



**JOSHUA BASIN WATER DISTRICT**  
**REGULAR MEETING OF THE BOARD OF DIRECTORS**  
**WEDNESDAY MAY 2, 2012 7:00 PM**  
**61750 CHOLLITA ROAD, JOSHUA TREE CALIFORNIA 92252**

**AGENDA**

- |                |     |   |
|----------------|-----|---|
|                | 1.  | CALL TO ORDER   |
|                | 2.  | PLEDGE OF ALLEGIANCE  |
|                | 3.  | DETERMINATION OF QUORUM   |
|                | 4.  | APPROVAL OF AGENDA  |
|                | 5.  | <b>PUBLIC COMMENT:</b> At this time, any member of the public may address the Board on matters within the Board’s jurisdiction that are <u>not</u> listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda.<br>During either "Public Comment" Item, please use the podium microphone. State your name and have your information prepared and be ready to provide your comments to the Board. The District is interested and appreciates your comments. A 3-minute time limit may be imposed. Thank you. |
|                | 6.  | <b>CONSENT CALENDAR:</b> Items on the Consent Calendar are considered routine in nature and will be adopted in total by one action of the Board of Directors unless any Board Member or any individual or organization interested in one or more consent calendar items wishes to be heard. <ul style="list-style-type: none"> <li>A. <u>Approve Minutes of April 18, 2012 Special Board Meeting</u></li> <li>B. <u>Approve Minutes of April 18, 2012 Regular Board Meeting</u></li> </ul>  |
| Pg 1<br>Pg 2-5 | 7.  | <b>H-1 RESERVOIR SLOPE GRADING REHABILITATION CONTRACT AWARD</b><br>Recommend that the Board authorize award of contract in the amount of \$24,777 to Luna Pacific Construction for slope rehabilitation work at the H-1 Reservoir Site and authorize expenditure of \$27,254 from the unallocated reserve fund including a 10% contingency.  |
| Pg 6-7         | 8.  | <b>AGREEMENT BETWEEN HI DESERT MEDICAL CENTER AND JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE WATER TREATMENT PLANT</b><br>Recommend that the Board approve a slightly revised agreement between HDMC and JBWD to provide for a package wastewater treatment plant to be paid by HDMC and constructed, owned, and operated by JBWD.   |
| Pg 8-29        | 9.  | <b>CITIZENS ADVISORY COMMITTEE APPOINTMENT AND MEMBERSHIP GUIDELINES</b><br>Recommend that the Board review and approve the proposed application and membership guidelines.   |
| Pg 30-32       | 10. | <b>CONSIDER APPLICATIONS FOR CITIZENS ADVISORY COMMITTEE</b><br>Recommend that the Board review applications and vote on appointments or defer to a future meeting.   |
| Pg 33-35       |     |   |

- Pg 36-47 | 11. GOVERNOR'S PROPOSAL TO ELIMINATE THE COLORADO RIVER BASIN REGIONAL WATER QUALITY CONTROL BOARD  
Recommend that the Board take a position opposing the Governor's proposal to eliminate the Colorado River Basin Regional Water Quality Control Board.
- Pg 48-62 | 12. UPGRADE OF INCODE FINANCIAL SOFTWARE  
Recommend that the Board authorize the software upgrade at a cost of \$65,000 to be scheduled and paid for in 2014.
- Pg 63-77 | 13. LABOR COMPLIANCE SERVICES FOR PROP 84 GRANT  
Recommend that the Board approve proposal for labor compliance services for the Recharge Project from LCP Inc. in the amount of \$32,600 including 10% contingency, and authorize General Manager to enter into contract with LCP Inc.
- Pg 78 | 14. POLICY ADDRESSING DISTRICT SERVICE LINES ON PRIVATE PROPERTY  
Recommend that the Board confirm a policy to address District service lines on private property.
15. CONSERVATION REPORT  
Information only. Conservation Coordinator Deborah Bollinger to report.
16. COMMITTEE REPORTS  
A. PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Long: Kathleen Radnich, Public Outreach Consultant to report  
B. AD HOC GENERAL MANAGER CONTRACT NEGOTIATION COMMITTEE: President Reynolds and Director Long:  
C. AD HOC RECHARGE BASIN SITE VEGETATION: Vice President Luckman and Director Coate:  
D. AD HOC STRATEGIC PLAN COMMITTEE: Director Coate and Director Long:
17. PUBLIC COMMENT  
At this time, any member of the public may address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda.
18. GENERAL MANAGER REPORT
19. DISTRICT GENERAL COUNSEL REPORT
20. FUTURE AGENDA ITEMS
21. DIRECTORS COMMENTS/REPORTS
22. CLOSED SESSION  
At this time the Board will go into closed session pursuant to Government Code Section 54957.6 in order for the Board to consult with and instruct the Board's Ad Hoc Negotiation Committee (Mike Reynolds and Bill Long), which is acting as the Board's designated representative and is charged with the responsibility of negotiating a new Employment Agreement with the District's General Manager.
23. ADJOURNMENT

#### INFORMATION

The public is invited to comment on any item on the agenda during discussion of that item.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during normal business hours.

JOSHUA BASIN WATER DISTRICT  
Minutes of the  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
April 18, 2012

1. CALL TO ORDER: 6:30 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM:

Frank Coate	Present
Bill Long	Present
Mickey Luckman	Present
Mike Reynolds	Present
Gary Wilson	Present

STAFF PRESENT:

Joe Guzzetta, General Manager  
Jim Corbin, Water Distribution Supervisor  
Keith Faul, GIS Coordinator  
Marie Salsberry, Executive Secretary

CONSULTANTS PRESENT:

Gil Granito, District Counsel  
Rick Cook, Emergency Services Coordinator  
Kathleen Radnich, Public Outreach Consultant

GUESTS 7

4. APPROVAL OF AGENDA

MSC Luckman/Coate 5/0 to approve the agenda for the special meeting of April 18, 2012.

5. DEMONSTRATION OF UTILITY HYDRO-VACUUM

The meeting was moved outdoors where a demonstration was conducted using the Ditch Witch Vacuum Excavation System.

6. ADJOURNMENT 7:06 PM

MSC Luckman/Long 5/0 to adjourn the April 18 2012 Special Meeting of the Board of Directors.

Respectfully submitted:

Joe Guzzetta, General Manager

The next regular meeting of the Board of Directors is scheduled for May 2, 2012 at 7:00 pm.

INFORMATION

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JOSHUA BASIN WATER DISTRICT  
Minutes of the  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
April 18, 2012

1. CALL TO ORDER: 7:08 PM

2. PLEDGE OF ALLEGIANCE

3. DETERMINATION OF QUORUM:

Frank Coate	Present
Bill Long	Present
Mickey Luckman	Present
Mike Reynolds	Present
Gary Wilson	Present

STAFF PRESENT:

Joe Guzzetta, General Manager  
Susan Greer, Assistant General Manager/Controller  
Jim Corbin, Water Distribution Supervisor  
Keith Faul, GIS Coordinator  
Marie Salsberry, Executive Secretary

CONSULTANTS PRESENT:

Gil Granito, District Counsel  
Rick Cook, Emergency Services Coordinator  
Kathleen Radnich, Public Outreach Consultant

GUESTS 7

4. APPROVAL OF AGENDA

MSC Luckman/Coate 5/0 to approve the agenda for the regular meeting of April 18, 2012.

5. PUBLIC COMMENT

None.

6. CONSENT CALENDAR

MSC Luckman/Coate 5/0 to approve the Minutes of the February 15, 2012 Regular Board meeting; to approve the Minutes of the March 21 regular Board meeting with change to Item 17 noting that director Long and Vice President Reynolds were appointed to an ad hoc committee to negotiate for a new contract between the District and the General Manager; to approve the Minutes of the April 4, 2012 Regular Board meeting; to approve the Financial Report for March 2012 and to approve the Check Audit Report for March 2012.

7. RESOLUTION HONORING CONGRESSMAN JERRY LEWIS

General Manager Joe Guzzetta reported and the Board took the following action:  
MSC Long/Luckman 5/0 to approve Resolution 12-885 Honoring Congressman Jerry Lewis.

8. RICK COOK PRESENTATION ON DISTRICT DISASTER PREPAREDNESS

GM Guzzetta reported that the Public Information Committee requested that Mr. Cook give a presentation because April is Earthquake Preparedness month. Mr. Cook presented information on the District's efforts for disaster preparedness.

9. REPLACEMENT OF UTILITY HYDRO-VACUUM

GM Guzzetta and Water Distribution Supervisor Jim Corbin reported on the proposed purchase of the utility hydro vacuum that was demonstrated at the earlier Special Board meeting.

MSC Luckman/Long 5/0 to approve staff recommendation to authorize the purchase of a Ditch Witch FX25 Vacuum Excavation System at a cost of approximately \$35,609.50 to be funded by the equipment replacement fund and to authorize staff to dispose of the existing machine.

10. PURCHASE OF REPLACEMENT VEHICLES

GM Guzzetta reported noting that staff takes excellent care of all vehicles and the vehicles take a lot of wear and tear. Water Distribution Supervisor Jim Corbin and Field Service Technician Dan Bock reported.

MSC Long/Luckman 4/1 to approve staff recommendation to authorize the purchase of three Toyota Tundras from I-10 Toyota at a cost of \$96,966; to authorize the expenditure of \$102,000 from the equipment replacement fund for the purchase and customization of the vehicles; and to authorize the sale of seven vehicles to an auction house to be determined by staff.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

11. ELECTION OF REGULAR SPECIAL DISTRICT MEMBER OF SAN BERNARDINO COUNTY LOCAL AGENCY FORMATION COMMISSION (LAFCO)

Executive Secretary Marie Salsberry reported and the following action was taken by roll call vote: MSC Long/Coate 4/1 to cast a vote for Kimberly Cox for the Regular Special District Member of the San Bernardino County Local Agency Formation Commission.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Aye
Wilson	No

12. ADOPT RESOLUTION 12-886 CONSENTING TO JOIN THE HEALTH BENEFITS PROGRAM OF THE ACWA JOINT POWERS INSURANCE AUTHORITY, RATIFYING THE ACTION OF THE ACWA HEALTH BENEFITS AUTHORITY BOARD OF DIRECTORS TO TERMINATE THE HEALTH BENEFITS AUTHORITY JOINT POWERS AGREEMENT

Assistant General Manager/Controller Susan Greer reported.

MSC Coate/Luckman 5/0 to approve staff recommendation to adopt Resolution 12-886 Consenting to Join the Health Benefits Program of the ACWA Joint Powers Insurance Agency, Ratifying the Action of the Health Benefits Authority (HBA) Board of Directors to Terminate the HBA Joint Powers Agreement.

13. COMMITTEE REPORTS

A. PUBLIC INFORMATION COMMITTEE: Vice President Luckman and Director Long; Kathleen Radnich, Public Outreach Consultant reported she did not attend Farmers Market last weekend due to inclement weather; docents have been working on the demonstration garden. April 22 is the

Morongo Basin Conservation Association landscape tours; our garden is listed in the brochure; however, the District will be unable to open the garden on the date of the tour which is a Sunday.

- B. AD HOC GENERAL MANAGER CONTRACT NEGOTIATION COMMITTEE: President Reynolds and Director Long: President Reynolds reported the ad hoc committee has met with District General Council Gil Granito and the process is underway.
  - C. AD HOC RECHARGE BASIN SITE VEGETATION: Vice President Luckman and Director Coate: No report.
  - D. AD HOC STRATEGIC PLAN COMMITTEE: Director Coate and Director Long: Director Long reported that the ad hoc committee met and has begun the process of reviewing the strategic work plan. Director Coate reported that the Committee wants to add some items to the work plan and that consultant Martin Rauch provided an example of strategic plan made for another agency and that Director Coate believes the District will receive a good final product.
  - E. CITIZENS ADVISORY COMMITTEE: Jay St. Gaudens, Chair: Report on March 27, 2012 and April 10, 2012 Citizens Advisory Committee meetings. St. Gaudens reported that the public outreach consultant is working on an emergency volunteer phone tree plan. The Citizens Advisory Committee discussed possible solutions for bad debt, and owner responsibility for water bills and has requested more information from staff in order to consider this item and make a recommendation to the Board. The Committee began review of the District's Groundwater Management plan, and discussed proposed policies for endorsing other activities/agencies. He noted that the Citizens Advisory Committee needs new members and that all meetings are posted and the public is welcome to attend.
14. PUBLIC COMMENT  
None.
15. GENERAL MANAGER REPORT  
GM Guzzetta reported Well 10 still undergoing chlorination and water quality testing. GM Guzzetta reported the Hi-Desert Medical Center contract will be brought to the next regular board meeting with two minor changes proposed.
16. DISTRICT GENERAL COUNSEL REPORT  
MR. Granito reported there would be no closed session later. Concern is elevated about the District's Ground Water Management Plan; counsel will explore all legal avenues to bolster the District's rights to manage the groundwater.
17. FUTURE AGENDA ITEMS  
None requested.
18. DIRECTORS COMMENTS/REPORTS  
Vice President Luckman reported attending the Mojave Water Agency Board meeting where Kirby Bill reported on the "strategic view ahead"; the state legislature is looking at regionalization. Director Coate noticed that water allotments from the state to MWA have recently increased. Vice President Reynolds reported that he will be going to Washington D.C. next week and will report on that at the next meeting.
19. CLOSED SESSION  
There was no Closed Session.

20. ADJOURNMENT 8:29 PM

MSC Luckman/Long 5/0 to adjourn the April 18 2012 Regular Meeting of the Board of Directors.

Respectfully submitted:

Joe Guzzetta, General Manager

The next regular meeting of the Board of Directors is scheduled for May 2, 2012 at 7:00 pm.

INFORMATION

The public is invited to comment on any item on the agenda during discussion of that item.

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DRAFT

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Mike Metts, District Engineer



TOPIC: H-1 RESERVOIR SLOPE GRADING REHABILITATION  
CONTRACT AWARD

RECOMMENDATION: That the Board authorize the award of a construction contract in the amount of \$24,777.00 to Luna Pacific Construction for the slope rehabilitation work at the H-1 Reservoir Site and to authorize total expenditure of \$27,254 from the unallocated reserve fund including a 10% contingency.

ANALYSIS: The property immediately adjacent to the H-1 Reservoir site was graded on or around December 2009. The grading was performed without appropriate grading permits from the County of San Bernardino and represented an imminent threat to District facilities due to the nature of the grading activity (6- to 9-foot vertical graded slopes located 25-foot from the H-1 Reservoir, highly erodible soils and lack of erosion control BMP's.) Subsequent negotiation with the property owner resulted in the District acquiring the subject property.

On February 22, 2012, the District advertised a Notice Inviting Sealed Bids in the Hi-Desert Star and one online plan room. Contractors were able to purchase plans and specifications online or purchase a data CD from the District office. The Engineer's Estimate for the work to be performed was \$20,000.

On April 9, 2012, the District received two (2) sealed bids for the construction of this project. Bids were received from Luna Pacific Construction in the amount of \$24,777 and from Joe Putrino General Contractor in the amount of \$60,442. Upon formal review of the bids, Luna Pacific Construction was determined to have provided a responsive bid and to be qualified to perform the work.

Contingent upon the Board's authorization to award a construction contract on May 2, 2012, the following is the proposed schedule:




- Project Award: May 2, 2012
- Notice to Proceed: June/July 2012
- Construction: July/August 2012 (25 Working Days)
- Accept Improvements: August 2012

It is noted to the Board members that Notice to Proceed on this project is contingent on bidding, award and completion of a collateral project for construction of fencing around the identified Water Recharge Project site. The recharge site will provide borrow material used in reconstructing the slope stabilization. However, environmental requirements necessitate that the fence, including a tortoise fence, be constructed to prevent tortoises from being impacted by the construction activities. Without the fencing, a tortoise monitor would be required at all times during construction activities. As such, staff is currently advertising for bids to construct the recharge site fencing. Notice to Proceed on the slope reconstruction project will not be issued until the recharge site fencing construction is completed.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager 

TOPIC: AGREEMENT BETWEEN HI DESERT MEDICAL CENTER AND  
JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE  
WATER TREATMENT PLANT

RECOMMENDATION: That the Board approve a slightly-revised agreement between  
Hi Desert Medical Center (HDMC) and Joshua Basin Water  
District (JBWD) to provide for a package wastewater treatment  
to be paid by the HDMC and constructed, owned, and  
operated by Joshua Basin Water District.

ANALYSIS: Previously the Board approved an agreement with Hi Desert  
Medical Center that provided for JBWD to design, construct,  
own and operate a package waste water treatment plant to  
serve HDMC, with the cost to be paid by HDMC. Attached is  
the staff report and Board action regarding that agreement.

At that time the Board directed staff to work with HDMC to  
modify the payment schedule by HDMC to JBWD. The original  
agreement provided for HDMC to pay the full construction  
cost, construction management cost, and a 10% contingency  
in advance of awarding the construction bid. HDMC was not to  
receive any interest on the deposit. However, an amendment  
was anticipated whereby HDMC could make periodic payments  
to JBWD far enough in advance to pay the contractor, rather  
than deposit the entire amount in advance.

The new agreement continues to provide for HDMC to pay  
JBWD the full cost of construction, construction management,  
and a 10% contingency before awarding the bid. It is  
changed to provide that interest earned on the deposited  
funds will accrue to HDMC.

Further, the original agreement provided for HDMC to pay a  
\$200,000 deposit to cover design, engineer, and bid costs,  
anticipating that JBWD would provide those services. When it  
became apparent that crafting the agreement would take  
longer than expected JBWD authorized HDMC to retain Dudek  
Engineering directly and to pay for those services. As a result  
the deposit required is only to go to bid and other incidental

costs far less than \$200,000. The agreement allows JBWD to determine the cost and revise the deposit downward accordingly.

In addition to the above changes some dates and timeframes were left blank in the original contract to be determined by staff. Those have now been entered into the contract.

The agreement has been reviewed by legal counsel. Approval of the slightly revised agreement will allow the project to go to construction.

**13. DISTRICT COUNSEL REPORT**

Legal Counsel Gil Granito reported that District staff and counsel are discussing how the formation of a sovereign nation within District boundaries would impact the District’s ability to manage the water.

