

# Board Meeting Agenda

Russ Baggerly, Director  
Mary Bergen, Director  
Bill Hicks, Director

Pete Kaiser, Director  
James Word, Director

CASITAS MUNICIPAL WATER DISTRICT  
September 23, 2015  
3:00 P.M.  
1055 Ventura Avenue  
Oak View, CA 93022

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of ¶54954.2 of the Government Code and except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under section 54954.3 of the Government Code.

1. Public Comments (items not on the agenda – three minute limit).
2. General Manager comments.
3. Board of Director comments.
4. Board of Director Verbal Reports on Meetings Attended.
5. Consent Agenda
  - a. Minutes of September 9, 2015 Meeting.  
RECOMMENDED ACTION: Adopt Consent Agenda
6. Bills
7. Recognition and appreciation honoring employees for years of service to Casitas.
  - a. Resolution of Appreciation Honoring Susan McMahon for 29 years of service to Casitas.
  - b. Resolution of Appreciation Honoring Brian Taylor for 27 years of service to Casitas.

- c. Resolution of Appreciation Honoring Kevin Nguyen for 14 years of service to Casitas.
- d. Resolution of Appreciation Honoring Ron Merckling for 12 years of service to Casitas.

RECOMMENDED ACTION: Adopt Resolutions

Recess Casitas Board Meeting

8. Lake Casitas Improvement Foundation Meeting

- a. Recommend purchasing emergency boat launch ramp material due to historic drought conditions in the amount up to \$5,000.

Recommended Action: Motion approving recommendation

Reconvene Casitas Board Meeting

9. Resolution Approving a Grant in the amount of \$28,350 from The Division of Boating and Waterways for the Purchase of Miscellaneous Equipment to outfit the Rogue Patrol Boat at Lake Casitas Recreation Area.

RECOMMENDED ACTION: Adopt Resolution

10. Recommend approval of Change Order No. 3 – Hypolimnetic Aeration System Specification 15-376 in the amount of \$58,197 to provide for liquid oxygen deliveries until the permanent tank and vaporizers are installed.

RECOMMENDED ACTION: Motion approving recommendation

11. Recommend approval of a purchase order to California Conservation Corps in the not to exceed amount of \$22,260 for removal of non-native vegetation from the Robles area.

RECOMMENDED ACTION: Motion approving recommendation

12. Recommend approval of a change order in the amount of \$14,503 for the purchase of additional rock to protect Casitas Gravity Main.

RECOMMENDED ACTION: Motion approving recommendation

13. Verbal report on the Ojai Valley 4(M) Pump Plant Noise Abatement.

14. Discussion regarding the possibility of forming an Ad Hoc Committee for the purpose of updating the General Manager's Performance Review format.

RECOMMENDED ACTION: Selection of Ad Hoc Committee members.

15. Recommend approval of the Specialty Liability Insurance Program renewal in the amount of \$60,983.50.

RECOMMENDED ACTION: Motion approving recommendation

16. Information Items:

- a. Finance Committee Minutes.
- b. Investment Report.

17. Closed Session

- a. Conference with Legal Counsel -- Anticipated Litigation  
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9, Government Code. (number of potential cases: two)

18. Adjournment

If you require special accommodations for attendance at or participation in this meeting, please notify our office 24 hours in advance at (805) 649-2251, ext. 113. (Govt. Code Section 54954.1 and 54954.2(a).

Minutes of the Casitas Municipal Water District  
Board Meeting Held  
September 9, 2015

A meeting of the Board of Directors was held September 9, 2015 at the District office in Oak View, California. The meeting was called to order at 3:00 p.m. Directors Bergen, Kaiser, Baggerly and Hicks were present. Director Word was absent. Also present were Steve Wickstrum, General Manager, Rebekah Vieira, Clerk of the Board, and Attorney, John Mathews. There were five staff members and six members of the public in attendance. President Bergen led the group in the flag salute.

1. Public Comments (items not on the agenda – three minute limit).

None

2. General Manager comments.

Mr. Wickstrum informed the board that the contractor found an issue with the condenser pump with the AC system and we hope that issue has been resolved. He then reminded the Board of the AWA reception at the Reagan Library on Thursday, September 17<sup>th</sup>.

Mr. Wickstrum discussed a water line break on Highway 150 in Upper Ojai. We will be hiring a contractor to jack and bore under the state highway for this three inch line. A temporary line was hooked up Friday night. Director Baggerly asked that employees be reminded to hydrate. Mr. Wickstrum replied that we have been doing that.

Mr. Wickstrum then informed the board that arrangements for a memorial service for Jim Coultas are continuing. Right now, it appears that a service may be held on September 27<sup>th</sup> at 2:00 p.m. at Coyote ramp. Jim was a board member for 19 years and his father served on the board prior to that. We would like to allow family and friends to attend the service without charging them the entrance fees associated with entering the recreation area.

Mr. Wickstrum explained that there have been significant improvements in the lake water since the hypolimnetic system has been operating. The manganese is gone and we are establishing an equilibrium mode right now. The taste and odor issues are starting to curtail. Our staff has worked diligently to provide the best water possible. It has been worthwhile in moving forward with the hypolimnetic system. We will have to purchase oxygen to put into that system.

Mr. Wickstrum informed the board of a fire at the Lake Casitas Recreation Area on Friday afternoon. It burned less than a ½ acre and was located at the cross country starting gate at Coyote ramp behind the dump station. Mr. Wickstrum expressed his appreciation to Lake Casitas staff, including Edgar Ramos, PSO Faddis, PSO Tull and Tim Lawson for extinguishing the fire. The Park Services Officers responded with the truck with the 125 gallon tank to put



out little fires and this came in handy. Tim Lawson brought the water truck. Director Kaiser asked if the cause has been determined. Mr. Wickstrum replied that it is suspicious and Russ Tuttle has been doing an investigation. The Board thanked staff.

Mr. Wickstrum introduced Jason Kirby and Mike with the Bureau of Reclamation. Mr. Kirby explained that he is glad to be here and that he works closely with Carol and the park officers. His job is to best support Casitas in the recreation area with financial assistance agreements and the open space lands. We are working on the agreement on our roles for the open space lands. I also work closely with Russ Tuttle and the Forest Service. I was out there today with the contractor for fencing the open space lands.

3. Board of Director comments.

President Bergen asked for an update on the status of the Park Services Officers. Mr. Wickstrum explained that the original decision that was made by the board is in place with is limited peace officer status and will be working on putting together the additional information that was requested by the board.

Director Baggerly asked for an update on the Quagga Mussel Control and Monitoring Plan and preparations for use of chemicals should an infestation be discovered and amendments of the Pesticide Management Plan. Park Services Manager Belser explained that the Control & Management Plan and the Vulnerability Assessment are with Fish & Wildlife for review. We hope to have everything back to bring to the board perhaps at the next meeting depending on Fish & Wildlife's staff comments. The rapid response is being worked on by staff in-house. Director Baggerly asked if there is a possibility of an amendment with the Pesticide Management Plan. PSM Belser explained that the next step when we get it back is to have Susan McMahon also be involved. Director Hicks questioned the \$26,000 spent on the quagga issue. PSM Belser explained that it is \$49,000 for the total project but with grants the net cost to the district is \$9,000. That cost is for both the Control and Management Plan and the Vulnerability Assessment. Director Baggerly added this is required by state law. Mr. Wickstrum added we want to be prepared. Piru is still not done with their plan.

4. Board of Director Verbal Reports on Meetings Attended.

None

5. Consent Agenda

ADOPTED

a. Minutes of August 19, 2015 Meeting.

On the motion of Director Kaiser, seconded by Director Hicks, the Consent Agenda was approved by the following roll call vote:

AYES:	Directors:	Hicks, Baggerly, Kaiser, Bergen
NOES:	Directors:	None
ABSENT:	Directors:	Word

6. Bills

APPROVED

On the motion of Director Hicks, seconded by Director Kaiser, the bills were approved by the following roll call vote:

AYES: Directors: Hicks, Baggerly, Kaiser, Bergen  
NOES: Directors: None  
ABSENT: Directors: Word

7. Discussion and resolution scheduling a public hearing for October 14, 2015 on the proposed recreation fees and charges. ADOPTED

Director Kaiser asked if there were any thoughts to raising the weekend rate. PSM Belser stated user fees are complicated and comparisons are difficult but we tried to get a pulse on what is happening. Many agencies were compared and it is not recommended to increase the day use fees. \$10 seems to be above what others are charging during the off season. Director Kaiser questioned the weekend rate not being recommended for an increase. PSM Belser stated that camping was being increased. Director Kaiser then asked for the survey or study that was conducted and used to base the decision not to increase the weekend rates in peak season to be included with the fee schedule for purposes of disclosure.

The resolution was offered by Director Baggerly, seconded by Director Hicks and adopted by the following roll call vote:

AYES: Directors: Hicks, Baggerly, Kaiser, Bergen  
NOES: Directors: None  
ABSENT: Directors: Word

Resolution is numbered 15-33

8. Resolution awarding a contract to New Vision Construction in the amount of \$49,060 for the Restoration and Recoating of the Casitas Dam Intake Structure Track, Specification 15-382. ADOPTED

The resolution was offered by Director Baggerly, seconded by Director Bergen and adopted by the following roll call vote:

AYES: Directors: Hicks, Baggerly, Kaiser, Bergen  
NOES: Directors: None  
ABSENT: Directors: Word

Resolution is numbered 15-34

9. Recommend approval of a purchase order to Bruce W. Hull & Associates Inc. in the not to exceed amount of \$55,000 to perform all tasks in

accordance with the Appraisal/Consultation Proposal for the acquisition of the Golden State Water Company's Ojai System. APPROVED

On the motion of Director Baggerly, seconded by Director Kaiser, the above recommendation was approved by the following roll call vote:

AYES: Directors: Hicks, Baggerly, Kaiser, Bergen  
NOES: Directors: None  
ABSENT: Directors: Word

10. Verbal report on the Ojai Valley 4(M) Pump Plant Noise Abatement.

Mr. Wickstrum explained that we are waiting for the representative from Accoustiblok to get back to us. Mr. Wickstrum explained that Neil is asking a question on lowering those mutes. He will try to reduce the sound on the lower section of the pump. There will be some experimentation over the next few days while we are waiting for the Accoustiblok engineer to get back to us.

11. Discussion regarding the possibility of forming an Ad Hoc Committee for the purpose of updating the General Manager's Performance Review format. Continued to Next Meeting

President Bergen explained that in compiling the evaluation they found the form to be out of date. It was discussed at the Executive Committee and while Pete would like to get going on it soon I would like to put it off for a couple of months. There is no need to do it immediately. Director Baggerly nominated Director Word since he was absent at the meeting. President Bergen suggested waiting for the next meeting to see if Director Word is interested in working on this.

12. Information Items:

- a. Recreation Committee Minutes.
- b. Executive Committee Minutes.
- c. Letter from Casitas Rowing regarding Potential Olympic Venue for 2024 Olympics.
- d. Lake Casitas Recreation Report for July, 2015.
- e. Water Consumption Report.
- f. CFD No. 2013-1 (Ojai) Monthly Cost Analysis.
- g. Investment Report.

On the motion of Director Hicks, seconded by Director Kaiser, the information items were approved by the following roll call vote:

AYES: Directors: Hicks, Baggerly, Kaiser, Bergen  
NOES: Directors: None  
ABSENT: Directors: Word

President Bergen moved the meeting to closed session at 3:34 p.m. with Mr. Mathews stating the closed session items.

13. Closed Session

- a. Conference with Legal Counsel -- Existing Litigation (Subdivision (a) of Section 54956.9, Government Code). Name of Case: Golden State Water Company v. Casitas Municipal Water District. Case Number: 56-2013-00433986-CU-WM-VTA.
- b. Conference with Legal Counsel -- Anticipated Litigation  
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9, Government Code. (number of potential cases: two)

President Bergen moved the meeting back into open session at 4:22 p.m. with Mr. Mathews stating the board met in closed session and no action was taken and direction was given to staff on one of the anticipated litigation issues.

14. Adjournment

President Bergen adjourned the meeting at 4:23 p.m.

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Russ Baggerly, Secretary

**CASITAS MUNICIPAL WATER DISTRICT**  
**Payable Fund Check Authorization**  
**Checks Dated 9/14/15-9/16/15**  
**Presented to the Board of Directors For Approval September 23, 2015**

<b>Check</b>	<b>Payee</b>			<b>Description</b>	<b>Amount</b>
000593	Payables Fund Account	#	9759651478	Accounts Payable Batch 091615	\$1,160,581.08
					\$1,160,581.08
000594	Payroll Fund Account	#	9469730919	Estimated Payroll 10/1/15	\$160,000.00
000595	Payroll Fund Account	#	9469730919	Estimated Payroll 10/15/15	\$150,000.00
					\$310,000.00
				Total	\$1,470,581.08

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

The above numbered checks, 000593-000595 have been duly audited is hereby certified as correct.

*Denise Collin* 9/17/15  
Denise Collin, Accounting Manager

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

# A/P Fund

Publication of check register is in compliance with Section 53065.6 of the Government Code which requires the District to disclose reimbursements to employees and/or directors.

000593	A/P Checks:	021742-021844
	A/P Draft to P.E.R.S.	091653
	A/P Draft to State of CA	091652
	A/P Draft to I.R.S.	091651
	Voids:	021791-021792

The above numbered checks, have been duly audited are hereby certified as correct.

Denise Collin 9/17/15  
Denise Collin, Accounting Manager

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

CERTIFICATION

Payroll disbursements for the pay period ending 09/12/15  
Pay Date of 09/17/15  
have been duly audited and are  
hereby certified as correct.

Signed: Denise Collin 9/14/15  
Denise Collin

Signed: \_\_\_\_\_  
Signature

Signed: \_\_\_\_\_  
Signature

Signed: \_\_\_\_\_  
Signature

9/16/2015 2:34 PM  
 VENDOR SET: 01 Casitas Municipal Water D  
 BANK: \* ALL BANKS  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

A/P HISTORY CHECK REPORT

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	9/16/2015			021791		
C-CHECK	VOID CHECK	V	9/16/2015			021792		

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	2	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	0.00

TOTAL ERRORS: 0

VENDOR SET: 01 BANK:	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
		2	0.00	0.00	0.00
BANK:	TOTALS:	2	0.00	0.00	0.00



VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01616	FRED BRENEMAN							
I-091415	8/30/15-9/12/15	R	9/14/2015	391.00		021742		391.00
02587	A&M LAWNMOWER SHOP							
I-41169	Weed Wacker & Chainsaw, PL	R	9/16/2015	1,050.72		021743		1,050.72
00004	ACWA/JPIA							
I-0369572	Oct 15 Health Insurance	R	9/16/2015	114,321.79		021744		114,321.79
01707	AIRGAS SPECIALTY PRODUCTS							
I-131403262	Ammonium Hydroxide for TP	R	9/16/2015	2,762.80		021745		2,762.80
00010	AIRGAS USA LLC							
I-9042733215	Welding Gases, Treatment Plant	R	9/16/2015	133.88		021746		
I-9929863547	Cylinder Rental for Pipelines	R	9/16/2015	60.23		021746		194.11
00011	ALERT COMMUNICATIONS							
I-150800847101	Call Center 9/15	R	9/16/2015	305.71		021747		305.71
02780	American Seal and Packing							
I-36864	Seal Packing for Pumps	R	9/16/2015	375.62		021748		375.62
00029	AMERICAN TOWER CORP							
I-1991699	Tower Rent, Red Mtn, Rincon Pk	R	9/16/2015	1,767.17		021749		1,767.17
02695	AMS Global Inc.							
C-000141522a	Accrue Use Tax	R	9/16/2015	411.63CR		021750		
D-000141522a	Accrue Use Tax	R	9/16/2015	411.63		021750		
I-000141522	New Toilet System, Showerhouse	R	9/16/2015	6,712.99		021750		6,712.99
00014	AQUA-FLO SUPPLY							
I-817270	Repair Kit for LCRA Maint	R	9/16/2015	42.28		021751		
I-820302	PVC Parts for Waterpark	R	9/16/2015	5.38		021751		
I-822048	Brass Nipples for Pipelines	R	9/16/2015	64.61		021751		
I-824808	PVC for Pipelines	R	9/16/2015	44.42		021751		
I-825386	PVC Part for Pipelines	R	9/16/2015	1.02		021751		157.71
00840	AQUA-METRIC SALES COMPANY							
I-0057584	Water Meter Registers, O&M CS	R	9/16/2015	4,403.20		021752		4,403.20
01543	ASTRA INDUSTRIAL SERVICES, INC							
I-00145838	TP 10" RP Rebuild Kit	R	9/16/2015	806.92		021753		806.92

