MONTE VISTA WATER DISTRICT
10575 Central Avenue, Montclair, California • (909) 624-0035

NOTICE AND AGENDA OF MANAGEMENT ASSESSMENT COMMITTEE MEETING

THURSDAY, FEBRUARY 6, 2020 • 4:30 P.M.

Committee Members
Sandra Rose, President
G. Michael Milhisier, Vice-President

1. CALL TO ORDER

2. PUBLIC COMMENT

3. AGENDA CHANGES/ADDITIONS

4. DISCUSSION AND/OR ACTION ITEMS
   A. Committee Meeting Minutes
      Meeting Date: January 6, 2020
      Recommendation: Approve as presented.
   
   B. Management Priorities: Organizational Assessment
      Recommendation: Recommend that the Board of Directors 1) authorize the board president and general manager to enter into the First Amendment to the Professional Services Agreement between Monte Vista Water District and Kevin S. Milligan Consultancy, LLC to provide general management consulting services for the District for a not-to-exceed amount of $45,000; and 2) authorize the general manager to enter into Task Order #3 under the Professional Services Agreement between Monte Vista Water District and Kevin S. Milligan Consultancy, LLC to conduct a limited organizational assessment for a not-to-exceed amount of $20,300.
   
   C. Resolution 766-20: Policy Updates
      Recommendation: Recommend that the Board of Directors adopt Resolution 766-20 updating the District’s purchasing and budget policies to be consistent with Resolution 759-20.

5. CONFIDENTIAL SESSION
   A. PUBLIC EMPLOYEE PERFORMANCE EVALUATIONS (Gov. Code § 54957(b))
      Titles: General Manager; Director of Finance and Administrative Services

6. ADJOURNMENT

DECLARATION OF POSTING

In accordance with the requirements of California Government Code §54954.2, this agenda has been posted in the display case at the gated entrance to our main office at 10575 Central Avenue, Montclair, California not less than 72 hours prior to the meeting date and time above.

Written materials relating to open session agenda items, including those distributed to the majority of the Board of Directors after distribution of this agenda package, are available for public inspection during normal business hours at the District’s main office, located at 10575 Central Avenue, Montclair, California.

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting may request such modification or accommodation from the District Secretary at (909) 267-2160, or by email at ggarcia@mvwd.org. Notification 48 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.
1. CALL TO ORDER
   The meeting was called to order at 4:35 p.m.

2. COMMITTEE MEMBERS PRESENT:
   President Sandra Rose
   Vice-President G. Michael Milhiser

   COMMITTEE MEMBERS ABSENT:
   None

   STAFF PRESENT:
   Justin Scott-Coe, General Manager
   Ray Harton, Director of Finance & Administrative Services
   Stephanie Reimer, Finance & Information Technology Manager
   Juan Ventura, Customer Service Supervisor
   Betty Conti, Human Resources/Risk Administrator

   OTHERS IN ATTENDANCE:
   None

   PUBLIC COMMENT/OPEN FORUM
   None

   AGENDA CHANGES/ADDITIONS
   None

3. DISCUSSION ITEMS:

   A. APPROVAL OF MINUTES
      Action Taken: The committee approved the minutes of the December 3, 2019 meeting, as submitted.

   B. Resolution 761-20: Establishing a Water Service Discontinuation Policy
      Action Taken: The committee reviewed this item and recommended it be forwarded to the Board for approval.

   C. Performance Management Project Final Report (verbal)
      Action Taken: The committee reviewed this item and recommended it be forwarded to the Board for approval.

   With no further business to come before the Management Assessment Committee, Director Rose adjourned the meeting at 5:07 p.m.

   Respectfully submitted,

   Justin M. Scott-Coe
   General Manager/Secretary
February 6, 2020

Honorable Management Assessment Committee
Monte Vista Water District

SUBJECT: Management Priorities: Organizational Assessment

STAFF RECOMMENDATION:

It is recommended that the Management Assessment Committee recommend that the Board of Directors:

1. Authorize the board president and general manager to enter into the First Amendment to the Professional Services Agreement between Monte Vista Water District and Kevin S. Milligan Consultancy, LLC to provide general management consulting services for the District for a not-to-exceed amount of $45,000; and

2. Authorize the general manager to enter into Task Order #3 under the Professional Services Agreement between Monte Vista Water District and Kevin S. Milligan Consultancy, LLC to conduct a limited organizational assessment for a not-to-exceed amount of $20,300.

PRIOR BOARD ACTION:

On October 23, 2019, the Board of Directors approved the general manager’s Monte Vista Water District Employment Agreement, effective December 4, 2019.

FINANCIAL IMPACT:

The Fiscal Year Ending 2020 Budget provides funding for this activity under Account Number 568.400 – Professional Services. The total line item budget amount is $445,500. Year-to-date expenditures total $114,437.

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 6: Recruit and develop qualified personnel to increase productivity and enhance employee retention and morale.
BACKGROUND

Monte Vista Water District’s (District) employment agreement with the general manager includes a commitment to address management priorities to enhance the District’s organizational effectiveness, including strategic goals and objectives implementation; policies review and development; organizational performance assessment; and executive and management assessment, training, development, and succession planning.

On November 1, 2019, the general manager entered into a professional services agreement with Kevin S. Milligan Consultancy, LLC, to provide general management consulting services for a not-to-exceed amount of $20,000, and a task order under this agreement to provide specific performance management services for a not-to-exceed amount of $13,740. On January 6, 2020, the general manager entered into a second task order under this agreement to assist in a high-level update of the District’s 2008 Water Master Plan focusing on infrastructure renewal and preventative maintenance schedules.

DISCUSSION

In preparation for becoming the new general manager, Mr. Scott-Coe consulted with the former general manager regarding management priorities and goals for the next six months and beyond. As a result of these conversations, Mr. Scott-Coe and the Board of Directors agreed to include a commitment to address management priorities in the new general manager’s employment agreement.

Kevin Milligan retired from Riverside Public Utilities (City of Riverside) after serving as Deputy General Manager, Assistant General Manager – Water, Assistant General Manager – Finance, and Assistant General Manager – Energy Delivery. The District hired Mr. Milligan in late 2019 to assist in addressing its management priorities. To date, Mr. Milligan has successfully assisted District management in developing executive-level goals and objectives, identifying cultural norms as an outgrowth of the District’s Core Values for incorporation into future performance evaluations, and creating an evaluative framework for District infrastructure maintenance and capital replacement needs.

Consistent with management priorities, staff believes there is a near-term need to conduct a high-level evaluation of the District’s organizational structure in order to assist with internal succession and facilities planning activities. Mr. Milligan, in consultation with staff, has developed a new task order to conduct such an evaluation, comparing the District to industry best practices and similar local water agencies. This additional task order requires an increase to the existing professional service agreement’s not-to-exceed expenditure limit.

Respectfully submitted,

Justin M. Scott-Coe
General Manager

Attachment
FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE MONTE VISTA WATER DISTRICT
AND
KEVIN S. MILLIGAN CONSULTANCY, LLC

THIS FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT ("First Amendment") is made and entered into on February 12, 2020, by and between the Parties.

RECITALS

WHEREAS, the Parties previously entered into the Agreement titled Professional Services Agreement Between the Monte Vista Water District and Kevin S. Milligan Consultancy, LLC, which has an Agreement Date of November 1, 2019 ("Agreement"), a copy of which is attached hereto. Capitalized terms used in this First Amendment, without being separately defined herein, shall have the same meaning as defined in the Agreement.

WHEREAS, pursuant to Section 13, all amendments to the Agreement must be in writing and signed by the Parties.

WHEREAS, the Parties intend, by this First Amendment, to amend the Consultant’s Cost Proposal and Scope of Work to include certain task orders.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and terms and conditions herein, the Parties agree as follows:

AGREEMENT

1. The Agreement is amended as follows:

   A. To reflect the revised Scope of Work, Exhibit “A” to the Agreement is hereby amended and replaced by Exhibit “A.1” attached hereto.

   B. To reflect the revised Cost Proposal, Exhibit “B” to the Agreement is hereby amended and replaced by Exhibit “B.1” attached hereto.

2. The Agreement shall remain in full force and effect in accordance with its terms and provisions except as amended by this First Amendment. This First Amendment may be executed in one or more counterparts and all counterparts shall together constitute one and the same document.
IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be entered into as of the date above.

District: Monte Vista Water District
Consultant: Kevin S. Milligan Consultancy, LLC

By: ________________________________ By: ________________________________
Justin M. Scott-Coe, General Manager Kevin S. Milligan, Principal

By: ________________________________
Sandra S. Rose, President
Board of Directors

APPROVED AS TO FORM:
Kidman Gagen Law LLP

By: ________________________________
Andrew B. Gagen, General Counsel

Attachments: Attachment A.1: Scope of Work
Attachment B.1: Cost Proposal for Work
Professional Services Agreement Between the Monte Vista Water District and Kevin S. Milligan Consultancy, LLC
Task Order #1: Performance Management
Task Order #2: Master Plan Update
Task Order #3: Organizational Assessment
ATTACHMENT A.1

SCOPE OF WORK

Consultant shall provide general management consulting services, including management, operational and strategic planning to address management priorities that enhance the District’s organizational effectiveness on a task order basis. Such management priorities may include, but not be limited to, the following:

a. Strategic goals and objectives implementation;
b. District policies review and development;
c. Organizational performance assessment; and
d. Executive and management assessment, training, development, and succession planning.

For each task requested by District, Consultant shall prepare a scope of work document including a detailed task list, budget, schedule and deliverables for review and approval by the District. A sample Task Order is attached.

Task Orders approved as of the date of this First Amendment are incorporated for reference.
I. Project Description and Background Information

II. Scope of Services

Under the terms of this Task Order, the consultant shall perform professional and technical services required to:

A. Scope of Work

The work shall include, but not be limited to, project management, literature review, and report preparation, as described in more detail below. All work carried out under this Task Order shall conform to the Professional Services Agreement dated ____________ between the Monte Vista Water District (“District”) and Kevin S. Milligan Consultancy LLC (“Consultant”).

1. Project Management

Consultant shall provide professional project management to ensure work is completed timely and within budget. Consultant shall provide regular and periodic communication throughout the engagement including:

a) Monthly progress summaries; and,
b) Agendas and meeting notes for three meetings:

2. Review Project Materials. The consultant shall review District records, reports or other pertinent materials....
3. Sample task 3

4. Sample task 4

III. Personnel

Kevin Milligan will serve as the principal consultant for all tasks identified in this Task Order.

IV. Schedule

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V. Period of Performance

Work under this Task Order shall begin no earlier than _________________ and shall terminate upon acceptance and approval by District of all required deliverables, estimated to occur no later than _________________.

VI. Cost
1. Consultant shall be compensated for hours worked and direct costs in accordance with rate schedule attached to Professional Services Agreement between District and Consultant dated ______________.

2. Cost Breakdown by Task

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3. Estimated expenses:

4. The cost to conduct work under this Task Order shall not exceed $___________________.

**VII. Signatures**

By the signatures below, the parties hereto agree that all terms and conditions of this Task Order shall be in full force and effect.