**14. DIRECTORS COMMENTS/REPORTS**

President Luckman commented it has been a challenge and a pleasure to serve as Board President. Vice President Reynolds thanked President Luckman for a job well done as Board President. Director Coate thanked the Board staff and public, stating he hopes to serve the District well.

**10. AGREEMENT BETWEEN HI-DESERT MEDICAL CENTER AND JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE WATER TREATMENT PLANT**

Vice President Reynolds recused himself from the discussion because he has a financial interest in the Hi-Desert Medical Center in that he does work from time to time for the hospital. He left the meeting at that time.

GM Guzzetta discussed the background of the agreement and how this agreement supports the District’s Waste Water Strategy. Legal Counsel Representative Gerald Eagans discussed details of the agreement and how concerns of both Joshua Basin Water District and Hi-Desert Medical Center are addressed in the agreement. Discussion ensued with several questions from the public addressed by staff and legal counsel. Chad Chadwick, Chief Executive Officer of Hi-Desert Medical Center participated in discussion and answered questions as needed.

MSC Long/Coate 3/1 (1 Absent – Recused) to approve staff recommendation to approve an agreement between Hi-Desert Medical Center (HDMC) and Joshua Basin Water District (JBWD) to provide for a package wastewater treatment plant to be paid by Hi-Desert Medical Center and constructed, owned, and operated by Joshua Basin Water District.

Coate	Aye
Long	Aye
Luckman	Aye
Reynolds	Absent - Recused
Wilson	No

**15. CLOSED SESSION**

- A. Closed Session to confer with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Robert Ellis, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 900168).
- B. Closed Session to confer with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Ironhead LLC a California Limited Liability Company, Praxedes Beard and Does 1 – 10 inclusive, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 1100087).

There was no Closed Session.

**16. REPORT ON CLOSED SESSION**

None.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

September 7, 2011

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager

TOPIC: AGREEMENT BETWEEN HI DESERT MEDICAL CENTER AND  
JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE  
WATER TREATMENT PLANT

RECOMMENDATION: That the Board approve an agreement between Hi Desert  
Medical Center (HDMC) and Joshua Basin Water District  
(JBWD) to provide for a package wastewater treatment to be  
paid by the HDMC and constructed, owned, and operated by  
Joshua Basin Water District.

ANALYSIS: In planning for its future expansion the Hi Desert Medical  
Center anticipates the need to provide waste water treatment  
to meet the requirements of the Colorado River Basin Region  
California Water Quality Control Board (Regional Board) and  
JBWD. In 2009 JBWD adopted its waste water strategy which  
lays the foundation for addressing the HDMC needs.

In November 2009 JBWD and HDMC agreed to work together  
toward an agreement that would provide for JBWD to design,  
construct, own and operate a package waste water treatment  
plant to serve HDMC, with the cost to be paid by HDMC. The  
basic provisions of this agreement are consistent with JBWD's  
waste water requirements for all development in Joshua Tree,  
except that it stretches out or defers the payment of certain  
fees recognizing that HDMC is a governmental agency, and  
recognizing the cooperative and mutually beneficial nature of  
this agreement.

The major points of the agreement are noted below. The  
attached summary shows more detail. Also attached is the full  
agreement.

- JBWD will design and construct a 52,000 gallon per day  
(gpd) average daily flow waste water treatment plant  
with a maximum flow of 73,000 gpd. This will serve the  
23,500 square feet of planned offices and all of the  
existing HDMC facilities including the Continuing Care  
Center, except the chillers. The waste water treatment  
plant has been designed to expand in the future (Phase

2) to bring the total to 104,000 average and 146,000 gpd maximum flow for 100,000 square feet of future hospital facilities.

- HDMC will pay for all costs of constructing the project, which HDMC would incur even absent this agreement.
- HDMC will pay to JBWD a capacity fee of \$1,245,636.36 less a credit of \$126,480 for a net of \$1,119,156.36. Although this fee would normally be required at the onset, the agreement allows HDMC to pay over a period of 16 years with interest at the rate that JBWD would otherwise receive on the funds. This capacity fee is for the future "central" waste water treatment plant that JBWD is expected to need to comply with the Regional Board. This fee is required of all similar projects.
- The package waste water treatment plant has a designed life of 15 years, although the life could be longer. JBWD regulations would require HDMC to pay for the replacement over a 15-year period. In lieu of that, this agreement provides for HDMC to pay for the replacement whenever the plant needs to be replaced.
- HDMC will pay a monthly fee for operation and maintenance of the plant.
- Whenever JBWD constructs the "central plant" the package plant will be abandoned and HDMC will be connected to the "central plant."
- The design of the plant has already been completed by Dudek & Associates, district engineers for JBWD. It would require about 12 months for construction.

This agreement is mutually beneficial to both agencies. It enables the HDMC to expand its facilities at a cost anticipated to be the same or lower than if it were constructed by HDMC. It relieves HDMC of operating a waste water treatment plant. It furthers the goals of JBWD for clean water by reducing the nitrates that otherwise would enter the ground water, and it provides a prototype of future waste water treatment plants in JBWD consistent with the JBWD Waste Water Strategy.

The agreement has been reviewed by the appropriate committees of the Hi Desert Medical Center and the Joshua Basin Water District and they concur with this recommendation.

**D R A F T**

**Recording Requested by  
When Recorded Return to**

**JOSHUA BASIN WATER DISTRICT  
P O BOX 675  
JOSHUA BASIN CA 92252  
ATTN: GENERAL MANAGER**

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(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

**APN:**

**AGREEMENT**

THIS AGREEMENT (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2012 (“**Effective Date**”) by and between **JOSHUA BASIN WATER DISTRICT**, a public agency of the State of California (“**JBWD**”) and **HI DESERT MEDICAL CENTER**, a public agency of the State of California (“**HDMC**”). JBWD and HDMC are referred to in this Agreement collectively as the “**Parties**” and each individually as a “**Party**.”

**RECITALS**

A. HDMC owns and operates a general acute care hospital in Joshua Tree, California, and is the owner of certain real property located in the County of San Bernardino, State of California, legally described on Exhibit A attached hereto and by this reference incorporated herein (“**HDMC Property**”).

B. JBWD is a public agency of the State of California and operates in the County of San Bernardino, State of California.

C. HDMC desires to expand its present infrastructure, and JBWD desires to expand its capacity to provide water treatment and other services to HDMC.

D. HDMC desires to enter into an agreement for JBWD to construct and operate, principally for HDMC's benefit, a waste water treatment plant (“**Project**”). The Project shall be constructed in two (2) phases. The first phase of the Project (“**Phase 1 of the Project**”) shall consist of the expansion of certain existing building(s) and constructing new building(s) on the HDMC Property. Phase 1 of the Project shall consist of approximately **Twenty-Three Thousand Five Hundred** (23,500) square feet of improvements on the HDMC Property. Phase 1 of the Project is generally depicted on Exhibit B attached hereto and by this reference incorporated herein. The second phase of the Project (“**Phase 2 of the Project**”) shall consist of approximately **One Hundred Thousand** (100,000) square feet of improvements on the HDMC

Property. HDMC has not decided, as of the date hereof, the exact improvements which will consist of Phase 2 of the Project.

E. HDMC desires that JBWD provide sanitary sewer service to the HDMC Property and JBWD is willing to provide such sanitary sewer service to such property by the construction of a waste water package treatment plant and appurtenances thereto ("**Package Plant**") on the terms and subject to the conditions set forth in this Agreement.

F. In or about 2009 JBWD adopted a waste water treatment strategy ("**Strategy**"). The Strategy, in part, provided for the potential design, land acquisition and construction of a centralized waste water treatment plant, trunk sanitation system and appurtenances for the collection and treatment of sewage and industrial wastes of a liquid nature (collectively, "**Treatment Plant**"). In the event the Treatment Plant is constructed, the Parties anticipate that the Package Plant will be abandoned and the Project will be connected to the Treatment Plant in accordance with the rules, regulations, ordinances, policies and procedures developed by JBWD.

G. San Bernardino County approved the Mitigated Negative Declaration concerning the Project on December 16, 2008 ("**Negative Declaration**").

H. JBWD approved the Project on April 13, 2010.

I. The Parties desire to enter into this Agreement to set forth certain commitments and agreements of the Parties with respect to (i) the design, construction, ownership and financial contributions of the Parties concerning the Package Plant and (ii) the provision of sanitary sewer service to the Project.

J. This Agreement is consistent with the Negative Declaration and there have been no changes in the Project that would warrant any supplemental environmental analysis.

**IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS SET FORTH IN THIS AGREEMENT, AND UPON THE CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:**

1. The facilities to be constructed as part of the Package Plant with respect to Phase 1 of the Project are generally described on Exhibit C attached hereto and by this reference incorporated herein (collectively, "**Phase 1 Improvements**"). It is contemplated that the Phase 1 Improvements shall allow JBWD to process approximately **fifty-two thousand** (52,000) gallons per day ("**gpd**") average daily flow and **seventy-three thousand** (73,000) gpd maximum daily flow. This Agreement recognizes the capacity limit of the Package Plant with the Phase I Improvements is projected to be up to **seventy-three thousand** (73,000) gpd, which is the projected maximum waste water need of HDMC with respect to Phase 1 of the Project. Should these capacity needs change, HDMC shall timely notify JBWD and the Parties will subsequently negotiate appropriate modifications to this Agreement. At the time HDMC determines to construct Phase 2 of the Project, JBWD shall determine the facilities which are necessary to serve Phase 2 of the Project ("**Phase 2 Improvements**"), provided that JBWD shall meet and confer with HDMC as to what constitutes the Phase 2 Improvements. In the event the Parties are unable to agree, after meeting and conferring, with respect to what constitutes the Phase 2 Improvements, either; (a) the Phase 2 Improvements shall not be constructed and the provisions

Deleted: [



herein concerning the design, construction, operation and maintenance and ownership of the Phase 2 Improvements shall be null and void; or (b) HDMC shall elect, in writing, to design and construct such Phase 2 Improvements as HDMC shall desire; provided that the conditions of Section 12 are satisfied. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, the Phase 2 Improvements shall not be constructed and the provisions herein concerning the design, construction, operation, maintenance and ownership of the Phase 2 Improvements shall be null and void. It is anticipated that the Phase 2 Improvements shall allow JBWD to process approximately **one hundred four thousand** (104,000) gpd average daily flow and **one hundred forty-six thousand** (146,000) gpd maximum daily flow, if JBWD constructs the Phase 2 Improvements pursuant to the terms hereof. This Agreement recognizes the capacity limits of the Package Plant as expanded is projected to be up to **one-hundred forty-six thousand** (146,000) gpd, which is the projected maximum waste water needs of HDMC with respect to Phase 2 of the Project. Should these capacity needs change, HDMC shall timely notify JBWD and the Parties will subsequently negotiate appropriate modifications to this Agreement. The Phase 1 Improvements and the Phase 2 Improvements (if constructed) shall sometimes be collectively referred to herein as the "**Improvements.**"

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2. (a) HDMC shall, at HDMC's sole cost and expense, be responsible for compliance with the California Environmental Quality Act ("CEQA") and all other applicable state and federal environmental laws and all requirements of the Federal Endangered Species Act and the California Endangered Species Act arising out of or in connection with the design and construction of the Improvements and for compliance with all conditions and mitigation measures which must be satisfied in connection with the same. HDMC represents to JBWD that HDMC may, pursuant to federal, state and local law, act as lead agency for the purpose of complying with CEQA. Pursuant to the foregoing representation, HDMC shall act as lead agency for the purpose of complying with CEQA. As part of its obligation to fund the CEQA process, HDMC shall prepare or cause to be prepared all supplemental environmental instruments, documents, reports and other like or kind writings required to be prepared and/or filed by CEQA.

(b) HDMC shall, upon request by JBWD, and at no cost to JBWD, furnish JBWD with such information as HDMC possesses or has available to it from any consultants, engineers, contractors or other persons engaged by or under the control of HDMC relating to the environmental assessment relative to the creation of the Improvements. In this regard, nothing herein contained shall be construed or interpreted to require JBWD to take or participate in any legal action pertaining to compliance with CEQA and/or other state and federal environmental laws and requirements.

3. (a)(i) Subject to the following, HDMC shall fund the cost of the design and construction of the Improvements including any related costs and expenses arising out of or in connection with the same. JBWD will obtain bids for the construction of the Improvements. Upon the opening of the bids, JBWD shall provide HDMC with copies of such bids. HDMC shall, within [thirty (30) days], have the option to (A) approve the bids; provided that HDMC understands and acknowledges that the board of directors of JBWD ("**Board**") may select the lowest responsible bidder as determined by such Board or reject all bids, or (B) take over the construction of the Improvements; provided that the conditions of Section 12 are satisfied. In

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the event HDMC elects to take over the Project, HDMC may deduct from the deposits made pursuant to Subsections 3.(b) or 3.(c), whichever is applicable, such amount as JBWD considers sufficient to pay for the costs and expenses paid or incurred by JBWD prior to HDMC's election. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, this Agreement shall terminate if such occurs with respect to the Phase 1 Improvements and HDMC shall pay all costs and expenses that District paid or incurred prior to the deemed termination of this Agreement; provided that if the issue is with the Phase 2 Improvements and the Phase 1 Improvements have been constructed and are then being operated by JBWD, this Agreement shall only terminate as to the Phase 2 Improvements. In the event HDMC approves the bids and JBWD awards the construction contact for the Improvements, JBWD will use commercially reasonable efforts to minimize additional Improvement costs. However, the Parties recognize and agree that additional costs may be warranted for a variety of reasons, including, but not limited to, unforeseen circumstances or need for work not contemplated by the Phase 1 Plans or Phase 2 Plans, as the case may be, as those terms are defined in Section 5. JBWD shall be authorized to pay such costs. Such costs shall be paid by HDMC in accordance with this Agreement. .

(ii) HDMC may demand an accounting as to the status of the account of all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(b) HDMC shall deposit with JBWD within **thirty** (30) days after the Effective Date, the sum of (\$ \_\_\_\_\_) ("**Phase 1 Deposit**") or a lesser amount as shall be determined by JBWD, in its sole and absolute discretion, based on the actual costs spent or anticipated to be spent by JBWD attributable to HDMC for Phase 1 Deposit costs. The Phase 1 Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the creation of the Phase 1 Improvements, except construction costs, which shall be handled pursuant to Section 7, including, but not limited to, the costs of the plans and specifications, Entitlements (as that term is defined in Section 4), advertising and bidding of the construction of the Phase 1 Improvements (including preparation of the bid documents) and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 1 Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 1 Deposit separate from its general funds and HDMC shall not be entitled to interest on the Phase 1 Deposit. If there are any funds left in the Phase 1 Deposit after the Phase 1 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **ten** (10) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

**Comment [A1]:** Amount to be presented at Board Meeting 5/2/12

**Deleted:** Two Hundred Thousand Dollars (\$200,000.00)

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(c) Within a period of time as mutually agreed after HDMC notifies JBWD of its election to construct the Phase 2 Improvements, HDMC shall deposit with JBWD such sum as shall be reasonably determined by JBWD ("**Phase 2 Deposit**"). The Phase 2 Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the creation of the Phase 2 Improvements, except construction costs, which shall be handled pursuant to Section 7, including, but not limited to, the costs of the plans and specifications, Entitlements, advertising

and bidding of the construction of the Phase 2 Improvements (including preparation of the bid documents) and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 2 Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 2 Deposit separate from its general funds and HDMC shall not be entitled to interest on the Phase 2 Deposit. If there are any funds left in the Phase 2 Deposit after the Phase 2 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **ten** (10) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

**4.** On or after receipt of the Phase 1 Deposit or Phase 2 Deposit, as the case may be, JBWD shall, at HDMC's sole cost and expense, use commercially reasonable efforts to obtain or cause to be obtained through consultants and/or third parties, all consents, approvals, permits, authority, licenses or entitlements ("**Entitlements**") as shall be required for the design, construction, operation and maintenance of the Improvements with respect to the appropriate phase, including Entitlements from the County of San Bernardino and the California Regional Water Quality Control Board, Colorado River Basin Region. Nothing herein shall be construed as a guaranty that JBWD shall obtain such Entitlements. HDMC agrees to cooperate, in all respects with JBWD, or such other individuals or entities designated by JBWD, in connection with the obtaining of the Entitlements including, without limitation, attending meetings, testifying in public hearings and the execution of all applications, petitions and documents reasonably necessary in the Entitlement process.

**5.** (a) On or after the receipt of the Phase 1 Deposit, JBWD shall employ, or cause to be employed, at HDMC's cost and expense, Dudek Engineering, in coordination with the existing Agreement between HDMC and Dudek Engineering ("**Engineer**") to plan, design and prepare detailed construction plans, drawings and specifications for the Phase 1 Improvements ("**Phase 1 Plans**"). JBWD shall submit the Phase 1 Plans to HDMC for review and comment. HDMC shall have **sixty** (60) business days after receipt of the Phase 1 Plans to comment thereon. Failure of HDMC to comment within such **sixty** (60) business-day period shall be deemed a waiver by HDMC of the right to do so. In the event that HDMC does comment within the **sixty** (60) business-day period, JBWD shall, in good faith, consider such comments, but shall not be required to amend the Phase 1 Plans in accordance therewith. HDMC shall cooperate with the Engineer with respect to the preparation of the Phase 1 Plans.

(b) On or after the receipt of the Phase 2 Deposit, JBWD shall employ, or cause to be employed, at HDMC's cost and expense, a qualified professional engineering firm to plan, design and prepare detailed construction plans, drawings and specifications for the Phase 2 Improvements ("**Phase 2 Plans**"). JBWD shall submit the Phase 2 Plans to HDMC for review and comment. HDMC shall have such time as the Parties shall agree, to review and comment on the Phase 2 Plans. HDMC shall cooperate with the engineering firm with respect to the preparation of the Phase 2 Plans.

**6.** Upon the Effective Date, HDMC shall execute, cause to be executed and delivered the easement attached hereto as Exhibit D and by this reference incorporated herein

("Easement"). The Easement provides for the construction, operation and maintenance of the Improvements on that portion of the HDMC Property described therein ("**Easement Area**") together with the reasonable right of access to and from said Easement for purposes of exercising the rights granted therein. In connection therewith, HDMC hereby irrevocably grants to JBWD and its agent, contractors, employees, representatives and consultants the right to enter on the Easement Area to investigate matters which pertain to the design and construction of the Improvements, including, without limitation, soil and surface conditions and to conduct environmental studies, engineering studies, land use and such other investigations as JBWD, in its reasonable discretion, may desire.

