

**Section 4 Public Statements Regarding Financial Information**

Whenever LiSWA makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, LiSWA is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

**Section 5 Training**

The Disclosure Coordinator shall ensure that those involved in the initial or continuing disclosure process and the Board are properly trained to understand and perform their responsibilities.

The Disclosure Coordinator shall arrange for disclosure training sessions conducted by LiSWA's disclosure counsel. Such training sessions shall include education on these Disclosure Procedures, LiSWA's disclosure obligations under applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of LiSWA's General Manager and members of the Board. Such training sessions may be conducted using a recorded presentation.

**CHAPTER 6**

**CONTRACT POLICIES AND PROCEDURES**

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## **Section 1 Introduction**

### **1.1 Purpose and Title.**

(A) LiSWA deems it necessary to adopt a regulation to set forth the policies and procedures of the JPA for procurement, award and administration of contracts. This Chapter may be referred to as the “JPA’s Contract Policies and Procedures Regulation”.

(B) The policies and procedures in this Chapter are advisory, not mandatory, and any deviation shall not render any contract of LiSWA void or voidable. Any deviation from the policies and procedures in this Chapter shall be authorized by the General Manager.

## **Section 2 Basic Requirements and Exceptions**

### **2.1 Definitions.**

For the purposes of this Chapter, the following words shall have the following meanings

Emergency means a sudden, unexpected occurrence that poses a clear and imminent danger, where a contract is necessary to prevent or mitigate the loss or impairment of life, health, property, or protection of JPA property or essential public services.

Invitation for Bid (IFB) means a procurement process pursuant to which LiSWA procures goods or services on a low bid basis.

Micro-Purchase means a purchase of supplies and materials and the amount is less than \$10,000.00.

Request for Information or RFI means a formal or informal process to request information and/or ideas from the market.

Request for Proposals or RFP means a procurement process whereby LiSWA seeks proposals and enters into a contract for goods, services, construction or related activities (which may or may not be preceded by an RFQ or Request for Information). Contracts may be procured on a low bid, best value or method that LiSWA deems to be in the best interest of LiSWA.

Request for Qualifications or RFQ means a procurement process in which LiSWA obtains professional and other services on a qualifications basis that does not consider or considers as only one element, the cost of the services to be provided.

Small Contracts means any contract or other procurement involving expenditures equal to or less than \$200,000.00. Small Contracts are separate and distinct from a Micro-Purchase and can be used for procurements of less than \$10,000.00.

Working Day means any day other than a Saturday, Sunday or holiday for LiSWA.

## 2.2 Fair and Open Competition Requirement.

The underlying premise of this Chapter is to foster fair and open competition and to obtain needed goods and services on a timely basis and in a cost-effective manner. LiSWA should follow sound business and public policy principles in the procurement of goods and services so that these actions are performed efficiently and in a manner that serves the best interest of LiSWA and the public.

## 2.3 Use of Non-Competitive Procedures.

Procurement of goods and services without competition is authorized under limited conditions. Procurement of contracts or purchase of equipment and supplies may be made by non-competitive negotiation under the following circumstances:

(A) In case of an Emergency, the Board (acting through the General Manager) may use a non-competitive procedure, as set forth in Section 2.4;

(B) Where LiSWA has advertised the contract as required by this Chapter and has undertaken reasonable efforts to solicit potential contractors and has obtained only one bid or proposal or has otherwise determined that competition is inadequate;

(C) When the goods or services are to be provided by a government or other public entity, or for professional services that ordinarily as a matter of law are not required to have an RFP or similar process;

(D) Where LiSWA wishes to renew or extend the term of the contract and compensation provided pursuant to an existing contract under substantially the same terms and conditions, or the amendment of an existing contract that does not materially alter the terms and conditions of the contract (other than the term of the contract and compensation), provided that such renewal, extension or amendment is authorized or permitted by the contract;

(E) Where, after reasonable investigation, LiSWA determines that there is only a single source of supply available, or only one contractor is qualified to provide the service or product;

(F) Where the equipment to be purchased is of a technical nature and the procurement thereof without advertising is necessary in order to assure standardization of equipment and interchangeability of parts;

(G) Where the item to be purchased is a capital maintenance item that is available only from the original manufacturer or supplier;

(H) Where the contract is for employment services;

(I) Where the contract is one for which only per diem and travel expenses are paid and there is no payment for services rendered;



(J) Where the procurement is a Micro-Purchase involving the purchase of supplies and materials and the amount is less than \$10,000.00;

(K) Where the purchase is pursuant to a joint purchase and similar arrangement whereby another public agency procures goods or services on a bulk basis pursuant to procurement policies and procedures applicable to that agency;

(L) A "sole source" award, provided that in advance of the award, the General Manager certifies in writing the sole source status of the provider: (i) based on (the need to utilize a specified material, provider or methodology in the best interest of LiSWA; (ii) which could only be supplied, constructed, or installed by only one contractor or supplier; or (iii) as otherwise allowed by any law; and

(M) When the Board otherwise determines that award of a contract pursuant to competitive procedures identified in this Chapter is either infeasible or would not produce an advantage, which determination shall be supported by written justification.