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<th>Kevin S. Milligan, Principal</th>
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<td>Kevin S. Milligan Consultancy, LLC</td>
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ATTACHMENT B.1

COST PROPOSAL FOR WORK

Total cost for all Task Orders not to exceed Forty-Five Thousand Dollars ($45,000.00).

Task Orders approved as of the date of this First Amendment, with not-to-exceed costs per task order, are listed below:

- Task Order #1: $13,740.00
- Task Order #2: $ 6,620.00
- Task Order #3: $19,800.00
PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE MONTE VISTA WATER DISTRICT
AND
KEVIN S. MILLIGAN CONSULTANCY, LLC

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into on November 1, 2019, by and between the MONTE VISTA WATER DISTRICT, a local public agency, created and operating under authority of Division 12 of the California Water Code ("District"), and Kevin S. Milligan Consultancy, LLC ("Consultant") (collectively referred to herein as the "Parties").

RECATALS

WHEREAS, District is engaging in the Project described in the Scope of Work attached as Attachment "A"; and

WHEREAS, District requires a professional consultant with the requisite knowledge, skill, ability and expertise to provide the necessary services for District during all phases of the Project to which the specialized services of Consultant are appropriate; and

WHEREAS, Consultant represents to District that it is fully qualified and available to perform the services for and as requested by District.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and terms and conditions herein, the Parties agree as follows:

AGREEMENT

1.0. SCOPE OF WORK. The services to be provided by Consultant ("Work") are called out in the Scope of Work attached as Attachment "A" and incorporated herein by reference. All Work shall be performed in accordance with the standards customarily provided by an experienced and competent professional rendering the same or similar services and in such a prompt and continuous fashion as not to impede or delay the overall completion of the Project.

1.1. Communications. Consultant acknowledges that continuous and effective communication between District, Consultant, and other consultants/contractors (as appropriate) is necessary for the successful completion of the Project. Consultant may also be required to furnish copies of its work product and communications to others as requested by District. When requested by District, Consultant shall attend Project meetings and shall undertake, as a part of its professional responsibility under this Agreement, to coordinate its activities with all appropriate individuals and consultants/contractors.
1.2 Use of Designs and Drawings. All work product of Consultant, whether created solely by Consultant or in cooperation with others, is prepared specifically and expressly for District and all right, title, and interest therein shall be owned by District. District shall make available to Consultant such information, documents, graphs, studies, etc., which District possesses or has access to, which are relevant to Consultant’s Work pursuant to this Agreement.

1.3 Review. Consultant shall furnish District with reasonable opportunities from time to time to ascertain whether the Work of Consultant are being performed in accordance with this Agreement. All Work done and materials furnished shall be subject to final review and approval by District. District’s interim review and approval of Consultant’s work product shall not relieve Consultant of its obligations to fully perform this Agreement.

1.4 Commencement of Work. The Project start date will be as called out on the Notice to Proceed as issued by the District.

2.0 COMPENSATION. As compensation for performance of the Work specified under the Scope of Work (Attachment “A”), District shall pay Consultant an amount not to exceed that contained in Consultant’s Cost Proposal (Attachment “B”). Payment will be made at the rates set forth in Consultant’s Fee Schedule, which is attached as Attachment “C” and incorporated herein by reference. Costs or expenses not designated or identified in the Fee Schedule shall not be reimbursable unless otherwise provided in this Agreement.

Invoicing. Consultant shall submit an invoice within ten (10) days after the end of each month during the term of this Agreement describing the Work performed for which payment is requested. District shall review and approve all invoices prior to payment. District shall pay approved invoices within thirty (30) days of receipt. Consultant agrees to submit additional documentation to support the invoice if requested. If District does not approve an invoice, District shall send a notice to Consultant setting forth the reason(s) the invoice was not approved. Consultant may re-invoice District to cure the defects identified by District. The revised invoice will be treated as a new submittal. District’s determinations regarding verification of Consultant’s performance, accrued reimbursable expenses, if any, and percentage of completion shall be binding and conclusive. Consultant’s time records, invoices, receipts and other documentation supporting the invoices shall be available for review by District upon reasonable notice and shall be retained by Consultant for three (3) years after completion of the Project.

Extra Services. Before performing any services outside the scope of this Agreement (“Extra Services”), Consultant shall submit a written request for approval of such Extra Services and receive written approval from District. District shall have no responsibility to compensate Consultant for any Extra Services provided by Consultant without such prior written approval.

3.0 TERMINATION. District may terminate this Agreement at any time upon ten (10) days written notice to Consultant. Should District exercise the right to terminate this Agreement, District shall pay Consultant for any Work satisfactorily completed prior to the date of termination, based upon Consultant’s Fee Schedule. Consultant may terminate this Agreement upon ten (10) days written notice to District in the event of substantial failure by District to perform in
accordance with the terms hereof through no fault of Consultant; or in the event District fails to pay Consultant in accordance with the terms in Section 2.0; or if Consultant’s Work hereunder is suspended for a period of time greater than ninety (90) days through no fault of Consultant.

3.1. **Withholding Payment.** In the event District has reasonable grounds to believe Consultant will be materially unable to perform the Work under this Agreement, or if District becomes aware of a potential claim against Consultant or District arising out of Consultant’s negligence, intentional act or breach of any provision of this Agreement, including a potential claim against Consultant by District, then District may, to the fullest extent allowed by law, withhold payment of any amount payable to Consultant that District determines is related to such inability to complete the Work, negligence, intentional act, or breach.

4.0. **SAFETY.** Consultant shall conduct and maintain the Work so as to avoid injury or damage to any person or property. Consultant shall at all times exercise all necessary safety precautions appropriate to the nature of the Work and the conditions under which the Work is to be performed, and be in compliance with all applicable federal, state and local statutory and regulatory requirements including State of California, Department of Industrial Relations (Cal/OSHA) regulations. Consultant is responsible for the safety of all Consultant personnel at all times during performance of its Work, including while on District property.

5.0 **INDEMNIFICATION.**

5.1. When the law establishes a professional standard of care for the Consultant’s services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless District, its directors, officers, employees, and authorized volunteers from and against all claims and demands of all persons that arise out of, pertain to, or relate to the Consultant’s negligence, recklessness, or willful misconduct in the performance (or actual or alleged non-performance) of the Work under this Agreement. Consultant shall defend itself against any and all liabilities, claims, losses, damages, and costs arising out of or alleged to arise out of Consultant’s performance or non-performance of the Work hereunder, and shall not tender such claims to District nor to its directors, officers, employees, or authorized volunteers, for defense or indemnity.

5.2. Other than in the performance of professional services, to the fullest extent permitted by law, Consultant will defend, indemnify and hold harmless District, its directors, officers, employees and authorized volunteers from and against all claims and demands of all persons arising out the performance (or actual or alleged non-performance) of the Work (including the furnishing of materials), including but not limited to claims by the Consultant, Consultant’s employees and any subconsultants for damages to persons or property, except for damages resulting from the willful misconduct, sole negligence or active negligence of District, its directors, officers, employees, or authorized volunteers.

5.3. Consultant shall defend, at Consultant’s own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against District or any of its directors, officers, employees, or authorized volunteers, with legal counsel reasonably acceptable to District. Consultant shall pay and satisfy any judgment, award or decree that may be rendered against District or any of its directors, officers, employees, or authorized
volunteers, in any and all such aforesaid suits, actions, or other legal proceedings for which Consultant is obligated to defend, indemnify and hold harmless District, its directors, officers, employees and authorized volunteers under this Agreement.

5.4. Consultant shall reimburse District or its directors, officers, employees, and authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Consultant’s obligation to indemnify shall not be restricted to insurance proceeds, if any, received by District or its directors, officers, employees, or authorized volunteers.

6.0 INSURANCE REQUIREMENTS. Prior to execution of this Agreement, and at any time thereafter on request, Consultant shall provide executed certificates of insurance in the form attached hereto as Attachment “D” evidencing the required coverage and limits for each insurance policy. In addition, Consultant shall provide a new executed certificate of insurance in the form attached hereto as Attachment “D” whenever an insurance policy required herein, expires, is renewed or is replaced. District may also, at any time, request submittal of policies and policy endorsements acceptable to District evidencing the required coverage and limits. Each insurance policy shall be primary insurance as respects District, its affiliated organizations and its and their respective officers, directors, trustees, employees, agents, consultants, attorneys, successors and assigns (collectively, the “Covered Parties”) for all liability arising out of the activities performed by or on behalf of Consultant. Any insurance, pool coverage, or self-insurance maintained by Covered Parties shall be excess of Consultant’s insurance and shall not contribute to it. Except for the Errors and Omissions policy (Section 6.4), all insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against the Covered Parties or shall specifically allow Consultant or others providing insurance evidence in compliance with these requirements to waive their right of recovery prior to loss. Consultant waives its right of recovery against the Covered Parties for damages covered by insurance required by this Agreement. Consultant shall require similar written express waivers and insurance clauses from each of its subcontractors. The insurer issuing the Workers’ Compensation insurance shall amend its policy to waive all rights of subrogation against the Covered Parties.

Each insurance policy shall provide, or be endorsed to provide, that coverage shall not be cancelled except after thirty (30) days prior written notice by U.S. Mail (ten (10) days for non-payment of premium) has been given to District. If Consultant, for any reason whatsoever, receives notice from any company providing insurance coverage in connection with this Agreement, in any form, oral or written, of an intent to cancel or of actual cancellation of a policy it shall, on the same day it receives such notice, provide District with such notice by electronic mail and U.S. Mail together with a copy of any written notice it received. Unless otherwise approved by District, each insurance provider shall be authorized to do business in California and have an A.M. Best rating (or equivalent) of not less than “A-:VII.” Consultant shall provide and maintain at all times during the performance of this Agreement the following insurance: (1) Commercial General Liability (“CGL”) insurance; (2) Automobile Liability insurance; (3) Workers’ Compensation and Employer’s Liability insurance; and (4) Errors and Omissions (“E&O”) liability insurance. Each CGL and automobile liability policy shall identify the Covered Parties as additional insured, or be endorsed to identify Covered Parties as additional

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MVWD Professional Services Agreement
insured using a form acceptable to the District. Coverage for additional insured shall not be limited to vicarious liability. Defense costs must be paid in addition to limits.

6.1. **Commercial General Liability.** Each CGL policy shall have liability coverage limits of at least $1,000,000 per occurrence for bodily injury, personal injury and property damage, and $2,000,000 aggregate total bodily injury, personal injury and property damage. CGL insurance and endorsements shall be kept in force at all times during the performance of this Agreement and all coverage required herein shall be maintained after the term of this Agreement so long as such coverage is reasonably available.

6.2. **Automobile Liability.** Each Automobile Liability policy shall require coverage for “any auto” and shall have limits of at least $1,000,000 for bodily injury and property damage, each accident, and shall use ISO policy form “CA 00 01,” including owned, non-owned and hired autos, or the exact equivalent. If Consultant owns no vehicles, this requirement may be satisfied by a non-owned auto endorsement to the CGL policy described above. Automobile Liability insurance and endorsements shall be kept in force at all times during the performance of this Agreement and all coverage required herein shall be maintained after the term of this Agreement so long as such coverage is reasonably available.