7. (a)(i) Upon completion of the Phase 1 Plans and satisfaction of the CEQA requirements by HDMC, JBWD shall, at HDMC's sole cost and expense, advertise and bid the construction of the Phase 1 Improvements. The Parties recognize, acknowledge and agree that the construction and installation of the Phase 1 Improvements is a public works project. As such, it is the intent of JBWD to comply with the provisions of the California Labor Code, Government Code and Public Contract Code, including, without limitation, prevailing wage requirements. Subject to the provisions of California law relating to public works projects applicable to JBWD, and subject to HDMC's rights under Section 3.(a)(i), JBWD shall award the work to the lowest responsible bidder ("**Phase 1 Contractor**"). The Parties agree that JBWD shall be the awarding body without the approval or consent from HDMC, except as provided in Section 3.(a)(i). Subject to HDMC's rights under Section 3.(a)(i), JBWD shall negotiate and enter into all contracts and Agreements with the Phase 1 Contractor with respect to the construction of the Phase 1 Improvements. Subject to HDMC's rights under Section 3.(a)(i), HDMC shall fund the cost of the design and construction of the Phase 1 Improvements and any related costs and expense arising out of or in connection with the same. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(ii) The Phase 1 Contractor shall install the Phase 1 Improvements in substantial accordance with the Phase 1 Plans. HDMC understands and acknowledges that change orders for the construction of the Phase 1 Improvements may be warranted due to a variety of reasons, including, but not limited to, unforeseen circumstances or the need for construction of additional or changed improvements not contemplated by the Phase 1 Plans. In the event of a change order which increases the cost of the installation of the Phase 1 Improvements, JBWD shall submit the change order to HDMC for approval or disapproval. HDMC shall have five (5) business days from receipt of a request of a change order to approve or disapprove, in writing, of the same. Failure to disapprove of a change order, in writing, within the five (5) business day period shall be deemed approval thereof by HDMC. In the event HDMC disapproves, in writing, a change order within the five (5) business day period, the Parties shall meet and confer over a five (5) business day period after the disapproval to resolve the change order. In the event the Parties are unable to resolve the change order within such five (5) business day period, this Agreement shall terminate; provided that if the issue is with the Phase 2 Improvements and the Phase 1 Improvements have been constructed and are then being operated by JBWD, this Agreement shall only terminate as to the Phase 2 Improvements. JBWD shall pay from the Phase 1 Construction Deposit (as that term is defined below) all amounts owed or accrued with respect to the construction of the Phase 1 Improvements including, but not limited to, any amount required to be paid as a result of the early termination of the construction

contract. After payment of such amount, JBWD shall return to HDMC all funds remaining in the Phase 1 Construction Deposit less Ten Percent (10%) of the unexpended funds which may be held for an additional period of ninety (90) days for work owed or accrued with respect to the construction of the Phase 1 Improvements. In the event there are costs that are incurred as a result of the foregoing process of approving a change order, HDMC shall bear those costs and JBWD is hereby authorized to deduct such amount from the Phase 1 Construction Deposit. The Parties acknowledge and agree that the construction of the Improvements is for the benefit of the HDMC Property and JBWD is not required to expend any funds of the JBWD to create the Improvements including design and construction of the same.

(iii) JBWD may, but is not required, to retain the services of a project manager(s) as a cost of the installation of the Phase 1 Improvements paid by HDMC, to (A) oversee the furnishing and installation of the Phase 1 Improvements; and (B) inspect the installation of the Phase 1 Improvements.

(iv) HDMC shall pay the costs for installation of the Phase 1 Improvements as more particularly provided in this Subsection 7.(a). HDMC shall deposit with JBWD an amount equal to all estimated construction costs including the bid to be awarded, the cost of construction management, plus a ten percent (10%) contingency ("**Phase 1 Construction Deposit**") within thirty (30) days after written notice from JBWD of an intent to accept the bid referred to in Subsection (a) above. The Phase 1 Construction Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the construction of the Phase 1 Improvements and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 1 Construction Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 1 Construction Deposit separate from its general funds and HDMC shall be entitled to interest on the Phase 1 Construction Deposit (as reasonably determined by JBWD). If there are any funds left in the Phase 1 Construction Deposit after the Phase 1 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within thirty (30) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(v) From time to time JBWD shall submit progress reports to HDMC with respect to the installation of the Phase 1 Improvements. JBWD shall provide HDMC at least semi-annual construction progress reports signed by the project/construction manager or the district engineer.

(vi) HDMC shall cooperate with JBWD, the Phase 1 Contractor and any consultants and representatives of JBWD in the construction of the Phase 1 Improvements. JBWD or the Phase 1 Contractor shall provide HDMC with prior written notice of such date the Phase 1 Contractor shall initiate construction of the Phase 1 Improvements on the Easement Area.

(vii) Upon completion of the construction and installation of the Phase 1 Improvements, JBWD shall give HDMC notice of the same and require the Phase 1 Contractor to file a notice of completion for recording in the Office of the County Recorder. Upon completion of the Phase 1 Improvements, the facilities constructed as part of the Phase 1 Improvements shall be owned by the JBWD. Upon the request of JBWD, HDMC shall execute and deliver to JBWD a bill of sale in such form and content as shall be reasonably determined by the Parties. The Parties further agree that all personal property associated with the Phase 1 Improvements shall also become the sole property of the JBWD, including, without limitation, all Entitlements, Phase 1 Plans, operating manuals, surveys and as-built drawings associated with the construction of the Phase 1 Improvements. Subject to the terms of Section 10, JBWD shall thereafter repair, replace and maintain the Phase 1 Improvements. Once the Phase 1 plant is completed and transferred to JBWD the operation/maintenance and compliance costs will be periodically billed to HDMC. If other dischargers become additionally serviced by the Package Plant, such expenses shall be proportionately billed to those additional parties.

(b) The provisions of Section 7.(a)(i) through 7.(a)(vii) shall apply to the advertising, bidding and construction of the Phase 2 Improvements; provided that the deposit of funds by HDMC to construct the Phase 2 Improvements shall be in an amount reasonably determined by the JBWD.

**8.** (a) Upon completion and acceptance of the Phase 1 Improvements and compliance by HDMC with the terms of this Agreement and including, but not limited to, the payment of fees and charges, the JBWD shall provide or cause to be provided, sanitary sewer service to Phase 1 of the Project, subject to circumstances within the control of JBWD or consistent with the JBWD's rules, regulations, policies and procedures as may be amended from time to time; provided that HDMC has not elected to take over the Project and satisfied the obligations set forth in Section 12 JBWD agrees that it shall take all commercially reasonable steps to assure that the Package Plant shall meet all requirements of the California Regional Water Quality Control Board (Colorado River Basin Region) and that such plants shall be operated in such commercially reasonable fashion to appropriately handle the waste water of HDMC in compliance with waste discharge requirements, and all other applicable requirements.

(b) Upon completion and acceptance of the Phase 2 Improvements and compliance by HDMC with the terms of this Agreement and including, but not limited to, the payment of fees and charges, the JBWD shall provide or cause to be provided, sanitary sewer service to Phase 2 of the Project subject to circumstances within the control of JBWD or as otherwise provided by the JBWD's rules, regulations, policies and procedures as may be amended from time to time; provided that HDMC has not elected to take over the Project and satisfied the obligations set forth in Section 12. JBWD agrees that they shall take all commercially reasonable steps to assure that the Package Plant shall meet all requirements of the California Regional Water Quality Control Board (Colorado River Basin Region) and that such plants shall be operated in such commercially reasonable fashion to appropriately handle the waste water of HDMC in compliance with waste discharge requirements, and all other applicable requirements.

(c) After acceptance of the Phase 1 Improvements and/or the Phase 2 Improvements and subject to the provisions of Section 1, JBWD may determine, in its reasonable

discretion, that capacity exists in the Package Plant to provide sanitation service to other real property ("**Off Site Property**"), in addition to that portion of the Project to be served by the Package Plant. The Parties hereby agree that JBWD shall have the absolute right to provide sanitation service to such Off Site Property from the Package Plant on such terms and conditions as the JBWD shall agree with such Off Site Property owners ("**Off Site Owner(s)**") provided that such Off Site Owners pay the prorata portion of all the costs and expenses incurred by HDMC in the design and installation of the appropriate Improvements. Thus, for example, (i) if the total cost of the Phase I Improvements which was paid by HDMC is One Million Five Hundred Thousand Dollars (\$1,500,000.00); (ii) HDMC uses on average seventy-five percent (75 %) of the capacity of the Package Plant attributable to the Phase I Improvements; (iii) an Off Site Owner is calculated to use on average five percent (5 %) of the capacity of the Package Plant attributable to the Phase I Improvements, then as a condition to sanitation service from the Package Plant, the Off Site Owner shall pay to JBWD the sum of Seventy-Five Thousand Dollars (\$75,000.00) (\$1,500,000.00 x 5%) of the capacity fee. JBWD shall remit such amount to HDMC within a reasonable amount of time after JBWD receives such amount from the Off Site Owner.

9. (a)(i) Prior to any sanitary service to Phase 1 of the Project, HDMC shall pay to JBWD, a capacity fee equal to Five Thousand Two Hundred Seventy Dollars (\$5,270.00) times the number of equivalent dwelling units ("**EDU**") generated by Phase 1 of the Project as reasonably determined by the JBWD based on the average flow of two hundred twenty (220) gallons per day per EDU. EDU's for Phase I are estimated at **two hundred thirty six and six/tenths** (236.6) with the capacity fee estimated at One Million Two Hundred Forty-Five Thousand Six Hundred Thirty-Six and 36/100 Dollars (\$1,245,636.36). Notwithstanding the foregoing, HDMC shall be exempted from payment of the first twenty-four (24) EDUs (e.g., One Hundred Twenty-Six Thousand Four Hundred Eighty Dollars (\$126,480.00) so that the total due shall be One Million One Hundred Nineteen Thousand One Hundred Fifty-Six and 36/100 Dollars (\$1,119,156.36). In lieu of depositing the full amount of the capacity fee prior to any sanitary service to Phase 1 of the Project, HDMC may elect to enter into an agreement in such form and content attached hereto as Exhibit E and by this reference incorporated herein ("**Payment Agreement**"), with HDMC to make annual principal installments over a period of fifteen (15) years with additional annual interest payments based on the annual interest earned by other JBWD funds that could have been available for investment of the capacity fees. HDMC must affirmatively elect, in writing, to enter into the Payment Agreement within thirty (30) days of the Effective Date; and if so elected, to execute and deliver the Payment Agreement to JBWD within thirty (30) days of the Effective Date. Failure to timely satisfy the foregoing conditions shall be deemed an election to pay the full amount of the capacity fee prior to any sanitary service to Phase 1 of the Project.

(ii) Pay to JBWD such rates and charges related to sanitation service to Phase 1 of the Project in accordance with the rules, regulations, ordinances, policies and procedures developed by JBWD. In the event HDMC disputes any rates and charges, or proposed rates and charges, related to sanitation service to Phase 1 of the Project, HDMC shall (A) waive such objections, or (B) elect to take over operation, maintenance and ownership of Phase 1 of the Project; provided that the conditions of Section 12 are satisfied. In the event HDMC disputes any rates and charges established by JBWD during the first five years of operation, HDMC shall have **ninety (90) days** to elect Subsection (A) or Subsection (B) above,

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in writing. After the first five years of operation, HDMC shall have 45 days, or the number of days provided by state law pursuant to Proposition 218, whichever is greater, to elect subsection (A) or Subsection (B) above, in writing. Failure to make any such election, in writing, within such [time period] shall be deemed an election of Subsection (A) above. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, HDMC shall be deemed to have elected Subsection (A). During the time that HDMC is attempting to satisfy the conditions set forth in Section 12, JBWD may charge the rates and charges it proposes.

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(b) (i) Prior to any sanitary service to Phase 2 of the Project, HDMC shall pay to JBWD, the capacity fee in effect at the time of payment, times the number of EDUs generated by Phase 2 of the Project as reasonably determined by the JBWD based on the average flow of **two hundred twenty** (220) gallons per day per EDU.

(ii) Pay to the JBWD such rates and charges related to sanitation service to Phase 2 of the Project in accordance with the rules, regulations, ordinances, policies and procedures developed by the JBWD. Any dispute regarding rates and charges related to sanitation service to Phase 1 of the Project must be negotiated by JBWD and HDMC and HDMC shall (A) waive such objections, or (B) elect to take over operation, maintenance and ownership of Phase 1 of the Project; provided that the conditions of Section 12 are satisfied. In the event HDMC disputes any dates and charges, HDMC shall have [ninety (90) days] to elect Subsection (A) or Subsection (B) above, in writing. Failure to make any such election, in writing, within such [ninety (90) day time period] shall be deemed an election of Subsection (A) above. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, HDMC shall be deemed to have elected Subsection (A). During the time that HDMC is attempting to satisfy the conditions set forth in Section 12, JBWD may charge the rates and charges it proposes.

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**10.** (a) (i) HDMC acknowledges that the Package Plant has a useful life of approximately fifteen (15) years. Notwithstanding anything contained in this Agreement, HDMC shall be required to pay for the replacement of the Package Plant, if HDMC is the sole user of the Package Plant, or a prorata portion of the replacement of the Package Plant if there are other users pursuant to Section 8.(c).

(ii) HDMC hereby agrees to pay for the replacement of the portion of the Package Plant attributable to the Phase 1 Improvements (or HDMC's prorata share of such) either pursuant to this subsection or subsection 10.(d) below. On or before one (1) year after the acceptance of the Phase 1 Improvements, JBWD will estimate the cost of the replacement of the Package Plant which is attributable to the Phase 1 Improvements, which includes a ten percent (10 %) contingency amount ("**Replacement Cost**"). The Parties agree that interest on the Replacement Cost shall accrue at the rate equal to the annual increase in the Engineering News-Record Construction Cost Index (ENR-CCI 20 Cities). JBWD shall give HDMC written notice of the Replacement Cost, and HDMC's portion thereof ("**HDMC's Share**"), which HDMC Share shall be amortized over **fifteen** (15) years. HDMC shall have the right for a period of **six** (6) months after receipt of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) pay the replacement costs pursuant to subsection 10.(d) below. In the event HDMC elects Subsection (A), the first payment shall be



due and payable to JBWD **two (2) years** after the acceptance of the Phase 1 Improvements and continuing every year thereafter until the HDMC Share and interest thereon are paid in full. The HDMC Share may be prepaid at any time without penalty.

(iii) HDMC hereby agrees to pay for the replacement of the portion of the Package Plant attributable to the Phase 2 Improvements (or HDMC's prorata share of such) either pursuant to this subsection or subsection 10.(d) below. On or before one (1) year after the acceptance of the Phase 2 Improvements, JBWD will estimate the Replacement Cost of the replacement of the Package Plant attributable to the Phase 2 Improvement. The Parties agree that interest on the Replacement Cost shall accrue at the rate equal to the annual increase in the Engineering News-Record Construction Cost Index (ENR-CCI 20 Cities). JBWD shall give HDMC written notice of HDMC's Share of the Replacement Cost attributable to the Phase 2 Improvements, which HDMC Share shall be amortized over **thirteen (13) years**. HDMC shall have the right for a period of **six (6) months** after receipt of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) pay the replacement costs pursuant to subsection 10.(d) below. In the event HDMC elects Subsection (A) the first payment shall be due and payable to JBWD **two (2) years** after the acceptance of the Phase 2 Improvements and continuing every year thereafter until the HDMC Share and interest thereon are paid in full. The HDMC Share may be prepaid at any time without penalty.

(b) HDMC shall be responsible for any subsequent replacement costs and elections at **fifteen (15) year** intervals on the same terms and conditions as set forth in Section 10(a)(ii) in the event that HDMC is not connected to the Treatment Plant.

(c) At the time that HDMC is connected to the Treatment Plant and all expenses paid, there shall be a project accounting prepared and any funds remaining in the "replacement fund" shall be applied to costs to connect HDMC to the Treatment Plant. Any funds remaining after payment for the costs to connect HDMC to the Treatment Plant shall be returned to HDMC.

(d) In lieu of making annual payments toward the replacement of any phase noted in Sections 10(a)(ii), 10(a)(iii) or 10(b) above, HDMC may elect to defer all payments for the replacement of the Package Plant until JBWD determines, in its sole and absolute discretion, that the Package Plant needs to be replaced. JBWD shall advise HDMC of the replacement amount. HDMC shall have the right for a period of **six (6) months** after receipt of the notice of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) take over the ownership of the Project Plant, provided the conditions of Section 12 are satisfied. Failure to make such election, in writing, within the **six (6) month** period shall be deemed an election of Subsection (A). In the event HDMC cannot satisfy the conditions set forth therein, HDMC shall be deemed to have elected Subsection (A). In the event HDMC elects Subsection (A) or Subsection (A) is deemed elected, whether making annual payments for the cost of replacement or paying at the time that the replacement is needed, HDMC shall be responsible for the cost of full replacement or any portion thereof, when needed, including, but not limited to, replacement due to failure of the system and/or failure to comply with the regulatory discharge requirements of JBWD and/or the California Regional Water Quality Control Board, Colorado River Basin Region.

~~Deleted:~~ HDMC shall provide the replacement amount to JBWD within ( ) days after receipt of written notice from JBWD

11. Upon the completion of the Treatment Plant and the hook-up of the HDMC Property and other properties serviced by the Package Plant thereto in accordance with the rules, regulations ordinances, policies and procedures developed by the JBWD, HDMC shall give JBWD written notice of HDMC's election to: (a) retain the Package Plant; or (b) require JBWD to remove, at HDMC's sole cost and expense, the Package Plant from the HDMC Property. In the event HDMC does not elect in writing, to require JBWD to remove the Package Plant from the HDMC Property within **one hundred twenty (120) days** after receipt of the written notice, then HDMC will be deemed to have elected to retain the Package Plant. In the event HDMC elects or is deemed to have elected to retain the Package Plant on the HDMC Property, JBWD shall deliver to HDMC, a bill of sale for the Package Plant in the same form and content as required pursuant to Section 7.(a)(vii). The Package Plant shall be transferred to HDMC free of all liens and encumbrances. In the event HDMC elects to cause JBWD to remove the Package Plant from the HDMC Property, HDMC shall deposit with JBWD a sum reasonably determined by the JBWD ("**Removal Deposit**") within **sixty (60) days** after written notice from JBWD. The Removal Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the removal of the Package Plant from the HDMC Property and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Removal Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Removal Deposit separate from its general funds and HDMC shall not be entitled to interest on the Removal Deposit. If there are any funds left in the Removal Deposit after the removal of the Package Plant from the HDMC Property is completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **thirty (30) days** after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. Upon the complete removal of the Package Plant, JBWD shall quitclaim to the owner of the HDMC Property, all of JBWD's rights, title and interest in and to the Easement. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

12. The following shall be conditions precedent to HDMC's election pursuant to Sections 1, 8(a), 8(b), 9(a), 9(b), 10(a) and 10(d) ("**Option Sections**"):

(a) HDMC shall take title to the Package Plant as is, where is, with all faults.