#### 2.4 Emergency Procedures.

In the case of an Emergency, the Board delegates to the General Manager, the authority to enter into a contract, task orders, change orders and amendments to contracts. The General Manager shall report any action taken pursuant to such authority to the Board at its next meeting, with reasons justifying why the Emergency would not permit a delay resulting from a competitive solicitation for bids specified in this Chapter and justifying why the action taken was necessary to respond to the Emergency.

#### 2.5 Non-Discrimination in Procurement.

Contracts entered into by LiSWA shall contain clauses as required by applicable law prohibiting discrimination against any person or group of persons including on account of race, color, religion, creed, national origin, ancestry, physical handicap, medical condition, age, marital status, sex or sexual orientation in the performance of the contract.

#### 2.6 Types of Procurement Methods.

(A) Micro-Purchases. This method, requiring only one quote, may be used for any purchase of supplies or services that does not exceed \$10,000.00.

(B) Small Contracts (up to \$200,000.00). This informal procurement method involves obtaining price or rate quotations from an adequate number of qualified sources (generally three unless only two qualified vendors exist) in order to determine a fair and reasonable price and make a contract award.

(C) Sealed Bids. A formal competitive sealed bid process involves procurement through an IFB process. Generally, formal bid documents are prepared and advertised and an award is made to the lowest responsive and responsible bidder. This method and related procedures are described in more detail in Section 4.

(D) Competitive Proposals. This competitively negotiated procurement method may be

used for purchase of non-professional services (through a Request for Proposal process) or professional services (generally through a Request for Qualifications process). This method and related procedures are described in more detail in Section 5.

(E) Alternative Methods of Procurement. Alternative methods of procurement for progressive or fixed-price design-build or design-build operate/maintain contracts, construction management at-risk contracts and public-private partnerships may be utilized by LiSWA in cases where it may be efficient or advantageous for LiSWA to enter into contracts that include responsibility for design and/or construction services as well as other services that are not appropriate for sealed bidding and or which LiSWA does not wish to use a competitive negotiation procurement process. This method of procurement and related procedures are described in more detail in Section 6.

(F) Non-Competitive Purchases. These are used for the purchase of approved sole source procurements, Emergency procurements, intergovernmental agreements, and other procurements as may be approved by the General Manager or Board of Directors in light of special circumstances that justify this method of procurement as further described and discussed in Section 2.3.

## 2.7 Purchasing Agent Designation.

The ultimate authority to enter into contracts, execute amendments and change orders to existing contracts and make purchases on behalf of LiSWA rests with the Board. The Board delegates this authority to the General Manager as set forth in this Chapter. The General Manager or her or his designee shall act as purchasing agent for and on behalf of LiSWA consistent with this Chapter. The General Manager or her or his designee is hereby authorized to approve and execute the following contracts, amendments, and change orders on behalf of LiSWA:

(A) Amendments and change orders to Board-approved progressive or fixed price design-build contracts; provided such amendments and change orders do not exceed the Board-approved contingency for the contract and/or the General Manager's authority.

(B) All other procurements where the contract, amendment or change order (a) is less than \$100,000.00 and is not otherwise consistent with LiSWA's approved and current capital expenditure plan / budget; or (b) is less than \$250,000.00 and is consistent with LiSWA's approved and current capital expenditure plan / budget.

Except as delegated above or by a separate action of the Board, all other contracts, amendments, and change orders shall be approved by the Board.

## 2.8 JPA to Issue Requests for Proposals, Requests for Qualifications and Invitations for Bids; Exception for RFP, RFQ or IFB Consistent with Approved Budget.

Requests for Proposals (RFP), Requests for Qualification (RFQ) and Invitations for Bids (IFB) shall be prepared by or under the supervision of JPA's General Manager and shall not be released until approved and authorized for release by the Board. The foregoing notwithstanding, an Invitation for Bid, Request for Proposals or Request for Qualifications may be released without Board approval if the total cost of the goods or services to be procured is estimated by the General Manager or the consultant preparing the IFB, RFQ or RFP to be: (1) less than \$500,000.00; or (2) does not exceed the amount allocated in

LiSWA's approved and current capital expenditure plan / budget.

## 2.9 Existing Contracts.

The policies and procedures contained in this Chapter shall not apply to any contract awarded by LiSWA prior to the adoption of this Chapter. Any amendments to this Chapter are only applicable to contracts entered into after approval of the amendments.

## **Section 3 Approval and Award of Contracts**

### 3.1 Requirement of Board Approval.

Except as otherwise provided in this Chapter, all procurements and contracts are subject to approval by the Board.

### 3.2 Small Contracts and Micro-Purchases.

Award of Small Contracts and Micro-Purchases may be authorized by the General Manager without Board approval, subject to the following:

(A) Where the consideration to be rendered under a contract is other than monetary, such consideration must be valued on a monetary basis for the purpose of determining whether approval of the Board is required.