6.3. **Workers’ Compensation/Employer’s Liability.** Consultant shall cover or insure the existence of coverage under the applicable laws relating to Workers’ Compensation insurance, all of their employees employed directly by them or through subconsultants at all times in carrying out the Work contemplated under this Agreement, in accordance with the “Workers’ Compensation and Insurance Act” of the California Labor Code and any amendatory Acts. Consultant shall provide Employer’s Liability insurance with limits of at least $1,000,000 each accident, $1,000,000 disease policy limit, and $1,000,000 disease each employee.

By Consultant’s signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers’ Compensation or to undertake self-insurance in accordance with the provisions of that code, and that Consultant will comply with such provisions before commencing Work under this Agreement. Upon the request of District, subconsultants must provide certificates of insurance evidencing such coverage.

6.4. **Errors and Omissions.** Each E&O policy shall have limits of at least $1,000,000 per claim and $1,000,000 aggregate. E&O insurance and endorsements shall be kept in force at all times during the performance of this Agreement and all coverage required herein shall be maintained after the term of this Agreement so long as such coverage is reasonably available.

7.0. **INDEPENDENT CONTRACTOR.** The Parties agree that the relationship between District and Consultant is that of an independent contractor and Consultant shall not, in any way, be considered to be an employee or agent of District. Consultant shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of District. District will not be legally or financially responsible for any damage or loss that may be sustained by Consultant because of any act, error, or omission of Consultant or any
other consultant, nor shall Consultant make any claim against District arising out of any such act, error, or omission.

7.1. **Taxes and Benefits.** Consultant shall be solely responsible for the payment of all federal, state and local income tax, social security tax, Workers' Compensation insurance, state disability insurance, and any other taxes or insurance Consultant, as an independent contractor, is responsible for paying under federal, state or local law. Consultant is not eligible to receive Workers' Compensation, medical, indemnity or retirement benefits through District, including but not limited to enrollment in CalPERS. Consultant is not eligible to receive overtime, vacation or sick pay.

7.2. **Permits and Licenses.** Consultant shall procure and maintain all permits, and licenses and other government-required certification necessary for the performance of its Work, all at the sole cost of Consultant. None of the items referenced in this section shall be reimbursable to Consultant under the Agreement.

7.3. **Methods.** Consultant shall have the sole and absolute discretion in determining the methods, details and means of performing the Work required by District. Consultant shall furnish, at its own expense, all labor, materials, equipment, tools and transportation necessary for the successful completion of the Work to be performed under this Agreement. District shall not have any right to direct the methods, details and means of the Work; however, Consultant must receive prior written approval from District before assigning or changing any assignment of Consultant's key personnel and before using any subconsultants or subconsultant agreements for services or materials under this Agreement and any work authorizations.

8.0. **NOTICES.** Any notice may be served upon either Party by delivering it in person, or by depositing it in a U.S. Mail Deposit Box with the postage thereon fully prepaid, and addressed to the Party at the address set forth below:

**District:**
Mark N. Kinsey, General Manager
Monte Vista Water District
10575 Central Avenue
Montclair, California 91763

**Consultant:**
Kevin S. Milligan
Kevin S. Milligan Consultancy, LLC
2556 Jessica Road
Riverside, CA 92506

Any notice given hereunder shall be deemed effective in the case of personal delivery, upon receipt thereof, or, in the case of mailing, at the moment of deposit in the course of transmission with the United States Postal Service.
9.0 **ASSIGNMENT.** Neither Consultant nor District may assign or transfer this Agreement, or any part thereof, without the prior written consent of the other Party, which shall not be unreasonably withheld.

10.0 **ATTORNEY’S FEES.** In the event of any action arising out of, or in connection with, this Agreement, or the Work to be performed hereunder, the prevailing Party shall be entitled to have and recover, in addition to damages, injunctive or other relief, its reasonable costs and expenses, including without limitation, its attorney’s fees.

11.0. **BINDING ARBITRATION.** Within thirty (30) days after service of a civil action on either Party arising out of, or in connection with, this Agreement, either Party may elect to submit the action to binding arbitration before the Judicial Arbitration and Mediation Service ("JAMS"), located in San Bernardino County. The Parties agree that upon an election to arbitrate, any civil action filed will be stayed until arbitration proceedings have concluded. Upon submission of the matter to JAMS, the submitting Party shall obtain from JAMS a list of three (3) randomly selected arbitrators and serve said list upon the other Party. In the event that there are more than two parties to the action, the number of arbitrators randomly selected and included in the list shall be increased by two for each additional party involved. Upon service of the randomly selected list of arbitrators, each party shall have twenty (20) days to eliminate two arbitrators from the list and return it to JAMS, with the selected arbitrator being the remaining name on the list. Should more than one name remain on the list, JAMS will randomly select the arbitrator from the names remaining on the list. Arbitration shall be scheduled for hearing on the merits no later than six (6) months after the date the arbitrator is selected. All parties shall be permitted to conduct discovery as provided by the current rules of the California Code of Civil Procedure. All costs of JAMS or of the arbitrator for Work shall be divided equally among the Parties, unless otherwise ordered by the arbitrator. In an arbitration to resolve a dispute under this provision, the arbitrator’s award shall be supported by law and substantial evidence.

12.0 **FORCE MAJEURE.** Upon written notice by the owing Party, the respective duties and obligations of the Parties hereunder (except District’s obligation to pay Consultant such sums as may become due from time to time for Work rendered by it) shall be suspended while and so long as performance thereof is prevented or impeded by strikes, disturbances, riots, fire, governmental action, war acts, acts of God, or any other cause similar or dissimilar to the foregoing which are beyond the reasonable control of the Party from whom the affected performance was due.

13.0 **ENTIRE AGREEMENT.** This Agreement, and the attached Attachments, represent the entire and integrated agreement between District and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both District and Consultant.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be entered into as of the day and year written above.

District: Monte Vista Water District

Consultant: Kevin S. Milligan Consultancy, LLC

By: Mark N. Kinsey, General Manager

By: Kevin S. Milligan, Principal

APPROVED AS TO FORM:
Kidman Gagen Law LLP

By: Andrew B. Gagen, General Counsel

Attachments: Attachment A: Scope of Work
Attachment B: Cost Proposal for Work
Attachment C: Fee Schedule
Attachment D: Insurance Certificates
ATTACHMENT A

SCOPE OF WORK

Consultant shall provide general management consulting services, including management, operational and strategic planning to address management priorities that enhance the District’s organizational effectiveness on a task order basis. Such management priorities may include, but not be limited to, the following:

a. Strategic goals and objectives implementation;
b. District policies review and development;
c. Organizational performance assessment; and
d. Executive and management assessment, training, development, and succession planning.

For each task requested by District, Consultant shall prepare a scope of work document including a detailed task list, budget, schedule and deliverables for review and approval by the District. A sample Task Order is attached.
ATTACHMENT B

COST PROPOSAL FOR WORK

Total cost for all Task Orders not to exceed Twenty Thousand Dollars ($20,000.00).
ATTACHMENT C

FEE SCHEDULE

Consultant shall be compensated in accordance with the following Fee Schedule:

Kevin Milligan One Hundred Eighty Dollars ($180.00) per hour

Hourly rate escalator of five-percent (5.0%) effective July 1 annually.

Expenses to be reimbursed at actual cost plus fifteen (15%) markup.

Mileage to and from District Office from Consultant’s primary office at IRS reimbursable rate.

Consultant maintains its primary office out of state during the period May 1 through September 30. Should the District require on-site or in-person meetings with Consultant staff during this period, District will reimburse consultant for basic/economy air travel plus $250 per diem (inclusive of lodging and meals) for each day of travel/meeting required to accommodate District schedule.
An important message from The Hartford

The document you requested showing proof of insurance for Kevin S. Milligan Consultancy, LLC is attached. Please contact us if you have any questions or concerns.

Thank you for selecting The Hartford for your business insurance needs.

Sincerely,
The Hartford Services Team
Monte Vista Water District
10575 CENTRAL AVE
MONTCLAIR CA 91763-4810

Account Information:

| Policy Holder Details          | Kevin S. Milligan Consultancy, LLC |

Enclosed please find a Certificate Of Insurance for the above referenced Policyholder. Please contact us if you have any questions or concerns.

Sincerely,
Your Hartford Service Team
CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
NUTMEG INS AGENCY INC/PHS
76210775
The Hartford Business Service Center
3600 Wiseman Blvd
San Antonio, TX 78255

CONTACT NAME:
PHONE (888) 925-3137
FAX (888) 443-6112
E-MAIL

INSURER(S) AFFORDING COVERAGE
NAIC#

INSURED
Kevin S. Milligan Consultancy, LLC
2556 JESSICA RD
RIVERSIDE CA 92506-5024

INSURER A : Sentinel Insurance Company Ltd. 11000
INSURER B :
INSURER C :
INSURER D :
INSURER E :
INSURER F :

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

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<td>If yes, describe under DESCRIPTION OF OPERATIONS below</td>
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<td>E.L. DISEASE - POLICY LIMIT</td>
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<td>Occurrence Aggregate</td>
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DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Those usual to the Insured's Operations.

CERTIFICATE HOLDER
Monte Vista Water District
10575 CENTRAL AVE
MONTCLAIR CA 91763-4810

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Susan L. Castaneda

ACORD 25 (2016/03) The ACORD name and logo are registered marks of ACORD
<table>
<thead>
<tr>
<th>AGENCY</th>
<th>NAMED INSURED</th>
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<tbody>
<tr>
<td>NUTMEG INS AGENCY INC/PHS</td>
<td>KEVIN S. MILLIGAN CONSULTANCY, LLC</td>
</tr>
<tr>
<td>POLICY NUMBER</td>
<td>2556 JESSICA RD</td>
</tr>
<tr>
<td>SEE ACORD 25</td>
<td>RIVERSIDE CA 92506-5024</td>
</tr>
</tbody>
</table>

**ADDITIONAL REMARKS**

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM**

**FORM NUMBER:** ACORD 25  **FORM TITLE:** CERTIFICATE OF LIABILITY INSURANCE

Monte Vista Water District, its affiliated organizations and its and their respective officers, directors, trustees, employees, agents, consultants, attorneys, successors and assigns is an additional insured per the Business Liability Coverage Form SS0008 attached to this policy. Coverage is primary and noncontributory per the Business Liability Coverage Form SS0008, attached to this policy. Waiver of Subrogation applies in favor of the Certificate Holder per the Business Liability Coverage Form SS0008, attached to this policy.
TASK ORDER #1

Date: November 1, 2019

MONTE VISTA WATER DISTRICT
KEVIN S. MILLIGAN CONSULTANCY, LLC

Project Description and Background Information

Employee performance management is a powerful tool for engaging employees by linking their performance to organizational objectives so that ultimately everyone is focused on the success of the District. Used correctly, the potential benefits of employee performance management to the District and its employees are significant.