(b) HDMC shall have obtained all entitlements to own and operate the Package Plant from all governmental agencies having jurisdiction thereof, including entitlements from the County of San Bernardino and the California Regional Water Quality Board, Colorado River Basin Region.

(c) The written consent of any off site owners using or contractually entitled to use the Package Plant.

The conditions set forth in this Section must be satisfied on or before six (6) months after HDMC has made an election pursuant to the Option Sections.

13. (a) All notices or other communications between the JBWD and HDMC required or permitted hereunder shall be in writing and personally delivered or sent by certified

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mail, return receipt requested and prepaid, or sent by reputable overnight courier (such as Federal Express, UPS or DHL), or transmitted by electronic facsimile transmission (with electronic confirmation of receipt) to the following addresses:

JBWD: Joshua Basin Water District  
P O Box 675  
61750 Chollita Road  
Joshua Tree CA 92252  
Attn: General Manager  
Telephone: 760-366-8438  
Facsimile: 760-366-9528

HDMC: Hi Desert Medical Center  
6601 White Feather Road  
Joshua Tree, CA 92252  
Attn: Dan McClure, Chief Information Officer  
Telephone: 760-366-6137  
Facsimile: 760-366-6240

COPY TO: Cathy Deubel Salenko  
Best Best & Krieger LLP  
400 Capitol Mall, Suite 1650  
Sacramento, CA 95814  
Telephone: 916-325-4000  
Facsimile: 916-325-4010

A notice shall be effective on the date of personal delivery if personally delivered before 5:00 p.m., otherwise on the day following personal delivery, or on the date of receipt, if transmitted by electronic facsimile transmission (with electronic confirmation of receipt) prior to 5:00 p.m. or otherwise on the next day, provided receipt of such transmission shall be confirmed by follow-up notice within **seventy-two (72) hours** by another method authorized above, or **two (2) business days** following the date the notice is postmarked, if mailed, or on the day following delivery to the applicable overnight courier, if sent by overnight courier. Any Party may change the address to which notices are to be given to it by giving notice of such change of address in the manner set forth above for giving notice.

(b) Time is of the essence of this Agreement and each and every term and provision hereof.

(c) This Agreement shall be construed as if prepared by all of the Parties. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is waived. This Agreement shall be construed, interpreted and governed by the laws of the State of California and the laws of the United States of America prevailing in California.

(d) If any provision of this Agreement shall be ruled invalid, illegal or unenforceable, the parties shall: (i) promptly negotiate a substitute for the provision which shall, to the greatest extent legally permissible, effect the intent of the parties in the invalid, illegal or unenforceable provision, and (ii) negotiate such changes in, substitutions for or additions to the remaining provisions of this Agreement as may be necessary in addition to and in conjunction with Subsection (i) above to give effect to the intent of the parties without the invalid, illegal or unenforceable provision. To the extent the parties are unable to negotiate such changes, substitutions or additions as set forth in the preceding sentence, and the intent of the parties with respect to the essential terms of the Agreement may be carried out without the invalid, illegal or unenforceable provision, the balance of this Agreement shall not be affected, and this Agreement shall be construed and enforced as if the invalid, illegal or unenforceable provision did not exist.

(e) The terms and provisions set forth in this Agreement shall be deemed provisions, terms and/or covenants running with the HDMC Property in accordance with applicable law, including, without limitation, Section 1468 of the California Civil Code and shall pass to and be binding upon the successor owners of the HDMC Property. As such, all successor owners of the HDMC Property will have any of the rights, responsibility and liabilities of HDMC as if such person or entity originally executed this Agreement in place and stead of HDMC. Each and every contract, deed or other instrument hereafter executed covering or conveying the HDMC Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to such terms and conditions regardless of whether such terms and conditions are set forth in such contract, deed or other instrument. No transfer of the HDMC Property shall relieve HDMC of any responsibility or liability under this Agreement.

(f) Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to business days. In the event that the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or holiday, such payment may be made or act performed on the next succeeding business day.

(g) In the event of any legal action to interpret this Agreement or enforce the rights or remedies of any Party to this Agreement, the prevailing Party in such legal action shall be entitled to recover its costs and expenses (including attorneys' fees) of such action.

(h) Except as otherwise provided in Section 7(a)(ii), the Parties agree that any action or proceeding to enforce or relating to this Agreement shall be brought exclusively in the state courts located in San Bernardino County, California or the federal court located in Riverside County, California, and the Parties hereto consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.

(i) In the event any undisputed amount due to JBWD hereunder is not paid when due, HDMC shall pay to JBWD an additional **five percent (5%)** for each payment due as an administrative processing charge provided that any cost in excess of Five Hundred Dollars (\$500.00) shall be documented and itemized. The Parties agree that this late charge represents a fair and reasonable estimate of the costs the JBWD will incur by reason of such late payment to JBWD. Any payment not paid when due shall bear interest at the highest of the following rates: 1) The rate of interest that JBWD earns during the period of delinquency, from the Local Agency Investment Fund or other investment of One Million Dollars (\$1,000,000) whichever is greater;

2) If the payment is for a contract, HDMC will reimburse JBWD at the rate that JBWD would owe the Contractor for the delinquent payment; 3) If the payment is for a capacity fee or other construction fund, the rate of interest represented by the change in the Engineering New-Record Construction Cost Index (ENR-CCI 20 Cities) (provided such amount shall not exceed the maximum rate allowed under California law); from the date due until paid in full.

(j) This Agreement, together with any other written agreements referred to herein, is intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof, and is intended as the complete and exclusive statement of the terms of the agreement between the Parties. As such, this Agreement supersedes any prior understandings between the Parties, whether oral or written. Any amendments to this Agreement shall be in writing and shall be signed by all Parties hereto.

(k) No delay on the part of any Party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

(l) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

(m) Each individual executing this Agreement hereby represents and warrants that he or she has the full power and authority to execute this Agreement on behalf of the named Parties.

(n) HDMC shall have a period of **one hundred twenty (120) days** after the Effective Date to cause any monetary liens and encumbrances recorded against the HDMC Property to be subordinated to the lien of this Agreement.

#### **14. Dispute Resolution**

Should any dispute arise between the parties relative to construction, deposits, operations, transfer or any other provision of the Agreement, the complaining/initiating party shall timely provide notice to the other party/parties.

Within **thirty (30) days** after receipt of such notice, the parties shall meet and confer over the dispute.

If the parties do not reach agreement, the dispute shall be transferred to the American Arbitration Association and resolved in accordance to their rules of commercial arbitration as more fully referenced in Section 7(a)(ii).

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the date first above written.

**"JBWD"**

**"HDMC"**

**JOSHUA BASIN WATER DISTRICT, a  
public agency of the State of California**

**By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_**

**HI DESERT MEDICAL CENTER, a  
public agency of the State of California**

**By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_**


EXHIBIT LIST

Exhibit A	Legal Description of the HDMC Property
Exhibit B	Depiction of Project
Exhibit C	Description of Package Plant Facilities
Exhibit D	Easement
Exhibit E	Payment Agreement

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Marie Salsberry, Executive Secretary 

TOPIC: CITIZENS ADVISORY COMMITTEE APPOINTMENT AND MEMBERSHIP GUIDELINES

RECOMMENDATION: That the Board review and approve the proposed application and membership guidelines for the Citizens Advisory Committee.

ANALYSIS: The Joshua Basin Water District Citizens Advisory Committee (CAC) was formed in 2005 as an ad hoc committee for the purpose of reviewing and providing recommendations to the Board on specific issues. The CAC became a standing committee in 2006.

The Committee has provided input on several matters of policy development, and has reviewed many important issues over the past several years. A few examples are development of the Urban Water Management Plan, rates and fees, wastewater treatment, public information services including development of the District website, water conservation, pipeline reimbursement policy and recovery of bad debt.

All members of the Committee have been very dedicated, volunteering countless hours reviewing District policies and other documents, and carefully considering the best alternatives for the District, for our customers, and for the community.

The Board requested that staff present draft guidelines for CAC appointment and membership. Attached for the Board's consideration are a revised application form and guidelines for membership.





PO Box 675 61750 Chollita Road Joshua Tree CA 92252  
Phone 760.366.8438 Fax 760.366.9528 email www.jbwd.com

## CITIZEN'S ADVISORY COMMITTEE Application for Membership

Name: \_\_\_\_\_

Residence Address: \_\_\_\_\_

Mailing Address (if different): \_\_\_\_\_

Phone (home): \_\_\_\_\_ Phone (cell): \_\_\_\_\_

Email address: \_\_\_\_\_

How did you hear about the Citizen's Advisory Committee (CAC)? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Please check all that apply:

- I own a home in Joshua Tree
- I own a business in Joshua Tree
- I own property in Joshua Tree
- I am a customer of JBWD
- I live in Joshua Tree part-time
- I live in Joshua Tree full-time
- Other interest in Joshua Basin Water District and/or community of Joshua Tree:

\_\_\_\_\_  
\_\_\_\_\_

How do you think you could contribute as a member of the CAC? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Please attach your resume to this application. Return completed application and resume to Executive Secretary Marie Salsberry at the District office.



## Citizens Advisory Committee Application Process And Guidelines for Membership

**Purpose:** The purpose of the Joshua Basin Water District Citizens Advisory Committee is to review important issues such as policy development and to make recommendations to the Board of Directors. Ideally, the Committee will represent a cross-section of the community of Joshua Tree in order to present the varied interests of the community.

**Committee:** The Committee is made up of 6 to 12 members who are residents, account holders or property owners in the District. Membership may be appointed based on other interests, for example involvement with a Joshua Tree based organization. Members should demonstrate an interest in water-related issues.

**Ethics:** This is a standing committee of the Joshua Basin Water District. As such, its members are expected to perform their duties ethically and responsibly. Transparency and open meeting laws such as The Brown Act and Public Records Act apply to committee members and to committee meetings.

**Membership:** Prospective members are asked complete an application form and submit the completed form and a resume to the District's Executive Secretary. The application will be considered by the Board of Directors at a public meeting. Appointments to the Committee are made by a majority vote of the Board of Directors.

Membership on the Citizens Advisory Committee is strictly voluntary; members do not receive financial compensation.

**Meetings:** Regular meetings of the Citizens Advisory Committee are scheduled bi-monthly, the fourth Tuesday at 7:00 pm and are held at the District office. Special meetings are sometimes held on other dates.

The Committee will consider and discuss subjects referred by the Board or staff before making recommendations. The Committee may request additional information from staff to clarify subject matter. Recommendations are presented to the Board following a majority vote of the Committee.

A chairperson will be elected by majority vote of the membership at the last regular Committee meeting of each calendar year. The chairperson is responsible for conducting meetings, and following each CAC meeting will provide a report to the Board at a meeting of the Board of Directors. Reports to the Board on general Committee activities may be verbal; however, recommendations to the Board should be presented in writing.


**Attendance:** a quorum (or majority) of members must be present for a meeting to take place. Therefore, members are encouraged to attend meetings whenever possible. Low attendance may result in removal from the Committee. A member may request to be temporarily removed from the roster if circumstances prevent him or her from participating for a period of up to six months. Requests for temporary leave of absence should be made to the Executive Secretary.

**Discontinuing Membership:** Members who no longer wish to serve on the Committee should present written notice to the Executive Secretary.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Marie Salsberry, Executive Secretary 

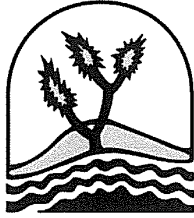
TOPIC: APPLICANTS TO CITIZENS ADVISORY COMMITTEE

RECOMMENDATION: That the Board review applications and vote on appointment, or defer this item for consideration at a future meeting.

ANALYSIS: Two applications for membership on the District's Citizens Advisory Committee were received last week. The applicants have been notified that the Board will be considering their applications at this meeting.

If the proposed CAC application form and membership guidelines presented at tonight's meeting have been approved, the Board may wish to vote on appointment at this time. Alternately, the Board may defer this item to a future meeting pending revision to the form and membership guidelines.

Currently the Citizens Advisory Committee consists of six active members.



# JOSHUA BASIN WATER DISTRICT

PO Box 675 Joshua Tree, CA 92252 760-366-8438

## CITIZEN'S ADVISORY COMMITTEE APPLICATION

Name: *RICHARD FOUNTAIN*

Phone: *760 660 3510*

Residence Address:  
*61620 FOUNTAIN BLVD.  
JOSHUA TREE CA. 92252*

Email:

Mailing Address (if different):



How did you hear about the Citizen's Advisory Committee (CAC)?

*BOARD MEETING*

What is your interest in water?

*TO HAVE THE BEST WATER AND  
WATER DISTRICT IN THE MOKONGO BASIN*

How do you think you could contribute as a member of the CAC?

*PAST BOARD MEMBER*

Please return completed form to Marie Salsberry. 61750 Chollita Avenue , Joshua Tree, CA 92252

**Thank you for your interest!**



PO Box 675 Joshua Tree, CA 92252 760-366-8438

## CITIZEN'S ADVISORY COMMITTEE APPLICATION

Name: GERALD P. CALDERA

Phone: 760-228-2637

Residence Address:  
7685 VICTORIA AVE

Email: JPWOODWORKS  
@VERIZON.NET

Mailing Address (if different):

YUCCA VALLEY CA 92284

How did you hear about the Citizen's Advisory Committee (CAC)?

NEWS PAPER

What is your interest in water?

NEEDS TO SURVIVE

How do you think you could contribute as a member of the CAC?

RESPONSIBLE PERSON  
PAST PRESIDENT OF HOME OWNERS ASSOC  
HELD OFFICES OF SOME KIND IN THE PAST.  
"GO GETTER" LIKES TO GET THINGS DONE.




Please return completed form to Marie Salsberry, 61750 Chollita Avenue, Joshua Tree, CA 92252

Thank you for your interest!

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager 

TOPIC: GOVERNOR'S PROPOSAL TO ELIMINATE THE COLORADO RIVER BASIN REGIONAL WATER QUALITY CONTROL BOARD

RECOMMENDATION: That the Board take a position opposing the Governor's proposal to eliminate the Colorado River Basin Regional Water Quality Control Board.

ANALYSIS: The Governor's budget contains a proposal to eliminate the Colorado River Basin Regional Water Quality Control Board. Under the proposal Morongo Basin would be served by the Lahontan Regional Board which is headquartered in Lake Tahoe with an office in Victorville. Lahontan covers an area along the eastern border of California from Lake Tahoe as far south as the Victor Valley area.

The quality of water in the Joshua Basin Water District is overseen largely by the Regional Water Quality Control Board, Colorado River Basin Region, particularly by regulating the discharge of waste water. This is the board that determines the type of waste water treatment that is required by various developments. It is also the agency that has authority to require an entire community to treat its waste water. Joshua Basin Water District has been working closely with the Colorado Region in planning for its future waste water treatment.

The Colorado Regional Board is very familiar with the Morongo Basin and has been extensively involved with water quality issues here. In addition, Morongo has the advantage of the Hi Desert Water District General Manager serving on that Board which gives direct representation to our district.

Our understanding is that most of the staff would be retained under the proposal so that the savings in closing the Colorado Region would be marginal, but would be a significant inconvenience to our district and would require the Lahontan staff to become familiar with the Morongo Basin issues.

The Lahontan staff advises that their board meetings are alternated between Lake Tahoe and Victorville and that they consider items pertinent to Southern California when holding meetings in Victorville.

April 23, 2012

The Honorable Joe Simitian, Chair  
State Senate Budget and Fiscal Review Committee  
Sacramento, CA 95814

Dear Senator Simitian:

I am writing on behalf of our board of directors to express our opposition to the proposed elimination of the Colorado Regional Water Quality Control Board through reduction of Regional Boards from nine to seven. While on the surface the proposal to reduce the number of Regional Boards appears to streamline government and make it more efficient, there's no evidence to justify that the change is warranted or will achieve this goal.

The proposal to eliminate the Colorado Regional Board and divide its current responsibilities between the San Diego and Lahontan Regional Boards does not make geographic sense nor does it make practical sense. This proposal to eliminate the Colorado Regional Board was not one recommended by the Little Hoover Commission.

The Colorado region is primarily rural with significant agricultural interests and the prospect of merging the Board with an urban and metropolis board would create untenable competing interests. We are perplexed as to why communities and stakeholders served by the Colorado Regional Board were not consulted about the proposal nor given reasonable opportunities to protest.

We support the notion of efficient government but not at the sacrifice of common sense representation. Therefore we ask that you *not* implement the proposal to merge the Colorado Regional Water Quality Control Board, and that constituents and stakeholders currently served by the Board have ample opportunity to provide public input before a decision is rendered.

Respectfully,

Art Bishop, President  
Mojave Water Agency Board of Directors

Copies: MWA Board  
Governor Edmund G. Brown, Jr.  
State Senator Bob Dutton  
State Senator Jean Fuller  
State Senator Sharon Runner  
State Assemblywoman Connie Conway  
State Assemblyman Paul Cook  
State Assemblyman Tim Donnelly  
State Assemblyman Steve Knight

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Supervisor John J. Benoit, District 4

**SUBMITTAL DATE:** April 17, 2012

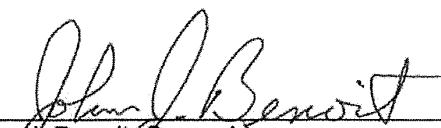
**SUBJECT:** Comments to Governor Brown regarding Regional Water Quality Control Board Restructuring Proposal

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Oppose the elimination of the Colorado River Region Regional Water Quality Control Board (RWQCB);
2. Authorize the chairman of the Board to send a letter to Governor Brown opposing his three-point proposal to restructure the Regional Water Quality Control Boards, and;
3. Direct the Executive Office to engage our legislative advocates to monitor and actively oppose this issue on behalf of the County.