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01666	AT & T							
I-000006952218	T-1 Lines, C602222128777	R	9/16/2015	930.45		021754		930.45
00030	B&R TOOL AND SUPPLY CO							
I-1900871398	Pliers for E&M	R	9/16/2015	27.87		021755		
I-1900871399	Walk Behind Concrete Saw, PL	R	9/16/2015	2,686.43		021755		2,714.30
00821	BEST BEST & KRIEGER LLP							
I-755676	Matter #8235600002, 8/15	R	9/16/2015	11.16		021756		11.16
00032	BIOVIR LABORATORIES, INC							
I-BCA151325	Giardia/Crypto 8/4/15	R	9/16/2015	356.91		021757		356.91
00055	CASITAS BOAT RENTALS							
I-Aug 15 Cafe Passes	Reimburse Cafe Passes	R	9/16/2015	1,638.40		021758		1,638.40
00055	CASITAS BOAT RENTALS							
I-Aug 15 Gas	Gas for Boats at LCRA	R	9/16/2015	974.13		021759		974.13
00511	Centers for Family Health							
I-50370	DOS 8/10/15	R	9/16/2015	67.00		021760		67.00
01843	COASTAL COPY							
I-626297	Copier Usage, LCRA	R	9/16/2015	278.81		021761		278.81
00059	COASTAL PIPCO							
I-S1875063001	Bushings for Treatment Plant	R	9/16/2015	9.73		021762		
I-S1877439001	PVC Parts, Rincon 2M Repair	R	9/16/2015	265.76		021762		275.49
01055	Neil Cole							
I-Aug 15	Reimburse Expenses 8/15	R	9/16/2015	265.37		021763		265.37
00061	COMPUWAVE							
I-SB02080911	Hard Drive-IT & Toner-LCRA	R	9/16/2015	271.06		021764		271.06
00719	CORELOGIC INFORMATION SOLUTION							
I-81582746	Realquest Subscription	R	9/16/2015	137.50		021765		137.50
00813	CORTECH ENGINEERING, INC.							
I-57770	Streaming Current Detector, TP	R	9/16/2015	14,424.57		021766		14,424.57
02716	Crop Production Services							
I-28234778	Lake Algaecide	R	9/16/2015	16,708.73		021767		16,708.73

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01764	DataProse, LLC							
I-DP1502306	UB Mailing 8/15	R	9/16/2015	1,965.46		021768		1,965.46
00081	DELTA LIQUID ENERGY							
I-306278	Propane for Damtender	R	9/16/2015	68.63		021769		68.63
01498	Department of Industrial Relat							
I-P1305263SN	Lazy River DOSH Inspection	R	9/16/2015	1,130.00		021770		1,130.00
00086	E.J. Harrison & Sons Inc							
I-543	Acct#500139629 TP	R	9/16/2015	2,103.31		021771		2,103.31
02785	EMP Consultants, Inc.							
I-28961	Expert Witness-NEC Case	R	9/16/2015	30.00		021772		
I-29003	Expert Witness-NEC Case	R	9/16/2015	1,072.50		021772		1,102.50
00091	ERNST & YOUNG LLP							
I-US0131347399	Client#60028334	R	9/16/2015	1,125.00		021773		1,125.00
00095	FAMCON PIPE & SUPPLY							
I-171867	Fittings for Svc Line Repair	R	9/16/2015	838.50		021774		
I-171983	Gaskets for Pipelines	R	9/16/2015	43.00		021774		
I-172197	Air Valve Repair Parts, UOPP	R	9/16/2015	81.70		021774		963.20
00099	FGL ENVIRONMENTAL							
I-507513A	Lake Nutrients Monitoring	R	9/16/2015	1,328.00		021775		
I-507514A	Wet Chemistry-Turbidity	R	9/16/2015	16.00		021775		
I-508099A	Metals, Total-Mn	R	9/16/2015	70.00		021775		
I-508244A	NPDES Pre and Event Sampling	R	9/16/2015	970.00		021775		
I-508405A	Metals, Total-Mn	R	9/16/2015	45.00		021775		
I-508406A	Post Event Sampling	R	9/16/2015	594.00		021775		3,023.00
00101	FISHER SCIENTIFIC							
I-8368648	Ethyl Alcohol for Lab	R	9/16/2015	21.34		021776		
I-8501177	Macconkey Agar for Lab	R	9/16/2015	98.37		021776		119.71
00104	FRED'S TIRE MAN							
I-84794	4 Tires for Eq#39, Maint	R	9/16/2015	709.60		021777		
I-84904	Oil Change Eq#22	R	9/16/2015	39.67		021777		
I-84974	Install Coolant Hoses, #8	R	9/16/2015	199.67		021777		
I-84980	4 Tires for Eq#54, Maint Dump	R	9/16/2015	794.79		021777		
I-84987	2 Tires for Eq#38, Maint Truck	R	9/16/2015	375.89		021777		2,119.62

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00106	FRONTIER PAINT							
I-F0207089	Paint Supplies for Waterpark	R	9/16/2015	26.36		021778		
I-F0207138	Paint Supplies for Waterpark	R	9/16/2015	9.61		021778		35.97
02720	Garda CL West, Inc.							
I-10137187	Armored Truck	R	9/16/2015	567.10		021779		567.10
00115	GRAINGER, INC							
I-9825202790	Switch for Fresh Air Supply,PL	R	9/16/2015	76.90		021780		76.90
00596	HOME DEPOT							
I-1695752	Self Closing Hose Bibs, Maint	R	9/16/2015	412.16		021781		412.16
00119	HOUSE SANITARY SUPPLY, INC							
I-149889	Toilet Seat Covers,LCRA Maint	R	9/16/2015	111.59		021782		111.59
00126	CAROLE ILES							
I-Aug 15	Reimburse Mileage 8/15	R	9/16/2015	40.25		021783		40.25
00872	Irrisoft, Inc.							
I-5625	Weather Station Signal	R	9/16/2015	79.00		021784		79.00
02344	Janitek Cleaning Solutions							
I-21059A	Janitorial Service, Dist Ofc	R	9/16/2015	1,196.00		021785		1,196.00
00131	JCI JONES CHEMICALS, INC							
I-666465	Chlorine for TP, CM#666541	R	9/16/2015	1,950.00		021786		
I-666919	Chlorine for TP, CM#666988	R	9/16/2015	2,770.00		021786		
I-667098	Chlorine for TP, CM#667106	R	9/16/2015	1,770.00		021786		6,490.00
00667	Kennedy/Jenks Consultants, Inc							
I-95050	Project#1189010*00 8/15	R	9/16/2015	322.50		021787		322.50
01270	SCOTT LEWIS							
I-Aug 15	Reimburse Expenses 8/15	R	9/16/2015	1,652.94		021788		1,652.94
02736	Manito Construction Inc.							
I-090415	Hypolimnetic Aeration System	R	9/16/2015	646,550.62		021789		646,550.62
00151	MEINERS OAKS ACE HARDWARE							
C-680730	Elbows Returned, Inv#680614	R	9/16/2015	45.67CR		021790		
I-677805	Extension Cord for LCRA	R	9/16/2015	10.75		021790		
I-678439	Parts for Pipelines	R	9/16/2015	15.63		021790		
I-679567	Gloves, Filter for WP	R	9/16/2015	25.83		021790		
I-680025	Janitorial Supplies, LCRA	R	9/16/2015	19.33		021790		
I-680429	Batteries for LCRA Maint	R	9/16/2015	19.40		021790		
I-680454	Parts for WP RR Doors	R	9/16/2015	64.58		021790		
I-680614	Sign Parts & Misc Tools, Maint	R	9/16/2015	266.93		021790		

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
I-680742	Cleaners for Dist Shop	R	9/16/2015	15.61		021790		
I-680825	Janitorial Supplies for LCRA	R	9/16/2015	19.33		021790		
I-681151	Fans for Guest Services	R	9/16/2015	122.49		021790		
I-681416	Hardware for Signs at LCRA	R	9/16/2015	49.97		021790		
I-681509	Paint Supplies for Fisheries	R	9/16/2015	48.07		021790		
I-681549	Switch Pump for LCRA Maint	R	9/16/2015	24.45		021790		
I-681550	LED Bulbs for LCRA Maint	R	9/16/2015	25.77		021790		
I-681636	PVC Parts for LCRA Maint	R	9/16/2015	65.31		021790		
I-681906	Mortar Mix for Kiosks	R	9/16/2015	55.79		021790		
I-681912	Cleaning Supplies, Dist Shop	R	9/16/2015	45.49		021790		
I-681997	Shovel, Ant Spray for Dist Mnt	R	9/16/2015	38.40		021790		
I-682008	Parts for UO Svc Line Bypass	R	9/16/2015	33.15		021790		
I-682371	Trash Bags, Batteries for TP	R	9/16/2015	25.92		021790		
I-682372	Paintbrush for Fisheries	R	9/16/2015	3.42		021790		
I-682379	Marking Paint for PL	R	9/16/2015	10.56		021790		
I-682527	Bolts & Screws for Dist Shop	R	9/16/2015	15.48		021790		
I-682654	Glue for LCRA Maint	R	9/16/2015	5.98		021790		
I-682759	Weldable Sheet for LCRA Maint	R	9/16/2015	6.35		021790		
I-682811	Wall Bend for LCRA Maint	R	9/16/2015	3.89		021790		
I-682886	Insect Spray, Thermometer, PP	R	9/16/2015	28.26		021790		1,020.47
02724	Michael Moler							
I-Aug 15	Reimburse Expenses 8/15	R	9/16/2015	169.63		021793		169.63
02792	OEO Energy Solutions							
I-7274	LED Lamps for Filter Gallery	R	9/16/2015	904.40		021794		904.40
00163	OFFICE DEPOT							
I-788505151001	Office Supplies	R	9/16/2015	8.28		021795		
I-788505297001	Office Supplies	R	9/16/2015	167.73		021795		
I-788505297001a	Correct Invoice#7885052970001	R	9/16/2015	0.01		021795		176.02
00625	OfficeTeam							
I-43784825	Temp for O&M	R	9/16/2015	496.10		021796		
I-43816740	Temp for Admin	R	9/16/2015	331.84		021796		
I-43838908	Temp for O&M	R	9/16/2015	829.60		021796		1,657.54
01570	Ojai Auto Supply LLC							
I-350747	Connector for LCRA Maint	R	9/16/2015	3.97		021797		3.97
00881	OJAI DOOR & WINDOW							
I-376498	Door Hinges for Waterpark RR	R	9/16/2015	150.50		021798		150.50

VENDOR SET: 01 Casitas Municipal Water D

BANK: AP ACCOUNTS PAYABLE

DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00165	OJAI LUMBER CO, INC							
I-1508735875	Sign Posts for LCRA Maint	R	9/16/2015	193.56		021799		193.56
00884	OJAI TERMITES & PEST CONTROL, I							
I-15354	Termite Service at Ave 2 PP	R	9/16/2015	265.00		021800		265.00
00602	OJAI TRUE VALUE							
I-50610	Lugs, Zip Ties for LCRA Maint	R	9/16/2015	19.89		021801		
I-50612	Super Glue for Lab	R	9/16/2015	1.92		021801		21.81
00161	OJAI VALLEY CHAMBER OF							
I-111468	Membership	R	9/16/2015	220.00		021802		220.00
00169	OJAI VALLEY SANITARY DISTRICT							
I-17633	Cust#20594	R	9/16/2015	166.08		021803		
I-17708	Cust#52921	R	9/16/2015	55.36		021803		221.44
01381	ONTRAC							
I-8260837	Refrigerated Sample to Biovir	R	9/16/2015	4.30		021804		
I-8280342	Refrigerated Samples to Biovir	R	9/16/2015	8.60		021804		12.90
00178	PARADISE CHEVROLET							
I-653837	Glass for Garage	R	9/16/2015	73.65		021805		73.65
00188	PETTY CASH							
I-090915	Replenish Petty Cash	R	9/16/2015	382.05		021806		382.05
00823	POLYDYNE, INC.							
I-994470	Cationic Polymer for TP	R	9/16/2015	14,355.00		021807		14,355.00
01439	PRECISION POWER EQUIPMENT							
I-2732	Handle for Weed Whip	R	9/16/2015	65.46		021808		
I-2738	Dist Maint Tool Repairs	R	9/16/2015	88.96		021808		154.42
00313	ROCK LONG'S AUTOMOTIVE							
I-15829	Lube & Oil, Fuel Filter #51	R	9/16/2015	325.32		021809		
I-15903	Svc/Repairs Eq#16, O&M CS	R	9/16/2015	1,681.78		021809		
I-15917	Fuel Pump Eq#8, E&M Truck	R	9/16/2015	1,145.81		021809		3,152.91
00315	ROYAL TRUCK BODIES, INC							
I-0915129	Utility Body Locks, #8	R	9/16/2015	127.71		021810		127.71
02756	SC Fuels							
I-0392525IN	Gas & Diesel for Main Yard	R	9/16/2015	4,744.59		021811		4,744.59

VENDOR SET: 01 Casitas Municipal Water D  
BANK: AP ACCOUNTS PAYABLE  
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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00725	SMART & FINAL							
I-083115	Water for LCRA Maint	R	9/16/2015	34.50		021812		34.50
02003	Sostre Enterprises Inc.							
I-2937	Website Update,Allocation Info	R	9/16/2015	3,000.00		021813		
I-2938	Mobile Friendly Website Update	R	9/16/2015	2,400.00		021813		
I-2956	CMS Fee/Website Hosting	R	9/16/2015	249.00		021813		5,649.00
00215	SOUTHERN CALIFORNIA EDISON							
I-090515	Acct#2210502480	R	9/16/2015	10,319.39		021814		10,319.39
02202	Stanley Pest Control							
I-752735	Pest Control Waterpark	R	9/16/2015	170.00		021815		170.00
00048	STATE OF CALIFORNIA							
I-1510E53103	1988 Drinking Water Bond	R	9/16/2015	152,533.74		021816		152,533.74
	Cust#200210							
02731	Superior AED							
I-12104	Oversight for E&M AED	R	9/16/2015	52.13		021817		52.13
00221	SWISHER HYGIENE							
I-509800300328	Toilet Paper for LCRA Maint	R	9/16/2015	580.50		021818		
I-509800300332	Toilet Paper for LCRA Maint	R	9/16/2015	657.90		021818		
I-6H02120629	LCRA Restroom Cleaning	R	9/16/2015	266.60		021818		
I-6H02120630	LCRA Restroom Cleaning	R	9/16/2015	360.00		021818		
I-6H02120631	LCRA Restroom Cleaning	R	9/16/2015	240.80		021818		
I-6H02140888	Restroom Cleaning LCRA	R	9/16/2015	360.00		021818		
I-6H02140889	Restroom Cleaning LCRA	R	9/16/2015	266.60		021818		2,732.40
00498	BRIAN TAYLOR							
I-082815	Meals While Fixing Leak OT	R	9/16/2015	113.63		021819		113.63
01173	TOICO INDUSTRIES, INC.							
I-0147716IN	Suction Hose for #55	R	9/16/2015	137.29		021820		137.29
02773	Total Compensation Systems, In							
I-4654	GASB45 Valuation Services	R	9/16/2015	1,600.00		021821		1,600.00
02527	Traffic Technologies LLC							
I-18794	Signs for Waterpark Lot	R	9/16/2015	80.52		021822		80.52
00225	UNDERGROUND SERVICE ALERT							
I-820150092	138 New Ticket Charges	R	9/16/2015	207.00		021823		207.00