A well-executed employee performance management process will identify the District’s up and coming talent, clarify training needs across the organization, shape succession plans and help the District make objective staffing decisions.

The District developed standard performance assessment tools and templates in 2013. The District desires to adapt these tools for use in completing personnel reviews of the incoming General Manager; the Director of Engineering, Operations and Maintenance; and the Director of Finance and Administrative Services for the six-month period ending June 30, 2020. In addition, the District desires to facilitate ongoing performance management conversations with these key staff and provide tools and templates for managers and staff to hold these performance conversations.

Scope of Services

Under the terms of this Task Order, the consultant shall perform professional and technical services required to:

- Professionally manage the assignment including quality control and budget and schedule adherence;
- Provide executive team performance management tools and templates;
- Facilitate a workshop to establish behavioral norms for the management team; and,
- Communicate the results of the engagement.

I. Scope of Work

The work shall include, but not be limited to, project management, literature review, and report preparation, as described in more detail below. All work carried out under this Task Order shall conform to the Professional Services Agreement dated November 1, 2019, between the Monte Vista Water District (“District”) and Kevin S. Milligan Consultancy, LLC (“Consultant”).
1. **Project Management**
   Consultant shall provide professional project management to ensure work is completed timely and within budget. Consultant shall provide regular and periodic communication throughout the engagement including:
   a. Monthly progress summaries; and,
   b. Agendas and meeting notes for three meetings:
      1. Kickoff Meeting
      2. Progress Meeting
      3. Project Completion Meeting

2. **Review Project Materials.**
   a. The consultant shall review District provided records, reports or other pertinent materials, including:
      1. existing performance assessment template,
      2. District policies and procedures for performance assessments, and
      3. the incoming General Manager’s organizational and executive team goals.
   b. The consultant shall research and review water utility best practices for executive and management team performance.

3. **Executive Team Goals and Assessment Tools.**
   a. Adapt the incoming General Manager goals for the executive team, ensuring alignment of those and subordinate goals to support broad organizational goals.
   b. Develop specific, measurable two, four, and six-month objectives and performance measures to support goal attainment for 2 executive team (Director level) positions.
   c. Develop executive team reporting template to support objective and goal attainment reporting.
   d. Facilitate a half-day workshop with executive team and key managers (up to 10 staff) to develop expected behavioral norms based on District’s adopted Core Values and Critical Behaviors; prepare summary notes and template for implementing agreed upon behavioral norms.

4. **Project Reporting.**
   a. Prepare final report with summary recommendations and guide for use of templates and tools. Deliver 1 hard copy and 1 PDF formatted soft copy. Provide templates in District editable format (*.docx or *.xlsx).

II. **Personnel**

Kevin Milligan will serve as the principal consultant for all tasks identified in this Task Order.
III. Schedule

<table>
<thead>
<tr>
<th>MILESTONES (MS)</th>
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</thead>
<tbody>
<tr>
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<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

IV. Period of Performance

Work under this Task Order shall begin no earlier than November 1, 2019, and shall terminate upon acceptance and approval by District of all required deliverables, estimated to occur no later than January 30, 2020.

V. Cost

1. Consultant shall be compensated for hours worked and direct costs in accordance with rate schedule attached to Professional Services Agreement between District and Consultant dated November 1, 2019.

2. Cost Breakdown by Task

<table>
<thead>
<tr>
<th>Task and Description</th>
<th>Hours</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Management</td>
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<tr>
<td>2. Document/Literature Review</td>
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<td>3. Executive Team Goals and Assessment Tools</td>
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<td>4. Project Reporting</td>
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<td><strong>Total</strong></td>
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<td><strong>$13,140.00</strong></td>
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3. Estimated expenses: $600.00

4. The cost to conduct work under this Task Order shall not exceed Thirteen Thousand Seven Hundred Forty Dollars ($13,740.00).
VI. Signatures

By the signatures below, the parties hereto agree that all terms and conditions of this Task Order shall be in full force and effect.

By: Mark N. Kinsey, General Manager
Monte Vista Water District

Date: 10.24.2019

By: Kevin S. Milligan, Principal
Kevin S. Milligan Consultancy, LLC

Date: 10.16.2019
TASK ORDER #2

Date: January 6, 2020

MONTE VISTA WATER DISTRICT
KEVIN S. MILLIGAN CONSULTANCY, LLC

Project Description and Background Information

Infrastructure replacement, renewal, and periodic maintenance are critical tasks for water utilities to ensure efficient and effective delivery of services. A formally adopted Master Plan and Asset Management Plan are two tools commonly used by utilities, agencies and special Districts to plan for those tasks.

A well-planned infrastructure renewal and maintenance plan will assist the District in setting priorities for capital expenditures and identify necessary resources to meet the District’s Mission and Vision.

The District prepared a comprehensive Water Master Plan in 2008. The District desires to develop a high-level update of the Master Plan focusing on infrastructure renewal and preventive maintenance schedules.

Scope of Services

Under the terms of this Task Order, the consultant shall perform professional and technical services required to:

- Professionally manage the assignment including quality control and budget and schedule adherence;
- Develop templates for the update and status of projects recommended in the 2008 Master Plan;
- Facilitate a workshop to develop current condition assessment and prioritized improvements to District wells, pumps and storage facilities;
- Monitor and assist in the facilitation of a District-staff led workshop related to pipeline and service infrastructure; and,
- Prepare and/or review workshop related meeting records and summary report as detailed in the Scope of Work.

In carrying out the services outlined, consultant’s scope shall be limited to workshop facilitation and related tasks and shall not include Professional Engineering Services. Any and all facility or project related recommendations shall be overseen by a licensed Professional Engineer employed or separately engaged by the District as may be required by then current State law or regulation.
I. Scope of Work

The work shall include, but not be limited to, project management, literature review, and report preparation, as described in more detail below. All work carried out under this Task Order shall conform to the Professional Services Agreement dated November 1, 2019 between the Monte Vista Water District ("District") and Kevin S. Milligan Consultancy, LLC ("Consultant").

1. Project Management
   Consultant shall provide professional project management to ensure work is completed timely and within budget. Consultant shall provide regular and periodic communication throughout the engagement including email and telephone communication with the District project manager and subject matter experts.

   a. The consultant shall review District provided records, reports or other pertinent materials, including the 2008 Master Plan.
   b. The consultant shall develop templates for the update and status of projects recommended in the 2008 Master Plan 2008 Master Plan.
   c. The consultant shall review staff prepared Master Plan update tables for inclusion in the workshops.

3. Master Plan Update Workshops.
   a. The consultant shall facilitate a half-day workshop with key managers and staff (up to 10 attendees) to develop condition assessment and prioritized improvement and replacement recommendations for District owned or operated wells, pumps and water storage facilities. Consultant shall prepare agenda, workshop materials and workshop meeting record.
   b. The consultant shall monitor and assist in the District-staff led facilitation of a half-day workshop with key managers and staff (up to 10 attendees) to develop condition assessment and prioritized improvement and replacement recommendations for District owned or operated pipeline and service facilities. Consultant shall review the District-staff prepared meeting record, workshop materials and workshop meeting record.

4. Project Reporting.
   The consultant shall review the final District-staff prepared summary report (expected to consist primarily of meeting record summaries, tables and charts) for format and content.

II. Personnel

Kevin Milligan will serve as the principal consultant for all tasks identified in this Task Order.
III. Schedule

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<td>Facilitated Workshop (wells, pumps, storage)</td>
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<td>3</td>
<td>Workshop Assistance (pipelines)</td>
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<td>4</td>
<td>Project Report</td>
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IV. Period of Performance

Work under this Task Order shall begin no earlier than January 6, 2020 and shall terminate upon acceptance and approval by District of all required deliverables, estimated to occur no later than April 30, 2020.

V. Cost

1. Consultant shall be compensated for hours worked and direct costs in accordance with rate schedule attached to Professional Services Agreement between District and Consultant dated November 1, 2019.

2. Cost Breakdown by Task

<table>
<thead>
<tr>
<th>Task and Description</th>
<th>Hours</th>
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<td>1. Project Management</td>
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<td>2. Document Preparation and Review</td>
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<td>3. Facilitated Workshops</td>
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<td>Total</td>
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3. Estimated expenses: $500.00

4. The cost to conduct work under this Task Order shall not exceed Six Thousand Six Hundred Twenty Dollars ($6,620.00).
VI. Signatures

By the signatures below, the parties hereto agree that all terms and conditions of this Task Order shall be in full force and effect.

By: Justin Scott-Coe, General Manager
Monte Vista Water District

By: Kevin S. Milligan, Principal
Kevin S. Milligan Consultancy, LLC

1/6/2020

Date
Project Description and Background Information

Benchmarking and assessment are two important business practices to measure an organization’s performance and identify gaps from best practices employed by similar organizations or agencies. Similarly, succession planning identifies current and future knowledge, skill, and classification gaps that impede business performance.

The United States Environmental Protection Agency, with participation from the major water sector industry organizations and large water agencies developed a framework for assessing current utility performance and sustainability for the future. The framework, called Effective Utility Management (EUM), views utility practices through ten attributes for effective management and five keys to management success. Since its publication in 2006, many utilities and water districts have assessed their performance and improved operations through the EUM framework. The EUM framework allows agencies to self-assess performance and can be performed to include all ten attributes or with select attributes over time at a pace consistent with the agency’s needs and resource constraints.

Monte Vista Water District has requested a proposal to develop high-level benchmarks of the District’s organization and staffing levels and a limited EUM assessment in succession planning related areas of employee and leadership development and knowledge transfer to support future District work in succession planning areas.

Scope of Services

Under the terms of this Task Order, the Consultant shall perform professional and technical services required to:

- Professionally manage the assignment including quality control and budget and schedule adherence;
- Develop high level organizational benchmarks to compare the District’s organization and staffing levels to similar southern California water districts;
- Review the District’s organization structure for various elements including span of control, manager to staff ratios and succession opportunities; and,
- Assess the District’s current practices in the areas of employee and leadership development and knowledge management to support succession planning using elements from the US EPA Effective Utility Management principles.
I. Scope of Work

The work shall include, but not be limited to, project management, literature review, and report preparation, as described in more detail below. All work carried out under this Task Order shall conform to the Professional Services Agreement dated November 1, 2019 between the Monte Vista Water District (“District”) and Kevin S. Milligan Consultancy, LLC (“Consultant”) as amended from time to time.

1.项目管理

   顾问将提供专业的项目管理，以确保工作按时并在预算内完成。顾问将提供定期和定期沟通在整个参与期间包括:
   a. 月度进度总结;和,
   b. 议程和会议笔记的三次会议:
      1. 开场会议
      2. 进度会议
      3. 项目完成会议/电话会议

2. 审查项目材料

   a. 顾问将审查提供给的记录,报告或其他相关材料,包括该区的组织结构图,分类规格说明,和区准备的“报告卡”当前性能指标。
   b. 顾问将研究发布的数据和基准来自六个其他南加州水区（名单根据双方同意）与MVWD比较。
   c. 顾问将研究适用的有效的公用事业管理实践和原则,以支持评估员工和领导发展和知识管理。

3. 组织性基准

   a. 顾问将开发的各组织基准（根据双方同意）比较该区与六个相似的南加州水区。
   b. 顾问将评估该区的组织结构和人员水平,以比较该区与行业最佳实践和相似南加州水区。
4. **Effective Utility Management Assessment**
   a. The Consultant shall perform a limited organizational assessment using the US EPA published Effective Utility Management principles and practices in the areas of:
      i. Employee and Leadership Development; and,
      ii. Knowledge Management (in support of succession planning)
   b. To support the assessment, the Consultant shall interview select District employees including nine at the management or supervisory level and up to ten staff level employees.