**BACKGROUND:** Riverside County is unique as it is the only county in California to be regulated by three Regional Water Quality Control Boards (RWQCBs). The RWQCBs issue various water quality-related permits, certifications and activities that affect the County, including its cities, businesses and residents. These requirements profoundly impact public and private development, including road development and maintenance projects. Although the State Water Resource Control Board is charged by the California Constitution with overseeing and coordinating the regulatory activities of the RWQCBs, the SWRCB has not exercised its authority. The RWQCBs therefore operate with autonomy and have widely varying approaches to discharging their duties. As noted in a January 2009 Little Hoover Commission report evaluating the SWRCB and RWQCB effectiveness, this autonomy has resulted in "a system that lacks consistency, accountability and transparency, and is unable to match resources to priorities."

(Continued on Page 2)

  
\_\_\_\_\_  
John J. Benoit, Supervisor  
Fourth Supervisorial District

Prev. Agn. ref.

Dist. ALL

AGENDA NO. **3.34**



**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: Comments to Governor Brown regarding Regional Water Quality Control Board  
Restructuring Proposal  
DATE: April 17, 2012  
PAGE 2**

**BACKGROUND continued:** The Little Hoover Commission Report recommended 13 actions to address these issues. On March 14, the Governor proposed a budget trailer bill to SB900 that would have addressed two of the Little Hoover Commission's recommendations:

- 1) Reducing the Regional Board Members from 9 to 7 members, with membership based on a demonstrated interest and proven ability in the field of water quality;
- 2) Allowing the Governor to appoint a chairperson of each Regional Water Quality Control Board.

The budget trailer bill also included a third action not recommended by the Little Hoover Commission:

- 3) Eliminating the Colorado River Region Regional Water Quality Control Board. The portions of Riverside County that are currently regulated by the Colorado River Region Regional Water Quality Control Board would become part of the new San Diego and Colorado River Basin Regional Water Quality Control Board.

The budget trailer bill made it out of the Assembly Budget Committee and will be heard in the Senate on April 25, 2012.

County staff has reviewed the Governor's proposal, as well as comment letters on the proposal sent by the California State Association of Counties and the California League of Cities. Staff conclusions are summarized below:

- 1) The proposal to reduce the number of Board Members from 9 to 7 also eliminates the designated seats for local government representation on the Regional Boards. This was not part of the Hoover Commission's original recommendations. Dedicated local government representatives, who have historically been elected officials, better represent the interests of the general public and tend to bring the broadest perspectives to the decision-making process rather than representatives with a general interest in water quality. County staff recommend that the Governor's proposal be modified consistent with the recommendations of CSAC and the League of Cities to ensure dedicated seats for local government representation;
- 2) Along with CSAC and the League of Cities, we believe that the Board Chair should continue to be appointed by the Regional Board members;
- 3) The proposal to eliminate the Colorado River Region Regional Water Quality Control Board would effectively transfer control of the eastern half of Riverside County to the San Diego Regional Water Quality Control Board. This has very damaging potential consequences as the Colorado River Region Regional Water Quality Control Board has historically worked closely with Riverside and Imperial counties to address the significant and important issues of the Salton Sea. The regulatory transfer could significantly upset existing agreements and understandings related to management of the Salton Sea and its tributaries. Further, the San Diego Regional Water Quality Control Board has historically taken a "one size fits all" approach to regulation that could have significant negative ramifications to ephemeral desert ecosystems, local water supply management efforts and local municipal economies. The San Diego Regional Board is currently in the process of developing a single "regional" stormwater permit that is intended to serve the board's entire jurisdictional area including southwest Riverside County, southern Orange County and all of San Diego County.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Comments to Governor Brown regarding Regional Water Quality Control Board**  
**Restructuring Proposal**  
**DATE: April 17, 2012**  
**PAGE 3**

Should the Governor's proposal be enacted, we would expect the San Diego Regional Board to attempt to extend this permit to cover eastern Riverside County as well. Elimination of the Colorado River Region Regional Water Quality Control Board was not included in the Little Hoover Commission recommendations and Riverside County does not support it.



April 16, 2012

Subject: Elimination of the California Regional Water Quality Control Board – Colorado River Region

Dear Community Leaders,

On April 11, 2012, the California State Assembly Budget Subcommittee (No. 3 on Resources and Transportation) approved by a 4-0-1 vote the Governor's proposal to eliminate the California Regional Water Quality Control Board – Colorado River Region and reduce the number of board members on all state regional boards from nine to seven (see attached "Item to be heard"). While we support the reduction of the number of board members on all boards, as this will make it easier for each to have a quorum; we are not in support of the elimination of the Colorado Regional Board. The State Senate Budget Subcommittee will meet on April 25, 2012 to consider this item.

The proposal calls for the elimination of the Colorado Regional Board. It claims it merges two of the smaller regional water boards. The proposal is to split Region 7 by placing the Imperial Valley and the Coachella Valley in the San Diego Board area and place the Morongo Basin and Lucerne Valley in the Lahontan Board area. This will reduce our ability to effectively work with this regulatory agency, negatively impact our ability to represent community interests and increase the distance of travel to meetings (by up to nine-hours).

There are no specific details as to how the cost savings will be achieved and whether the cost-benefit of these savings has been evaluated against other options for State reorganization. There are other regions that encompass smaller geographic regions.

The Colorado region is one of the larger geographic regions representing significant issues such as the Salton Sea, Coachella Valley, Morongo Basin, Yucca Valley's septic issue, Lucerne Valley, etc (see attached map).

As Yucca Valley faces a tremendous challenge protecting groundwater supplies and complying with recently adopted septic discharge prohibitions, it is a critical time to maintain adequate representation. We also believe that as a rural region, the area will also experience increased



need to communicate with the Regional Board on issues arising from water resource protection and new development.

It is for these reasons the HI-Desert Water District is considering adoption of the attached resolution opposing the elimination of the Colorado Regional Board.

Sincerely yours,

  
Sarann Graham  
President of the Board of Directors

Enclosure





# Water Boards

STATE WATER RESOURCES CONTROL BOARD  
REGIONAL WATER QUALITY CONTROL BOARDS

P.O. Box 100, Sacramento, CA 95812-0100  
[www.waterboards.ca.gov](http://www.waterboards.ca.gov)

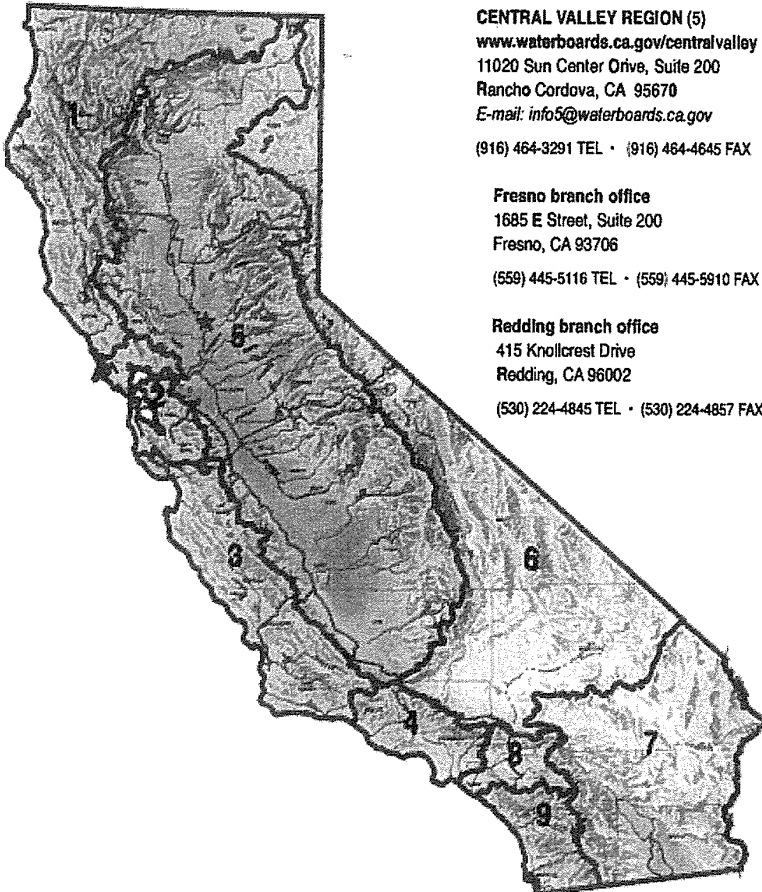
Office of Public Affairs: (916) 341-5254  
Office of Legislative Affairs: (916) 341-5251  
Office of the Ombudsman: (916) 341-5254

Water Quality Information: (916) 341-5455  
Water Rights Information: (916) 341-5300  
Financial Assistance Information: (916) 341-5700

## CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARDS

**NORTH COAST REGION (1)**  
[www.waterboards.ca.gov/northcoast](http://www.waterboards.ca.gov/northcoast)  
5550 Skylane Blvd., Suite A  
Santa Rosa, CA 95403  
E-mail: [info1@waterboards.ca.gov](mailto:info1@waterboards.ca.gov)  
(707) 576-2220 TEL • (707) 523-0135 FAX

**SAN FRANCISCO BAY REGION (2)**  
[www.waterboards.ca.gov/sanfranciscobay](http://www.waterboards.ca.gov/sanfranciscobay)  
1515 Clay Street, Suite 1400  
Oakland, CA 94612  
E-mail: [info2@waterboards.ca.gov](mailto:info2@waterboards.ca.gov)  
(510) 622-2300 TEL • (510) 622-2460 FAX



**CENTRAL COAST REGION (3)**  
[www.waterboards.ca.gov/centralcoast](http://www.waterboards.ca.gov/centralcoast)  
895 Aerovista Place, Suite 101  
San Luis Obispo, CA 93401  
E-mail: [info3@waterboards.ca.gov](mailto:info3@waterboards.ca.gov)  
(805) 549-3147 TEL • (805) 543-0397 FAX

**LOS ANGELES REGION (4)**  
[www.waterboards.ca.gov/losangeles](http://www.waterboards.ca.gov/losangeles)  
320 W. 4th Street, Suite 200  
Los Angeles, CA 90013  
E-mail: [info4@waterboards.ca.gov](mailto:info4@waterboards.ca.gov)  
(213) 576-6600 TEL • (213) 576-6640 FAX

**CENTRAL VALLEY REGION (5)**  
[www.waterboards.ca.gov/centralvalley](http://www.waterboards.ca.gov/centralvalley)  
11020 Sun Center Drive, Suite 200  
Rancho Cordova, CA 95670  
E-mail: [info5@waterboards.ca.gov](mailto:info5@waterboards.ca.gov)  
(916) 464-3291 TEL • (916) 464-4645 FAX

**Fresno branch office**  
1685 E Street, Suite 200  
Fresno, CA 93706  
(559) 445-5116 TEL • (559) 445-5910 FAX

**Redding branch office**  
415 Knollcrest Drive  
Redding, CA 96002  
(530) 224-4845 TEL • (530) 224-4857 FAX

**LAHONTAN REGION (6)**  
[www.waterboards.ca.gov/lahontan](http://www.waterboards.ca.gov/lahontan)  
2501 Lake Tahoe Blvd.  
South Lake Tahoe, CA 96150  
E-mail: [info6@waterboards.ca.gov](mailto:info6@waterboards.ca.gov)  
(530) 542-5400 TEL • (530) 544-2271 FAX

**Victorville branch office**  
14440 Civic Drive, Suite 200  
Victorville, CA 92392  
(760) 241-6583 TEL • (760) 241-7308 FAX

**COLORADO RIVER BASIN REGION (7)**  
[www.waterboards.ca.gov/coloradoriver](http://www.waterboards.ca.gov/coloradoriver)  
73-720 Fred Waring Or., Suite 100  
Palm Desert, CA 92260  
E-mail: [info7@waterboards.ca.gov](mailto:info7@waterboards.ca.gov)  
(760) 346-7491 TEL • (760) 341-6820 FAX

**SANTA ANA REGION (8)**  
[www.waterboards.ca.gov/santaana](http://www.waterboards.ca.gov/santaana)  
3737 Main Street, Suite 500  
Riverside, CA 92501-3339  
E-mail: [info8@waterboards.ca.gov](mailto:info8@waterboards.ca.gov)  
(951) 782-4130 TEL • (951) 781-6288 FAX

**SAN DIEGO REGION (9)**  
[www.waterboards.ca.gov/sandiego](http://www.waterboards.ca.gov/sandiego)  
9174 Sky Park Court, Suite 100  
San Diego, CA 92123  
E-mail: [info9@waterboards.ca.gov](mailto:info9@waterboards.ca.gov)  
(858) 467-2952 TEL • (858) 571-6972 FAX

★ State Water Resources Control Board (Headquarters)  
1001 I Street, Sacramento, CA 95814

State of California  
Edmund G. Brown Jr., Governor

California Environmental Protection Agency  
Linda S. Adams, Acting Secretary

State Water Resources Control Board  
Charles R. Hoppin, Chair

**Resolution No. 12-08**

**Resolution of the Board of Directors of  
the Hi-Desert Water District  
Opposing the Elimination of the  
California Regional Water Quality Control Board  
Colorado River Region #7**

**Whereas**, the Board Hi-Desert Water District (District) is a retail water provider and special district serving the community of 24,000 residents in Yucca Valley, Yucca Mesa and a portion of Joshua Tree, less than 30 miles north of Palm Springs; and

**Whereas**, the District is within the State Water Resources Board, Regional Water Quality Control Board – Colorado River Region 7, which encompasses a large and unique geographic region including the Salton Sea, Imperial Valley, Coachella Valley, Morongo Basin, Twentynine Palms Marine Base and whose mission it is to protect water quality, preserving water resources and preventing pollution nuisance, contamination, and degradation of the quality of water; and

**Whereas**, the Governor's proposal to is to eliminate the Regional Board 7 and combine the Morongo Basin with the Lahontan Region; thereby requiring the District to travel further for local representation (by as much as 9 hours), thereby, increasing local costs; and

**Whereas**, there is not sufficient evidence to warrant this increase of burden and costs to the local agencies and community members; and

**Whereas**, the District believes it necessary to retain adequate representation on regulatory matters affecting water quality within the District service area;

**Now and therefore be it resolved** by the Board of Directors of the Hi-Desert Water District, to oppose the elimination of the California Regional Water Quality Control Board – Colorado River Region 7; and

**Effective** upon adoption.

**Adopted** by the Board of Directors of the Hi-Desert Water District on April 18, 2012 by the following vote

Ayes:  
Noes:  
Absent:

Abstain:

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Sarann Graham, President of the Board of Directors

ATTEST:

(SEAL)

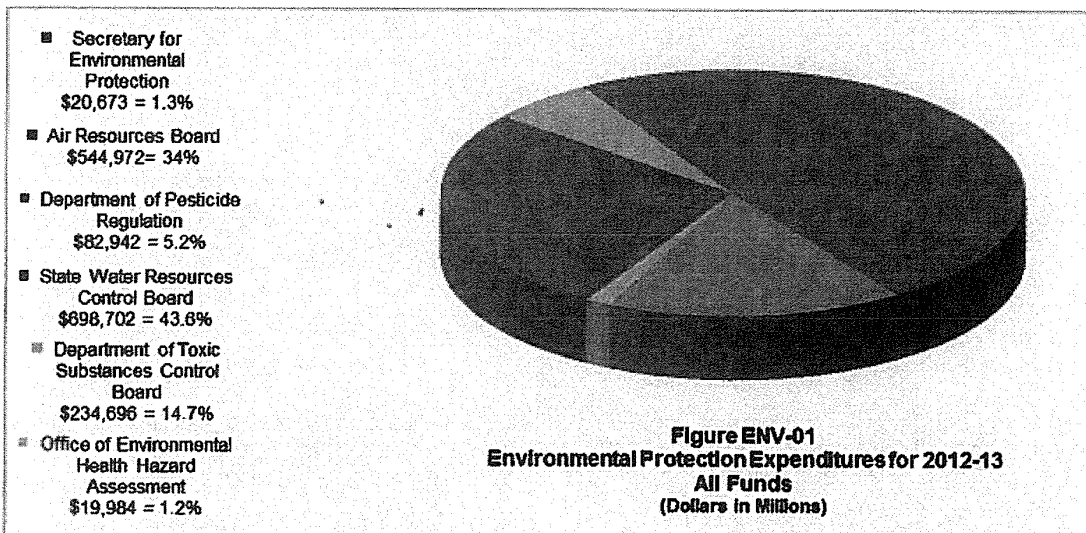
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Ed Muzik, Secretary of the Board of Directors

## ITEMS TO BE HEARD

### 0555 ENVIRONMENTAL PROTECTION AGENCY

California Environmental Protection Agency programs restore and protect environmental quality, and protect public health. The Secretary coordinates the state's environmental regulatory programs and ensures fair and consistent enforcement of environmental law, which safeguards the state's residents and promotes the state's economic vitality. The Budget proposes total funding of \$1.54 billion (\$43.1 million GF and \$1.5 billion other funds) and 4,294 positions for all programs included in this Agency. Total proposed state funds, excluding federal funds, certain non-governmental cost funds, and reimbursements equals \$1.3 billion. This represents approximately 1 percent of the State budget.



#### Presentation by Secretary Matt Rodriguez

**Items Proposed for Discussion.** The Governor's Budget proposes trailer bill language to eliminate or consolidate the following agencies under the Secretary for Cal/EPA:

- 1. Elimination of Various Underutilized Programs within the Department of Toxic Substances Control.** The Governor's Budget proposes to eliminate the following programs because they have outlived their purposes, are underutilized, or have been superseded by other programs: Expedited Remedial Action Program, Private Site Management Program, California Land Environmental Restoration and Reuse Act Program, Hazardous Waste and Border Zone Property Designations, Abandoned Site Assessment Program, Registered Environmental Assessor Program.
- 2. Reduction of the Number of Regional Water Boards.** The Budget proposes to reduce the number of Regional Water Boards by merging two of the smaller existing regional water boards. The proposal also reduces the number of members on the boards from nine to seven.