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00185	Univar USA Inc							
I-LA158690	Bulk Chemicals for Waterpark	R	9/16/2015	405.68		021824		
I-LA159888	Bulk Chemicals, Waterpark	R	9/16/2015	1,392.35		021824		
I-LA164186	Bulk Chemicals for Waterpark	R	9/16/2015	803.77		021824		2,601.80
01967	Robert Vasquez							
I-090915	Exam for Class A License	R	9/16/2015	95.00		021825		
I-090915a	2 Pairs of Safety Boots	R	9/16/2015	261.44		021825		356.44
02769	Ventura Breeze							
I-082015	Water Conservation Ads	R	9/16/2015	362.50		021826		362.50
00251	VENTURA COUNTY STAR							
I-597495	Ad-Consumer Confident Report	R	9/16/2015	59.21		021827		59.21
00257	VENTURA RIVER COUNTY WATER DIS							
I-083115	Acct#0537500A	R	9/16/2015	133.10		021828		
I-083115a	Acct#0350100A	R	9/16/2015	14.70		021828		147.80
09955	VENTURA WHOLESALE ELECTRIC							
I-209398	Solar for H Restrooms	R	9/16/2015	162.22		021829		
I-209522	Replace Security Lighting,Yard	R	9/16/2015	2,844.99		021829		3,007.21
02795	Alfonso Verastegui							
I-080815	Camping Fee Refund	R	9/16/2015	34.00		021830		34.00
01283	Verizon Wireless							
I-9751713212	Monthly Cell Chrgs, DO & TP	R	9/16/2015	739.46		021831		
I-9751713813	Monthly Cell Chrgs, LCRA	R	9/16/2015	496.03		021831		1,235.49
00663	WAXIE SANITARY SUPPLY							
C-75472117c	Credit for Sanitizer	R	9/16/2015	428.28CR		021832		
I-75472117	Janitorial Supplies, Maint	R	9/16/2015	2,231.89		021832		
I-75472117a	Correct Inv#75472117	R	9/16/2015	0.35		021832		
I-75472614	Janitorial Supplies	R	9/16/2015	101.16		021832		1,905.12
00270	WELLS FARGO BANK							
I-090815	E&M Job Posting	R	9/16/2015	200.00		021833		200.00
00271	WEST COAST AIR CONDITIONING							
I-S69008	PM Service, LCRA	R	9/16/2015	130.00		021834		130.00
00330	WHITE CAP CONSTRUCTION SUPPLY							
I-10003971302	4" Core Bit for LCRA Maint	R	9/16/2015	214.67		021835		
I-10004016349	Shovels for Pipelines	R	9/16/2015	64.46		021835		279.13



VENDOR SET: 01 Casitas Municipal Water D  
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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
01031	WILDLIFE SUPPLY CO.							
	C-SAJ00026996a							
	D-SAJ00026996a	R	9/16/2015	35.18CR		021836		
	I-SAJ00026996	R	9/16/2015	35.18		021836		
	I-SAJ00026996	R	9/16/2015	515.90		021836		515.90
00270	WELLS FARGO BANK							
	I-090815a	R	9/16/2015	156.90		021837		
	I-090815b	R	9/16/2015	404.40		021837		
	I-090815c	R	9/16/2015	60.00		021837		
	I-090815d	R	9/16/2015	234.99		021837		
	I-090815e	R	9/16/2015	71.47		021837		
	I-090815f	R	9/16/2015	76.94		021837		1,004.70
00124	ICMA RETIREMENT TRUST - 457							
	I-CUI201509141017	R	9/16/2015	521.74		021838		
	I-DCI201509141017	R	9/16/2015	2,540.22		021838		
	I-DI%201509141017	R	9/16/2015	44.90		021838		3,106.86
01960	Moringa Community							
	I-MOR201509141017	R	9/16/2015	16.75		021839		16.75
00985	NATIONWIDE RETIREMENT SOLUTION							
	I-CUN201509141017	R	9/16/2015	864.53		021840		
	I-DCN201509141017	R	9/16/2015	4,567.85		021840		
	I-DN%201509141017	R	9/16/2015	319.30		021840		5,751.68
00180	S.E.I.U. - LOCAL 721							
	I-COP201509141017	R	9/16/2015	12.00		021841		
	I-UND201509141017	R	9/16/2015	693.25		021841		705.25
01400	STATE DISBURSEMENT UNIT							
	I-CS4201509141017	R	9/16/2015	818.57		021842		818.57
00230	UNITED WAY							
	I-UWY201509141017	R	9/16/2015	60.00		021843		60.00
1	Shaun D Willhite							
	I-000201509031016	R	9/16/2015	70.00		021844		70.00
00128	INTERNAL REVENUE SERVICE							
	I-T1 201509141017	D	9/16/2015	28,314.30		091651		
	I-T3 201509141017	D	9/16/2015	25,803.18		091651		
	I-T4 201509141017	D	9/16/2015	6,449.08		091651		60,566.56

VENDOR SET: 01 Casitas Municipal Water D  
 BANK: AP ACCOUNTS PAYABLE  
 DATE RANGE: 9/04/2015 THRU 9/16/2015

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
00049	STATE OF CALIFORNIA							
I-T2 201509141017	State Withholding	D	9/16/2015	9,387.06		091652		9,387.06
00187	CALPERS							
I-PBB201509141017	PERS BUY BACK	D	9/16/2015	66.87		091653		
I-PEB201509141017	PEBRA EMPLOYEES PORTION	D	9/16/2015	1,348.45		091653		
I-PER201509141017	PERS EMPLOYEE PORTION	D	9/16/2015	9,945.52		091653		
I-PRB201509141017	PEBRA EMPLOYER PORTION	D	9/16/2015	1,345.63		091653		
I-PRR201509141017	PERS EMPLOYER PORTION	D	9/16/2015	10,356.33		091653		23,062.80

\* \* T O T A L S \* \*

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	101	1,067,564.66	0.00	1,067,564.66
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	3	93,016.42	0.00	93,016.42
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0	VOID DEBITS 0.00		
		VOID CREDITS 0.00	0.00	

TOTAL ERRORS: 0

VENDOR SET: 01	BANK: AP	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
			104	1,160,581.08	0.00	1,160,581.08
BANK: AP		TOTALS:	104	1,160,581.08	0.00	1,160,581.08
REPORT TOTALS:			106	1,160,581.08	0.00	1,160,581.08

CASITAS MUNICIPAL WATER DISTRICT

Resolution No. 15-36

Resolution of Appreciation Honoring  
Susan McMahon  
For Twenty Nine Years of Service to Casitas

**WHEREAS**, Susan McMahon began full time employment with Casitas Municipal Water District on August 17, 1986; and

**WHEREAS**, Susan has continued to serve the District in the position of Water Quality Supervisor.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Casitas Municipal Water District as follows:

The Board of Directors hereby expresses sincere appreciation to Susan McMahon for 29 years of service to Casitas.

ADOPTED this 23<sup>rd</sup> day of September, 2015

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Mary Bergen, President

Attest:

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Russ Baggerly, Secretary

CASITAS MUNICIPAL WATER DISTRICT

Resolution No. 15-37

Resolution of Appreciation Honoring  
Brian Taylor  
For Twenty Seven Years of Service to Casitas

**WHEREAS**, Brian Taylor began full time employment with Casitas Municipal Water District on August 1, 1988; and

**WHEREAS**, Brian has continued to serve the District in the position of Distribution Operator V/Foreman.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Casitas Municipal Water District as follows:

The Board of Directors hereby expresses sincere appreciation to Brian Taylor for 27 years of service to Casitas.

ADOPTED this 23<sup>rd</sup> day of September, 2015

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Mary Bergen, President

Attest:

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Russ Baggerly, Secretary

CASITAS MUNICIPAL WATER DISTRICT

Resolution No. 15-38

Resolution of Appreciation Honoring  
Kevin Nguyen  
For Fourteen Years of Service to Casitas

**WHEREAS**, Kevin Nguyen began full time employment with Casitas Municipal Water District on September 10, 2001; and

**WHEREAS**, Kevin has continued to serve the District in the position of Information Systems Technology Administrator.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Casitas Municipal Water District as follows:

The Board of Directors hereby expresses sincere appreciation to Kevin Nguyen for 14 years of service to Casitas.

ADOPTED this 23<sup>rd</sup> day of September, 2015

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Mary Bergen, President

Attest:

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Russ Baggerly, Secretary

CASITAS MUNICIPAL WATER DISTRICT

Resolution No. 15-39

Resolution of Appreciation Honoring  
Ron Merckling  
For Twelve Years of Service to Casitas

**WHEREAS**, Ron Merckling began full time employment with Casitas Municipal Water District on August 25, 2003; and

**WHEREAS**, Ron has continued to serve the District in the position of Public Affairs/Resource Manager.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Casitas Municipal Water District as follows:

The Board of Directors hereby expresses sincere appreciation to Ron Merckling for 12 years of service to Casitas.

ADOPTED this 23<sup>rd</sup> day of September, 2015

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Mary Bergen, President

Attest:

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Russ Baggerly, Secretary

CASITAS MUNICIPAL WATER DISTRICT  
LAKE CASITAS RECREATION AREA

DATE: September 14, 2015

TO: Steve Wickstrum, General Manager

FROM: Carol Belser, Park Services Manager

SUBJECT: **Request for Funds from the Lake Casitas Improvement Foundation (LCIF) for  
Emergency Boat Launch Ramp Material due to Historic Drought Conditions**

**Recommendation:**

It is recommended that the LCIF allocate up to \$5,000 of its remaining \$15,441 fund balance to be used to purchase emergency boat launch ramp material for Lake Casitas.

**Background and Overview:**

The historic drought conditions have virtually eliminated the boat launching ramps at Santa Ana Launch Ramp and Coyote Launch Ramp boat launching facilities. A temporary ramp can be constructed using a material known as Pierced Steel Plank (PSP) or Martson Mat. PSP consisting of steel strips with holes punched through it in rows and U-shaped channels formed between the holes. The planks can be connected and interlocked for sizing custom needs. PSP can be used for a variety of applications including boat ramp alternatives to asphalt and temporary road track making it useful to Recreation Area operations after the temporary launch ramp is no longer needed. Each single plank is 16" wide by 10' long and weighs 65 pounds. The estimate needed at this time is 90 planks. The cost estimate for the purchase is under \$4,000.


**Analysis:**


The Lake Casitas Improvement Foundation is a public non-profit organization with a purpose to provide a funding mechanism for improvements in the Lake Casitas Recreation Area. The request for funding emergency launch ramp material is a compatible expense since boating is considered an important and popular function of the Recreation Area's recreational opportunities.

CASITAS MUNICIPAL WATER DISTRICT  
Interdepartmental Memo

DATE: September 16, 2015

TO: Steve Wickstrum, General Manager

COPY: Carol Belser, Park Services Manager 

FROM: Suzi Taylor, Park Services Officer 

SUBJECT: **Grant from State of California, Department of Parks and Recreation, Division of Boating & Waterways for \$28,350.00 in miscellaneous equipment for the Rogue Patrol Boat for Lake Casitas Recreation Area**

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**RECOMMENDATION**

It is recommended that the Board of Directors authorize the execution of the Standard Agreement from the State of California, Department of Parks and Recreation, Division of Boating & Waterways with respect to a grant in the amount of \$28,350.00 to purchase miscellaneous equipment which includes a vessel trailer for the Rogue Patrol Boat.

**BACKGROUND AND OVERVIEW**

Casitas acquired a second Rogue Jet Boat in 2014, while it is equipped with standard operating equipment; additional equipment is needed to properly outfit the vessel.

We currently share a trailer for both Rogue vessels; this grant provides for the purchase of an additional vessel trailer. With the predicted rains it is anticipated the need for two trailers will be necessary.

This is a non matching grant, with minimal financial impact to the District. Funds used will be reimbursed prior to the end of the fiscal year.



**CASITAS MUNICIPAL WATER DISTRICT**

**RESOLUTION APPROVING A GRANT FROM THE  
STATE OF CALIFORNIA, DEPARTMENT OF PARKS AND RECREATION,  
DIVISION OF BOATING AND WATERWAYS  
FOR THE PURCHASE OF MISCELLANEOUS EQUIPMENT TO OUTFIT THE ROGUE  
PATROL BOAT AT LAKE CASITAS RECREATION AREA**

**WHEREAS**, the State of California, Department of Parks and Recreation, Division of Boating and Waterways has agreed to provide a grant in the amount of twenty eight thousand three hundred and fifty dollars (\$28,350) to the Casitas Municipal Water District for the purchase of miscellaneous equipment to outfit the Rogue patrol boat; and

**WHEREAS**, the Board of Directors of the Casitas Municipal Water District desires to accept the grant funds for the purpose of purchasing miscellaneous equipment to outfit the Rogue patrol boat at the Lake Casitas Recreation Area.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Casitas Municipal Water District authorize and direct the General Manager, Steven E. Wickstrum, to execute, in the name of Casitas Municipal Water District, an agreement with the State of California, Department of Parks and Recreation, Division of Boating and Waterways for a grant in the amount of twenty eight thousand three hundred and fifty dollars (\$28,350) to purchase miscellaneous equipment to outfit the Rogue patrol boat at the Lake Casitas Recreation Area. Further, that the General Manager be empowered to execute contracts, agreements, amendments and requests for payment for the purpose of securing grant funds and to implement and carry out the purposes specified in the grant application and agreement.

**ADOPTED** this 23<sup>rd</sup> day of September, 2015

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Mary Bergen, President  
Casitas Municipal Water District

ATTEST:

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Russ Baggerly, Secretary  
Casitas Municipal Water District

From : ohvinfo@parks.ca.gov

Sent : Sep-14-15 02:20:13 PM

To : staylor@casitaswater.com

Subject : Notification of Award Instruction Letter for Boating Safety and Enforcement Equipment Grant - FY 2015 / 16

Message

:



State of California • Natural Resources Agency  
 DEPARTMENT OF PARKS AND RECREATION  
 P.O. Box 942896 Sacramento, CA 94296-8901

Edmund G. Brown Jr., Governor

Lisa Ann L. Mangat, Director

### GRANT AGREEMENT INSTRUCTION LETTER

suzi taylor

Casitas Municipal Water District - Lake Casitas Recreation Area

11311 Santa Ana Road

Ventura, CA 93023

Grant #: C15L0614

Fiscal Year: 2015/16

Amount: \$28,350.00

Item: Miscellaneous Equipment

Dear suzi taylor,

It is our pleasure to inform you that you have been awarded a grant in the amount of \$ 28,350.00 to the following Miscellaneous Equipment: (Communications, GPS / Radar Unit, Safety Equipment, Search and Rescue Equipment, Vessel Trailer)

Enclosed is a complete copy of the Equipment and Operations Grant Agreement between the State of California, Department of Parks and Recreation, Division of Boating and Waterways (Department) and the Casitas Municipal Water District - Lake Casitas Recreation Area.

Before the grant can be finalized, it must be signed by an authorized representative of your agency per the instructions below and returned to the Department for final review and approval. ***Do not begin bid process or any bid activities related to this grant until you receive a fully executed letter.***

Please read and comply with the following instructions. **Failure to comply as stated herein will result in your grant being disapproved.**

1. **Signature, date and return the enclosed copies**

- Grant Agreement- All 4 copies (must be original signature)
- Exhibit E-Contractor Certification Clause -- page 58
- Recycling Certification- page 59
- Exhibit F- Darfur Contracting Act- page 64

\*A fully executed copy of the contract will be sent to you upon completion.

2. **Minute Order or Resolution:**

We will also need one (1) certified copy of the Minute Order or Resolution of your Board of Supervisors or City Council authorizing the execution of this Grant. **The Minute Order or Resolution must authorize by name and title the signatory of the Grant and must be stamped with a certified county or city seal.**

3. **Procurement Standards:**

This Grant involves State and/or Federal funds. Please follow the procurement instructions contained in this Contract and exhibits. Please pay special attention to the specific procurement standards regarding advertising **by your department**, adequate purchase descriptions, sealed bids, and public openings. You will be asked to provide, with your written request for reimbursement, a **signed certification that you complied with approved procurement procedures**. Please refer to Articles III and XIII of the Contract.

***Due to federal guidelines, you must attain a fully executed grant, complete your bid process, obtain a secured purchase order, accept delivery of equipment and submit for reimbursement by September 30th 2016. NO EXCEPTIONS.***

If you have any questions, please call me directly at (916) 327-1834, or by email, [Corrina.Dugger@parks.ca.gov](mailto:Corrina.Dugger@parks.ca.gov).

Sincerely,

Corrina Dugger

Contract Manager

State of California – Natural Resources Agency  
 DEPARTMENT OF PARKS AND RECREATION  
 DIVISION OF BOATING AND WATERWAYS

**GRANT AGREEMENT**

**GRANTEE:** Casitas Municipal Water District - Lake Casitas Recreation Area

**THE TERM OF THIS AGREEMENT IS:** October 1, 2015 through October 1, 2016

**GRANT TITLE:** LAW ENFORCEMENT EQUIPMENT GRANT PROGRAM

**GRANT NUMBER:** C15L0614

The Grantee agrees to the terms and conditions of this contract, hereinafter referred to as Agreement, and the State of California, acting through its Director of Parks and Recreation, Division of Boating and Waterways, agrees to fund the total State grant amount indicated below. The GRANTEE agrees to complete the SCOPE OF WORK as defined in the Agreement.

The General and Special Provisions attached are made a part of and incorporated into the Agreement.