5. **Project Reporting.**
   The Consultant shall prepare final report with findings and summary recommendations. Deliver 1 hard copy and 1 PDF formatted soft copy.

II. **Personnel**
Kevin Milligan will serve as the principal Consultant for all tasks identified in this Task Order.

III. **Schedule**

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<thead>
<tr>
<th>MILESTONES (MS)</th>
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</thead>
<tbody>
<tr>
<td><strong>MS#</strong></td>
</tr>
<tr>
<td>1</td>
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<td>2</td>
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<td>3</td>
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<tr>
<td>4</td>
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<tr>
<td>5</td>
</tr>
</tbody>
</table>

IV. **Period of Performance**
Work under this Task Order shall begin no earlier than March 2, 2020 and shall terminate upon acceptance and approval by District of all required deliverables, estimated to occur no later than May 29, 2020.
V. Cost

1. Consultant shall be compensated for hours worked and direct costs in accordance with rate schedule attached to Professional Services Agreement between District and Consultant dated November 1, 2019.

1. Cost Breakdown by Task

<table>
<thead>
<tr>
<th>Task and Description</th>
<th>Hours</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Management</td>
<td>20</td>
<td>$3,600.00</td>
</tr>
<tr>
<td>2. Document Preparation and Review</td>
<td>22</td>
<td>$3,960.00</td>
</tr>
<tr>
<td>3. Organizational Benchmarking</td>
<td>20</td>
<td>$3,600.00</td>
</tr>
<tr>
<td>4. Effective Utility Management Assessment</td>
<td>37</td>
<td>$6,660.00</td>
</tr>
<tr>
<td>5. Project Reporting</td>
<td>11</td>
<td>$1,980.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110</strong></td>
<td><strong>$19,800.00</strong></td>
</tr>
</tbody>
</table>

2. Estimated expenses: $500.00

3. The cost to conduct work under this Task Order shall not exceed Twenty Thousand Three Hundred Dollars ($20,300.00).

VI. Signatures

By the signatures below, the parties hereto agree that all terms and conditions of this Task Order shall be in full force and effect.

---

By: Justin Scott-Coe, General Manager
Monte Vista Water District

Date

---

By: Kevin S. Milligan, Principal
Kevin S. Milligan Consultancy, LLC

Date
February 6, 2020

Honorable Management Assessment Committee
Monte Vista Water District

SUBJECT: Resolution 766-20: Policy Updates

STAFF RECOMMENDATION:

It is recommended that the Management Assessment Committee recommend that the Board of Directors adopt Resolution 766-20 updating Monte Vista Water District’s purchasing and budget policies to be consistent with Resolution 759-20.

PRIOR BOARD ACTION:

On November 13, 2019, the Board of Directors adopted Resolution 759-20 establishing the management authority of the general manager.

On August 8, 2012, the Board of Directors adopted the revised purchasing policy.

On April 11, 2007, the Board of Directors adopted Resolution 613-07 establishing a budget policy.

FINANCIAL IMPACT:

There is no direct impact on the Fiscal Year Ending 2020 Budget as a result of this item.

CONSISTENCY WITH STRATEGIC PLAN GOALS/INITIATIVES:

Strategic Goal 5: Maintain responsible stewardship of District funds to address future needs.

BACKGROUND

On July 11, 2001, the Board of Directors (Board) adopted Resolution 543-02, establishing the management authority of Monte Vista Water District’s (District) general manager, including a limit to the general manager’s independent purchasing authority at $25,000. Resolution 543-02 also limited a newly appointed general manager’s purchasing authority to $5,000 until the resolution was reviewed with the Board for specific authorization.
On April 11, 2007, the Board adopted Resolution 613-07 establishing a Budget Policy, and on August 8, 2012, the Board adopted a revised Purchasing Policy. Both policies include a limit to the general manager’s independent purchasing authority at $25,000. The revised Purchasing Policy incorporated and updated the District’s Purchasing Procedures.

On November 13, 2019, having appointed a new general manager, the Board reviewed Resolution 543-02 and adopted a new Resolution 759-20 increasing the general manager’s independent purchasing authority from $25,000 to $50,000.

**DISCUSSION**

Following the Board’s adoption of Resolution 759-20, staff reviewed the District’s policies and procedures for any inconsistencies. It was discovered that the District’s Budget Policy and Purchasing Policy both include the $25,000 limitation. The proposed revisions to these policies update the limitation to $50,000, consistent with Resolution 759-20.

It was also discovered that the Budget Policy had not been incorporated into the District’s Administrative Policy and Procedures Manual, and that the 2012 Purchasing Policy revision incorporated and updated all the elements in the District’s Purchasing Procedures. Staff proposes to take this opportunity to fully incorporate the Budget Policy into, and remove the outdated Purchasing Procedures from, the District’s Administrative Policy and Procedures Manual.

Finally, minor edits and updated references have been incorporated into the revised Budget Policy and Purchasing Policy.

Following the strategic planning process, staff will propose conducting a comprehensive assessment, revision, collection, and publication of all District policies into a unified policy manual.

Respectfully submitted,

[Signature]

Justin M. Scott-Coe
General Manager

Attachments
Resolution 766-20: Updating the District’s Budget and Purchasing Policies
RESOLUTION 766-20

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MONTE VISTA WATER DISTRICT,
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
UPDATING THE DISTRICT’S BUDGET AND PURCHASING POLICIES

WHEREAS, on November 13, 2019, the Board of Directors adopted Resolution 759-20 establishing the management authority of the general manager; and

WHEREAS, Resolution 759-20 increased the purchasing authority for Monte Vista Water District’s general manager from $25,000 to $50,000; and

WHEREAS, Monte Vista Water District’s Budget Policy, adopted in 2007, and Purchasing Policy, adopted in 2012, require updates to be consistent with Resolution 759-20 and appropriate incorporation into the Administrative Policies and Procedures Handbook; and

WHEREAS, Monte Vista Water District’s Purchasing Procedures, adopted in 1996, was superseded by the 2012 comprehensive update to the Purchasing Policy.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Monte Vista Water District as follows:

1. The Purchasing Policy is hereby revised and set forth in Exhibit “A” to this Resolution and is incorporated as part of the Monte Vista Water District Administrative Policy and Procedures Manual.

2. The Purchasing Procedures is hereby rescinded and removed from the Monte Vista Water District Administrative Policy and Procedures Manual.

3. The Budget Policy is hereby revised and set forth in Exhibit “B” to this Resolution and is incorporated as part of the Monte Vista Water District Administrative Policy and Procedures Manual.

4. This Resolution shall be effective as of the date of adoption.

ADOPTED this 12th day of February 2020.

____________________________
Sandra S. Rose
President of the Board of Directors
MONTE VISTA WATER DISTRICT

ATTEST:

____________________________
Justin M. Scott-Coe
Secretary to the Board of Directors
MONTE VISTA WATER DISTRICT
Purchasing Policy D-06
Clean & Redlined
Administrative Policies
And Procedures Handbook

Subject: Purchasing

1.0 INTRODUCTION

1.1. Purpose

To assure purchases are accomplished in a manner whereby the greatest value is attained at a minimum cost to the ratepayers of Monte Vista Water District (District), this policy provides uniform procedures for acquiring services and materials and the construction and installation of facilities for the District, including purchasing and bidding requirements, as required by California law including Government Code Section 54202.

The District has broad authority under its enabling statute, the County Water District Act (Water Code Sections 31004-31005), to make contracts and employ labor to carry out the purposes of the District. All purchases of services, materials, equipment, or supplies and the construction and installation of facilities to be paid by the District must adhere to the methods, authority, and dollar limits of this policy outlined herein.

1.2. Scope

The authorizations set forth in this section are controlling throughout the entirety of this document and shall be held to be controlling when not specifically referenced. This policy explicitly prohibits splitting purchase orders for the purpose of evading the specified dollar limits.

1.3. Authorization to Purchase

The authorization to purchase is dependent upon the total dollar amount of the goods or services to be purchased. Spending limit authorities are granted in accordance with the following Purchase Authorization Table:

<table>
<thead>
<tr>
<th>Purchase Amount</th>
<th>Bid Type</th>
<th>Approval Level</th>
</tr>
</thead>
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<td>Department Heads</td>
</tr>
<tr>
<td>$10,001 - $50,000</td>
<td>Informal RFQ/RFP</td>
<td>General Manager</td>
</tr>
<tr>
<td>$50,001 or greater</td>
<td>Formal RFQ/RFP</td>
<td>Board of Directors</td>
</tr>
</tbody>
</table>
Board of Directors (Board) authority shall be only by collective vote of the governing body and shall not be granted on an individual basis. All purchases shall be made in accordance with one of the purchasing methods identified in Section 2 of this policy and in accordance with the procedures set forth in Sections 3 through 5, dependent upon the type of purchase or service.

1.4. Ethical Conduct in Purchasing

Ethical conduct in managing the District’s purchasing activities is an absolute essential. Staff must always be mindful that they represent the Board and share a professional trust with other staff and the general public. Therefore, when making a purchase, keep in mind the following factors: (1) is this purchase necessary for the job at hand or for the District to carry on its normal business activities, and (2) is this a reasonable cost for this type of purchase?

1.5. Responsibilities of the Director of Finance & Administrative Services

The Director of Finance & Administrative Services (Director of Finance) is responsible for: (1) administration of the purchasing policy, and (2) ensuring the District is obtaining the lowest reasonable cost that provides the maximum benefit.

1.6. Responsibilities of Departments

Each department shall be charged with the following purchasing responsibilities:

- Anticipate requirements sufficiently in advance of need to prevent downtime.
- Provide detailed and accurate specifications to ensure that purchases are consistent with requirements and expectations set out in this policy.
- Prepare requisitions in accordance with instructions to minimize transaction costs.
- Notify the Finance Department of vendor relation problems, shipping problems, or any other circumstances that could affect purchasing.
- Minimize emergency and sole source purchases and provide written documentation if such purchases occur.