(B) If it is determined by the General Manager that more than one contract may be awarded to a single contractor in any one fiscal year for work normally considered one undertaking and the total of the contracts exceeds

\$200,000.00, all contracts awarded following such determination, regardless of amount, shall be submitted to the Board for approval; provided that purchases during a single fiscal year shall not be split into multiple contracts for the purpose of evading the Board approval requirement.

### 3.3 Rejection of Bids and Proposals.

Procedures for review of and rejection or award of contracts procured by IFB, RFP or RFQ are determined by the procurement document for the specific procurement and take precedence over the general provisions below. Where the procurement document does not set forth such procedures, or for procurements other than by IFB, RFP or RFQ, the following rules apply:

(A) The General Manager may reject all bids and proposals received that are determined to be non-responsive or not within the competitive range, including proposals made by proposers who refuse to execute any required representations and certifications.

(B) General Manager may reject for any one or more of the following reasons:

(1) All otherwise acceptable bids or proposals received exceed the funds budgeted and available for the contract or, in the case of contracts for which payment will be made to LiSWA,

offer inadequate compensation;

(2) The bids or proposals were not independently arrived at in open competition, were collusive or were submitted in bad faith; or

(3) Rejection is otherwise determined to be in LiSWA's best interest.

(C) If, after rejecting bids, the General Manager determines and declares that, in her or his opinion, the services, supplies, equipment, or materials may be purchased at a lower price in the open market, LiSWA may proceed to purchase these services, supplies, equipment or materials in the open market without further observance of the provisions regarding contracts, bids or advertisements.

### 3.4 Contracts Containing Extraordinary Provisions.

Except with respect to Small Contracts and Micro-Purchases, notwithstanding any provision of this Chapter to the contrary, any contract containing any of the following provisions shall be subject to approval of the Board:

(A) Any provision whereby LiSWA agrees to indemnify or hold harmless any party to the contract or any third person against or on account of, any claim, liability, or matter arising out of, or connected with, the contract, other than reciprocal indemnification clauses whereby the indemnifying party indemnifies the other party against liability incurred by such party arising from the acts or failure to act of the indemnifying party.

(B) Any provision whereby LiSWA agrees to assume responsibility for matters beyond its control (e.g., in rental contracts, a promise to assume full responsibility for damage to rented equipment, regardless of the cause of the damage).

(C) Any provision creating a contingent liability against LiSWA (e.g., vendors' boilerplate rental contracts frequently contain clauses obligating the user of rented equipment to assume responsibility for contingent liabilities).

(D) Contracts of a hazardous nature or involving the generation, transportation, disposal or other handling of hazardous or toxic wastes (e.g., contracts for grading, dredging, excavating and handling toxic materials).

(E) Contracts for the sale or purchase of real property.

## **Section 4 Sealed Bids**

### 4.1 Sealed Bids – Generally.

A competitive sealed bid process shall be used for all procurements except as otherwise provided in Sections 2.3 (Use of Non-Competitive Procedures) and 2.4 (Emergency Procedures) of Section 2 (Definitions) or in Section 5 (Competitively Negotiated Contracts Including Professional Services), Section 6 (Alternative Method for Procurement of Contracts Including Construction and Other Services), or Section 11 (Purchase Of Materials, Supplies And Equipment) of this Chapter. A competitive sealed bid

process shall be procured through an IFB procurement process.

#### 4.2 Procedures For Sealed Bids.

(A) The notice inviting bids shall be posted at the offices of LiSWA, or other place(s) designated by resolution of the Board, and advertised by public posting to LiSWA's website and in a newspaper of general circulation within the boundaries of LiSWA and other trade publications as deemed appropriate by the General Manager. The notice inviting bids shall set a date for the opening of bids. The first publication or posting of the notice shall be at least 10 days before the date of opening the bids.

(B) The Board may reject any bids presented and re-advertise. If two or more bids are the same and the lowest, the Board may accept the one it chooses. If no bids are received, the Board may utilize the non-competitive procurement procedures set out in this Chapter.

(C) After rejecting bids, the Board may pass a resolution by a majority vote of its members declaring that the project can be performed more economically by day labor, or the materials or supplies furnished at a lower price in the open market. Upon adoption of the resolution, it may have the project done in the manner stated without further complying with this Chapter.

(D) All bids shall be presented under sealed cover and accompanied by one of the following forms of bidder's security: (i) cash; (ii) cashier's check made payable to LiSWA; (iii) a certified check made payable to LiSWA; or (iv) a bidder's bond executed by an admitted surety insurer, made payable to LiSWA. The security shall be in an amount equal to at least 10 percent of the amount bid. A bid shall not be considered unless one of the forms of bidder's security is enclosed with it. If the successful bidder fails to execute the contract, the amount of the bidder's security shall be forfeited to LiSWA except as provided in this Chapter.

(E) The Board may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder. If the Board awards the contract to the second lowest bidder, the amount of the lowest bidder's security shall be applied by LiSWA to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder if cash or a check is used, or to the surety on the bidder's bond if a bond is used.