Grantee: Casitas Municipal Water District - Lake Casitas Recreation Area  ATTN: suzi taylor  Address: 11311 Santa Ana Road, Ventura, CA 93023   BY: _____ <div style="text-align: center;">(Authorized Signature)</div> <hr/> Printed Name and Title of Authorized Representative  Date: _____	Agency: Department of Parks and Recreation Division of Boating and Waterways  ATTN: Corrina Dugger  Address: One Capitol Mall, Suite 500 Sacramento, CA 95814   BY: _____ <div style="text-align: center;">(Authorized Signature)</div> Ramona Fernandez, Chief of Operations  <hr/> Printed Name and Title  Date: _____
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**CERTIFICATE OF FUNDING  
(FOR STATE USE ONLY)**

**GRANTEE:** Casitas Municipal Water District - Lake Casitas Recreation Area

**THE TERM OF THIS AGREEMENT IS:** October 1, 2015 through October 1, 2016

**GRANT TITLE:** LAW ENFORCEMENT EQUIPMENT GRANT PROGRAM

**GRANT NUMBER:** C15L0614

CONTRACT NO C15L0614	AMENDMENT NO	CALSTARS VENDOR NO 956004993			PROJECT NO
AMOUNT ENCUMBERED BY THIS DOCUMENT \$28,350.00	FUND TITLE Federal Trust Fund #0890			AGENCY BILLING CODE NO 032011	
PRIOR AMOUNT ENCUMBERED BY THIS DOCUMENT \$0	ITEM 3790-101-0890	CHAPTER 10	STATUTE 2015	FISCAL YEAR 2015/16	
TOTAL AMOUNT ENCUMBERED TO DATE \$28,350.00	INDEX 1706	OBJECT CODE 702	PCA CODE 68113	PROJECT/WORK PHASE	
T.B.A. NO	I hereby certify upon my own personal knowledge that the budgeted funds are available for this encumbrance.				
B.R.NO	ACCOUNTING OFFICER'S SIGNATURE			DATE	

**BOATING SAFETY AND ENFORCEMENT  
GRANT AGREEMENT**

**Casitas Municipal Water District - Lake Casitas Recreation Area  
EQUIPMENT GRANT # C15L0614**



**State of California  
Department of Parks and Recreation  
Division of Boating and Waterways**

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**BOATING SAFETY AND ENFORCEMENT GRANT**  
**EQUIPMENT AND OPERATION CONTRACT**

This Grant Agreement C15L0614 is entered into on October 1, 2015 between the State of California, Department of Parks and Recreation, Division of Boating and Waterways (DEPARTMENT) and the Casitas Municipal Water District - Lake Casitas Recreation Area (GRANTEE). The DEPARTMENT and the GRANTEE agree as follows:

1. **CONTRACT**

This Contract includes

EXHIBIT A, Standard Terms and Conditions

EXHIBIT B, General Terms and Conditions

EXHIBIT C, 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, and

EXHIBIT D, Circular No. A-128, Audits of State and Local Government,

EXHIBIT E, Suggested Language for Recycling Certification, Contractor Certification Clauses, DVBE, and Darfur Act,

EXHIBIT F, Darfur Contracting Act.

2. **GRANT**

The DEPARTMENT will make a grant to the GRANTEE of up to \$ 28,350.00 ( Twenty Eight Thousand Three Hundred Fifty and 00/100). This GRANT shall not exceed this amount, shall be made using Federal funds, and shall be used to purchase MISCELLANEOUS EQUIPMENT (Communications, GPS / Radar Unit, Safety Equipment, Search and Rescue Equipment, Vessel Trailer) in accordance with **EXHIBIT A.**



	Line Item	Qty	Rate	UOM	Total
1	<b>Equipment</b>				
	Vessel Trailer	1.0000	8500.000	EA	8,500.00
	Communications	1.0000	1400.000	EA	1,400.00
	Search and Rescue Equipment	1.0000	9000.000	EA	9,000.00
	Communications	1.0000	3000.000	EA	3,000.00
	Communications	1.0000	450.000	EA	450.00
	Safety Equipment	2.0000	150.000	EA	300.00
	Search and Rescue Equipment	1.0000	750.000	EA	750.00
	Search and Rescue Equipment	1.0000	3600.000	EA	3,600.00
	Search and Rescue Equipment	1.0000	350.000	EA	350.00
	GPS / Radar Unit	1.0000	1000.000	EA	1,000.00
<b>Total for Equipment</b>					<b>28,350.00</b>
<b>TOTAL EXPENDITURES</b>					<b>28,350.00</b>

3. **PURCHASE COMPLETION DATE**

The EQUIPMENT purchase shall be completed no later than September 30, 2016. The DEPARTMENT will make payment under this CONTRACT upon receipt of a written request by the GRANTEE as specified in Article III and XIII of EXHIBIT A attached hereto.

4. **SPECIAL PROVISIONS**

- (a) GRANTEE hereby certifies that the obligations created by this CONTRACT do not violate the provisions of Sections 1090 to 1096 of the Government Code.
- (b) This CONTRACT is not fully executed until signed by the DEPARTMENT, GRANTEE, and approved by the Department of General Services, if required. Grantee may not go out to bid until CONTRACT is fully executed and equipment specifications have been approved by the DEPARTMENT.
- (c) GRANTEE hereby certifies that during the performance of this CONTRACT, GRANTEE and any sub-grantees shall fully comply with State regulations regarding the implementation of Disabled Veteran business participation goals as set forth in ARTICLE XVI, Disabled Veteran Business Enterprise Participation Requirements, ARTICLE XVII, Recycling Certification and ARTICLE XVIII, CONTRACTORS CERTIFICATION CLAUSES.
- (d) GRANTEE shall continue with the responsibilities of this CONTRACT during any dispute.
- (e) Notices required between the DEPARTMENT and the GRANTEE shall be deemed to have been given when mailed to the respective addresses below, first-class postage fully prepaid thereon.

**EXHIBIT A**  
**STANDARD TERMS AND CONDITIONS FOR**  
**BOATING SAFETY AND ENFORCEMENT EQUIPMENT GRANT AGREEMENT**

**ARTICLE I — DEFINITIONS**

- A. **GRANT AGREEMENT** means the contract to which these standard terms and conditions are appended.
- B. **EQUIPMENT** means a DEPARTMENT approved electronics, power plant and other equipment purchased for use in boating safety and law enforcement activities. .
- C. **PURCHASE COSTS** means those costs incurred by the GRANTEE in purchasing the EQUIPMENT; such PURCHASE COSTS shall not include any operation and maintenance costs, nor any costs incurred prior to the effective date of this CONTRACT, nor any indirect or overhead costs claimed by the GRANTEE.
- D. **GRANTEE FUNDS** mean any funds provided by the GRANTEE for the operation and maintenance of the EQUIPMENT.
- E. **GRANT** means a grant, using FEDERAL FUNDS, made by the DEPARTMENT to the GRANTEE to finance all or part of the PURCHASE COSTS.

**ARTICLE II — TERM OF CONTRACT**

- A. The term of this CONTRACT shall begin on the effective date of the GRANT AGREEMENT and shall continue for FIFTEEN [15] YEARS from such date unless terminated earlier in accordance with the terms and conditions of this CONTRACT.
- B. No amendment or variation of the terms of this CONTRACT shall be valid unless made in writing, signed by the DEPARTMENT, GRANTEE, AND approved as required. No oral understanding or CONTRACT not incorporated in the CONTRACT is binding on any of the parties.

**ARTICLE III — DISBURSEMENT OF GRANT**

- A. The DEPARTMENT shall have no obligation to disburse the GRANT unless and until the GRANTEE obtains the prior written approval of the DEPARTMENT of the type and cost of the EQUIPMENT and attendant equipment.
- B. The DEPARTMENT will reimburse the GRANTEE through the GRANT for the PURCHASE COSTS of the EQUIPMENT.
- C. The DEPARTMENT may make payment under this CONTRACT upon receipt of a written payment request by the GRANTEE, such request shall be substantiated by invoices or other such evidence of PURCHASE COSTS and a signed certification that the GRANTEE complied with procurement procedures as outlined in ARTICLE XIII.

**ARTICLE IV — EQUIPMENT OWNERSHIP**

The DEPARTMENT shall be the legal owner of the EQUIPMENT and the GRANTEE shall not assign, mortgage, hypothecate or transfer its interest in the EQUIPMENT without the prior written approval of the DEPARTMENT.

**ARTICLE V — OPERATION AND MAINTENANCE OF EQUIPMENT**

- A. The GRANTEE shall use the EQUIPMENT for the purposes of promoting boating safety and law enforcement and shall keep the EQUIPMENT available for search and rescue operations.
- B. The GRANTEE shall be responsible for the costs of operating and maintaining the EQUIPMENT; the DEPARTMENT shall not be liable for such costs.
- C. The GRANTEE shall maintain the EQUIPMENT in good repair.
- D. The GRANTEE, at its own expense, agrees to replace the EQUIPMENT if it is destroyed or rendered useless prior to the expiration of this GRANT.
- E. Representatives, agents or employees of the GRANTEE in the performance of this GRANT shall act in independent capacity and not as officers, employees or agents of the DEPARTMENT.
- F. The GRANTEE shall keep complete and accurate records of all expenditures pertaining to the purchase of additional equipment and the operation and maintenance of the EQUIPMENT; such records shall be available and open to the DEPARTMENT at all reasonable times for inspection and audit by any authorized representative of the DEPARTMENT.

**ARTICLE VI — TERMINATION OF GRANT AGREEMENT**

- A. Either DEPARTMENT or GRANTEE may unilaterally terminate this GRANT if a material breach of the GRANT is made by the other; such termination shall become effective NINETY [90] DAYS following the date of receipt by either the DEPARTMENT or the GRANTEE of a written notice of termination from the party initiating the termination.
- B. The GRANTEE may terminate this GRANT if the GRANTEE becomes financially or legally unable to comply with the terms and conditions of this GRANT AGREEMENT; such termination shall become effective NINETY [90] DAYS following receipt by the DEPARTMENT of a written notice of termination from the GRANTEE.
- C. The DEPARTMENT may terminate this GRANT immediately and be relieved of any payments should the legislative body of the GRANTEE fail to appropriate GRANTEE FUNDS or if the GRANTEE fails to perform the requirements of this Agreement at the time and in the manner herein provided; such termination to become effective upon receipt by the GRANTEE of a written termination notice from the DEPARTMENT.
- D. This GRANT shall terminate three years after the effective date specified on page 1 of the GRANT AGREEMENT if the GRANTEE has not received all of the GRANT prior to such date.

**ARTICLE VII — REVERSION OF EQUIPMENT TO DEPARTMENT**

If, for any reason whatsoever, this GRANT is terminated prior to the expiration of the term of the GRANT, then the GRANTEE shall deliver the EQUIPMENT to the DEPARTMENT and shall execute any document necessary to effect appropriate changes in pertinent public records; the reversion of registered title is hereby declared to be in addition to, and not in lieu of, any other remedies for breach of this GRANT which may be available to the DEPARTMENT.

#### **ARTICLE VIII — LIABILITY**

- A. The GRANTEE waives all claims and recourse against the DEPARTMENT, including the right to contribution for any loss or damage arising from, growing out of or in any way connected with or incident to this GRANT.
- B. Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by GRANTEE in the performance of this Agreement. GRANTEE warrants, represents and agrees that it and its subcontractors, employees and representatives shall at all times comply with all applicable State contracting laws, codes, rules and regulations in the performance of this agreement.
- C. If the DEPARTMENT is named as a co-defendant, the GRANTEE shall notify the DEPARTMENT and represent it unless the DEPARTMENT elects to represent itself. If the DEPARTMENT undertakes its own defense, it shall bear its own litigation costs, expenses and attorney's fees.

#### **ARTICLE IX — WAIVER OF RIGHTS**

It is the intention of the parties hereto that from time to time either party may waive certain of its rights under this GRANT. Any waiver at this time by either party hereto of its rights with respect to a default or any other matter arising in connection with this GRANT shall not be deemed to be a waiver with respect to any other default or matter.

#### **ARTICLE X — REMEDIES NOT EXCLUSIVE**

The use by either the DEPARTMENT or GRANTEE of any remedy specified in this GRANT for the enforcement of this GRANT AGREEMENT is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

#### **ARTICLE XI — OPINIONS AND DETERMINATIONS**

Where the terms of GRANT provide for action to be based upon the opinion, judgment, approval, review, or determination of either the DEPARTMENT or GRANTEE, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

#### **ARTICLE XII — ASSIGNMENT OR TRANSFER OF EQUIPMENT**

No assignment or transfer of this GRANT or any part hereof, rights hereunder, or interest herein by GRANTEE shall be valid unless and until it is approved by the DEPARTMENT and made subject to such reasonable terms and conditions as the DEPARTMENT may impose.

#### **ARTICLE XIII — PROCUREMENT PROCEDURES**

- A. The GRANTEE may use its own procurement procedures which reflect applicable State and Local laws and regulations, provided that the procedures conform to applicable Federal law, the standards identified in EXHIBIT C, 49 CFR Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, and the specifications prepared by the GRANTEE and approved by the DEPARTMENT. There shall be no changes, corrections, modifications

or exceptions to DEPARTMENT-- approved specifications without advance approval by the DEPARTMENT.

- B. Procurement procedures for boats must be invitation for Bids. Please pay special attention to the specific procurement standards regarding advertising by your department, adequate purchase descriptions, sealed bids, and public openings.
- C. Procurement procedures used by the GRANTEE must conform to State law and regulations regarding Disabled Veteran Business Enterprise Participation Requirements, ARTICLE XVI, Recycling Certification, ARTICLE XVII, AND CONTRACTORS CERTIFICATION CLAUSES, ARTICLE XVIII. The GRANTEE is responsible, in its sole discretion, for the review of all bids for compliance.

D. **EQUIPMENT AND ELECTRONICS PROCEDUREMENT PROCEDURES:**

Grantee must obtain at least three (3) bids or rate quotations from qualified sources for each item that has a unit cost of \$5,000 or more. The bids may be obtained over the phone, but must be verified with a fax or original copy from the vendor, and must include the make, model, size, name of vendor, date, and cost of item.

E. **AWARDING AGENCY REVIEW**

- (1) Grantees and sub-grantees must make available, upon request of the awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or services specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or sub-grantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.
- (2) Grantees and sub-grantees must on request make available for Awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:
  - (A) A grantee's or sub-grantee's procurement procedures or operation fails to comply with the procurement standards in this section; or
  - (B) The procurement is expected to be awarded without competition or only one bid or offer is received in response to a solicitation; or
  - (C) The proposed award is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
  - (D) A proposed GRANT modification changes the scope of a contract.
- (3) A grantee or sub-grantee will be exempt from the pre-award review in paragraph (D)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.
  - (A) A grantee or sub-grantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, a third-party contracts are awarded on a regular basis.
  - (B) A grantee or sub-grantee may self-certify its Procurement system. Such self-certification shall not Limit the warding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to reply on written assurances from the grantee or sub-grantee that it is complying with these standards. A grantee or sub-grantee will cite specific procedures, regulations, standards, etc., as being in

compliance with these requirements and have its system available for review.

#### **ARTICLE XIV — SUBJECT TO AUDIT**

GRANTEE agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the Performance of this Agreement. GRANTEE agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. GRANTEE agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, GRANTEE agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement (GC 8546.7, PCC 10115 et seq., and CCR Title 2, Section 1896).

#### **ARTICLE XV — NON-DISCRIMINATION CLAUSE**

- A. During the performance of this GRANT, GRANTEE and its sub-grantees shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, denial of family and medical care leave and denial of pregnancy disability leave. GRANTEES and sub-grantees shall insure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. GRANTEES and sub-grantees shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285.0 et seq.).

The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990 (a-f), are set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations and are incorporated into this GRANT by reference and made a part hereof as if set forth in full. GRANTEE and sub-grantees shall give written notice of their obligations under this clause to labor organization with which they have a collective bargaining or other agreement.

- B. GRANTEE shall include the non-discrimination and compliance provisions of this clause in all sub-grants to perform work under this GRANT.

#### **ARTICLE XVI — DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION REQUIREMENT**

- A. State law requires that State contracts have participation goals of 3% for Disabled Veteran Business Enterprises (DVBEs). Local governmental agency contracts where the State retains a proprietary interest must comply with this requirement.
- B. GRANTEE is responsible for advising all prospective bidders of responsibilities and requirements by including specific language in any and all invitations for Bids and Requests for proposals.
- C. The GRANTEE is responsible for reviewing all bids for compliance with the DVBE participation requirement.

#### **ARTICLE XVII — RECYCLING CERTIFICATION**

- A. State law requires that state contracts shall have Recycling Certification in writing under penalty of perjury, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract

Code, Sections 12161 and 12200. Contractor may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

- B. GRANTEE is responsible for advising all prospective bidders of responsibilities and requirements by including specific language in any and all Invitations for Bids and Requests for Proposals. Suggested language and forms which may be used are attached to this exhibit.
- C. The GRANTEE is responsible for reviewing all bids for compliance with Recycling Certification requirement.