2.0 PURCHASING METHODS

Below are the various methods employees are required to use to purchase goods, materials, or services. Depending upon the type and amount of the purchase, certain methods may be the required alternative. Please refer to the Purchase Authorization Table (Section 1.3) first to determine the most appropriate method to follow based upon the guidelines below.
Exceptions to these purchasing methods and spending authorities are specifically limited to the following:

- Utility bills (phone, gas, electric, etc.)
- Payroll disbursements, payroll checks, deductions, deposits, and tax payments that are supported by a payroll report
- Credit card purchases
- Insurance premiums (workers compensation, general liability, etc.)
- Legal Counsel
- Software license maintenance
- Payments made to any bank, financing institution, or other state or federal agency relative to the District’s debt service obligations
- Permitting and other regulatory fees (construction permits, LAFCO payment, etc.)
- Chino Basin Watermaster assessments and replenishment obligations
- Source of supply purchases made through the Water Facilities Authority, San Antonio Water Company, and City of Montclair

2.1 Standard Purchase Orders

Purchase orders are required for all purchases totaling more than $500. Purchase orders shall be issued prior to ordering supplies, equipment, and services and not “after the fact” for work already done or materials already ordered. The purpose of purchase orders is to manage the budget, not to pay invoices. As such, it is the responsibility of the Director of Finance (or his/her designee) to approve all purchase orders, regardless of the amount, when the budget has been exceeded.

Requisitions will be prepared and forwarded for appropriate approvals prior to the initiation of a purchase order. Purchase orders shall be prepared and signed by the Director of Finance (or his/her designee) and returned to Accounts Payable who shall then forward a signed copy to the vendor for the purchase. Each purchase order is electronically approved and stored for purposes of tracking and paying for the purchase.

A completed purchase order shall contain the following information, at a minimum:

- Vendor name, address, and telephone number
- Invoice amount and quantity ordered
- Purchase order preparation date
- Account number or numbers to be charged

The department shall submit a requisition, which includes the recommended vendor, with all supporting documentation attached and sent to Accounts Payable. Supporting documentation shall include complete specifications required for the purchase as well as any supporting documentation available, i.e. previously purchased item from a specific vendor.
2.2 Blanket Purchase Orders

In the course of doing business, it is necessary to make immediate and/or emergency purchases. Upon request, departments may receive blanket purchase orders at the beginning of a fiscal year, or as needed for small, local purchases. All blanket purchase orders shall be closed at the end of the fiscal year. If granted, Accounts Payable shall send the blanket purchase order to the specified vendor and the purchasing party will be notified. Equipment and supplies may then be purchased from the specified vendor according to the terms and conditions of the blanket purchase order. Such purchases should be kept to a minimum. Blanket purchase orders shall not be used to purchase services or capital assets.

2.3 Contract Purchase Orders

The District may contract with certain vendors for supplies or services or may piggy-back on other agencies contracted amounts (i.e.: County of San Bernardino’s bid for office supplies). Contract purchase orders are the preferred method of purchasing repetitive-use items or services that may be common to several departments or within one department. Establishing contract purchase orders provides a means of obtaining volume pricing based upon the combined needs of all departments, reduces the administrative costs associated with seeking redundant competitive bids and processing a purchase order each time an order is placed, and allows departments to order as needed, reducing the requirement to maintain large inventories of stock.

2.4 Check Requests

Check requests may be made for purchases for which petty cash cannot be used and the order amount is less than $500. Examples of purchases for which check requests may be appropriate include, but are not limited to: education reimbursements, operating permits, and conference registration fees less than $500. Check requests shall be made using a District-approved “Check Request Form” as provided by the Finance Department which shall include the following information:

- Date of purchase
- Date by which the check is needed
- Name of vendor or payee
- Address of vendor or payee
- Amount to be paid
- Explanation of purchase
- Authorized signature
- Account number or numbers to be charged
2.5 Petty Cash

Petty cash is used for immediate-need or emergency purchases totaling not more than $250 or for which all other approved methods or instruments of purchase are impractical. A petty cash voucher shall be produced for all expenditures of petty cash. The petty cash voucher shall include the following information:

- Amount/type of purchase
- Date of purchase
- Location of purchase
- Signature of purchaser

Immediately following the purchase, the receipt shall be stapled to the petty cash voucher and submitted to the Custodian of Petty Cash (as designated by the Director of Finance). The Custodian of Petty Cash ensures that all petty cash vouchers have been properly authorized. When funds are near depletion, the Custodian of Petty Cash prepares a reconciliation of the petty cash drawer and obtains approval from the Director of Finance (or his/her designee) and then submits a request to Accounts Payable for petty cash replenishment. Only the Director of Finance, the Finance and Information Technology Manager, and the Custodian of Petty Cash shall have access to the petty cash boxes.

2.6 Contracts

Contracts are used in conjunction with purchase orders to minimize risk. Approved contracts shall be accompanied by a purchase order processed in the amount of the contract. The original contract shall be sent to the counterparty for signature. Contract payments are requested by approved invoice or progress draw. Only the General Manager (or his/her designee) may sign contracts.

2.7 Invoices

Supervisors, managers and department heads shall match invoices to their corresponding purchase orders and receipt documentation to verify that:

- The purchase order reconciles in all respects with the vendor’s invoice.
- The goods have been received and the receiver signed the invoice or packing slip.
- The purchase order has been authorized in accordance with this policy.

The Finance Department is responsible for reviewing all relevant documentation. Invoices shall be stamped with the date received. All invoices shall identify the authorized purchase order number.
2.8 Check Preparation

All District checks of any amount shall bear the signature of any two of the following: The General Manager, the Director of Finance, the President of the Board, or the Vice-President of the Board. The District’s check stock is controlled and stored by Accounts Payable.

2.9 Change Orders

Once a purchase order has been issued, any subsequent change or cancellation thereof shall be done by authorized change order via a revised purchase order. The revised purchase order must be re-approved for the larger amount in accordance with the spending limits identified in this policy. For change orders in excess of the General Manager’s spending authority, the change order can only be authorized in accordance with Section 2.10 below or with prior Board authorization. Change orders are not needed where the new cost remains in the same level of authorization of, and is within 10% of, the original purchase order.

2.10 Emergency Purchases

In case of emergency, or for time-sensitive projects (includes construction) and related change orders, the General Manager shall be authorized to approve such change orders in excess of the General Manager’s spending authority. The purpose of the change order shall then be presented to the Board within one month of becoming aware of the occurrence in accordance with the contract terms (must be submitted in writing by the contractor), followed by formal approval once final estimates have been provided by the contractor or consultant (but no later than four months).

In case of emergency, the District, pursuant to a four-fifths vote of the Board, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.

2.11 Sole Source Purchases

Purchases may be made pursuant to this section if and only if needed supplies, materials, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction as to be available from only one source. After reasonable efforts to find alternative suppliers, the General Manager or designee may dispense with any proposal or bid requirements and recommend making the purchase from the sole source.
3.0 GENERAL PURCHASES

3.1 Definition

General purchases include supplies, materials, and equipment. For purchases that include a combination of supplies, materials, equipment, and professional services for the installation, repair or maintenance of the goods being purchased (refer to Section 4.0 for professional services). Splitting the purchase (bid-splitting) is not allowed.

Refer to the Purchase Authorization Table (Section 1.3) for specified limits of authority and bid type.

3.2 Purchasing Practices

All purchases totaling more than $500 shall be made pursuant to an authorized purchase order. For purchases totaling less than $500, purchase orders may be issued to satisfy vendor requirements or to encumber departmental funds. Petty cash is the preferred method of payment for purchases under $100.

Purchases totaling $2,000 to $5,000 require the advance authorization of a supervisor or manager. Three comparative bids, either written or verbal, shall be obtained to ensure the best value for the District. Where comparative pricing is not reasonable (i.e., where the cost of the comparison would negate any price benefit), it shall not be required.

Purchases totaling $5,001 to $10,000 require the advance authorization of a department head or the Director of Finance (or his/her designee). An informal Request for Quote (RFQ) or Request for Proposal (RFP) shall be obtained in writing unless a sole source provider situation is determined. Sole source provider decisions shall be justified in writing by the department head and approved by the General Manager or Director of Finance.

Purchases totaling $10,001 to $50,000 require the advance authorization of the General Manager (or his/her designee). An informal RFQ or RFP shall be obtained in writing unless a sole source provider situation is determined. Sole source provider decisions shall be justified in writing by the department head and approved by the General Manager (or his/her designee).

The General Manager shall not award purchases in excess of $50,000 except in the event of an emergency or time-sensitive purchase.
3.3 Independent Supplier Agreement

Instances when the District wishes to utilize the services or product of an individual supplier covering a specified period of time (fiscal year or multi-year agreement) or specialized project with a cumulative cost in excess of $10,000 shall require use of the District’s “Supplies and Materials Agreement.” The department head shall initiate the agreement to be signed by both the supplier and General Manager (or his/her designee) prior to purchasing of any services or goods. In addition, at least three (3) quotes will be required, except in instances where three (3) quotes cannot be obtained or determination of a sole source vendor is obtained.

3.4 Independent Contractor Agreement

Instances when the District wishes to utilize an individual contractor covering a specified period of time (fiscal year or multi-year agreement) or specialized project with a cumulative cost in excess of $10,000 shall require use of the District’s “Professional Services Agreement.” The department head shall initiate the agreement to be signed by both the contractor and General Manager (or his/her designee) prior to any services rendered. In addition, at least three (3) quotes will be required, except in instances where three (3) quotes cannot be obtained or determination of a sole source vendor is obtained.

4.0 PROFESSIONAL SERVICES (EXCLUDING CONSTRUCTION)

4.1 Definition

Professional services (excluding construction) are defined as work performed by outside consultants because of specialized knowledge or expertise or for limited time/project-oriented work. This also includes work performed by outside resources for the installation, maintenance, or repair of equipment and/or materials when the purchase is a combination thereof. An example of this includes the purchase and installation of computer software and hardware by one vendor.

Refer to the Purchase Authorization Table (Section 1.3) for specified limits of authority and bid type.

4.2 Independent Consultant Agreement

Respective departments will prepare all contracts for professional services using the District’s “Professional Services Agreement” form and forward to the Director of Finance for review before forwarding to the General Manager for final approval. Final negotiations of the contract will be between the respective department head and the vendor. Only the General Manager (or his/her designee) may sign contracts.
5.0 CONSTRUCTION

5.1 Definition

Work performed by outside contractors for the construction, erection, alteration, repair, or improvement of any agency structure, pipeline, pump, booster, or other agency-related asset improvement of any kind (See California Public Contract Code).

Refer to the Purchase Authorization Table (Section 1.3) for specified limits of authority and bid type.

5.2 Standard Construction Project Agreement

All construction related projects (excluding routine maintenance work of District facilities) shall utilize the District’s "Standard Construction Project Agreement" regardless of cost. The department head shall initiate the agreement to be signed by both the contractor and General Manager prior to construction. The General Manager shall not award construction contracts in excess of $50,000 except in the event of an emergency or time-sensitive purchase (see Section 2.10).

5.3 Construction Contracts from $50,000 and Above

The use of services from outside vendors/contractors with an estimated value of $50,000 or more requires authorization by the Board. The General Manager is responsible for obtaining Board approval.

In addition, pursuant to the California Public Contract Code, all contracts for the construction of any unit of work estimated to cost in excess of $50,000 shall be awarded to the lowest responsive and responsible bidder after competitive bidding. The Board shall have the right to reject any or all bids, in which case the Board may call for new bids. All construction project bid packages will be reviewed by Legal Counsel prior to letting the bids and prior to finalizing contracts.