### **Section 5 Competitively Negotiated Contracts Including Professional Services**

#### 5.1 Use of Competitively Negotiated Procurement Procedures.

This Section 5 outlines LiSWA's procedures for competitively negotiated procurements, also known as a competitive RFP process, or in the case of the procurement of professional services on a qualifications basis, a competitive RFQ process. The procedures used in this Section 5 shall be used for:

(A) Contracts for professional services, consulting services, personnel services, and for other services that the Board has determined are to be competitively negotiated. These services are not limited to but may include architectural, engineering, legal, legislative advocacy, planning, and accounting services;

(B) Purchases of specialized equipment, computers, telecommunications equipment, microwave equipment and other related electronic equipment and apparatus, if the Board has approved the use of the procedures set forth in this Chapter for a particular procurement.

(C) Other contracts that the Board has determined are to be competitively negotiated.

## 5.2 Solicitation of Proposals – General.

(A) An RFP or RFQ shall be the solicitation used to communicate LiSWA's requirements to prospective contractors when the negotiated method of seeking competitive proposals is used. LiSWA shall furnish identical information concerning a proposed procurement to all prospective contractors receiving the RFP or RFQ.

(B) In determining sources to solicit, General Manager shall use all means available to ensure that an adequate number of potential qualified proposers receive the solicitation in order to obtain the maximum open and competitive competition. Pre-solicitation announcement notices shall be published on LiSWA website or other manner reasonably likely to attract proposers.

## 5.3 Proposal Evaluation.

(A) The evaluation factors that will be considered in evaluating proposals shall be tailored to each procurement and shall include only those factors that will have an impact on the source selection decision. The evaluation factors that apply to a particular procurement and the relative importance of those factors are within the broad discretion of the General Manager. All factors that are to be considered in an award of a contract must be identified in the RFP or RFQ and must allow for a fair and equitable evaluation of all proposals. Evaluation criteria could include matters such as previous experience providing similar services, qualifications of team members, satisfaction of previous clients, capacity to provide personnel when needed and approach to providing the services.

(B) The General Manager, in her or his discretion, may establish a formal evaluation panel/committee to evaluate proposals in accordance with the stated evaluation criteria. Following evaluation, the General Manager may either recommend a selection to the Board or, if authorized to do so, itself select the recommended source for contract award.

(C) The most qualified or “shortlisted” firms may be asked to further present their qualifications in an interview or similar process. The shortlist of firms will be determined by the General Manager. The evaluators will consider the results of the interviews in making the selection recommendation.

## 5.4 Selection and Negotiations.

The methods and procedures for selection and negotiation shall be set forth in the RFP or RFQ. The General Manager may adopt any lawful methods and procedures that he or she determines are in the best interest of LiSWA. The selection decision is subject to the approval of the Board.

5.5 Special Provisions Applicable To Procurement of Professional Services Contracts.

If the procurement is for professional services listed in California Government Code Section 4525, in addition to meeting the other requirements of this Section 5, the procurement process shall comply with applicable requirements of Government Code Sections 4525 *et seq.* In particular, Government Code Section 4526 states that the procurement procedures for such contracts must:

- (A) assure that such services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices to the public;
- (B) assure maximum participation of small business firms pursuant to Government Code Section 14837;
- (C) specifically prohibit practices which might result in unlawful activity including, but not limited to, rebates, kickbacks, or other unlawful consideration; and
- (D) specifically prohibit government agency employees from participating in the selection process when those employees have a relationship with a person or business entity seeking a contract that would subject those employees to the prohibition of Government Code Section 87100.

**Section 6 Alternative Method for Procurement of Contracts Including Construction and Other Services**

6.1 Purpose.

In certain cases, it may be efficient or advantageous for LiSWA to enter into contracts that include responsibility for construction services as well as other services that are not appropriate for sealed bidding and for which LiSWA does not wish to use a competitive negotiation procurement process. Such contracts could include progressive or fixed- price design-build or design-build operate/maintain contracts (including design services as well as construction services and potentially operations / maintenance), construction management at-risk contracts (including professional services as well as a guarantee of the cost of construction services) and public-private partnerships(which may include professional services, construction services, finance services and/or operation and maintenance services).

6.2 Process.

Procurements under this Section 6 shall be conducted in accordance with the terms, conditions, processes, rules and procedures as stated in the procurement documents. To the extent not covered in the procurement documents (and to the extent covered, not inconsistent therewith), the procurement may include any of the following:

- (A) Procurement by RFP or RFQ or through a multi-stage process in which LiSWA invites prospective proposers, through a RFI or similar process, to submit statements indicating the potential proposer's approach to the project and interest in proposing;
- (B) Prequalification or short listing or a similar process whereby a shortened list of potential proposers are invited to submit proposals;

(C) Final evaluation of proposals based on qualifications and/or best value. For purposes of this section, “best value” means a value determined by objective criteria, including, but not limited to, price, features, functions, life-cycle costs, and other criteria deemed appropriate by LiSWA. LiSWA shall develop and adopt criteria for making that evaluation prior to evaluation of a proposal.

(D) Negotiations with proposers prior to award.

(E) Requests for best and final offers from proposers.