**ARTICLE XVIII — CONTRACTOR CERTIFICATION CLAUSES**

- A. The CONTRACTOR CERTIFICATION CLAUSES contained in document CCC307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.
- B. GRANTEE is responsible for advising all prospective bidders of responsibilities and requirements by including specific language in any and all Invitations for Bids and Requests for Proposals. Suggested language and forms which may be used are attached to this exhibit.
- C. The GRANTEE is responsible for reviewing all bids for compliance with Recycling Certification requirement.

**ARTICLE XIX — DISPOSITION OF PROCEEDS FROM SALE OF EQUIPMENT**

If the GRANTEE has contributed money other than GRANT funds to cover the payment of PURCHASE COSTS, and in the event of a sale of the EQUIPMENT after the expiration or termination of this GRANT or the reversion of the EQUIPMENT to the DEPARTMENT, then the proceeds of the EQUIPMENT sale shall be distributed between the DEPARTMENT and the GRANTEE in proportion to their respective contributions in paying the PURCHASE COSTS, e.g.: if the PURCHASE COSTS totaled \$100,000 and the GRANT contribution amounts to \$60,000, then the DEPARTMENT would receive 60% of the EQUIPMENT sale proceeds and the GRANTEE would receive 40%.



**EXHIBIT B**

**GENERAL TERMS AND CONDITIONS**

**1. APPROVAL:**

This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

**2. AMENDMENT:**

No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

**3. ASSIGNMENT:**

This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

**4. AUDIT:**

Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).

**5. INDEMNIFICATION:**

Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

**6. DISPUTES:**

Contractor shall continue with the responsibilities under this Agreement during any dispute.

**7. TERMINATION FOR CAUSE:**

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

**8. INDEPENDENT CONTRACTOR:**

Contractor, and the agents and employees of Contractor, in the performance of this

Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

9. **RECYCLING CERTIFICATION:**

The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post-consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).

10. **NON-DISCRIMINATION CLAUSE:**

During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. **CERTIFICATION CLAUSES:**

The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. **TIMELINESS:**

Time is of the essence in this Agreement.

13. **COMPENSATION:**

The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. **GOVERNING LAW:**

This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. **ANTITRUST CLAIMS:**

The Contractor by signing this agreement hereby certifies that if these services or goods are

obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

- a. The Government Code Chapter on Antitrust claims contains the following definitions:
  - 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
  - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
- b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
- c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
- d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

**16. CHILD SUPPORT COMPLIANCE ACT:**

For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:

- a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
- b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

17. **UNENFORCEABLE PROVISION:**

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

18. **PRIORITY HIRING CONSIDERATIONS:**

If this GRANT AGREEMENT includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the GRANT AGREEMENT to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.

19. **SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:**

a. If for this GRANT AGREEMENT Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)

b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)

20. **LOSS LEADER:**

If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

**EXHIBIT C**

[Code of Federal Regulations]

[Title 49, Volume 1, Parts 1 to 99]

From the U.S. Government Printing Office via GPO Access

**TITLE 49—TRANSPORTATION**

**PART 18—UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS**

**Subpart A—General**

Sec

- 18.1 Purpose and scope of this part.
- 18.2 Scope of subpart.
- 18.3 Definitions.
- 18.4 Applicability.
- 18.5 Effect on other issuances.
- 18.6 Additions and exceptions.

**Subpart B—Pre-Award Requirements**

- 18.10 Forms for applying for grants.
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- 18.12 Special grant or sub grant conditions for “high risk” grantees.

**Subpart C—Post-Award Requirements Financial Administration**

- 18.20 Standards for financial management systems.
- 18.21 Payment.
- 18.22 Allowable costs.
- 18.23 Period of availability of funds.
- 18.24 Matching or cost sharing.
- 18.25 Program income.
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**Changes, Property, and Sub awards**

- 18.30 Changes.
- 18.31 Real property.
- 18.32 Equipment.
- 18.33 Supplies.
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- 18.40 Monitoring and reporting program performance.
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- 18.43 Enforcement.
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## **Subpart D--After-the-Grant Requirements**

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18.51 Later disallowance's and adjustments.

18.52 Collection of amounts due.

## **Subpart E--Entitlements [Reserved]**

Authority: 49 U.S.C. 322(a).

Source: 53 FR 8086 and 8087, Mar. 11, 1988, unless otherwise noted. Editorial Note: For additional information, see related documents published at 49 FR 24958, June 18, 1984, 52 FR 20198, May 29, 1987, and 53 FR 8028, March 11, 1988.

### **A - General**

#### **Sec. 18.1 Purpose and scope of this part.**

This part establishes uniform administrative rules for Federal grants and cooperative agreements and sub-awards to State, local and Indian tribal governments.

#### **Sec. 18.2 Scope of subpart.**

This subpart contains general rules pertaining to this part and procedures for control of exceptions from this part.

#### **Sec. 18.3 Definitions.**

As used in this part:

Accrued expenditures mean the charges incurred by the grantee during a given period requiring the provision of funds for:

- (1) Goods and other tangible property received;
- (2) services performed by employees, contractors, sub grantees, subcontractors, and other payees; and
- (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

Accrued income means the sum of:

- (1) Earnings during a given period from services performed by the grantee and goods and other tangible property delivered to purchasers, and
- (2) amounts becoming owed to the grantee for which no current services or performance is required by the grantee.

Acquisition cost of an item of purchased equipment means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the grantee's regular accounting practices.

Administrative requirements mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from "programmatic" requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

Awarding agency means:

- (1) with respect to a grant, the Federal agency, and
- (2) with respect to a subgrant, the party that awarded the subgrant.

Cash contributions means the grantee's cash outlay, including the outlay of money contributed to the grantee or subgrantee by other public agencies and institutions, and private organizations and individuals.

When authorized by Federal legislation, Federal funds received from other assistance agreements may be considered as grantee or subgrantee cash contributions.

Contract means (except as used in the definitions for "grant" and "subgrant" in this section and except where qualified by "Federal") a procurement contract under a grant or subgrant, and means a procurement subcontract under a contract.

Cost sharing or matching means the value of the third party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government.

Cost-type contract means a contract or subcontract under a grant in which the contractor or subcontractor is paid on the basis of the costs it incurs, with or without a fee.

Equipment means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Expenditure report means:

- (1) For non-construction grants, the SF-269 "Financial Status Report" (or other equivalent report);
- (2) for construction grants, the SF-271 "Outlay Report and Request for Reimbursement" (or other equivalent report).

Federally recognized Indian tribal government means the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in section 3 of the Alaska Native Claims Settlement Act, 85 Stat 688) certified by the Secretary of the Interior as eligible for the special programs and services provided by him through the Bureau of Indian Affairs.

Government means a State or local government or a federally recognized Indian tribal government.

Grant means an award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

Grantee means the government to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a

particular component of the entity is designated in the grant award document.

Local government means a county, municipality, city, town, township, local public authority (including any public and Indian housing agency under the United States Housing Act of 1937) school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under state law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

OMB means the United States Office of Management and Budget.

Outlays (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Percentage of completion method refers to a system under which payments are made for construction work according to the percentage of completion of the work, rather than to the grantee's cost incurred.

Prior approval means documentation evidencing consent prior to incurring specific cost.

Real property means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

Share, when referring to the awarding agency's portion of real property, equipment or supplies, means the same percentage as the awarding agency's portion of the acquiring party's total costs under the grant to which the acquisition costs under the grant to which the acquisition cost of the property was charged. Only costs are to be counted—not the value of third-party in-kind contributions.

State means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments. The term does not include any public and Indian housing agency under United States Housing Act of 1937.

Subgrant means an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does



not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of "grant" in this part.

Subgrantee means the government or other legal entity to which a subgrant is awarded and which is accountable to the grantee for the use of the funds provided.

Supplies means all tangible personal property other than "equipment" as defined in this part. Suspension means depending on the context, either:

- (1) temporary withdrawal of the authority to obligate grant funds pending corrective action by the grantee or subgrantee or a decision to terminate the grant, or
- (2) an action taken by a suspending official in accordance with agency regulations implementing E.O. 12549 to immediately exclude a person from participating in grant transactions for a period, pending completion of an investigation and such legal or debarment proceedings as may ensue.

Termination means permanent withdrawal of the authority to obligate previously-awarded grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee or subgrantee. "Termination" does not include:

- (1) Withdrawal of funds awarded on the basis of the grantee's underestimate of the unobligated balance in a prior period;
- (2) Withdrawal of the unobligated balance as of the expiration of a grant;
- (3) Refusal to extend a grant or award additional funds, to make a competing or noncompeting continuation, renewal, extension, or supplemental award; or
- (4) voiding of a grant upon determination that the award was obtained fraudulently, or was otherwise illegal or invalid from inception.

Terms of a grant or subgrant mean all requirements of the grant or subgrant, whether in statute, regulations, or the award document.

Third party in-kind contributions mean property or services which benefit a federally assisted project or program and which are contributed by non-Federal third parties without charge to the grantee, or a cost-type contractor under the grant agreement.

Unliquidated obligations for reports prepared on a cash basis mean the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the grantee for which an outlay has not been recorded.

Unobligated balance means the portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized.

#### **Sec. 18.4 Applicability.**

- (a) General. Subparts A through D of this part apply to all grants and subgrants to governments, except where inconsistent with Federal statutes or with regulations authorized in accordance with the exception provision of Sec. 18.6, or:
  - (1) Grants and subgrants to State and local institutions of higher education or State and local hospitals.

- (2) The block grants authorized by the Omnibus Budget Reconciliation Act of 1981 (Community Services; Preventive Health and Health Services; Alcohol, Drug Abuse, and Mental Health Services; Maternal and Child Health Services; Social Services; Low-Income Home Energy Assistance; States' Program of Community Development Block Grants for Small Cities; and Elementary and Secondary Education other than programs administered by the Secretary of Education under title V, subtitle D, chapter 2, Section 583—the Secretary's discretionary grant program) and titles I-III of the Job Training Partnership Act of 1982 and under the Public Health Services Act (Section 1921), Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant and part C of title V, Mental Health Service for the Homeless Block Grant).
- (3) Entitlement grants to carry out the following programs of the Social Security Act.
  - (i) Aid to Needy Families with Dependent Children (title IV-A of the Act, not including the Work Incentive Program (WIN) authorized by section 402(a)(19)(G); HHS grants for WIN are subject to this part);
  - (ii) Child Support Enforcement and Establishment of Paternity (title IV-D of the Act);
  - (iii) Foster Care and Adoption Assistance (title IV-E of the Act);
  - (iv) Aid to the Aged, Blind, and Disabled (titles I, X, XIV, and XVI-AABD of the Act); and
  - (v) Medical Assistance (Medicaid) (title XIX of the Act) not including the State Medicaid Fraud Control program authorized by section 1903(a)(6)(B).
- (4) Entitlement grants under the following programs of The National School Lunch Act:
  - (i) School Lunch (section 4 of the Act),
  - (ii) Commodity Assistance (section 6 of the Act),
  - (iii) Special Meal Assistance (section 11 of the Act),
  - (iv) Summer Food Service for Children (section 13 of the Act), and
  - (v) Child Care Food Program (section 17 of the Act).
- (5) Entitlement grants under the following programs of The Child Nutrition Act of 1966:
  - (i) Special Milk (section 3 of the Act), and
  - (ii) School Breakfast (section 4 of the Act).
- (6) Entitlement grants for State Administrative expenses under The Food Stamp Act of 1977 (section 16 of the Act).
- (7) A grant for an experimental, pilot, or demonstration project that is also supported by a grant listed in paragraph (a)(3) of this section;
- (8) Grant funds awarded under subsection 412(e) of the Immigration and Nationality Act (8 U.S.C. 1522(e)) and subsection 501(a) of the Refugee Education Assistance Act of 1980 (Pub. L.96-422, 94 Stat. 1809), for cash assistance, medical assistance, and supplemental security income benefits to refugees and entrants and the administrative costs of providing the assistance and benefits;
- (9) Grants to local education agencies under 20 U.S.C. 236 through 241-1(a),

and 242 through 244 (portions of the Impact Aid program), except for 20 U.S.C. 238(d)(2)(c) and 240(f) (Entitlement Increase for Handicapped Children); and

- (10) Payments under the Veterans Administration's State Home Per Diem Program (38 U.S.C. 641(a)).
- (b) Entitlement programs. Entitlement programs enumerated above in Sec. 18.4(a) (3) through (8) are subject to subpart E.

**Sec. 18.5 Effect on other issuance's.**

All other grants administration provisions of codified program regulations, program manuals, handbooks and other nonregulatory materials which are inconsistent with this part are superseded, except to the extent they are required by statute, or authorized in accordance with the exception provision in Sec. 18.6.

**Sec. 18.6 Additions and exceptions.**

- (a) For classes of grants and grantees subject to this part, Federal agencies may not impose additional administrative requirements except in codified regulations published in the Federal Register.
- (b) Exceptions for classes of grants or grantees may be authorized only by OMB.
  - (1) All Departmental requests for exceptions shall be processed through the Assistant Secretary of Administration.
  - (2) [Reserved]
- (c) Exceptions on a case-by-case basis and for subgrantees may be authorized by the affected Federal agencies.
  - (1) All case-by-case exceptions may be authorized by the affected operating administrations or departmental offices, with the concurrence of the Assistant Secretary for Administration.
  - (2) [Reserved]

**[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 60 FR 19646, Apr. 19, 1995] Subpart B - Pre-Award Requirements**

**Sec. 18.10 Forms for applying for grants.**

- (a) Scope
  - (1) This section prescribes forms and instructions to be used by governmental organizations (except hospitals and institutions of higher education operated by a government) in applying for grants. This section is not applicable, however, to formula grant programs which do not require applicants to apply for funds on a project basis.
  - (2) This section applies only to applications to Federal agencies for grants, and is not required to be applied by grantees in dealing with applicants for subgrants. However, grantees are encouraged to avoid more detailed or burdensome application requirements for subgrants.
  - (3) Forms and procedures for Federal Highway Administration (FHWA) projects are contained in 23 CFR part 630, subpart B, 23 CFR part 420, subpart A, and 49 CFR part 450.
- (b) Authorized forms and instructions for governmental organizations.
  - (1) In applying for grants, applicants shall only use standard application forms or those prescribed by the granting agency with the approval of

OMB under the Paperwork Reduction Act of 1980.

- (2) Applicants are not required to submit more than the original and two copies of pre-applications or applications.
- (3) Applicants must follow all applicable instructions that bear OMB clearance numbers. Federal agencies may specify and describe the programs, functions, or activities that will be used to plan, budget, and evaluate the work under a grant. Other supplementary instructions may be issued only with the approval of OMB to the extent required under the Paperwork Reduction Act of 1980. For any standard form, except the SF-424 face sheet, Federal agencies may shade out or instruct the applicant to disregard any line item that is not needed.
- (4) When a grantee applies for additional funding (such as a continuation supplemental award) or amends a previously submitted application, only the affected pages need be submitted. Previously submitted pages with information that is still current need not be resubmitted.[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8086, Mar. 11, 1988]Sec. 18.11 State plans.

- (a) **Scope.** The statutes for some programs require States to submit plans before receiving grants. Under regulations implementing Executive Order 12372, "Intergovernmental Review of Federal Programs," States are allowed to simplify, consolidate and substitute plans. This section contains additional provisions for plans that are subject to regulations implementing the Executive order.
- (b) **Requirements.** A State need meet only Federal administrative or programmatic requirements for a plan that are in statutes or codified regulations.
- (c) **Assurances.** In each plan the State will include an assurance that the State shall comply with all applicable Federal statutes and regulations in effect with respect to the periods for which it receives grant funding. For this assurance and other assurances required in the plan, the State may:
  - (1) Cite by number the statutory or regulatory provisions requiring the assurances and affirm that it gives the assurances required by those provisions,
  - (2) Repeat the assurance language in the statutes or regulations, or
  - (3) Develop its own language to the extent permitted by law.
- (d) **Amendments.** A State will amend a plan whenever necessary to reflect:
  - (1) New or revised Federal statutes or regulations or (2) a material change in any State law, organization, policy, or State agency operation. The State will obtain approval for the amendment and its effective date but need submit for approval only the amended portions of the plan.