The bidding procedures followed shall be in consultation with Legal Counsel and in compliance with Part 2 of the California Public Contract Code.

5.4 County Water District Status

The District is a County Water District and therefore not mandated by State law to competitively bid any purchases, including those for construction projects and/or capital expenditures. The District has discretion to enter into non-bid contracts for construction projects, to procure services and materials, to contract for design-build work, to utilize job-order contracting, and to enter into cooperative purchasing arrangements for the design, construction, and maintenance of construction projects, or undertake any other form of contracting determined to be in the District’s best interest, except as otherwise expressly restricted by law.
Notwithstanding this lack of legal mandate and contractual discretion, District staff shall make a good faith effort to support the competitive selection process described in this policy.

APPROVED:

______________________________                       Date: ______________________________

Justin M. Scott-Coe, General Manager
Administrative Policies
And Procedures Handbook

Subject: Purchasing

1.0 INTRODUCTION

1.1 Purpose

To assure purchases are accomplished in a manner whereby the greatest value is attained at a
minimum cost to the rate-payers of Monte Vista Water District (MVWD) District, this policy
provides uniform procedures for acquiring services and materials and the construction and
installation of facilities for the District, including purchasing and bidding
requirements, as required by California law including Government Code Section 54202 and
California Public Contract Code 20680 et seq.

The District has broad authority under its enabling statute, the County Water District Act
(Water Code Sections 31004, 31105), to make contracts and employ labor to carry out the
purposes of the District. (Water Code §§ 31004 and 31105.) All purchases of services,
materials, equipment, or supplies, and the construction and installation of facilities to be paid
by the District must adhere to the methods, authority, and dollar limits of this policy
outlined herein.

1.2 Scope

The authorizations set forth in this section are controlling throughout the entirety of this
document and shall be held to be controlling when not specifically referenced. This policy
explicitly prohibits splitting purchase orders for the purpose of evading the specified dollar
limits.

1.3 Authorization to Purchase

The authorization to purchase is dependent upon the total dollar amount of the goods or
services to be purchased. Spending limit authorities are granted in accordance with the
following Purchase Authorization Table:

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<td>Department Heads</td>
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<td>Informal RFQ/RFP</td>
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Board of Directors (Board) authority shall be only by collective vote of the governing body and shall not be granted on an individual basis. All purchases shall be made in accordance with one of the MVWD purchasing methods identified in Section 2 of this policy and in accordance with the procedures set forth in Sections 3 through 5, dependent upon the type of purchase or service.

1.4. Ethical Conduct in Purchasing

MVWD/the District

Ethical conduct in managing the District's purchasing activities is an absolute necessity. Staff must always be mindful that they represent the Board of Directors and share a professional trust with other staff and the general public. Therefore, when making a purchase, keep in mind the following factors: (1) is this purchase necessary for the job at hand or for the District to carry on its normal business activities, and (2) is this a reasonable cost for this type of purchase?

1.5. Responsibilities of the Manager/Director of Finance & Administrative Services

The Manager/Director of Finance & Administrative Services (Director of Finance) is responsible for: (1) administration of the purchasing policy, and (2) ensuring the District is obtaining the lowest reasonable cost that provides the maximum benefit.

1.6. Responsibilities of Departments

Each department shall be charged with the following purchasing responsibilities:

- Anticipate requirements sufficiently in advance of need to prevent downtime.
- Provide detailed and accurate specifications to ensure that purchases are consistent with requirements and expectations set out in this policy.
- Prepare requisitions in accordance with instructions to minimize transaction costs.
- Notify the Finance Department of vendor relation problems, shipping problems, or any other circumstances that could affect purchasing.
- Minimize emergency and sole source purchases and provide written documentation if such purchases occur.

2.0 PURCHASING METHODS

Below are the various methods employees are required to use to purchase goods, materials, or services. Depending upon the type and amount of the purchase, certain methods may be the required alternative. Please refer to the Purchase Authorization Table (Section 1.3 Authorization to Purchase) first to determine the most appropriate method to follow based upon the guidelines below.
Exceptions to these purchasing methods and spending authorities are specifically limited to the following:

- Utility bills (phone, gas, electric, etc.)
- Payroll disbursements, payroll checks, deductions, deposits, and tax payments that are supported by a payroll report
- Credit card purchases
- Insurance premiums (workers compensation, general liability, etc.)
- Legal Counsel
- Software license maintenance
- Payments made to any bank, financing institution, or other state or federal agency relative to the District’s debt service obligations
- Permitting and other regulatory fees (construction permits, LAFCO payment, etc.)
- Watermaster Assesments and Replenishment obligations
- Source of Supply purchases made through the Water Facilities Authority, San Antonio Water Company, and City of Montclair (WFA)

2.1 Standard Purchase Orders

Purchase orders are required for all purchases totaling more than $500. Purchase orders shall be issued prior to ordering supplies, equipment, and services and not “after the fact” for work already done or materials already ordered. The purpose of purchase orders is to manage the budget, not to pay invoices. As such, it is the responsibility of the Manager/Director of Finance (or his/her designee) to approve all purchase orders, regardless of the amount, when the budget has been exceeded.

Requisitions will be prepared and forwarded for appropriate approvals prior to the initiation of a purchase order. Purchase orders shall be prepared and signed by the Manager/Director of Finance (or his/her designee) and returned to Accounts Payable who shall then forward a signed copy to the vendor for the purchase. Each purchase order is electronically approved and stored for purposes of tracking and paying for the purchase.

A completed purchase order shall contain the following information, at a minimum:

- Vendor name, address, and telephone number
- Invoice amount and quantity ordered
- Purchase order preparation date
- Account number or numbers to be charged

The department shall submit a requisition, which includes the recommended vendor, with all supporting documentation attached and sent to Accounts Payable. Supporting documentation shall include complete specifications required for the purchase as well as any supporting documentation available, i.e. previously purchased item from a specific vendor.
2.2 Blanket Purchase Orders

In the course of doing business, it is necessary to make immediate and/or emergency purchases. Upon request, departments may receive blanket purchase orders at the beginning of a fiscal year, or as needed for small, local purchases. All blanket purchase orders shall be closed at the end of the fiscal year. If granted, Accounts Payable shall send the blanket purchase order to the specified vendor and the Purchasing Party will be notified. Equipment and supplies may then be purchased from the specified vendor according to the terms and conditions of the blanket purchase order. Such purchases should be kept to a minimum. Blanket purchase orders shall not be used to purchase services or capital assets.

2.3 Contract Purchase Orders

The District may contract with certain vendors for supplies or services or may piggy-back on other agencies contracted amounts (i.e.: County of San Bernardino’s bid for office supplies). Contract purchase orders are the preferred method of purchasing repetitive-use items or services that may be common to several departments or within one department. Establishing contract purchase orders provides a means of obtaining volume pricing based upon the combined needs of all departments, reduces the administrative costs associated with seeking redundant competitive bids and processing a purchase order each time an order is placed, and allows departments to order as needed, reducing the requirement to maintain large inventories of stock.

2.4 Check Requests

Check requests may be made for purchases for which petty cash cannot be used and the order amount is less than $500. Examples of purchases for which check requests may be appropriate include, but are not limited to: education reimbursements, operating permits, and conference registration fees less than $500. Check requests shall be made using a District approved “Check Request Form” as provided by the Finance Department which shall include the following information:

- Date of purchase;
- Date by which the check is needed;
- Name of vendor or payee;
- Address of vendor or payee;
- Amount to be paid;
- Explanation of purchase;
- Authorized signature;
- Account number or numbers to be charged;
2.5 Petty Cash

Petty cash is used for immediate-need or emergency purchases totaling not more than $250 or for which all other approved methods or instruments of purchase are impractical. A petty cash voucher shall be produced for all expenditures of petty cash. The petty cash voucher shall include the following information:

- Amount/Type of purchase
- Date of purchase
- Location of purchase
- Signature of purchaser

Immediately following the purchase, the receipt shall be stapled to the petty cash voucher and submitted to the Custodian of Petty Cash (as designated by the Director of Finance). The Custodian of Petty Cash ensures that all petty cash vouchers have been properly authorized. When funds are near depletion, the Custodian of Petty Cash prepares a reconciliation of the petty cash drawer and obtains approval from the Manager/Director of Finance (or his/her designee) and then submits a request to Accounts Payable for petty cash replenishment. Only the designated Director of Finance, the Finance and Information Technology Manager, Department Management and the Custodian of Petty Cash shall have access to the petty cash boxes.

2.6 Contracts

Contracts are used in conjunction with purchase orders to minimize risk. Approved contracts shall be accompanied by a purchase order processed in the amount of the contract. The original contract shall be sent to the counterparty for signature. Contract payments are requested by approved invoice or progress draw. Only the General Manager (or his/her designee) may sign contracts.

2.7 Invoices

Supervisors, Managers and Department Heads shall match invoices to their corresponding purchase orders and receipt documentation to verify that:

- The purchase order reconciles in all respects with the vendor’s invoice.
- The goods have been received and the receiver signed the invoice or packing slip.
- The purchase order has been authorized in accordance with this policy.

The Accounting/Finance Department is responsible for reviewing all relevant documentation. Invoices shall be stamped with the date received. All invoices shall identify the authorized purchase order number.
2.8 Check Preparation

All District checks of any amount shall bear the signature of any two of the following: The General Manager, the Manager/Controller of Finance, and the President of the Board, or the Vice-President of the Board. The District’s check stock is controlled and stored by Accounts Payable.

2.9 Change Orders

Once a purchase order has been issued, any subsequent change or cancellation thereof shall be done by authorized change order via a revised purchase order. The revised purchase order must be re-approved for the larger amount in accordance with the spending limits identified in this policy. For change orders in excess of the General Manager’s spending authority, the change order can only be authorized in accordance with Section 2.10 below or with prior Board authorization. Change orders are not needed where the new cost remains in the same level of authorization of, and is within 10% of, the original purchase order.

2.10 Emergency Purchases

In case of emergency, or for time-sensitive projects (includes construction) and related change orders, the General Manager shall be authorized to approve such change orders in excess of the General Manager’s spending authority. The purpose of the change order shall then be presented to the Board within one month of becoming aware of the occurrence in accordance with the contract terms (must be submitted in writing by the contractor), followed by formal approval once final estimates have been provided by the contractor or consultant (but no later than four months).

In case of emergency, the District, pursuant to a four-fifths vote of the Board of Directors, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.

2.11 Sole Source Purchases

Purchases may be made pursuant to this section if and only if needed supplies, materials, equipment, or services are of a proprietary nature, or are otherwise of such specific design or construction as to be available from only one source. After reasonable efforts to find alternative suppliers, the General Manager or designee may dispense with any proposal or bid requirements and recommend making the purchase from the sole source.
3.0 GENERAL PURCHASES

3.1 Definition

General purchases include supplies, materials, and equipment. For purchases that include a combination of supplies, materials, equipment, and professional services for the installation, repair or maintenance of the goods being purchased (refer to Section 4.0 on Professional Services). Splitting the purchase (bid-splitting) is not allowed.