(F) Acceptance of unsolicited proposals, with issuance of requests for competing proposals. LiSWA shall not award a contract to an unsolicited bidder without receiving at least one other responsible bid.

### 6.3 Evaluation and Award.

To the extent not inconsistent with the provisions of the procurement documents:

(A) When evaluating a proposal submitted by the proposer, LiSWA may award a contract on the basis of the proposer’s qualifications, the lowest bid or best value.

(B) The proposer shall have the following qualifications:

(1) Evidence that the members of the proposer’s team have completed, or have demonstrated the experience, competency, capability, and capacity to complete, a project of similar size, scope, or complexity, and that proposed key personnel have sufficient experience and training to competently manage and complete the design and construction of the project, and a financial statement that ensures that the proposer’s team has the capacity to complete the project.

(2) The licenses, registration, and credentials required to design and construct the project, including, but not limited to, information on the revocation or suspension of any license, credential, or registration.

(3) Evidence that establishes that members of the proposer’s team have the capacity to obtain all required payment and performance bonding, liability insurance, and errors and omissions insurance.

### 6.4 Methods and Criteria.

(A) Use of alternative procurement procedures under this Section 6 requires Board authorization. The General Manager shall determine the methods, procedures, and criteria for selection. If the Board has authorized the solicitation of such a contract for a particular procurement, LiSWA shall follow the procedures set forth in this Section 6 and such other procedures as have been established by the General Manager.

(B) The procurement documents shall include all of the following:



- (1) A reasonable description of the services to be provided and work to be performed;
- (2) A description of the format that proposals must follow and the elements they must contain, including the qualifications and relevant experience of the design professional and the contractor;
- (3) A summary of the criteria that will be used in evaluating the submittals; and
- (4) The date on which the proposals are due, and the timetable that will be used in reviewing and evaluating the proposals.

#### 6.5 Contracts That Include Professional Services.

If a contract subject to this Section 6 includes professional services of the type listed in Government Code Section 4525, the selection process for such contract shall comply with all applicable requirements of Government Code Sections 4525 *et seq.* as described in Section 5.5 of this Chapter. The statutory requirement to select contractors based on demonstrated competence and qualifications may be satisfied by a shortlisting step that includes evaluation of the design professional's qualifications.

### **Section 7 Standard Form Contracts**

#### 7.1 Preparation of Standard Form Contracts.

For Small Contracts, Micro-Purchases and other procurements where standard specifications for goods or services to be procured are available, the General Manager shall prepare, or cause to be prepared, standard agreements for procurement of goods and services. The standard agreements, as applicable, shall be approved as to form by LiSWA's general counsel.

#### 7.2 Criteria for Preparation of Contracts.

Each standard agreement and every other contract entered into by LiSWA shall be prepared utilizing the following criteria:

- (A) A clear and accurate identification of the parties.
- (B) A clear and complete statement of the work, services, or product to be performed, rendered, or provided.
- (C) A clear expression of the maximum amount to be paid, if any, and the basis upon which payment is to be made.
- (D) A statement of the time for performance or completion of the contract.

### 7.3 Purchase Orders.

In lieu of a standard agreement form, the General Manager may prepare or cause to be prepared a form of purchase order for the purchase of materials, supplies and equipment procured in accordance with Section 11 below.

## **Section 8 Supporting Documents**

### 8.1 Responses to Solicitations.

Unless the procurement documents make them a part of the contract, bids and proposals received together with documents comprising the solicitation request may, but are not required to, accompany the contract to final approval by the Board.

### 8.2 Explanation of Failure to Award to Lowest Bidder.

If sealed bidding is provided for in this Chapter and an award is made not to the lowest bidder, a full explanation and justification must accompany the contract for final approval.

### 8.3 Local Government Entity/Cooperative Agreements.

If deemed necessary or advisable upon consultation with legal counsel, where one of the contracting parties is a county, city, district, or other local public body, the contract shall be accompanied by a copy of the resolution, order, motion, or regulation of the local governing body granting authority to enter into the proposed contract and approving and authorizing execution of the agreement.

### 8.4 Authorized Signatures.

Authority to execute contracts is limited to the General Manager and members of the Board who have been duly authorized by the Board. The General Manager is duly authorized by the Board to execute on behalf of LiSWA and without formal Board approval, those contracts he or she is authorized to approve pursuant to this Chapter under Section 2.7. LiSWA will maintain a record for audit purposes of all persons who have been authorized to execute contracts on behalf of LiSWA.

### 8.5 Public Entity Expending JPA Funds Right to Audit.

Every JPA contract wherein a government entity is receiving JPA funds shall require that the government entity place in each of its contracts involving an expenditure of JPA funds in excess of \$250,000.00, a provision which indicates that the contracting parties may be subject to an examination and audit by LiSWA or its designee for a period of not less than three years after final payment under the contract.