**Sec. 18.12 Special grant or subgrant conditions for "high-risk" grantees.**

- (a) A grantee or subgrantee may be considered "high risk" if an awarding agency determines that a grantee or subgrantee:
  - (1) Has a history of unsatisfactory performance, or
  - (2) Is not financially stable, or

- (3) ) Has a management system which does not meet the management standards set forth in this part, or
  - (4) Has not conformed to terms and conditions of previous awards;
  - (5) Is otherwise not responsible; and if the awarding agency determines that an award will be made, special conditions and/or restrictions shall correspond to the high risk condition and shall be included in the award.
- (b) Special conditions or restrictions may include:
- (1) Payment on a reimbursement basis;
  - (2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given funding period;
  - (3) Requiring additional, more detailed financial reports;
  - (4) Additional project monitoring;
  - (5) Requiring the grantee or subgrantee to obtain technical or management assistance; or
  - (6) Establishing additional prior approvals.
- (c) If an awarding agency decides to impose such conditions, the awarding official will notify the grantee or subgrantee as early as possible, in writing, of:
- (1) The nature of the special conditions/restrictions;
  - (2) The reason(s) for imposing them;
  - (3) The corrective actions which must be taken before they will be removed and the time allowed for completing the corrective actions; and
  - (4) The method of requesting reconsideration of the conditions/ restrictions imposed.

**Subpart C—Post-Award Requirements Financial Administration**

**Sec. 18.20 Standards for financial management systems.**

- (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
  - (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
- (1) **Financial reporting.** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
  - (2) **Accounting records.** Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or

expenditures, and income.

- (3) **Internal control.** Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
  - (4) **Budget control.** Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible.
  - (5) **Allowable cost.** Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allow ability, of costs.
  - (6) **Source documentation.** Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.
  - (7) **Cash management.** Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.
- (c) An awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a preaward review or at any time subsequent to award.
  - (d) Certain Urban Mass Transportation Administration (UMTA) grantees shall comply with the requirements of section 15 of the Urban Mass Transportation (UMT) Act of 1964, as amended, as implemented by 49 CFR part 630, regarding a uniform system of accounts and records and a uniform reporting system for certain grantees.[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8086, Mar. 11, 1988]

#### **Sec. 18.21 Payment.**

- (a) **Scope.** This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will

make payments to subgrantees and contractors.

- (b) **Basic standard.** Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205.
- (c) **Advances.** Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.
- (d) **Reimbursement.** Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement.
- (e) Working capital advances. If a grantee cannot meet the criteria for advance payments described in paragraph (c) of this section, and the Federal agency has determined that reimbursement is not feasible because the grantee lacks sufficient working capital, the awarding agency may provide cash or a working capital advance basis.

Under this procedure the awarding agency shall advance cash to the grantee to cover its estimated disbursement needs for an initial period generally geared to the grantee's disbursing cycle. Thereafter, the awarding agency shall reimburse the grantee for its actual cash disbursements. The working capital advance method of payment shall not be used by grantees or subgrantees if the reason for using such method is the unwillingness or inability of the grantee to provide timely advances to the subgrantee to meet the sub subgrantee's actual cash disbursements.

- (f) Effect of program income, refunds, and audit recoveries on payment.
  - (1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity.
  - (2) Except as provided in paragraph (f) (1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.
- (g) Withholding payments
  - (1) Unless otherwise required by Federal statute, awarding agencies shall not withhold payments for proper charges incurred by grantees or subgrantees unless;
    - (i) The grantee or subgrantee has failed to comply with grant award conditions or

- (ii) The grantee or subgrantee is indebted to the United States.
  - (2) Cash withheld for failure to comply with grant award condition, but without suspension of the grant, shall be released to the grantee upon subsequent compliance. When a grant is suspended, payment adjustments will be made in accordance with Sec. 18.43(c).
  - (3) A Federal agency shall not make payment to grantees for amounts that are withheld by grantees or subgrantees from payment to contractors to assure satisfactory completion of work. Payments shall be made by the Federal agency when the grantees or subgrantees actually disburse the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.
- (h) Cash depositories.
- (1) Consistent with the national goal of expanding the opportunities for minority business enterprises, grantees and subgrantees are encouraged to use minority banks (a bank which is owned at least 50 percent by minority group members). A list of minority owned banks can be obtained from the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.
  - (2) A grantee or subgrantee shall maintain a separate bank account only when required by Federal-State agreement.
- (i) Interest earned on advances. Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination Act (23 U.S.C. 450), grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.
- (j) 23 U.S.C. 121 limits payments to States for highway construction projects to the Federal share of the costs of construction incurred to date, plus the Federal share of the value of stockpiled materials.
- (k) Section 404 of the Surface Transportation Assistance Act of 1982 directs the Secretary to reimburse States for the Federal share of costs incurred. [53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8086, Mar. 11, 1988]

**Sec. 18.22 Allowable costs.**

- (a) **Limitation on use of funds.** Grant funds may be used only for:
  - (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and
  - (2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee.
- (b) Applicable cost principles. For each kind of organization, there is a set of Federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs. The following chart lists the kinds of organizations and the applicable cost principles.
- (c) The overhead cost principles of OMB Circular A-87 shall not apply to State



highway agencies for FHWA funded grants.

- (d) Sections 3(1) and 9(p) of the UMT Act of 1964, as amended, authorize the Secretary to include in the net project cost eligible for Federal assistance, the amount of interest earned and payable on bonds issued by the State or local public body to the extent that the proceeds of such bonds have actually been expended in carrying out such project or portion thereof. Limitations are established in sections 3 and 9 of the UMT Act of 1964, as amended.
- (e) Section 9 of the UMT Act of 1964, as amended, authorizes grants to finance the leasing of facilities and equipment for use in mass transportation services provided leasing is more cost effective than acquisition or construction.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8086, Mar. 11, 1988]

**Sec. 18.23 Period of availability of funds.**

- (a) **General.** Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.
- (b) **Liquidation of obligations.** A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee.

**Sec. 18.24 Matching or cost sharing.**

- (a) **Basic rule:** Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:
  - (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.
  - (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.
- (b) **Qualifications and exceptions.**
  - (1) Costs borne by other Federal grant agreements. Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant.
  - (2) General revenue sharing. For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.
  - (3) Cost or contributions counted towards other Federal costs-sharing requirements. Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another

Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.

- (4) ) Costs financed by program income. Costs financed by program income, as defined in Sec. 18.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in Sec. 18.25(g).)
- (5) Services or property financed by income earned by contractors. Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.
- (6) Records. Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.
- (7) Special standards for third party in-kind contributions.
  - (i) Third party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.
  - (ii) Some third party in-kind contributions are goods and services that, if the grantee, subgrantee, or contractor receiving the contribution had to pay for them, the payments would have been an indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, subgrantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.
  - (iii) A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:
    - (A) ) An increase in the services or property provided under the contract (without additional cost to the grantee or subgrantee) or
    - (B) A cost savings to the grantee or subgrantee.
  - (iv) The values placed on third party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.
- (8) 23 U.S.C. 121(a) permits reimbursement for actual construction cost incurred by States for highway construction projects. Except for private donations of right-of-way, contributions and donations shall not be considered State costs, and shall not be allowable for matching

purposes for highway construction contracts. 23 U.S.C. 323 permits private donations of right-of-way to be used for a State's matching share, and establishes procedures for determining the fair market value of such donated right-of-way.

- (9) Section 4(a) of the UMT Act of 1964, as amended, provides that the Federal grant for any project to be assisted under section 3 of the UMT Act of 1964, as amended, shall be in an amount equal to 75 percent of the net project costs. Net project cost is defined as that portion of the cost of the project which cannot be reasonably financed from revenues.
- (10) Section 18(e) of the UMT Act of 1964, as amended, limits the Federal share to 80 percent of the net cost of construction, as determined by the Secretary of Transportation. The Federal share for the payment of subsidies for operating expenses, as defined by the Secretary, shall not exceed 50 percent of the net cost of such operating expense projects.

(c) **Valuation of donated services.**

- (1) Volunteer services. Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. Employees of other organizations. When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) of this section applies.
- (3) Section 5(g) of the Department of Transportation Act (49 U.S.C. 1654(g)) limits in-kind service contributions under the local Rail Service Assistance Program to "the cash equivalent of State salaries for State public employees working in the State rail assistance program, but not including overhead and general administrative costs."

(d) Valuation of third party donated supplies and loaned equipment or space.(1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

(2) ) If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) Valuation of third party donated equipment, buildings, and land.

If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) Awards for capital expenditures. If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) Other awards. If assisting in the acquisition of property is not the

purpose of the grant or subgrant, paragraphs (e)(2) (i) and (ii) of this section apply:

- (i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.
  - (ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in Sec. 18.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.
- (f) Valuation of grantee or subgrantee donated real property for construction/acquisition. If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.
- (g) Appraisal of real property. In some cases under paragraphs (d),(e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees.

**[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8086, Mar. 11, 1988]**  
**Sec. 18.25 Program income.**

- (a) **General.** Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.
- (b) **Definition of program income.** Program income means gross income

received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

- (c) **Cost of generating program income.** If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.
- (d) **Governmental revenues.** Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.
- (e) **Royalties.** Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See Sec. 18.34.)
- (f) **Property.** Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of Secs. 18.31 and 18.32.
- (g) **Use of program income.** Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.
  - (1) **Deduction.** Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.
  - (2) **Addition.** When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee.

The program income shall be used for the purposes and under the conditions of the grant agreement.
  - (3) **Cost sharing or matching.** When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same.
  - (4) **) Section 3(a)(1)(D) of the UMT Act of 1964, as amended, provides that the Secretary shall establish requirements for the use of income derived from appreciated land values for certain UMTA grants. Specific**

requirements shall be contained in grant agreements.

- (5) UMTA grantees may retain program income for allowable capital or operating expenses.
  - (6) For grants awarded under section 9 of the UMT Act of 1964, as amended, any revenues received from the sale of advertising and concessions in excess of fiscal year 1985 levels shall be excluded from program income.
  - (7) 23 U.S.C. 156 requires that States shall charge fair market value for the sale, lease, or use of right-of-way airspace for non-transportation purposes and that such income shall be used for projects eligible under 23 U.S.C.
- (h) ) Income after the award period. There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988]

**Sec. 18.26 Non-Federal audits.**

- (a) **Basic rule.** Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial audits.
- (b) **Subgrantees.** State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee, which expends \$300,000 or more (or other amount as specified by OMB) in Federal awards in a fiscal year, shall:
  - (1) Determine whether State or local subgrantees have met the audit requirements of the Act and whether subgrantees covered by OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit organizations," have met the audit requirements of the Act. Commercial contractors (private for-profit and private and governmental organizations) providing goods and services to State and local governments are not required to have a single audit performed. State and local governments should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds;
  - (2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A-110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit;
  - (3) Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instance of noncompliance with Federal

laws and regulations;

- (4) Consider whether subgrantee audits necessitate adjustment of the grantee's own records; and
- (5) Require each subgrantee to permit independent auditors to have access to the records and financial statements.

(c) Auditor selection. In arranging for audit services, Sec. 18.36 shall be followed.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 61 FR 21387, May 10, 1996; 62 FR 45939, 45947, Aug. 29, 1997]

#### Changes, Property, and Sub-awards

##### Sec. 18.30 Changes.

- (a) **General.** Grantees and subgrantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the prior written approval of the awarding agency.
- (b) **Relation to cost principles.** The applicable cost principles (see Sec. 18.22) contain requirements for prior approval of certain types of costs. Except where waived, those requirements apply to all grants and subgrants even if paragraphs (c) through (f) of this section do not.
- (c) **Budget changes.**
  - (1) Nonconstruction projects. Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a nonconstruction award:
    - (i) Any revision which would result in the need for additional funding.
    - (ii) Unless waived by the awarding agency, cumulative transfers among direct cost categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000.
    - (iii) Transfer of funds allotted for training allowances (i.e., from direct payments to trainees to other expense categories).
  - (2) Construction projects. Grantees and subgrantees shall obtain prior written approval for any budget revision which would result in the need for additional funds.
  - (3) Combined construction and non-construction projects. When a grant or subgrant provides funding for both construction and non-construction activities, the grantee or subgrantee must obtain prior written approval from the awarding agency before making any fund or budget transfer from non-construction to construction or vice versa.
- (d) **Programmatic changes.** Grantees or subgrantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:
  - (1) Any revision of the scope or objectives of the project (regardless of whether there is an associated budget revision requiring prior approval).

- (2) Need to extend the period of availability of funds.
  - (3) Changes in key persons in cases where specified in an application or a grant award. In research projects, a change in the project director or principal investigator shall always require approval unless waived by the awarding agency.
  - (4) Under non-construction projects, contracting out, sub-granting (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purposes of the award. This approval requirement is in addition to the approval requirements of Sec. 18.36 but does not apply to the procurement of equipment, supplies, and general support services.
- (e) **Additional prior approval requirements.** The awarding agency may not require prior approval for any budget revision which is not described in paragraph (c) of this section.
- (f) **Requesting prior approval.**
- (1) A request for prior approval of any budget revision will be in the same budget form as the grantee used in its application and shall be accompanied by a narrative justification for the proposed revision.
  - (2) A request for a prior approval under the applicable Federal cost principles (see Sec. 18.22) may be made by letter.
  - (3) A request by a subgrantee for prior approval will be addressed in writing to the grantee. The grantee will promptly review such request and shall approve or disapprove the request in writing. A grantee will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the Federal grant to the grantee. If the revision, requested by the subgrantee would result in a change to the grantee's approved project which requires Federal prior approval, the grantee will obtain the Federal agency's approval before approving the subgrantee's request.

**Sec. 18.31 Real property.**

- (a) **Title.** Subject to the obligations and conditions set forth in this section, title to real property acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.
- (b) **Use.** Except as otherwise provided by Federal statutes, real property will be used for the originally authorized purposes as long as needed for that purposes, and the grantee or subgrantee shall not dispose of or encumber its title or other interests.
- (c) **Disposition.** When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instructions from the awarding agency. The instructions will provide for one of the following alternatives:
  - (1) Retention of title. Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in



those situations where a grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

- (2) Sale of property. Sell the property and compensate the awarding agency. The amount due to the awarding agency will be calculated by applying the awarding agency's percentage of participation in the cost of the original purchase to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the grant is still active, the net proceeds from sale may be offset against the original cost of the property. When a grantee or sub-grantee is directed to sell property, sales procedures shall be followed that provide for competition to the extent practicable and result in the highest possible return.
  - (3) Transfer of title. Transfer title to the awarding agency or to a third-party designated/approved by the awarding agency. The grantee or subgrantee shall be paid an amount calculated by applying the grantee or subgrantee's percentage of participation in the purchase of the real property to the current fair market value of the property.
- (d) ) If the conditions in 23 U.S.C. 103(e) (5), (6), or (7), as appropriate, are met and approval is given by the Secretary, States shall not be required to repay the Highway Trust Fund for the cost of right-of-way and other items when certain segments of the Interstate System are withdrawn.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988]

**Sec. 18.32 Equipment.**

- (a) **Title.** Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.
- (b) **States.** A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section.
- (c) **Use.**
  - (1) ) Equipment shall be used by the grantee or subgrantee in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
  - (2) The grantee or subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered if appropriate.
  - (3) Notwithstanding the encouragement in Sec. 18.25(a) to earn program

income, the grantee or subgrantee must not use equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute. (4) When acquiring replacement equipment, the grantee or subgrantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

(d) **Management requirements.** Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) **Disposition.** When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) ) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.

(f) **Federal equipment.** In the event a grantee or subgrantee is provided federally-owned equipment:

- (1) Title will remain vested in the Federal Government.
- (2) Grantees or subgrantees will manage the equipment in accordance with

Federal agency rules and procedures, and submit an annual inventory listing.

(3) When the equipment is no longer needed, the grantee or subgrantee will request disposition instructions from the Federal agency.

(g) **Right to transfer title.** The Federal awarding agency may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:

(1) The property shall be identified in the grant or otherwise made known to the grantee in writing.

(2) The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow Sec. 18.32(e).

(3) When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

#### **Sec. 18.33 Supplies.**

(a) **Title.** Title to supplies acquired under a grant or subgrant will vest, upon acquisition, in the grantee or subgrantee respectively.

(b) **Disposition.** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the grantee or subgrantee shall compensate the awarding agency for its share.

#### **Sec. 18.34 Copyrights.**

The Federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

(a) The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and

(b) Any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

#### **Sec. 18.35 Subawards to debarred and suspended parties.**

Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."

#### **Sec. 18.36 Procurement.**

(a) **States.** When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds.

The State will ensure that every purchase order or other contract includes

any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.