**LUCERNE VALLEY ECONOMIC DEVELOPMENT ASSOCIATION (LVEDA)**

TO: STATE WQCB  
STATE SENATE BUDGET SUBCOMMITTEE

From: Chuck Bell, Pres.  
P. O. Box 193  
Lucerne Valley, Ca 92356  
760 964 3118 [chuckb@sisp.net](mailto:chuckb@sisp.net)

Date: 4/23/12

RE: OPPOSITION TO THE ELIMINATION OF COL. RWQCB – AND TRANSFERRING  
LUCERNE VALLEY TO LAHONTAN'S JURISDICTION

LVEDA supports High Desert Water District's Resolution No. 12-08 in opposition to the elimination of the Col. Bd. (Region 7). Each Region with its individual watersheds – defined by surface drainage – has unique hydrological and cultural characteristics that are best dealt with by the Regions with boundaries currently in place. Any such transitions will certainly create political and resource conflicts/turmoil – and unknown expenses that will end up being more costly than the current programs.

Lahontan already has a jurisdiction that is too extensive. The rural issues in Lucerne Valley and the Morongo Basin would be trumped by those within its Mojave River Basin and Tahoe area focus.

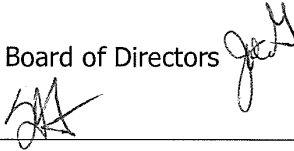
There are unlimited options for real budget cuts. This isn't one of them.

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

To: President and Board of Directors  
From: Susan Greer



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TOPIC: UPGRADE OF INCODE FINANCIAL SOFTWARE

RECOMMENDATION: Recommend that the Board authorize the software upgrade at a cost of \$65,000 to be scheduled and paid for in 2014

ANALYSIS: The District purchased the existing Tyler Technologies' Incode software in 2008. The software includes 14 different applications (utility billing, accounts payable, payroll, cost accounting, service orders, general ledger, inventory, etc.)

An upgrade, called Version X ("ten"), is available that will greatly improve the software as noted below. It is very popular and appointments to upgrade are currently being scheduled for the beginning of 2014 at which time our software will be six years old. We've talked and/or visited with two agencies that have implemented Version X—MWA and Phelan Pinon Hills CSD. Based on what we've learned we believe this upgrade will improve functionality while reducing staff effort. This project helps move us towards the Board's strategic plan directive of ensuring that the District's IT system will be fully functional by providing some significant improvements:

- ability to be less reliant on Incode for special programming
- advanced drill-down search, filter and sort features that will save time
- improved reporting formats and drill-down ability within reports that will save time
- increased ability to restrict data access that will improve system security; very important with identity theft and credit card security compliance requirements
- ability to integrate more easily with the SEMS

- software being used in the field, due to Version X's .Net framework and SQL language
- ability to expand the very restrictive project number field from 3 characters. In order to have a more meaningful numbering structure, more space is required.

Mojave Water Agency has indicated their intention to purchase whatever customization that they need and intend to maximize their training on the Version X product. They are receptive to including us in those endeavors if it will benefit us.

The proposal for the upgrade is attached, indicating a total cost of \$61,932 as indicated below:

<i>Description</i>	<i>Amount</i>
Software License	\$1,100
Professional services: implementation, training and migration services	51,000
Estimated Travel Expenses	<u>9,832</u>
TOTAL	\$61,932

We are requesting \$65,000 for the project, to provide a small contingency that allows for any additional expenses. We have already budgeted \$20,000 for software upgrades that won't be needed with this upgrade, resulting in an *additional cost* of \$45,000. Funding is included in the supplemental budget currently being prepared. Since implementation can't even be scheduled until 2014, the funds won't be spent until fiscal year 13/14, nearly two years from now. We need to issue a purchase order to Tyler Technologies to get on the implementation list; waiting will push the implementation date out even further.

FISCAL IMPACT: \$65,000 from the Equipment & Technology Fund.

After deducting for the recently-approved purchases of the hydro-vacuum and trucks, the balance in the fund is \$156,000 and will increase by \$100,000 at fiscal year-end, to \$256,000.

## 2.0 Tyler's V.10 Application Options

### Software Features

Tyler Technologies is dedicated to developing, implementing, and supporting software solutions that are tailored specifically for the public sector. Our specialized expertise and experience in this area gives us the ability to provide solutions that address the varied yet unique needs of this type of organization, positioning Tyler as a leading provider of software for the public sector. We are pleased to offer Incode products and services in response to your Request for Proposal and have included a description of the proposed applications.

#### Software Technology

Adhering to a philosophy of "progress without breakage" means we are continually evolving both the technology and the functionality of our product while successfully transitioning our customers through each subsequent generation of software. This strategy has contributed significantly to the 99% customer retention rate within the Incode customer base.



#### Technology Platform

Incode V.X is a true .NET application, built on the leading proven framework from the ground up. From user interfaces to the business layers and database structure, the system utilizes SQL 2008 databases and runs on Windows Server 2008.

Tyler's Smart Client provides the high performance of a rich-client model with thin-client manageability. Uses Tyler resources to manage deployment infrastructure and provide intelligent deployment and update services while reducing the burden of installation. Processing data is stored on client services, not workstations, reducing the burden of deployment and maintenance.

#### Modular Integration

The Incode Solution represents an extensive collection of integrated applications that are categorized into suites for Financial Management, Personnel Management, Citizen Services, Court Case Management, Public Safety Management, Mobile Applications, and Online Solutions.

Incode applications are organized in a modular design and utilize a single database for all applications with unlimited concurrent users. The two-fold benefit of this modular approach allows customers to purchase and implement specific applications as needs arise and budgets allow while still offering the integration necessary to maintain a productive and cost-effective environment as new modules are added.

## E-Government Capabilities

Incode's web solutions allow organizations to interact with the public and offer access to real-time information through website integration of Incode applications. These web applications are supported by Incode through InSite, a web portal accessed through a link on an existing website for the express purpose of serving the online components within the software. Tyler also offers services designed to facilitate the upload of payment information to the Incode applications.

## User-Defined customization

Every Incode application offers users the ability to define items unique to their site based on individual security.

- System Files – from basic definitions such as the format of the record identifier (chart of accounts, vendors, customers, etc.) to more complex options like budget checking
- Information Console – user-specific point of entry through Microsoft SharePoint to individual Incode applications and relevant data with the ability to view key performance indicators, summary data, and user-specific reports
- Screens – user-specific colors, processes, and access contingent on role-based security
- Tables – records specific to each application that are accessible and validated during data entry
- Fields – user defined data fields can be created in various modules of the Incode solution and the software allows for multiple customization options. Layouts can also be defined to control how user defined fields are displayed. When creating a user-defined field, a data type is selected; options include check box, date, number, single value or text. Examples of customization are field length, data input format and default value, as well as, characteristics such as “unique” and “required”

## Workspaces

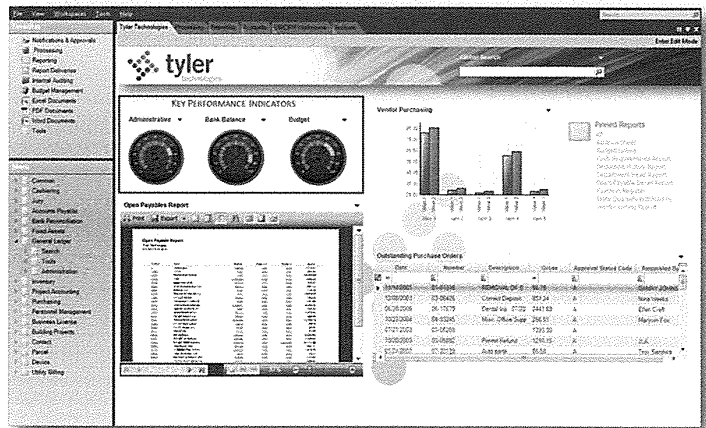
The Incode workspace is the user interface that runs in the program shell. Within the Workspace, an unlimited number of customized, roll-based Work Stations can be created. Work Stations can include data processing screens, custom widget spaces, search results, external web pages, and more.

## Widgets

Work Stations are customized by including user-defined widgets into the space. Types and content of Widgets are only limited by the user's imagination. Widgets can include application shortcuts or favorites menus, commonly searched terms, system notifications, pinned or scheduled reports, or any sets of data within the application. With Business Intelligence services, the client can use Tyler's resources to build custom widgets specific for that client office.

## Key Performance Indicators (KPI)

One of the strengths of roll-based work stations is the ability to add customized KPIs relevant to the users work processes. Whether that's a list of outstanding invoices to process, information about the



budget status, or number of employees on PTO at any given time, KPIs are an instrumental part of developing a more efficient work process.

#### Drill-Down Functionality

All data used from the application to create widgets are include full capability to drill down into the data, and jump to an active processing screens directly from a workspace. All data is automatically updated back into the widget displaying the data. All lists shown in the application are fully interactive and feature abilities for customized queries, column orders, groupings and more.

#### Workspace Management

User Workspace customization is client-defined. Users can be restricted to pre-defined templates for their user workspaces for a controlled work environment. By default, individual Work Stations are displayed as tabs within the Incode Shell, however they can also be undocked, and used as stand-alone screens- perfect for duel monitors and power-users.

#### Audit Trail Features

The Incode solution offers in depth auditing features to track transaction processes and updates to the database. Audit queries can be created from a centralized audit console within the software based upon specific criteria such as module, user, object, action performed and date range. Initial audit queries can be refined with search filters like “starts with”, “contains”, “ends with”, etc. Drill-down capabilities are available on queried records to allow one-click access to details for a record and audit trail history as well as linked objects. Additional features allow audit queries to be printed or exported in various file formats.

The Incode system creates audit trails for all transactions processed through the application. Users can drill-down on detailed transaction views to supporting details. Audit logging features provide an audit footprint for each processing step (input, last edit, approve, update, etc.), which includes user identification, date, and time. Transaction Registers provide detailed information including dates, general ledger account names and numbers, transaction amounts, descriptions, and references. And all transactions are branded with an identification that incorporates the source module from which they originated.

#### Workflow Capabilities

Incode software provides the tools to allow users to achieve optimal operational efficiency and organizational effectiveness. With that in mind, the Incode solution allows workflow to be built upon your organization’s business rules.

Incode software offers user-defined, role-specific workflow throughout the system. Role-specific processes offer the flexibility to customize workflow based on individual user security and duties. Individual steps within a process also allow for systematic review and suspension of transactions. Within the application’s workflow architecture, Incode offers internal notification and messaging capabilities such as the ability to incorporate alerts into processing steps (examples include alerting users of packets awaiting approval and alerting users of approved transactions). Integration with MS Outlook is also available to incorporate notifications with email. An audit footprint is associated with each processing step (input, last edit, approve, update, etc.), which includes user identification, date, and time.

## Report Services

Beyond the extensive query capabilities available, Incode software also includes standard reporting and analysis tools and an integrated Report Writer for creating ad-hoc reports. All reports in Incode software can be previewed through a viewer with user-defined display parameters, layouts, formats, and printer options. The viewer provides search and go to functionality as well as drill-down options directly to the related data within the software.

Reports can be printed from the viewer at any time or exported to a variety of formats including, but not limited to, Microsoft Word and Excel, PDF, HTML, JPEG, CSV, EMF, and XML formats. Reports can be scheduled to run automatically at user-specified times in addition to automatic delivery to designated personnel. The Report Writer also allows users to modify existing reports as needed and design new reports more unique to their organization.

**Open Payable Detail Report**  
 Tyertown USA  
 12/9/2009 9:04:02 AM

Vendor 00013  
 Name AIG VLLIC

Invoice	Item Date	Due Date	1099 Y	Bank	ACCOUNTS PAYABLE
0101000001	3/10/2009	4/9/2009			
Description	2 line items, Item 2=split and FA	Post Date	3/10/2009	Disc Date	3/20/2009
	Payments	0.00	Discounts	0.00	Amount
					Balance
					2,011.55
Fund	Account Number	Account Name	Amount		
01	01-1000-1-00000	MAINTENANCE SUPERVISION SALARY	419.02		
01	01-1000-1-00100	MAINTENANCE OF OVERHEAD LINES	552.48		
01	01-1000-1-04000	FUEL EXPENSE	1,040.05		
Invoice	Item Date	Due Date	1099 Y	Bank	ACCOUNTS PAYABLE
0101000001	3/10/2009	4/9/2009			
Description	TEST SPLIT DIST USING PERCENTAGE	Post Date	3/10/2009	Disc Date	3/20/2009
	Payments	0.00	Discounts	0.00	Amount
					Balance
					2,011.55
Fund	Account Number	Account Name	Amount		
01	01-1000-1-00000	MAINTENANCE SUPERVISION SALARY	419.02		
01	01-1000-1-00100	MAINTENANCE OF OVERHEAD LINES	552.48		
01	01-1000-1-04000	FUEL EXPENSE	1,040.05		

## Documentation

Tyler's Incode application documentation is online and includes both operator and administrative functions. Documentation is included for all release versions of Incode software and is updated as new versions of the software are released. The documentation includes a table of contents, index, key word search, and bookmark capabilities and is also available to users as context-sensitive Help. Users have the ability to e-mail or generate a fax sheet for support requests directly from within the Help. Additionally, they have direct access to the Incode customer web site at [www.e-Incode.com](http://www.e-Incode.com) to log support requests, query the knowledge base for frequently asked questions, participate in user group discussions, and download updates via secure connection.

## Quality Assurance

Tyler incorporates an extensive Quality Assurance process in the development of our software products. Members of the Incode Quality Assurance team specialize in specific areas of the product line consistently expanding their expertise in that specialty. The appropriate team member is assigned to test the form and function of each component of a new application as well as integration with other Incode applications.

The applicable team member also ensures that any software enhancements perform as expected and validates that any changes made do not have an adverse effect on related programs and systems. In addition to this in-house testing, each new release of Incode software undergoes extensive Beta testing at a number of customer sites to ensure its reliability in the field.

## System Security

Incode offers a variety of security options.

- Form Based – the user must specify login credentials each time the software is executed
- Domain Based – user information is pulled from the Windows Domain and checked against the database
- Mixed Mode – user information is first pulled from the Windows Domain and checked; on failure of these credentials, the user is able enter the credentials by hand
- Active Directory – user information is pulled from the Windows Domain and queried against the Active Directory structure
- Single Machine – a single machine can be excluded from the above modes or set to one of the above modes exclusively

Security within the software supports both individual and group permissions simultaneously. These permissions can be assigned to individual applications and programs within applications. The software also tracks which programs are executed and by whom. The system logs information such as date, time, user, program name, and system message for each entry. Other security options available in a number of Incode applications include fund, department, record, tab, and field.





## Proposal - v.X Migration

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*Presented to:*

**Susan Greer**

Assistant General Manager/Controller  
Joshua Basin Water District  
31750 Collita Road  
PO Box 675  
Joshua Tree, CA 92252-2348  
(760) 366-2042  
sgreer@jbwd.com

*Proposal date:*

April 4, 2012

*Submitted by:*

Robin Reeves  
(800) 646-2633  
robin.reeves@tylertech.com

Tyler Technologies  
Local Government Division  
5519 53rd Street  
Lubbock, Texas 79414

**Investment Summary**

Susan Greer  
 Joshua Basin Water District  
 April 4, 2012



**Cost Breakdown**

Proposal Valid for 120 days

<b>Software</b>	<b>Cost</b>	<b>Annual Fees</b>
License Fees	1,100	19,385
Custom Interface/Programming	-	263
	<b>1,100</b>	<b>19,648</b>
<b>Tyler On-Demand</b>	<b>Cost</b>	<b>Annual Fees</b>
Tyler Online Training Center(Current Subscriber)		1,500
	-	<b>1,500</b>
<b>Professional Services</b>	<b>Cost</b>	
Implementation Services	7,000	
Professional Services	44,000	
	<b>51,000</b>	
<b>Project Total</b>	<b>52,100</b>	<b>21,148</b>

Estimated Travel Expenses 9,832

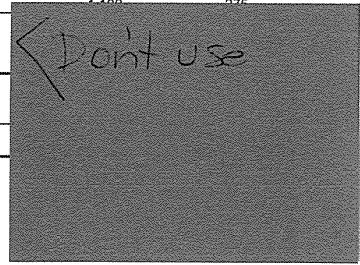
*Note: Travel Expenses are billed as incurred based on Federal IRS per diem standards.*

**Software Licenses**

Susan Greer  
 Joshua Basin Water District  
 April 4, 2012



Application Software	QTY	License Fee	Annual Maintenance
<b>Incode Financial Management Suite</b>	1		5,529
<b>Incode Financial Applications</b>			
Core Financials (General Ledger, Budget Prep, Bank Recon, Accounts Payable)			
Purchasing			
Fixed Assets			
Inventory Control			
Project Accounting			
<b>Incode Personnel Management Suite</b>	1		3,336
<b>Incode Personnel Management Applications</b>			
Personnel Management (Payroll & Human Resources, FMLA Leave Tracking, Benefits Administration, Position Control/Budgeting)			
Employee Self Service (Number of FTE Employees)	21		
(Employee Portal, Leave Tracking, Time Request & Approval)			
ESS Time & Attendance (Number of FTE Employees)	21		
<b>Incode Customer Relationship Management Suite</b>	1		7,722
Utility CIS System			
Third Party Printing Interface Fee			
Utility Handheld Meter-Reader Interface			
Cashiering (Support Credit/Debit Cards via ETS, PCI Compliant)			
Work Orders			
Miscellaneous Accounts Receivable			
Incode Mapping			
Utility Billing Extract to San Bernadino County			
<b>Incode Content/Document Management Suite</b>	1	0	2,523
<b>Incode Printing and Reporting Solutions</b>			
Standard Forms Package (4 Overlays for Financials, 4 Overlays for Court, 5 Overlays for CRM, 1 Logo)			
Report Designer			
<b>Content Management</b>			
Tyler Content Manager Limited Edition (TCM LE) (Unlimited Full & Retrieval Licenses, Multiple Scan Stations, Advanced OCR, Content Manager for Incode Applications)			
<b>System Software</b>			
<b>System Software (for Mobile Service Orders)</b>			
Citrix Access Essentials (5 User)	1	1,100	
<b>Incode Application Subtotal</b>			
<b>Application and System Software Total</b>			