### 8.6 Retention of Evaluations.

Unless otherwise provided in the procurement documents, all proposals and any evaluations and rating sheets regarding such proposal, shall be retained for the period required by law or LiSWA's record

retention schedule. Copies shall be made available to the Board upon request, provided that if such documents would thereby become public information, they shall be redacted as appropriate to maintain confidentiality of any information (such as the names of the evaluators and the identity of references contacted) that would not otherwise be required to be disclosed publicly.

## **Section 9 Modification or Amendment of Contracts**

### **9.1 Contracts Subject to Board Approval.**

Contracts subject to the approval of the Board must also have such approval for a modification or amendment thereto, with the exception of the following which may be approved by the General Manager:

(A) Amendments to contracts limited to an extension of the date of completion of performance for a period of one month or less. A contract may only be amended once under this provision.

(B) Amendments that change the amount of the contract, provided that the amendment does not increase the contract amount by more than 10%. Multiple amendments of a contract that in the aggregate increase the contract amount by more than 25%, shall, upon the aggregate amendments exceeding such amount, be subject to Board approval.

(C) Contracts let or awarded on the basis of any law requiring competitive bidding may be modified or amended only if the contract so provides and if authorized by the law requiring competitive bidding.

(D) Modifications within the scope of the General Manager's authority under Section 2.7.

### **9.2 Modifications or Amendments Taking Contracts Outside Scope of Exemption.**

If an amendment to a contract has the effect of taking the contract as amended outside the scope of an exemption from the approval by the Board, such as an increase in monetary amount, or an agreement by LiSWA to indemnify or save harmless any person or entity, the amendment must be approved by the Board.

### **9.3 Modifications or Amendments Subjecting Contract to Lease/Purchase Analysis Requirements.**

If the amendment has the effect of making the contract subject to the lease/purchase analysis requirements contained in Section 10 of this Chapter, the provisions of these policies and procedures related to lease/purchase analysis shall be complied with.

## **Section 10 Contracts for Lease and Rental of Equipment**

### **10.1 Application of Section.**

The provisions of this Section 10 shall apply to all equipment leased or rented by LiSWA except automobiles provided under the terms of a separate employment agreement.

#### 10.2 Contract Provisions.

Contracts for lease and rental of equipment must clearly provide that LiSWA does not have responsibility for loss or damage to the rented equipment arising from a cause beyond the control of LiSWA. Any provision obligating LiSWA to return the equipment in good condition, subject to reasonable wear and tear, must also except or exclude loss or damage arising from causes beyond the control of LiSWA. The contract must clearly restrict LiSWA's liability for damage or loss to that resulting from the negligent act or omission of LiSWA or the General Manager's officers, staff, or agents acting within the course and scope of their employment with the General Manager. If LiSWA does not elect to maintain the equipment, the contract shall place the obligation on the contractor, as lessor, to keep the equipment in good working order and to make all necessary repairs and adjustments without qualification, with a clear right in LiSWA to terminate or cease payment for repairs and adjustments without qualification, to terminate or cease paying rent should the contractor fail to maintain the equipment properly. For this purpose, the contractor's representatives shall be given full and adequate access to the equipment at reasonable times.

#### 10.3 Renewal Options.

For the purpose of determining whether contracts containing renewal options are subject to approval of the Board, the total cost and term of the rental contract shall be computed by including the cost and term of all renewal options included in the contract.

#### 10.4 Purchase Options.

Approval by the Board of the rental agreement does not include approval for the exercise of the option to purchase. The Board must approve any exercise of the option to purchase equipment in advance.

### **Section 11 Purchase Of Materials, Supplies and Equipment**

#### 11.1 Purchase of Materials, Supplies and Equipment with Unit or System Prices up to \$200,000.00.

In lieu of issuing a written request for bids or proposals, and consistent with the definition of a Small Purchase under Section 2.1, the General Manager may obtain a minimum of three oral or telephone quotations from vendors selected by the General Manager, for acquisition of materials, supplies and equipment having a unit or system price of not more than \$200,000.00 and for which there are standard specifications (e.g., certain paper supplies, building materials). The General Manager shall solicit quotations. Written confirmation shall be obtained from each vendor submitting an oral quotation. Purchases may be documented through purchase orders rather than other standard form or customized contracts.

#### 11.2 Purchase of Materials, Supplies and Equipment with Unit or System Prices of more than \$200,000.00.

Purchases of materials, supplies or equipment having a unit or system price of more than \$200,000.00 should be made in accordance with the sealed bidding, competitive negotiations or alternative procurement processes identified in Section 4, 5 and 6 of this Chapter. Purchases may be documented through standard or customized contract forms.

## **Section 12 Protests**

### **12.1 Right to File Protests.**

A person that has indicated an interest in proposing or bidding on a contract, or that has timely submitted a bid or proposal in response to any procurement of LiSWA may file, in the case of a protest prior to award of the contract, a protest objecting to the form or content of the RFP, RFQ or IFB within the time periods and in accordance with the procedures outlined in Sections 12.2(A) and (B) below. In the case of a protest filed after award of a contract, the protest shall be filed in accordance with the procedures and within the time periods stated in Section 12.2(C) below. The following procedures apply in the event that the RFP, RFQ or IFB does not contain relevant protest procedures or to the extent that a procedure set forth below is not set forth in the RFP, RFQ or IFB. To the extent that any provision below conflicts or is otherwise inconsistent with a process or procedure set forth in an RFP, RFQ or IFB, the provision in the RFP, RFQ or IFB will prevail. To the extent that a provision of an RFP, RFQ or IFB does not permit protests, that prohibition will prevail over and negate a process permitted below that is inconsistent with that prohibition.