(b) **Procurement standards.**

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.
- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- (3) Grantees and subgrantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
  - (i) The employee, officer or agent,
  - (ii) Any member of his immediate family,
  - (iii) His or her partner, or
  - (iv) An organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's or subgrantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Grantee and subgrantees may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. To the extent permitted by State or local law or regulations, such standards or conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's and subgrantee's officers, employees, or agents, or by contractors or their agents. The awarding agency may in regulation provide additional prohibitions relative to real, apparent, or potential conflicts of interest.
- (4) Grantee and subgrantee procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- (5) To foster greater economy and efficiency, grantees and subgrantees are encouraged to enter into State and local intergovernmental agreements for procurement or use of common goods and services.
- (6) Grantees and subgrantees are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property

whenever such use is feasible and reduces project costs.

- (7) Grantees and subgrantees are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- (8) Grantees and subgrantees will make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- (9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (10) Grantees and subgrantees will use time and material type contracts only:
  - (i) After a determination that no other contract is suitable, and
  - (ii) If the contract includes a ceiling price that the contractor exceeds at its own risk.
- (11) Grantees and subgrantees alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the grantee or subgrantee of any contractual responsibilities under its contracts. Federal agencies will not substitute their judgment for that of the grantee or subgrantee unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.
- (12) Grantees and subgrantees will have protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the grantee and subgrantee before pursuing a protest with the Federal agency. Reviews of protests by the Federal agency will be limited to:
  - (i) Violations of Federal law or regulations and the standards of this section (violations of State or local law will be under the jurisdiction of State or local authorities) and
  - (ii) Violations of the grantee's or subgrantee's protest procedures for failure to review a complaint or protest. Protests received by the Federal agency other than those specified above will be referred to the grantee or subgrantee.

(c) **Competition.**

- (1) All procurement transactions will be conducted in a manner providing full

and open competition consistent with the standards of Sec. 18.36. Some of the situations considered to be restrictive of competition include but are not limited to:

- (i) Placing unreasonable requirements on firms in order for them to qualify to do business,
  - (ii) Requiring unnecessary experience and excessive bonding,
  - (iii) Noncompetitive pricing practices between firms or between affiliated companies,
  - (iv) Noncompetitive awards to consultants that are on retainer contracts,
  - (v) Organizational conflicts of interest,
  - (vi) Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement, and
  - (vii) Any arbitrary action in the procurement process.
- (2) Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- (3) Grantees will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations:
- (i) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition.

The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of a procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and

- (ii) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- (4) Grantees and subgrantees will ensure that all pre-qualified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, grantees and subgrantees will not preclude potential bidders from qualifying during the solicitation

period.

(d) **Methods of procurement to be followed**

- (1) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.
- (2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in Sec. 18.36(d)(2)(i) apply.
  - (i) In order for sealed bidding to be feasible, the following conditions should be present:
    - (A) A complete, adequate, and realistic specification or purchase description is available;
    - (B) Two or more responsible bidders are willing and able to compete effectively and for the business; and
    - (C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
  - (ii) If sealed bids are used, the following requirements apply:
    - (A) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
    - (B) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
    - (C) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
    - (D) A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
    - (E) Any or all bids may be rejected if there is a sound documented reason.
- (3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- (i) Requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
  - (ii) Proposals will be solicited from an adequate number of qualified sources;
  - (iii) Grantees and subgrantees will have a method for conducting technical evaluations of the proposals received and for selecting awardees;
  - (iv) Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
  - (v) Grantees and subgrantees may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
- (4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.
- (i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:
    - (A) The item is available only from a single source;
    - (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
    - (C) The awarding agency authorizes noncompetitive proposals; or
    - (D) After solicitation of a number of sources, competition is determined inadequate.
  - (ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.
  - (iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.
- (e) **Contracting with small and minority firms, women's business enterprise and labor surplus area firms.**
- (1) The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.
  - (2) Affirmative steps shall include:
    - (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;



- (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- (iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
- (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
- (v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
- (vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(f) **Contract cost and price.**

- (1) Grantees and subgrantees must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless price reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.
- (2) Grantees and subgrantees will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- (3) Costs or prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles (see Sec. 18.22). Grantees may reference their own cost principles that comply with the applicable Federal cost principles.
- (4) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

(g) **Awarding agency review.**

- (1) Grantees and subgrantees must make available, upon request of the

awarding agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the grantee or subgrantee desires to have the review accomplished after a solicitation has been developed, the awarding agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

- (2) Grantees and subgrantees must on request make available for awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc. when:
  - (i) A grantee's or subgrantee's procurement procedures or operation fails to comply with the procurement standards in this section; or
  - (ii) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation; or
  - (iii) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a "brand name" product; or
  - (iv) The proposed award is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
  - (v) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.
- (3) A grantee or subgrantee will be exempt from the pre-award review in paragraph (g)(2) of this section if the awarding agency determines that its procurement systems comply with the standards of this section.
  - (i) A grantee or subgrantee may request that its procurement system be reviewed by the awarding agency to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews shall occur where there is a continuous high-dollar funding, and third-party contracts are awarded on a regular basis.
  - (ii) A grantee or subgrantee may self-certify its procurement system. Such self-certification shall not limit the awarding agency's right to survey the system. Under a self-certification procedure, awarding agencies may wish to rely on written assurances from the grantee or subgrantee that it is complying with these standards. A grantee or subgrantee will cite specific procedures, regulations, standards, etc., as being in compliance with these requirements and have its system available for review.

- (h) **Bonding requirements.** For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the awarding agency may accept the bonding policy and requirements of the grantee or subgrantee provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

- (1) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
- (2) A performance bond on the part of the contractor for 100 percent of the contract price. A "performance bond" is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(h) **Bonding requirements**

- (3) A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
- (i) Contract provisions. A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the office of Federal Procurement Policy.
  - (1) Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate. (Contracts more than the simplified acquisition threshold)
  - (2) Termination for cause and for convenience by the grantee or subgrantee including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000)
  - (3) Compliance with Executive Order 11246 of September 24, 1965, entitled "Equal Employment Opportunity," as amended by Executive order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR chapter 60). (All construction contracts awarded in excess of \$10,000 by grantees and their contractors or subgrantees)
  - (4) Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR part 3). (All contracts and subgrants for construction or repair)
  - (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)
  - (6) Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts awarded by grantees and subgrantees in excess of \$2000, and in excess of \$2500 for other contracts which involve the employment of mechanics or laborers)

- (7) Notice of awarding agency requirements and regulations pertaining to reporting.
  - (8) Notice of awarding agency requirements and regulations pertaining to patent rights with respect to any discovery or invention which arises or is developed in the course of or under such contract.
  - (9) Awarding agency requirements and regulations pertaining to copyrights and rights in data.
  - (10) Access by the grantee, the subgrantee, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions.
  - (11) Retention of all required records for three years after grantees or subgrantees make final payments and all other pending matters are closed.
  - (12) Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15). (Contracts, subcontracts, and subgrants of amounts in excess of \$100,000)
  - (13) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).
- (j) 23 U.S.C. 112(a) directs the Secretary to require recipients of highway construction grants to use bidding methods that are "effective in securing competition."  
Detailed construction contracting procedures are contained in 23 CFR part 635, subpart A.
  - (k) Section 3(a)(2)(C) of the UMT Act of 1964, as amended, prohibits the use of grant or loan funds to support procurements utilizing exclusionary or discriminatory specifications.
  - (l) 46 U.S.C. 1241(b)(1) and 46 CFR part 381 impose cargo preference requirements on the shipment of foreign made goods.
  - (m) Section 165 of the Surface Transportation Assistance Act of 1982, 49 U.S.C. 1601, section 337 of the Surface Transportation and Uniform Relocation Assistance Act of 1987, and 49 CFR parts 660 and 661 impose Buy America provisions on the procurement of foreign products and materials.
  - (n) Section 105(f) of the Surface Transportation Assistance Act of 1982, section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act of 1987, and 49 CFR part 23 impose requirements for the participation of disadvantaged business enterprises.
  - (o) Section 308 of the Surface Transportation Assistance Act of 1982, 49 U.S.C. 1068(b)(2), authorizes the use of competitive negotiation for the purchase of rolling stock as appropriate.
  - (p) 23 U.S.C. 112(b) provides for an exemption to competitive bidding

requirements for highway construction contracts in emergency situations.

- (q) 23 U.S.C. 112 requires concurrence by the Secretary before highway construction contracts can be awarded, except for projects authorized under the provisions of 23 U.S.C. 171.
- (r) 23 U.S.C. 112(e) requires standardized contract clauses concerning site conditions, suspension or work, and material changes in the scope of the work for highway construction contracts.
- (s) 23 U.S.C. 140(b) authorizes the preferential employment of Indians on Indian Reservation road projects and contracts.
- (t) FHWA, UMTA, and Federal Aviation Administration (FAA) grantees and subgrantees shall extend the use of qualifications-based (e.g., architectural and engineering services) contract selection procedures to certain other related areas and shall award such contracts in the same manner as Federal contracts for architectural and engineering services are negotiated under Title IX of the Federal Property and Administrative Services Act of 1949, or equivalent State (or airport sponsor for FAA) qualifications-based requirements. For FHWA and UMTA programs, this provision applies except to the extent that a State adopts or has adopted by statute a formal procedure for the procurement of such services.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988; 60 FR 19639, 19647, Apr. 19, 1995]

**Sec. 18.37 Subgrants.**

- (a) **States.** States shall follow state law and procedures when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. States shall:
  - (1) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations;
  - (2) Ensure that subgrantees are aware of requirements imposed upon them by Federal statute and regulation;
  - (3) Ensure that a provision for compliance with Sec. 18.42 is placed in every cost reimbursement subgrant; and
  - (4) Conform any advances of grant funds to subgrantees substantially to the same standards of timing and amount that apply to cash advances by Federal agencies.
- (b) **All other grantees.** All other grantees shall follow the provisions of this part which are applicable to awarding agencies when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. Grantees shall:
  - (1) Ensure that every subgrant includes a provision for compliance with this part;
  - (2) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations; and
  - (3) Ensure that subgrantees are aware of requirements imposed upon them by Federal statutes and regulations.
- (c) **Exceptions.** By their own terms, certain provisions of this part do not apply to

the award and administration of subgrants:

- (1) Section 18.10;
- (2) Section 18.11;
- (3) The letter-of-credit procedures specified in Treasury Regulations at 31 CFR part 205, cited in Sec. 18.21; and
- (4) Section 18.50.

#### **Reports, Records, Retention, and Enforcement**

##### **Sec. 18.40 Monitoring and reporting program performance.**

- (a) **Monitoring by grantees.** Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.
- (b) **Nonconstruction performance reports.** The Federal agency may, if it decides that performance information available from subsequent applications contains sufficient information to meet its programmatic needs, require the grantee to submit a performance report only upon expiration or termination of grant support. Unless waived by the Federal agency this report will be due on the same date as the final Financial Status Report.
  - (1) Grantees shall submit annual performance reports unless the awarding agency requires quarterly or semi-annual reports. However, performance reports will not be required more frequently than quarterly. Annual reports shall be due 90 days after the grant year, quarterly or semi-annual reports shall be due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support. If a justified request is submitted by a grantee, the Federal agency may extend the due date for any performance report. Additionally, requirements for unnecessary performance reports may be waived by the Federal agency.
  - (2) Performance reports will contain, for each grant, brief information on the following:
    - (i) A comparison of actual accomplishments to the objectives established for the period. Where the output of the project can be quantified, a computation of the cost per unit of output may be required if that information will be useful.
    - (ii) The reasons for slippage if established objectives were not met.
    - (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.
  - (3) Grantees will not be required to submit more than the original and two copies of performance reports.
  - (4) Grantees will adhere to the standards in this section in prescribing performance reporting requirements for subgrantees.
- (c) **Construction performance reports.** For the most part, on-site technical inspections and certified percentage-of-completion data are relied on heavily by Federal agencies to monitor progress under construction grants and

subgrants. The Federal agency will require additional formal performance reports only when considered necessary, and never more frequently than quarterly.

(1) Section 12(h) of the UMT Act of 1964, as amended, requires pre-award testing of new buses models.

(2) [Reserved]

(d) **Significant developments.** Events may occur between the scheduled performance reporting dates which have significant impact upon the grant or subgrant supported activity. In such cases, the grantee must inform the Federal agency as soon as the following types of conditions become known:

(1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

(2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.

(e) **Federal agencies may make site visits as warranted by program needs.**

(f) **Waivers, extensions.**

(1) Federal agencies may waive any performance report required by this part if not needed.

(2) The grantee may waive any performance report from a subgrantee when not needed. The grantee may extend the due date for any performance report from a subgrantee if the grantee will still be able to meet its performance reporting obligations to the Federal agency.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988]

**Sec. 18.41 Financial Reporting.**

(a) **General.**

(1) Except as provided in paragraphs (a) (2) and (5) of this section, grantees will use only the forms specified in paragraphs (a) through (e) of this section, and such supplementary or other forms as may from time to time be authorized by OMB, for:

(i) Submitting financial reports to Federal agencies, or

(ii) Requesting advances or reimbursements when letters of credit are not used.

(2) Grantees need not apply the forms prescribed in this section in dealing with their subgrantees. However, grantees shall not impose more burdensome requirements on subgrantees.

(3) Grantees shall follow all applicable standard and supplemental Federal agency instructions approved by OMB to the extent required under the Paperwork Reduction Act of 1980 for use in connection with forms specified in paragraphs (b) through (e) of this section. Federal agencies may issue substantive supplementary instructions only with the approval of OMB. Federal agencies may shade out or instruct the grantee to disregard any line item that the Federal agency finds unnecessary for its decision making purposes.

- (4) Grantees will not be required to submit more than the original and two copies of forms required under this part.
- (5) Federal agencies may provide computer outputs to grantees to expedite or contribute to the accuracy of reporting. Federal agencies may accept the required information from grantees in machine usable format or computer printouts instead of prescribed forms.
- (6) Federal agencies may waive any report required by this section if not needed.
- (7) ) Federal agencies may extend the due date of any financial report upon receiving a justified request from a grantee.

(b) **Financial Status Report.**

- (1) Form. Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all non-construction grants and for construction grants when required in accordance with Sec. 18.41(e)(2)(iii).
- (2) Accounting basis. Each grantee will report program outlays and program income on a cash or accrual basis as prescribed by the awarding agency. If the Federal agency requires accrual information and the grantee's accounting records are not normally kept on the accrual basis, the grantee shall not be required to convert its accounting system but shall develop such accrual information through and analysis of the documentation on hand.
- (3) Frequency. The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.
- (4) Due date. When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support.

(c) **Federal Cash Transactions Report**

- (1) Form.
  - (i) For grants paid by letter or credit, Treasury check advances or electronic transfer of funds, the grantee will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272a, unless the terms of the award exempt the grantee from this requirement.
  - (ii) These reports will be used by the Federal agency to monitor cash advanced to grantees and to obtain disbursement or outlay information for each grant from grantees. The format of the report may be adapted as appropriate when reporting is to be accomplished with the assistance of automatic data processing equipment provided that the information to be submitted is not changed in substance.
- (2) Forecasts of Federal cash requirements. Forecasts of Federal cash requirements may be required in the "Remarks" section of the report.



- (3) Cash in hands of subgrantees. When considered necessary and feasible by the Federal agency, grantees may be required to report the amount of cash advances in excess of three days needs in the hands of their subgrantees or contractors and to provide short narrative explanations of actions taken by the grantee to reduce the excess balances.
  - (4) Frequency and due date. Grantees must submit the report no later than 15 working days following the end of each quarter. However, where an advance either by letter of credit or electronic transfer of funds is authorized at an annualized rate of one million dollars or more, the Federal agency may require the report to be submitted within 15 working days following the end of each month.
- (d) **Request for advance or reimbursement.**
- (1) Advance payments. Requests for Treasury check advance payments will be submitted on Standard Form 270, Request for Advance or Reimbursement. (This form will not be used for drawdowns under a letter of credit, electronic funds transfer or when Treasury check advance payments are made to the grantee automatically on a predetermined basis.)
  - (2) Reimbursements. Requests for reimbursement under non-construction grants will also be submitted on Standard Form 270. (For reimbursement requests under construction grants, see paragraph (e)(1) of this section.)
  - (3) The frequency for submitting payment requests is treated in Sec.18.41 (b)(3).
- (e) **Outlay report and request for reimbursement for construction programs.**
- (1) Grants that support construction activities paid by reimbursement method.
    - (i) Requests for reimbursement under construction grants will be submitted on Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. Federal agencies may, however, prescribe the Request for Advance or Reimbursement form, specified in Sec. 18.41(d), instead of this form.
    - (ii) The frequency for submitting reimbursement requests is treated in Sec. 18.41(b)(3).
- (e) **Outlay report and request for reimbursement for construction programs.**
- (2) Grants that support construction activities paid by letter of credit, electronic funds transfer or Treasury check advance.
    - (i) When a construction grant is paid by letter of credit, electronic funds transfer or Treasury check advances, the grantee will report its outlays to the Federal agency using Standard Form 271, Outlay Report and Request for Reimbursement for Construction Programs. The Federal agency will provide any necessary special instruction. However, frequency and due date shall be governed by Sec. 18.41(b) (3) and (4).
    - (ii) When a construction grant is paid by Treasury check advances based on periodic requests from the grantee, the advances will be requested on the form specified in Sec. 18.41(d).
      - (iii) The Federal agency may substitute the Financial Status Report

specified in Sec. 18.41(b) for the Outlay Report and Request for Reimbursement for Construction Programs.