**Professional Services**

Susan Greer  
 Joshua Basin Water District  
 April 4, 2012



Application Professional Services Summary	Estimated Hours	Estimated Services
<b>Implementation Services</b>		
Financial Suite	16	2,000
Personnel Management Suite	40	5,000
Content Management Suite	0	0
<b>INCODE Professional Services</b>		
INCODE v.X Migration Services	240	40,000
Final Implementation Services	32	4,000
<b>Professional Services Total</b>	<b>328</b>	<b>51,000</b>

Implementation Services Breakdown	QTY	Estimated Hours	Estimated Services
<b>Incode Financial Suite</b>			
<b>Incode Financial Applications</b>			
Core Financials <i>(General Ledger, Budget Prep, Bank Recon, Journal Entry Import, Exporter, Accounts Payable, Report Writer Viewer)</i>	1		
Purchasing	1		
Fixed Assets	1		
Inventory Control	1		
Project Accounting	1		
Financial Consulting Services		16	2,000
<b>Financial Suite Subtotal</b>		<b>16</b>	<b>2,000</b>
<b>Incode Personnel Management Suite</b>			
<b>Incode Personnel Management Systems</b>			
Personnel Management <i>(Payroll &amp; Human Resources, FMLA Leave Tracking, Benefits Administration, Position Control/Budgeting)</i>	1		
Employee Self Service <i>(Number of FTE Employees)</i> <i>(Employee Portal)</i>	21	12	1,500
ESS Time & Attendance <i>(Number of FTE Employees)</i>	21	12	1,500
Personnel Management Consulting Service		16	2,000
<b>Personnel Management Suite</b>		<b>40</b>	<b>5,000</b>
<b>Incode Customer Relationship Management Suite</b>			
Utility CIS System	1		
Third Party Printing Interface Fee	1		
Utility Handheld Meter-Reader Interface	1		
Cashiering <i>(Support Credit/Debit Cards via ETS, PCI Compliant)</i>	1		
Work Orders	1		
Miscellaneous Accounts Receivable	1		
INCODE Mapping	1		
<b>Customer Relationship Management Suite Subtotal</b>			

**Professional Services**

Susan Greer  
Joshua Basin Water District  
April 4, 2012



<b>Incode Content Management Suite</b>		
<hr/>		
<b>Incode Printing and Reporting Solutions</b>		
Standard Forms Package <i>(4 Overlays for Financials, 4 Overlays for Court, 5 Overlays for CRM, 1 Logo)</i> Report Designer	1	
<b>Content Management</b>		
Tyler Content Manager Limited Edition (TCM LE) <i>(Unlimited Full &amp; Retrieval Licenses, Multiple Scan Stations, Advanced OCR, Content Manager for Incode Applications)</i>	1	
<hr/>		
<b>Content Management Suite Subtotal</b>	0	0
<b>Professional Services</b>		
<hr/>		
<b>INCODE Migration Services</b>		
INCODE v.X CIS Migration Services	80	10,000
INCODE v.X Financial Migration Services	80	10,000
INCODE v.X Personnel Management Migration Services	80	10,000
INCODE v.X CRM Migration Services	80	10,000
<b>Professional Services</b>		
Advanced v.X Training	32	4,000
<hr/>		
<b>Professional Services Subtotal</b>	352	44,000

**Software Licenses - Optional (not included in summary totals)**

Susan Greer  
 Joshua Basin Water District  
 April 4, 2012



Application Software	QTY	License Fee	Annual Maintenance
Incode Content/Document Management Suite	1	3,575	894
Output Director Output Director (Base Engine, Print Output Channel, Tyler Content Management Output Channel, Email Output Channel)			
<b>Incode Application Subtotal</b>		<b>3,575</b>	<b>894</b>
<b>Application and System Software Total</b>		<b>3,575</b>	<b>894</b>

**Software Licenses**  
 Susan Greer  
 Joshua Basin Water District  
 April 4, 2012



Custom Programming	QTY	Base License Fee	Estimated Hours	Estimated Services	Annual Maintenance
<b>Custom Interface/Custom Programming</b>					
Custom Program to Handle Additional Deposits	1			0	263
					0
<b>Custom Interface/Programming Subtotal</b>		0	0	0	263
<b>Custom Interface/Programming Total</b>		0	0	0	263

**Tyler OnDemand - Tyler Online Training Center**

Susan Greer  
Joshua Basin Water District  
April 4, 2012



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Current Subscriber	Annual Fee
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**Tyler OnDemand - Tyler Online Training Center**

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Tyler Online Training Center	1,500
<ul style="list-style-type: none"><li>- Open for ALL Employees during subscription period</li><li>- Unlimited Access to Live Webinars and Archived Webinars</li><li>- Unlimited Access to Self Study Courses</li><li>- Available 24/7</li><li>- Continuing Professional Education Credit with NASBA Standards</li><li>- Live Webinars conducted monthly with an estimated 60 webinars annually</li><li>- Over 45 Online Self Study Courses</li><li>- General business knowledge and Microsoft Office software based courses</li><li>- Courses cover a variety of topics that span the entire suite of INCODE applications<ul style="list-style-type: none"><li>o Financials</li><li>o Payroll</li><li>o Human Resources</li><li>o Utility Billing</li><li>o CRM</li><li>o Court</li><li>o Public Safety</li></ul></li> <li>- New Webinars and Self Study Courses added throughout the year</li></ul>	

Tyler Technologies, Inc. is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the 1

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Tyler Online Training Center Total	1,500
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JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

To: President and Board of Directors  
From: Susan Greer



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TOPIC: Labor Compliance Services for Prop 84 Grant

RECOMMENDATION: Recommend that the Board take the following actions:

1. Approve proposal for labor compliance services for the Recharge Project from LCP Inc. in the amount of \$32,600, including 10% contingency
2. Authorize General Manager to enter into contract with LCP Inc. for labor compliance services

ANALYSIS: The District has been awarded a \$3M grant from Prop 84 funds for the Recharge Project. One of the Prop 84 grant requirements is a labor compliance program and the District already committed to complying with that requirement through the grant application process.

A labor compliance program must be approved by the Department of Industrial Relations and is used primarily to ensure that workers employed by contractors are paid according to minimum labor standards. Labor compliance programs must include at least the following requirements:

- All bid invitations and contracts shall contain language concerning the requirements of the labor compliance program.
- A pre-job conference shall be conducted with the contractor and subcontractors to discuss federal and state labor law requirements applicable to the contract.
- Project contractors and subs shall maintain and furnish a certified copy of each weekly payroll.
- The awarding body shall review and audit payroll records to verify compliance.
- The awarding body shall withhold contract payments when payroll records are delinquent or inadequate.
- The awarding body shall withhold contract payments when, after investigation, it is established that underpayment has occurred.

While there is no requirement for the District to use a third party

contractor for this service, we have no in-house expertise in this area and, based on the proposals received, it requires a substantial amount of work, above and beyond our current workload. We also need to move forward quickly to ensure that the project bid documents and contracts include the required language. Therefore, I solicited proposals for this service from three different companies. Proposals below are based on the 18-month construction phase and the \$7.4M construction cost.

Name	Not to exceed price
LCP Inc., Riverside	\$29,665
Alliant Consulting, Redlands	\$48,600
N. Valley Labor Compliance Services, Yuba City	\$48,875

There is a significant difference between two of the proposals and the third, with the lowest proposal being 39% lower than the highest proposal. The other two bids are virtually identical. I assume the bid from N. Valley reflects that they are located in Yuba City and there will be travel and additional time involved. I don't know why the proposal from Alliant in Redlands is so much higher than the proposal from LCP Inc. in Riverside except that their pricing methodology is completely different from the other two. Their price is based on the project cost and not the number of hours of work, as with the other two proposals.

I verified with LCP Inc. that all expenses were included in their proposal and that certain tasks spelled out in more detail in the other proposals were also included in their scope of work.

Several governmental agency references were provided and checked. All references reported very good or excellent results and indicated that LCP Inc. provides a turn-key labor compliance program and perform as expected and on time. I was concerned about the low bid and the references indicated the same concern initially. Each reference has worked with them on more than one project and reported that they never came back for more money and always kept costs within the not to exceed proposal amount. One reference reported that he just can't say enough good things about the company.

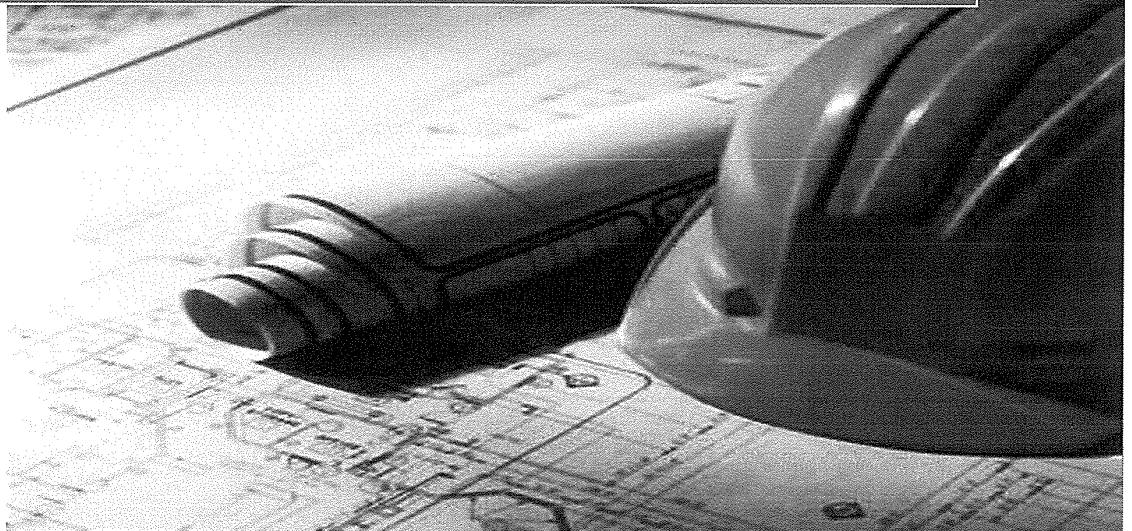
All proposals submitted comply with the program requirements as established in the Labor Code. All three companies currently have approved labor compliance programss with the Department of Industrial Relations. I see no discrepancy or shortcoming in

the cheapest proposal from LCP Inc. and they were the first third-party in the state to obtain a Department of Industrial Relations-approved labor compliance program. Based on scope of work, price and references, I recommend approval of the proposal from LCP Inc for labor compliance services.

**FISCAL IMPACT:** \$32,600, including the customary contingency of approximately 10%. We don't anticipate any extras with the not-to-exceed proposal, but we don't want any delays. Funding will come from grants.

Submitted to  
Joshua Basin Water District

# PROPOSAL FOR LABOR COMPLIANCE SERVICES



Submitted by:



**LCP Inc.**  
LABOR COMPLIANCE PROVIDERS

1168 E. La Cadena Dr., Suite 201  
Riverside, CA 92507

Phone: (951) 686-3482

Fax: (951) 346-0545

Email: [inbox@mylcp.org](mailto:inbox@mylcp.org)

Website: [WWW.MYLCP.ORG](http://WWW.MYLCP.ORG)



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**Section 2 PROPOSAL LETTER**

Dear Ms. Greer:

We appreciate this opportunity to provide our proposal to provide labor compliance services for the Joshua Basin Water District's Prop. 84-funded construction project.

Labor Compliance Providers Inc. (herein referred to as LCP, Inc.) provides full service labor compliance program services whose staff has nearly two decades of cumulative experience monitoring compliance upon public works construction projects throughout the State. Prior to the establishment of the State's Compliance Monitoring Unit, LCP, Inc. was the first third-party to obtain a Department of Industrial Relations (DIR)-approved Labor Compliance Program—in fact, I personally authored the LCP-application template that many firms used after our approval. Since new State regulations now require Awarding Bodies to apply for their own DIR-approved LCP (when carrying out projects with Prop. 84 funding), LCP, Inc. is more than qualified to assist the Joshua Basin Water District with this DIR-approval application process.

LCP, Inc. has a systematic approach to monitoring and enforcing compliance, which has earned us the respect as leaders in the compliance industry. To say we're experienced with monitoring compliance on State public works projects is an understatement—we're considered experts in this field. I personally developed California's first DIR 3rd-party Labor Compliance Program and our proposed Project Manager has provided labor compliance monitoring & enforcement on over \$6 billion dollar's worth of public works projects—including water projects and small-to-large projects worth over \$100 million. Furthermore, our organization's labor compliance wage assessments have accounted for nearly half of the State of California's total Civil Wage & Penalty Assessments issued in 2008 & 2009.

We look forward to the opportunity to further discuss our qualifications with you and/or your staff. Please feel free to call me at (951) 686-3482.

Respectfully,  
James Reed  
LCP Inc. - Administrator

### **Section 3 STATEMENT OF EXPERIENCE**

#### **■ EXPERIENCE IN PROVIDING LABOR COMPLIANCE SERVICES TO PUBLIC ENTITIES**

The parent organization of Labor Compliance Providers, Inc. (herein referred to as LCP, Inc.) has been monitoring labor compliance on public works contracts since 1988. LCP, Inc., a California corporation, was established in 2003 for the purpose of monitoring and enforcing prevailing wage compliance upon federal (Davis Bacon) projects and public works projects mandating a California Department of Industrial Relations (DIR)-approved Labor Compliance Program. LCP, Inc. has the distinguished reputation of being the first consultancy in the State of California to receive an “approved” status for a Labor Compliance Program by the California Department of Industrial Relations (DIR) pursuant to Labor Code §1771.7 (*State LCP ID number: 2002-00001*).

As evidence of our excellence in providing labor compliance monitoring and enforcement services, our organization’s labor compliance wage assessments have accounted for nearly half of the State of California’s Division of Labor Standards & Enforcement total Civil Wage & Penalty Assessments in 2009 & 2010 (Source: State of California 2010 Annual Report on the Effectiveness of Bureau of Field Enforcement; page 7). *To say we’re knowledgeable in labor compliance is an understatement—we’re considered experts in this field.*

The staff at LCP, Inc. has worked for numerous public agencies—on tiny public works expansion projects to multi-billion dollar projects of significance. We have complete knowledge and specific experience with all aspects of Federal and State prevailing wage compliance requirements. Since its inception, LCP, Inc. has only provided its services to public works entities. Our specific experience relative to each item identified under the RFP’s “Scope of Services” is further described under “Section 10—Work Plan & Schedule”

The staff at LCP, Inc. has performed labor compliance services on numerous public works projects—from tiny security camera upgrades to multi-billion dollar infrastructure projects. The following is a summarized listing of relevant public works projects in descending order of construction value for which LCP, Inc. staff has performed labor compliance monitoring and enforcement services upon (either for LCP, Inc. or with other compliance firms) within the last five (5) years.

**COMBINED STAFF PROJECT EXPERIENCE / RELATED EXPERIENCE**

*(In descending order of construction value)*

Staff Performed on Project  
(With LCP, Inc. or other firms)

Partial List of Project Experience:	Staff Performed on Project (With LCP, Inc. or other firms)				Reference Provided
	James Reed	Sophia Espinoza	Isabel Ayala	Our Team of Site Investigators	
San Bernardino City Unified School District, \$830 million modernization, 1/07 – 8/09		✓		✓	
Long Beach Community College District, \$616 million mod & new construction, 7/05 – 8/09		✓		✓	
College of the Desert, \$480 million modernization, 8/07 – 8/09		✓		✓	
City of Perris - Landscape & Park Improvements - \$440 million, Davis-Bacon, 10/08 – 6/09		✓		✓	
CA Dept. Veteran's Affairs, \$300 million Veteran's housing construction, 6/07 – 1/09	✓			✓	
Rio Hondo Community College District, \$250 million bond construction, 2/05 – 8/09		✓		✓	
Norwalk-La Mirada Unified School District, \$246 million modernization, 8/03 -8/09		✓		✓	
Simi Valley Unified School District, \$180 million modernization, 8/07 – 8/09		✓		✓	
Inglewood Unified School District, \$131 million modernization, 2/04 – 8/09		✓		✓	
County of San Bernardino, \$91 million jail modernization, 12/11 – Expected: 8/13	✓	✓	✓	✓	✓
Alhambra Unified School District, \$85 million modernization, 6/04 – 1/08		✓		✓	
City of Long Beach – Marina Replacement Project, \$80 million modernization, 9/07 – 8/09		✓		✓	
Santa Barbara School District, \$67 million modernization, 8/07 – 8/09		✓		✓	
San Bernardino Community College District, \$48.9 million modernization, 4/08 – 8/09		✓		✓	
Antelope Valley Union High School District, \$35 million mod & new construction, 8/07 – 8/10	✓	✓		✓	
Palmdale School District, \$32 million construction, 6/06 – 5/09	✓			✓	
Santa Maria-Bonita School District, \$30 million mod & new construction, 12/04 – 2/09	✓			✓	
San Jacinto Unified School District, \$29 million bond construction, 8/07 – 8/09		✓		✓	
Eastern Municipal Water District, \$26 million mod/new construction, 5/11 – Expected: 12/13	✓	✓	✓	✓	✓
Mojave School District, \$26 million modernization and new construction, 6/07 – current	✓	✓	✓	✓	
Brea-Olinda Unified School District, \$25 million modernization construction, 11/06 – 7/09		✓		✓	
CSU - Channel Islands, \$23 million, Student housing construction phase 2, 10/06 – 6/07	✓			✓	
Rancho California Water District, \$20 million, Davis-Bacon / ARRA-funded, 12/09 - current	✓	✓	✓	✓	✓
Palm Springs Unified School District, \$20 million bond construction, 8/07 – 8/09		✓		✓	
Perris Unified School District, \$19 million; school modernization, 3/12 – Expected 8/12	✓	✓	✓	✓	
City of Long Beach - Public Safety Building, \$18 million; Jail modernization, 9/02 – 1/05		✓		✓	
Santa Ana Unified School District, \$12 million mod & and new construction, 7/09 – current	✓	✓	✓	✓	
City of Long Beach - MacArthur Park Library, \$6 million, 12/05 – 9/07		✓		✓	
Southern Kern Unified School District, \$5.9 million mod & new construction, 4/09 - current	✓	✓	✓	✓	
County of Riverside - Economic Development Agency, \$5.5 million Library, 3/09 - current	✓		✓	✓	
City of Riverside Public Utilities Department, \$5 million water main projects, 3/08 – 2/09	✓			✓	
City of Long Beach - Convention Ctr. Theater Roofing, \$5 mil. modernization, 8/07-11/07		✓		✓	
County of San Bernardino, \$1M Joshua Tree Solar & \$100K Security upgrade, 9/11 – Expected: 4/12	✓	✓	✓	✓	✓
Compliance monitoring on <b>100's of California public works projects</b> via Center for Contract Compliance	✓		✓	✓	





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## **Section 4 PROPOSAL DESCRIPTION**

### **■ BRIEF STATEMENT OF PROPOSED SERVICES**

Our experience in providing labor compliance services to public entities and/or major construction projects spans the gamut of the compliance spectrum. A detailed explanation of our proposed scope of services is provided under Section 6: Work Plan & Schedule. As requested, a brief statement of our proposed services includes, but is not limited to:

- Prepare the District's Labor Compliance Program (LCP) application for submittal & approval by the Department of Industrial Relations
- Conducting pre-bid and pre-construction meetings to educate contractors on labor compliance requirements of the project; prepare all necessary documentation (forms, jobsite signage, wage determinations, etc.) for distribution at meetings;
- Auditing certified payroll records & related documentation to assure compliance with prevailing wage laws/regulations;
- Reviewing contractor invoices to ensure all required documentation is properly submitted
- Early identification of labor compliance violations and proactively working to resolve issues at the lowest possible level;
- Ensuring compliance with apprenticeship laws/regulations, fringe benefit & training fund contributions;
- Validating payments of training and benefit contributions; and
- Conducting on-site inspections and worker interviews to corroborate against payroll records;
- Providing public agency clients with monthly compliance status reports and progress payment recommendations based on the contractor's level of compliance with labor laws/regulations;

**Section 5 PROJECT TEAM ORGANIZATION CHART**

Staffing for LCP, Inc. is provided under an agreement by its parent corporation. Our Organization Chart follows the Organizational Framework for the proposed project team. Our Staffing Plan contains our “key staff” that LCP, Inc. anticipates will have primary contract responsibility and be directly involved in providing labor compliance services to the District.