### **12.2 Requirements for Protests.**

(A) For protests filed in advance of submittal of proposals, statements or qualifications or bids, the following procedures shall apply:

(1) Prospective proposers and bidders are encouraged to suggest changes, modifications, and improvements to the RFP, RFQ or IFB. The deadline for submitting suggested changes, modifications, and proposals shall be five Working Days after the pre-proposal conference if any, and if not no later than 20 Working Days prior to the date that submittals are due. Such changes, modifications and proposals shall be made in writing to LiSWA representative identified in the RFP, RFQ or IFB.

(2) If a proposed change, modification, or improvement is accepted by LiSWA, said change, modification or improvement shall be incorporated into the RFP, RFQ or IFB through an addendum sent to all potential proposers or bidders that have received the RFP, RFQ or IFB.

(3) Protests dealing with restrictive specifications or alleged improprieties in solicitation of proposals or bids must be filed no later than ten Working Days prior to the date for submittal of proposals, statements of qualifications or bids. Protests shall be in writing and addressed to the General Manager.

(4) The protest shall contain a statement describing the reasons for the protest and any supporting documentation. Additional materials in support of the initial protest will only be considered if filed within the time limit specified above. The protest shall indicate the ruling or relief desired from the General Manager.

(5) Materials submitted by a protester or bidder will not be withheld from any interested party, except to the extent that the withholding of information is permitted or required by law or regulation. If the protest contains proprietary material, a statement advising of this fact may be affixed to the front page of the protest document and the alleged proprietary information must be so identified wherever it appears. Notwithstanding a designation of material as proprietary, LiSWA or its designee shall have the discretion to determine whether or not such material should be withheld from the other interested parties and if LiSWA or its designee determines that the material should be made available, the protesting potential proposer or bidder waives any claim based on such disclosure.

(B) For protests filed after submittal of proposals, statements or qualifications or bids, but prior to award of the contract, the following procedures shall apply

(1) Except as otherwise provided in this Chapter, proposals will not be opened prior to resolution of the protest, and the General Manager or her or his designee shall follow the review and decision process outline in this Chapter, modified as deemed necessary in the General Manager's sole discretion. Where the protest is filed before award, the Award will not be made prior to resolution of the protest, unless the General Manager determines that:

(a) Items to be procured are urgently needed, or delivery or performance of the contract will be unduly delayed by failure to make Award promptly; or

(b) Failure to make award will cause undue harm to LiSWA.

(C) For protests filed after award of a contract, the following procedures shall apply:

(1) The protest shall be filed in writing with the General Manager, by hand delivery, not later than the close of business on the day that is three Working Days after the day on which the Board takes formal action awarding a contract.

(2) The protest shall be filed by an actual bidder or proposer responding to the procurement. No other party has standing to protest.

(3) The protest shall identify the specific procurement involved.

(4) The protest shall identify the specific recommended action or decision being protested.

(5) The protest shall specify in detail the grounds of the protest, the facts supporting the protest and the status of the protester.

(6) The protest shall include all relevant supporting documentation with the protest at the time of submittal.

(D) Except as modified by the procurement documents, if a protest does not comply with the above requirements, the protest will not be considered and will be returned to the protester.

(E) Except with respect to supporting materials the protester asserts contain confidential material or information, the protester shall concurrently file a copy of the detailed statement with the other proposed or, in the case of a protest after award, actual bidders or proposers.

(F) Evidentiary statements, if any, shall be submitted under penalty of perjury. The protester shall have the burden of proving its protest by clear and convincing evidence. Failure to file a protest within the applicable period shall constitute a waiver of the right to protest the determination, authorization or award, as applicable, other than any protest based on facts not reasonably ascertainable as of such date.

### 12.3 Statements by Other Parties.

Other potential or actual bidders or proposers may file by hand delivery to LiSWA statements in support of or in opposition to the protest within five Working Days of the filing of the protest described in Section 12.2. LiSWA shall promptly forward copies of any such statements to the protester. Any evidentiary statements shall be submitted under penalty of perjury.

### 12.4 Resolution of Protest.

(A) The General Manager or her or his designee will respond to protests within five Working Days of receiving the protest, acknowledging receipt of the protest. A conference on the merits of the protest may be held with the protester and LiSWA will promptly attempt to resolve a properly filed protest or perform additional fact- finding.

(B) If the General Manager or her or his designee is able to resolve the protest at this stage, a letter confirming resolution shall be sent to the protester.

(C) If the General Manager or her or his designee is unable to resolve the protest within ten Working Days after receipt of the protest, he or she may establish an independent team to evaluate the merits of the protest. The General Manager will determine the timeline for such evaluation.