Refer to the Purchase Authorization Table (Section 1.3 Authorization to Purchase) for specified limits of authority and bid type.

3.2 Purchasing Practices

All purchases totaling more than $500 shall be made pursuant to an authorized purchase order. For purchases totaling less than $500, purchase orders may be issued to satisfy vendor requirements or to encumber departmental funds. Petty cash is the preferred method of payment for purchases under $100.

Purchases totaling $2,000 to $5,000 require the advance authorization of a Supervisor or Manager. Three comparative bids, either written or verbal, shall be obtained to ensure the best value for the District. Where comparative pricing is not reasonable (i.e., where the cost of the comparison would negate any price benefit), it shall not be required.

Purchases totaling $5,001 to $10,000 require the advance authorization of a Department Head or the Director of Finance (or his/her designee). An informal Request for Quote (RFQ) or Request for Proposal (RFP) shall be obtained in writing unless a Sole Source provider situation is determined. Sole Source provider decisions shall be justified in writing by the Department Head and approved by the General Manager or Director of Finance.

Purchases totaling $10,001 to $25,000 require the advance authorization of the General Manager (or his/her designee). An informal Request for Quote (RFQ) or Request for Proposal (RFP) shall be obtained in writing unless a Sole Source provider situation is determined. Sole Source provider decisions shall be justified in writing by the Department Head and approved by the General Manager (or his/her designee).

The General Manager shall not award purchases in excess of $25,000 except in the event of an emergency or time-sensitive purchase.
3.3 Independent Supplier Agreement

In instances when the District wishes to utilize the services or product of an individual supplier covering a specified period of time (fiscal year or multi-year agreement) or specialized project with a cumulative cost in excess of $10,000, shall require use the District’s “Independent Supplier and Materials Agreement.” The purchase order shall initiate the agreement to be signed by both the supplier and General Manager or his/hers designee prior to purchasing of any services or goods. In addition, at least three (3) quotes will be required, except in instances where three (3) quotes cannot be obtained or determination of a sole source vendor is obtained.

3.4 Independent Contractor Agreement

In instances when the District wishes to utilize an individual contractor covering a specified period of time (fiscal year or multi-year agreement) or specialized project with a cumulative cost in excess of $10,000, shall require use the District’s “Independent Contractor Professional Services Agreement.” The purchase order shall initiate the agreement to be signed by both the contractor and General Manager or his/hers designee prior to any services rendered. In addition, at least three (3) quotes will be required, except in instances where three (3) quotes cannot be obtained or determination of a sole source vendor is obtained.

4.0 4.0 PROFESSIONAL SERVICES (EXCLUDING CONSTRUCTION)

4.1 Definition

Professional services (excluding construction) are defined as work performed by outside consultants because of specialized knowledge or expertise or for limited time/project-oriented work. This also includes work performed by outside resources for the installation, maintenance, or repair of equipment and/or materials when the purchase is a combination thereof. An example of this includes the purchase and installation of computer software and hardware by one vendor.

Refer to the Purchase Authorization Table (Section 1.3 Authorization to Purchase) for specified limits of authority and bid type.

4.2 Independent Consultant Agreement

Respective Districts will prepare all contracts for professional services using the District’s “Professional Services Independent Consultant Agreement” form and forward to the Manager/Director of Finance for review before forwarding to the General Manager for final approval. Final negotiations of the contract will be between the respective District Head and the vendor. Only the General Manager (or his/her designee) may sign contracts.
5.0 CONSTRUCTION

5.1 Definition

Work performed by outside contractors for the construction, erection, alteration, repair, or improvement of any agency structure, pipeline, pump, booster, or other agency-related asset improvement of any kind (See California Public Contract Code).

Refer to the Purchase Authorization Table (Section 1.3 Authorization to Purchase) for specified limits of authority and bid type.

5.2 Standard Construction Project Agreement

All construction related projects (excluding routine maintenance work of District facilities) shall utilize the District’s “Standard Construction Project Agreement” regardless of cost. The Department Head shall initiate the agreement to be signed by both the Contractor and General Manager prior to construction. The General Manager or shall not award construction contracts in excess of $2550,000 except in the event of an emergency or time-sensitive purchase (See Section 2.10).

5.3 Construction Contracts from $2550,000 and Above

The use of services from outside vendors/contractors with an estimated value of $2550,000 or more requires authorization by the Board of Directors. The General Manager is responsible for obtaining Board approval.

In addition, pursuant to the California Public Contract Code, the MVWD Act and this Policy, all contracts for the construction of any unit of work estimated to cost in excess of twenty-five thousand dollars ($2550,000) shall be awarded to the lowest responsive and responsible bidder after competitive bidding. The Board shall have the right to reject any or all bids, in which case the Board may call for new bids. All construction project bid packages will be reviewed by Legal Counsel prior to letting the bids and prior to finalizing contracts.

The bidding procedures followed shall be in consultation with Legal Counsel and in compliance with Part 2 of the California Public Contract Code.

5.4 County Water District Status

The District is a County Water District and therefore is not mandated by State law to competitively bid any purchases, including those for construction projects and/or capital expenditures. The District has discretion to enter into non-bid contracts for construction projects, to procure services and materials, to contract for design-build work, to utilize job-order contracting, and to enter into cooperative purchasing arrangements for the design, construction, and maintenance of construction projects, or undertake any other form of contracting determined to be in the District’s best interest, except as otherwise expressly restricted by law.
Notwithstanding this lack of legal mandate and contractual discretion, District staff shall make a good faith effort to support the competitive selection process described in this policy.

APPROVED:

__________________________________________
Justin M. Scott-Coe, General Manager

Date: ________________________________
Budget Policy D-10
Clean & Redlined
Administrative Policies
And Procedures Handbook

Subject: Budget

A. GENERAL POLICY
Monte Vista Water District’s (District) budget is a fiscal management tool that provides an annual spending plan and guide for District operations. The budget places restrictions that serve as safeguards, such as the use of control accounts otherwise known as line item expenditures. Line item expenditures are designed to provide the best estimate of needs the District anticipates in the coming fiscal year. It is understood that some, if not all, expenditures are subject to variables that may require an amendment to meet new conditions, unforeseen problems, or realigned priorities within an operating division’s expenditure categories. This is why the budget policy should retain a certain level of flexibility providing for some degree of revision based upon unforeseen circumstances.

The department heads, subject to approval by the District’s General Manager, will exercise operational discretion over the use of line item expenditures within their respective divisions and expenditure categories. Accounting control is exercised by the Director of Finance & Administrative Services (Director of Finance) who oversees the District’s finances.

B. OPERATING DIVISIONS
District staff shall develop and present an annual budget of expenditures to the Board of Directors within a structured format containing the following five (5) operating divisions:

1. Production and Operations
2. Distribution
3. Conservation
4. District Administration
5. Non-Operating Expenses
6. Capital Outlay Projects

C. EXPENDITURE CATEGORIES
The annual budget shall contain, for purposes of this budget policy, the following expenditure categories within each operating division, noted as follows:

Production and Operations
a. Purchased Water
b. Pump Operations
c. Production & Water Quality Expenses
d. Water Assessments & Replenishment
Distribution  
a. Distribution Expenses

Conservation  
a. Conservation Expenses

District Administration  
a. Administration and Director Expenses  
b. Employee Expenses  
c. Office Expenses

Non-Operating Expenses  
a. Debt Service

Capital Outlay Projects  
a. Capital Outlay – Proposed/Carryover  
b. Capital Outlay – Capital in Progress  
c. Capital Administration – Labor Allocation

D. LEVEL OF AUTHORIZATION

Once a budget is adopted by the District's Board of Directors, the General Manager is authorized to approve line item transfers within an individual category in an amount not-to-exceed $50,000 per transfer or transaction. All other transfers require the approval of the District’s Board of Directors. Refer to the Purchase Authorization Table (Section 1.3) of the District’s Purchasing Policy for specified limits of authority and bid type.

E. BOARD AUTHORIZATION REQUIRED

All transfers in excess of $50,000, or any expenditure as identified below, require the approval of the District’s Board of Directors as an approved amendment to the annually adopted budget:

1. Between two separate expenditure categories  
2. Involving labor-related line item expenditures  
3. Involving the District’s water purchases, replenishment, or water assessments  
4. Involving capital project-related expenditures

APPROVED:

______________________________  ____________________________
Justin M. Scott-Coe, General Manager  Date:
A. GENERAL POLICY

The Monte Vista Water District's (District) budget is a fiscal management tool that provides an annual spending plan and guide for District operations. The budget places restrictions that serve as safeguards, such as the use of control accounts otherwise known as line item expenditures. Line item expenditures are designed to provide the best estimate of needs the District anticipates in the coming fiscal year. It is understood that some, if not all, expenditures are subject to variables that may require an amendment to meet new conditions, unforeseen problems, or realigned priorities within an operating division’s expenditure categories. This is why the budget policy should retain a certain level of flexibility providing for some degree of revision based upon unforeseen circumstances.

The department heads, subject to approval by the District’s General Manager, will exercise operational discretion over the use of line item expenditures within their respective divisions and expenditure categories. Accounting control is exercised by the Manager-Director of Finance and Administrative Services (Director of Finance) who oversees the District’s finances.

B. OPERATING DIVISIONS

The annual budget shall contain, for purposes of this budget policy, the following expenditure categories within each operating division, noted as follows:

Production and Operations
- Purchased Water
- Pump Operations
- Well Pump and Booster Material
- Production Utility & Water Quality Expenses

Conservation

Distribution

District Administration

Non-Operating Expenses

Capital Outlay Projects

C. EXPENDITURE CATEGORIES
Water Assessments

Replenishment

Water Assessments

Water Quality Treatment/Filtration

Purchase of Water
Distribution
  a. Distribution Expenses

Conservation
  a. Conservation Expenses

District Administration
  a. Administration and Director Expenses
  b. Employee Expenses
  c. Office Expenses

Non-Operating Capital Expenses
  a. Debt Service
    a. Capital Outlay Projects
      b. Capital Outlay - Proposed/Carryover Capital
      c. Capital Outlay - Construction Capital in Progress
    c. Capital Administration - Labor Allocation

D. LEVEL OF AUTHORIZATION

Once a budget is adopted by the District’s Board of Directors, the General Manager is authorized to approve line item transfers within an individual category in an amount not-to-exceed $350,000 per transfer or transaction. All other transfers require the approval of the District’s Board of Directors. Refer to the Purchase Authorization Table (Section 1.3) of the District’s Purchasing Policy for specified limits of authority and bid type.

E. BOARD AUTHORIZATION REQUIRED

All transfers in excess of $350,000, or any expenditure as identified below, require the approval of the District’s Board of Directors as an approved amendment to the annually adopted budget:

1. Between two separate expenditure categories
2. Involving labor-related line item expenditures
3. Involving the District’s water purchases, replenishment, or water assessments
4. Involving capital project-related expenditures

APPROVED.

________________________________________ Date: ____________________________
Justin M. Scott-Coe, General Manager