<b>STAFFING PLAN / ORGANIZATIONAL FRAMEWORK</b>	
<b>JAMES REED</b>	<p><b>LCP, INC. - EXECUTIVE DIRECTOR / ADMINISTRATOR</b></p> <p><u>Major Responsibilities:</u></p> <ul style="list-style-type: none"> <li>• Direct point of contact with District relative to contract/administrative matters</li> <li>• Responsible for allocation of staff resources and assignments</li> <li>• Ensures our Labor Compliance team is monitoring compliance with all requirements of the DIR, California Labor Code, California Code of Regulations, and any other applicable local, state, and federal regulations</li> </ul> <p><u>Education:</u> California State University, Polytechnic - Pomona</p> <p><u>Experience &amp; Professional Credentials:</u> Mr. Reed is intimately familiar with prevailing wage laws and compliance, having <i>authored the first state-approved 3<sup>rd</sup>-party Labor Compliance Program</i>. He also knows the construction process, <i>having been a general engineering contractor</i> in California for over 26 years, which motivates him to manage a compliance project that can be completed on time, within budget, and most importantly—in observance of State/Federal statutes. Mr. Reed has often provided training sessions to agency representatives and contractors to educate them on labor compliance laws and regulations.</p>
<b>SOPHIA ESPINOZA</b>	<p><b>LCP, Inc. - PROJECT MANAGER</b></p> <p><u>Major Responsibilities:</u></p> <ul style="list-style-type: none"> <li>• Directs staff in management of labor compliance monitoring, enforcement activities</li> <li>• Chief compliance officer responsible for conducting payroll audits and reviewing contractor’s compliance with prevailing wage &amp; apprenticeship laws/regulations</li> <li>• Verifies any compliance issues identified by her staff and works to resolve issues at lowest possible level</li> <li>• Ensures Field Investigator is conducting job site inspections &amp; worker interviews</li> <li>• Reviews contractor invoices and provides progress payment recommendations based on documentation submittals/compliance</li> <li>• Assists the District and contractors with completion of required documentation</li> <li>• Prepares all deliverables and compliance reports</li> </ul> <p><u>Education:</u> UC Los Angeles (UCLA), B.A. - 2001</p> <p><u>Experience &amp; Professional Credentials:</u> Ms. Espinoza has over 9 years of professional labor compliance experience which was gained through her monitoring and enforcement efforts</p>



on over \$6 billion dollars worth of public works projects. She has experience monitoring labor compliance on jail expansion / modernization projects, in addition to compliance on California public works & Federal Davis-Bacon construction projects. Her professional background includes serving as a trainer / facilitator at numerous prevailing wage compliance seminars held for public agency representatives, labor unions, and contractors to educate them on the rules and regulations of prevailing wage compliance. Ms. Espinoza has also provided testimony to the Director of the California DIR Legal Unit regarding legislation affecting prevailing wage compliance monitoring and enforcement.

**ISABEL  
AYALA**

**LCP, Inc. - COMPLIANCE ANALYST**

Major Responsibilities:

- Assists with conducting audits and reviewing contractor’s compliance with prevailing wage & apprenticeship laws/regulations
- Provides clerical support to Labor Compliance Team with data entry of received documents, payroll data, audit correspondence, etc.
- Assists with contractor education activities, pre-construction meetings, etc.

Education: Riverside Community College, 1993

Experience & Professional Credentials: Ms. Ayala has over 14 years experience assisting Compliance Officers/Investigators with monitoring & enforcing compliance with prevailing wage laws. Her daily functions as a Compliance Analyst for LCP, Inc. include reviewing contractor payroll records, fringe benefit reports, training contributions, and apprentice utilization. Ms. Ayala implements LCP, Inc.’s proprietary Audit Methodology Checklist System as part of her compliance monitoring efforts, which ensures that each/every project contractor is receiving a comprehensive review according to the same set of standards.

**ARMANDO  
RIVAS**

**LCP, Inc.- FIELD INVESTIGATOR**

Major Responsibilities:

- Conducts worker interviews & provides construction job-site reviews

Education: Crafton Hills College, A.A. 1996

Experience & Professional Credentials: Mr. Rivas has a complete working knowledge of all aspects of prevailing wage compliance requirements, which was gained through his 16 years as a former San Bernardino Police Officer and 4 years serving as a Labor Compliance Investigator. As a Field Investigator he monitors and enforces public agency & contractor compliance with prevailing wage laws on public works projects. He is assigned to the San Bernardino County project area and is already currently monitoring projects in/throughout Joshua Tree—including work at a County Office Building solar project in Joshua Tree, CA—making the monitoring of this Project a seamless addition to his work schedule. Mr. Rivas is also bi-lingual in English/Spanish, which makes communicating with the contractor’s non-English speaking workforce easy and efficient.

## **Section 6 WORK PLAN & SCHEDULE**

### **■ SCOPE OF SERVICE WORK PLAN**

Below is a summary of how the Project will be monitored according to the following measurable Work Plan tasks. The following represents, but is not limited to, the scope of services and processes that will be provided to the District for completing tasks in a timely and cost effective manner.

#### **TASK 1: PREPARE DISTRICT'S LCP APPLICATION FOR DIR-APPROVAL**

Prior to the establishment of the State's Compliance Monitoring Unit, LCP, Inc. was the first third-party to obtain a Department of Industrial Relations (DIR)-approved Labor Compliance Program. Since new State regulations now require Awarding Bodies to apply for their own DIR-approved LCP when carrying out projects with Prop. 84 funding, LCP, Inc.'s first task will be to develop and submit the District's Labor Compliance Program application for approval by the Department of Industrial Relations. LCP, Inc. shall use the professional qualifications, experience & resumes of its staff for the application process, which we already have been told by the DIR Director, will have no problems being approved.

#### **TASK 2: PROJECT COORDINATION, PRE-CONSTRUCTION, & PROGRESS MEETINGS**

LCP, Inc.'s Project Manager will coordinate with the District and/or Construction Management staff at a project kick-off meeting to discuss project specifics, construction schedule, and for coordinating the labor compliance presentation segment at the project's Pre-Bid/Pre-Construction Meetings.

For the Pre-Bid / Pre-Con Meetings, LCP, Inc. will prepare or obtain all necessary labor compliance documentation (e.g. current wage determinations, labor posters, forms, etc.) for distribution. We will explain the prevailing wage requirements; explain how to apply the appropriate prevailing wage determinations; overtime, fringe benefits and apprentice/trainee requirements; and we'll also discuss our role in conducting on-site visits / worker interviews. Throughout construction, our Project Manager will coordinate with the District and will be available to attend construction progress meetings in effort to provide compliance status reports relative to each Project contractor's level of compliance.

#### **TASK 3: MONITOR & AUDIT CONTRACTORS' CERTIFIED PAYROLLS & RELATED DOCUMENTS**

**3.1 Document receipt & data entry** - LCP, Inc. will require each Project contractor to submit copies of Certified Payroll Records and related labor compliance documentation on a frequency defined by the LCP Document Submittal Schedule (which is distributed to contractors at the Pre-Con Meeting). All received documentation is immediately inputted into our proprietary data base system for record keeping & auditing purposes. The database also serves as the foundation for providing reports to the District, Construction Team, and Project Contractors. Missing documents will be requested monthly from all project contractors via mass fax/email (resulting in postage savings to the District).

**3.2 Conduct audits upon each Certified Payroll Record and trust fund reports** - LCP, Inc.'s Payroll Auditor will review every received CPR and will confirm proof of payment of trust fund/training fund contributions within 30 days of receipt. Whereas other consultant firms conduct "random reviews / spot-audits," LCP, Inc. reviews each CPR to ensure complete compliance upon the project. Effective monitoring and

enforcement of prevailing wage compliance is not achieved when only “spot audits” are conducted since the un-reviewed CPRs may very well be the ones that report violations. We don’t cheat our client’s by only doing half of the required work—we pride ourselves in providing complete monitoring & enforcement services.

**3.3 Ensure each project consistently receives complete prevailing wage compliance monitoring** – We have instituted a proprietary Audit Methodology Checklist System that contains all the levels of monitoring that should take place to ensure compliance of all contractors performing on the project. It serves as an internal checks & balance system to ensure that each contractor’s documentation was reviewed with the same level of scrutiny that the next contractor receives. This is an exclusive feature that our firm provides to assure our client’s that a thorough review has taken place and provides measurable evidence to demonstrate the audited performed on the Project. The Audit Methodology Checklist system covers the following areas of auditing: straight-time & overtime audits; deductions review; fringe benefit contribution audits; training contribution audits; apprenticeship compliance & utilization audits; worker interviews & payroll confirmation.

**TASK 4: IDENTIFY POTENTIAL LABOR COMPLIANCE ISSUES & CONDUCT INVESTIGATIONS**

Upon discovery of an apparent contractor underpayment, non-payment of wages, or other labor related issues, our labor compliance team will initiate a formal investigation. All wage discrepancies will be documented and a restitution demand letter will be sent to the violating contractor with a copy sent to the District’s Construction Manager and the prime contractor. The audit will provide contractors the opportunity to provide mitigating evidence and recommend appropriate actions to resolve alleged violations. All audits and outstanding compliance issues will be documented in the Labor Compliance Issues Tracking Log, which is used as a tool for following-up on compliance issues. Once wage restitution is submitted by the contractor, our labor compliance team will distribute recovered wages to workers, obtain releases, close out the issue with the contractor, and notify the District. Issues are resolved at the lowest possible level, which results in the timely completion of project and reduced costs to the District.

**TASK 5: MONITOR CONTRACTORS’ COMPLIANCE WITH APPRENTICESHIP REQUIREMENTS**

LCP, Inc. will monitor whether contractors comply with apprenticeship provisions of State statute. Our apprenticeship auditing system includes first confirming on the State Division of Apprenticeship Standards website that all apprentices working on the projects are registered by the State. Secondly we confirm the level (i.e. “period”) of apprenticeship that the apprentice is technically classified under, then we review the CPRs to verify that the apprentice worker actually received the proper wage for its level/period of apprenticeship. Finally, we track the ratio of apprentice-to-journeymen work hours for compliance with the mandated ratios utilizing our proprietary database system. Any over-utilization of apprentices will be dealt with in the form of a prevailing wage audit.

**TASK 6: CONDUCT JOB SITE INSPECTIONS & INTERVIEW WORKERS**

LCP, Inc.’s Field Investigator will conduct job-site inspections & worker interviews to determine if workers are being paid prevailing wages for the type of work being performed. Our Field Investigator is bi-lingual in English and Spanish, for ease in communicating with non-English speaking construction workers. Once the interviews are conducted, the Field Investigator provides the interview data to our Auditor in order to cross-check against data reported in the contractor’s payroll records.

**TASK 7: MONTHLY REPORTS**

Each month, LCP, Inc. will provide the District with a Monthly Compliance Report containing sufficient

data and narrative content to enable evaluation of both progress & problems. The Monthly Report will show each Project contractor's received and missing documentation, whether they have any unresolved wage underpayments, audits, or other compliance issues, and will contain recommendations for retention.

**TASK 8: PROVIDE TECHNICAL ASSISTANCE TO APPROPRIATE DISTRICT STAFF & CONTRACTORS**

Throughout the Project term, LCP, Inc. will provide technical assistance to appropriate District staff and contractors to ensure an understanding of the prevailing wage laws/regulations that pertain to the Project. We believe that early education and training facilitates compliance, dramatically reduces reporting errors made by contractors, and cultivates positive working relationships amongst all involved parties. Resolution of prevailing wage violations will be dealt with swiftly and firmly, in accordance with State requirements, and resolved at the lowest possible level. If any audits are escalated to the hearing stage, LCP, Inc. will assist the District with collaborating with any State adjudication or governmental agencies in support of responding to compliance issues and will prepare all necessary and obtainable evidence in support of developing the case.

■ **TENTATIVE LIST & SCHEDULE OF MEETINGS**

- Pre-Bid Meeting(s) – Prior to Bid
- Pre-Construction Meetings – Prior to start of construction
- As needed attendance at construction progress meetings

■ **DELIVERABLES**

- LCP application for DIR-approval
- Pre-Construction Meeting Power Point Presentation & Labor Compliance Packet (required forms)
- Monthly Compliance Report
- Monthly Invoice Payment Recommendation
- Document Tracking Log (provided upon request & within each Monthly Compliance Report)
- Audit Methodology Checklist System (provided upon request & at project closeout)
- Letter/Issues Tracking Log (provided upon request)
- Audit Correspondence & audit worksheets for any/all issues
- Job-Site Visits & Worker Interview Sheets (entered into database; provided at project closeout)
- Project Closeout / Recommendation for Release of Retention Report

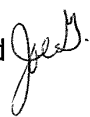
**Section 7 PROPOSED FEE**

<b><i>Joshua Basin Water District</i></b>								
<b><i>PROP 84 PROJECT</i></b>								
<b><i>Fee Proposal for Labor Compliance Services</i></b>								
<b><i>(Based on 18-month construction term; \$7.4M project)</i></b>								
		Administrator	Project Manager	Field Investigator	Payroll Auditor	Compliance Analyst	Total Hours	Percent of Effort / Budget
<b>HOURLY STAFF RATES:</b>		\$85.00	\$85.00	\$85.00	\$85.00	\$85.00	-	
1	LCP Application approval to the DIR for Prop 84-funded project compliance monitoring	3	12	0	0	0	15	4.3%
2	Project Coordination, Pre-Bid, Pre-Construction, and Progress Meetings	0	6	0	0	2	8	2.3%
2.1	Monitor & audit Contractors CPRs & related Documents; document receipt, data entry, & requests for missing documents	0	8	0	0	54	62	17.8%
2.2	Conduct audits upon each Certified Payroll Record and trust fund reports	0	36	0	72	0	108	30.9%
3	Prepare Monthly Reports on Status of Labor Compliance Documents	0	18	0	0	0	18	5.2%
4	Identify potential labor compliance issues & conduct investigations	0	0	0	11	0	11	3.2%
5	Monitor Contractors' Compliance with Apprenticeship Requirements (see 2.2)	0	0	0	0	0	0	0.0%
6	Job-Site Reviews & Worker Interviews/Verify Interview Against Submitted Payrolls	0	0	90	9	0	99	28.4%
7	Provide technical assistance to District Staff & Contractors	0	3	0	0	0	3	0.9%
Admin	Administrative Reviews, Project Management & Staff Assignment Status Meetings	0	6	0	6	6	18	5.2%
Admin	Project Closeout & Archiving	0	1	0	0	6	7	2.0%
Sub-Total of Estimated Hours		3.0	90.0	90.0	98.0	68.0	349.0	
<b>PROPOSED FEE BASED ON ESTIMATED HOURS</b>		\$255	\$7,650	\$7,650	\$8,330	\$5,780	\$29,665	100%
<b>TOTAL NOT-TO-EXCEED FEE PROPOSAL:</b>							<b>\$29,665</b>	

JOSHUA BASIN WATER DISTRICT  
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

May 2, 2012

Report to: President and Members of the Board  
From: Joe Guzzetta, General Manager 

TOPIC: POLICY ADDRESSING DISTRICT SERVICE LINES ON PRIVATE PROPERTY

RECOMMENDATION: That the Board confirm a policy to address District service lines on private property

ANALYSIS: District policy provides that District meters are installed at the edge of the public right-of-way, just off of private property. The District service line is installed from the mainline to the meter.

There have been times in the past when, contrary to the policy, a District service line was installed from the mainline, up to several hundred feet up a driveway, to a meter that was installed up to several hundred feet on private property.

Because the line is a District line, even though on private property, when a leak occurs District staff must go onto private property to fix the line.

It is proposed that when such an incident occurs, the District will have the option to install a new meter at the appropriate location in the public right-of-way, install a new line on the private property, provide a one-year warranty, and then make the line the responsibility of the property owner as it should have been all along. This will eventually eliminate the need for the District to maintain these lines. The property owner still benefits from this policy in that a new line will have been placed at District cost.

Approval of this policy will eventually eliminate the requirement for the District to maintain service lines on private property.