(D) Within ten Working Days of her or his receipt of a recommendation of the evaluation team, the General Manager or her or his designee will review the recommendation and notify the protester in writing of the decision on the protest.

(E) If at any time during this process, additional information is required by LiSWA from the protester, such additional information shall be submitted by the protester as expeditiously as possible, but no later than three Working Days after receipt of a request.

(F) For protests involving award of the contract, if the General Manager's decision is to uphold the protest, a recommendation will be made to the Board to either:

- (1) Reject all proposals or bids, cancel the procurement and solicit new proposals or bids, or
- (2) Proceed with the procurement consistent with the decision in response to the protest.

**CHAPTER 7**

**REAL ESTATE POLICIES**

**Section 1 Acquisition and Acceptance of Real Property Interests .....2**

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## **Section 1 Acquisition and Acceptance of Real Property Interests**

### **1.1 Acquisition.**

The General Manager or her or his designee is authorized to negotiate with property owners for acquisition of real property, including real property rights such as easements on behalf of the Authority. The General Manager or her or his designee shall follow State law regarding the acquisition of real property or for any special considerations relating to real property, such as condemnation proceedings. The General Manager or her or his designee is authorized to approve the establishment of an offer of just compensation based on a qualified appraisal, which the General Manager or her or his designee is also authorized to approve, and consistent with LiSWA's approved and current capital expenditure plan or budget. For acquisitions that do not involve potential condemnation proceedings, the General Manager may authorize an alternative method for determining just compensation in lieu of a qualified appraisal. After just compensation is established, the General Manager or her or his designee is authorized to approve and direct payment for acquisition of the property; provided, however that: (1) the payment amount shall not exceed 120 percent of the appraised or estimated value or \$250,000, whichever is greater, or the full satisfaction of court judgments regarding property valuation, notwithstanding the amount; and (2) the amount is consistent with LiSWA's approved and current capital expenditure plan / budget. Subject to the limitations in this section and review as to form by legal counsel, the General Manager or her or his designee is authorized to execute, terminate, or amend all real property transfer documents, including but not limited to, rights of entry, licenses, leases, deeds, easements, purchase and sale agreements, possession and use agreements, stipulated judgments in condemnation, escrow instructions, and certificates of acceptance.

Except as otherwise authorized herein, all final agreements related to the acquisition of real property that require the expenditure of money or transfer of other real property by the Authority shall be approved by the Board and executed through a written contract.

### **1.2 Acceptance.**

The General Manager of the Authority is authorized to accept on behalf of the Authority any deed, grant, or other instrument conveying any interest in or easement upon real property to the Authority for public purposes, and the General Manager is authorized to consent to the recordation of any such deed, grant, or other instrument pursuant to Government Code section 27281.

## **Section 2 Disposal of Surplus Real Property**

### **2.1 Disposal of Surplus Real Property.**

For any real property owned in fee simple by the Authority, the Authority may for valuable consideration sell or lease the property upon terms that appear to the Board to be in the best interest of the Authority. The manner of sale or lease shall be approved by the Board, subject to the notifications and procedures set forth in Government Code Section 54220 et seq. and Government Code Section 65402, if applicable. The General Manager may dispose of or exchange real property not owned in fee simple if it is no longer necessary for Authority purposes and is valued at less than \$10,000.

## CHAPTER 8

### **JOINT POWERS AUTHORITY CONFLICT OF INTEREST CODE**

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. § 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing Section 18730 may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730 (**Exhibit C**) and an appendix, when developed, designating positions and establishing disclosure categories, shall constitute the Conflict of Interest Code of LiSWA.

All officials and designated positions, as applicable, of LiSWA shall file their statements of economic interests with the Board Secretary as the Filing Officer/Official. The Board Secretary shall make and retain a copy of all statements filed by members of the Board of Directors and the General Manager, and forward the originals of such statements to the Clerk of the Board of Supervisors of the County of Placer. The Board Secretary shall retain the originals of the statements filed by all other officials and designated positions and make all statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008.)

Board members and General Counsel are encouraged to alert each of potential conflicts of interest as issues or facts arise or members or counsel otherwise become aware of a potential conflict of interest. General Counsel may provide, if desired by the Board, regular training on conflict of interest issues particularly as new laws are developed and set to take effect.

**CHAPTER 9**

**BOARD COMPENSATION POLICY**

**Section 1 Compensation and Reimbursement Policy.....**

**Section 1. Compensation and Reimbursement.**

The JPA Agreement at Section 7.4 (Compensation) entitles Directors to compensation for attending each Board of Directors (“Board”) meeting, as established by resolution of the Board.

The JPA Agreement also provides that each Board member may be reimbursed for reasonable and necessary expenses actually incurred in the conduct of LiSWA’s business.

The Board of Directors finds it appropriate for LiSWA to compensate Directors in an amount of [REDACTED] for attendance at each regular and special meeting of the full Board, and each regular and special meeting of any Standing Committee.

The Board of Directors of LiSWA therefore resolves that a Board member may request compensation and reimbursement as set forth above.