(3) Accounting basis. The accounting basis for the Outlay Report and Request for Reimbursement for Construction Programs shall be governed by Sec. 18.41(b)(2).

(f) **Notwithstanding the provisions of paragraphs (a)(1) of this section, recipients of FHWA and National Highway Traffic Safety Administration (NHTSA) grants shall use FHWA, NHTSA or State financial reports.**

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988]

**Sec. 18.42 Retention and access requirements for records.**

(a) **Applicability.**

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see Sec. 18.36(i)(10).

(b) **Length of retention period.**

(1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

(2) If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

(3) To avoid duplicate recordkeeping, awarding agencies may make special arrangements with grantees and subgrantees to retain any records which are continuously needed for joint use. The awarding agency will request transfer of records to its custody when it determines that the records possess long-term retention value. When the records are transferred to or maintained by the Federal agency, the 3-year retention requirement is not applicable to the grantee or subgrantee

(c) **Starting date of retention period-**

(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have

been due.

- (2) Real property and equipment records. The retention period for real property and equipment records starts from the date of the disposition or replacement or transfer at the direction of the awarding agency.
  - (3) Records for income transactions after grant or subgrant support. In some cases grantees must report income after the period of grant support. Where there is such a requirement, the retention period for the records pertaining to the earning of the income starts from the end of the grantee's fiscal year in which the income is earned.
  - (4) Indirect cost rate proposals, cost allocations plans, etc. This paragraph applies to the following types of documents, and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).
    - (i) If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the grantee) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
    - (ii) If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the grantee) for negotiation purposes, then the 3-year retention period for the proposal plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.
- (d) **Substitution of microfilm.** Copies made by microfilming, photocopying, or similar methods may be substituted for original the records.
- (e) **Access to records**
- (1) Records of grantees and subgrantees. The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts.
  - (2) Expiration of right of access. The right of access in this section must not be limited to the required retention period but shall last as long as the records are retained.
- (f) **Restrictions on public access.** The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to records unless required by Federal, State, or local law, grantees and subgrantees are not required to permit public access to their records.

#### **Sec. 18.43 Enforcement**

- (a) **Remedies for noncompliance.** If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following

actions, as appropriate in the circumstances:

- (1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,
  - (2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,
  - (3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,
  - (4) Withhold further awards for the program, or
  - (5) Take other remedies that may be legally available.
- (b) **Hearings, appeals.** In taking an enforcement action, the awarding agency will provide the grantee or subgrantee an opportunity for such hearing, appeal, or other administrative proceeding to which the grantee or subgrantee is entitled under any statute or regulation applicable to the action involved.
- (c) **Effects of suspension and termination.** Costs of grantee or subgrantee resulting from obligations incurred by the grantee or subgrantee during a suspension or after termination of an award are not allowable unless the awarding agency expressly authorizes them in the notice of suspension or termination or subsequently. Other grantee or subgrantee costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:
- (1) The costs result from obligations which were properly incurred by the grantee or subgrantee before the effective date of suspension or termination, are not in anticipation of it, and, in the case of a termination, are non-cancellable, and,
  - (2) The costs would be allowable if the award were not suspended or expired normally at the end of the funding period in which the termination takes effect.
- (d) **Relationship to debarment and suspension.** The enforcement remedies identified in this section, including suspension and termination, do not preclude grantee or subgrantee from being subject to "Debarment and Suspension" under E.O. 12549 (see Sec. 18.35).

#### **Sec. 18.44 Termination for convenience.**

Except as provided in Sec. 18.43 awards may be terminated in whole or in part only as follows:

- (a) **General.** The Federal agency will close out the award when it determines that all applicable administrative actions and all required work of the grant has been completed.
- (b) **Reports.** Within 90 days after the expiration or termination of the grant, the grantee must submit all financial, performance, and other reports required as a condition of the grant. Upon request by the grantee, Federal agencies may extend this timeframe. These may include but are not limited to:
  - (1) Final performance or progress report.

- (2) Financial Status Report (SF 269) or Outlay Report and Request for Reimbursement for Construction Programs (SF-271) (as applicable).
  - (3) Final request for payment (SF-270) (if applicable).
  - (4) Invention disclosure (if applicable).
  - (5) Federally-owned property report: In accordance with Sec. 18.32(f), a grantee must submit an inventory of all federally owned property (as distinct from property acquired with grant funds) for which it is accountable and request disposition instructions from the Federal agency of property no longer needed.
- (c) **Cost adjustment.** The Federal agency will, within 90 days after receipt of reports in paragraph (b) of this section, make upward or downward adjustments to the allowable costs.
  - (d) **Cash adjustments.**
    - (1) The Federal agency will make prompt payment to the grantee for allowable reimbursable costs.
    - (2) The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants.

**Subpart D--After-the-Grant Requirements**

**Sec. 18.51 Later disallowances and adjustments.**

The closeout of a grant does not affect:

- (a) The Federal agency's right to disallow costs and recover funds on the basis of a later audit or other review;
- (b) The grantee's obligation to return any funds due as a result of later refunds, corrections, or other transactions;
- (c) Records retention as required in Sec. 18.42;
- (d) Property management requirements in Secs. 18.31 and 18.32; and Audit requirements in Sec. 18.26.

**Sec. 18.52 Collection of amounts due.**

- (a) Any funds paid to a grantee in excess of the amount to which the grantee is finally determined to be entitled under the terms of the award constitute a debt to the Federal Government. If not paid within a reasonable period after demand, the Federal agency may reduce the debt by:
  - (1) Making an administrative offset against other requests for reimbursements,
  - (2) Withholding advance payments otherwise due to the grantee, or
  - (3) Other action permitted by law.
- (b) Except where otherwise provided by statutes or regulations, the Federal agency will charge interest on an overdue debt in accordance with the Federal Claims Collection Standards (4 CFR Ch. II). The date from which interest is computed is not extended by litigation or the filing of any form of appeal.

**Subpart E—Entitlements [Reserved]**

**EXHIBIT D**

Appendix A to Part 96—Office of Management and Budget

**Circular No. A-128—Uniform Audit Requirements for State and Local Governments**

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget

CIRCULAR NO. A-128

April 12, 1985

To the Heads of Executive Departments and Establishments.

Subject: Audits of State and Local Governments.

**1. Purpose.**

This Circular is issued pursuant to the Single Audit Act of 1984, Pub. L. 98-502. It establishes audit requirements for State and local governments that receive Federal aid, and defines Federal responsibilities for implementing and monitoring those requirements.

**2. Super-session.**

The Circular supersedes Attachment P, "Audit Requirements," of Circular A-102, "Uniform requirements for grants to State and local governments."

**3. Background.**

The Single Audit Act builds upon earlier efforts to improve audits of Federal aid programs. The Act requires State or local governments that receive \$100,000 or more a year in Federal funds to have an audit made for that year. Section 7505 of the Act requires the Director of the Office of Management and Budget to prescribe policies, procedures and guidelines to implement the Act. It specifies that the Director shall designate "cognizant" Federal agencies, determine criteria for making appropriate charges to Federal programs for the cost of audits, and provide procedures to assure that small firms or firms owned and controlled by disadvantaged individuals have the opportunity to participate in contracts for single audits.

4. Policy. The Single Audit Act requires the following:

**4. Policy.**

The Single Audit Act requires the following:

- a. State or local governments that receive \$100,000 or more a year in Federal financial assistance shall have an audit made in accordance with this Circular.
- b. State or local governments that receive between \$25,000 and \$100,000 a year shall have an audit made in accordance with this Circular, or in accordance with Federal laws and regulations governing the programs they participate in.
- c. State or local governments that receive less than \$25,000 a year shall be exempt from compliance with the Act and other Federal audit requirements. These State and local governments shall be governed by audit requirements prescribed by State or local law or regulation.
- d. Nothing in this paragraph exempts State or local governments from maintaining records of Federal financial assistance or from providing access to such records to Federal agencies, as provided for in Federal law or in Circular A-102, "Uniform requirements for grants to State or local governments."

**5. Definitions.**

For the purposes of this Circular the following definitions from the Single Audit Act apply:

- a. Cognizant agency means the Federal agency assigned by the Office of Management and Budget to carry out the responsibilities described in paragraph 11 of this Circular.
- b. Federal financial assistance means assistance provided by a Federal agency in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations, but does not include direct Federal cash assistance to individuals.  
It includes awards received directly from Federal agencies, or indirectly through other units of State and local governments.
- c. Federal agency has the same meaning as the term agency in section 551(1) of title 5, U.S.C.
- d. Generally accepted accounting principles has the meaning specified in the generally accepted government auditing standards.
- e. Generally accepted government auditing standards means the Standards For Audit of Government Organizations, Programs, Activities, and Functions, developed by the Controller General, dated February 27, 1981.
- f. Independent auditor means:
  - (1) A State or local government auditor who meets the independence standards specified in generally accepted government auditing standards; or
  - (2) A public accountant who meets such independence standards.
- g. Internal controls means the plan of organization and methods and procedures adopted by management to ensure that:
  - (1) Resource use is consistent with laws, regulations, and policies;
  - (2) Resources are safeguarded against waste, loss, and misuse; and
  - (3) Reliable data is obtained, maintained, and fairly disclosed in reports.
- h. Indian tribe means any Indian tribe, band, nations, or other organized group or community, including any Alaskan Native village or regional or village corporations (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.
- i. Local government means any unit of local government within a State, including a county, a borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.
- j. Major Federal Assistance Program, as defined by Pub. L. 98-502, is described in the Attachment to this Circular.
- k. Public accountants means those individuals who meet the qualification standards included in generally accepted government auditing standards for personnel performing government audits.
- l. State means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, and any multi-State, regional, or interstate entity that has governmental functions and any Indian tribe.
- m. Sub-recipient means any person or government department, agency, or establishment that receives Federal financial assistance to carry out a program through a State or local government, but does not include an individual that is a beneficiary of such a

program. A sub-recipient may also be a direct recipient of Federal financial assistance.

**6. Scope of Audit.**

The Single Audit Act provides that:

- a. The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial and compliance audits.
- b. The audit shall cover the entire operations of a State or local government or, at the option of that government, it may cover departments, agencies or establishments that received, expended, or otherwise administered Federal financial assistance during the year. However, if a State or local government receives \$25,000 or more in General Revenue Sharing Funds in a fiscal year, it shall have an audit of its entire operations. A series of audits of individual departments, agencies, and establishments for the same fiscal year may be considered a single audit.
- c. Public hospitals and public colleges and universities may be excluded from State and local audits and the requirements of this Circular.

However, if such entities are excluded, audits of these entities shall be made in accordance with statutory requirements and the provisions of Circular A-110, "Uniform requirements for grants to universities, hospitals, and other nonprofit organizations."

- d. The auditor shall determine whether:
  - (1) The financial statements of the government, department, agency or establishment present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
  - (2) The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal financial assistance programs in compliance with applicable laws and regulations; and
  - (3) The organization has complied with laws and regulations that may have material effect on its financial statements and on each major Federal assistance program.

**7. Frequency of Audit.**

Audits shall be made annually unless the State or local government has, by January 1, 1987, a constitutional or statutory requirement for less frequent audits. For those governments, the cognizant agency shall permit biennial audits, covering both years, if the government so requests. It shall also honor requests for biennial audits by governments that have an administrative policy calling for audits less frequent than annual, but only for fiscal years beginning before January 1, 1987.

**8. Internal Control and Compliance Reviews.**

The Single Audit Act requires that the independent auditor determine and report on whether the organization has internal control systems to provide reasonable assurance that it is managing Federal assistance programs in compliance with applicable laws and regulations.

- a. Internal control review. In order to provide this assurance the auditor must make a study and evaluation of internal control systems used in administering Federal assistance programs. The study and evaluation must be made whether or not the auditor intends to place reliance on such systems. As part of this review, the auditor shall:
  - (1) Test whether these internal control systems are functioning in accordance with prescribed procedures.
  - (2) Examine the recipient's system for monitoring sub-recipients and obtaining



and acting on sub-recipient audit reports.

- b. Compliance review. The law also requires the auditor to determine whether the organization has complied with laws and regulations that may have a material effect on each major Federal assistance program.
- (1) In order to determine which major programs are to be tested for compliance, State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received. This shall include funds received directly from Federal agencies and through other State and local governments.
  - (2) The review must include the selection and testing of a representative number of charges from each major Federal assistance program. The selection and testing of transactions shall be based on the auditor's professional judgment considering such factors as the amount of expenditures for the program and the individual awards; the newness of the program or changes in its conditions; prior experience with the program, particularly as revealed in audits and other evaluations (e.g., inspections, program reviews); the extent to which the program is carried out through sub-recipients; the extent to which the program contracts for goods or services; the level to which the program is already subject to program reviews or other forms of independent oversight; the adequacy of the controls for ensuring compliance; the expectation of adherence or lack of adherence to the applicable laws and regulations; and the potential impact of adverse findings.
    - (a) In making the test of transactions, the auditor shall determine whether:
      - The amounts reported as expenditures were for allowable services, and
      - The records show that those who received services or benefits were eligible to receive them.
    - (b) In addition to transaction testing, the auditor shall determine whether:
      - Matching requirements, levels of effort and earmarking limitations were met,
      - Federal financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared, and
      - Amounts claimed or used for matching were determined in accordance with OMB Circular A-87, "Cost principles for State and local governments," and Attachment F of Circular A-102, "Uniform requirements for grants to State and local governments."
    - (c) The principal compliance requirements of the largest Federal aid programs may be ascertained by referring to the Compliance Supplement for Single Audits of State and Local Governments, issued by OMB and available from the Government Printing Office. For those programs not covered in the Compliance Supplement, the auditor may ascertain compliance requirements by researching the statutes, regulations, and agreements governing individual programs.
  - (2) Transactions related to other Federal assistance programs that are selected in connection with examinations of financial statements and evaluations of internal controls shall be tested for compliance with Federal laws and regulations that apply to such transactions.

**9. Sub-recipients.**

State or local governments that receive Federal financial assistance and provide \$25,000 or more of it in a fiscal year to a sub-recipient shall:

- a. Determine whether State or local sub-recipients have met the audit requirements of this Circular and whether sub-recipients covered by Circular A-110, "Uniform requirements for grants to universities, hospitals, and other nonprofit organizations," have met that requirement;
- b. Determine whether the sub-recipient spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the sub-recipient made in accordance with this Circular, Circular A-110, or through other means (e.g., program reviews) if the sub-recipient has not yet had such an audit;
- c. Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instances of noncompliance with Federal laws and regulations;
- d. Consider whether sub-recipient audits necessitate adjustment of the recipient's own records; and
- e. Require each sub-recipient to permit independent auditors to have access to the records and financial statements as necessary to comply with this Circular.

**10. Relation to Other Audit Requirements.**

The Single Audit Act provides that an audit made in accordance with this Circular shall be in lieu of any financial or financial compliance audit required under individual Federal assistance programs. To the extent that a single audit provides Federal agencies with information and assurances they need to carry out their overall responsibilities, they shall rely upon and use such information. However, a Federal agency shall make any additional audits which are necessary to carry out its responsibilities under Federal law and regulation. Any additional Federal audit effort shall be planned and carried out in such a way as to avoid duplication.

- a. The provisions of this Circular do not limit the authority of Federal agencies to make, or contract for audits and evaluations of Federal financial assistance programs, nor do they limit the authority of any Federal agency Inspector General or other Federal audit official.
- b. The provisions of this Circular do not authorize any State or local government or sub-recipient thereof to constrain Federal agencies, in any manner, from carrying out additional audits.
- c. A Federal agency that makes or contracts for audits in addition to the audits made by recipients pursuant to this Circular shall, consistent with other applicable laws and regulations, arrange for funding the cost of such additional audits. Such additional audits include economy and efficiency audits, program results audits, and program evaluations.

**11. Cognizant Agency Responsibilities.**

The Single Audit Act provides for cognizant Federal agencies to oversee the implementation of this Circular.

- a. The Office of Management and Budget will assign cognizant agencies for States and their subdivisions and larger local governments and their subdivisions. Other Federal agencies may participate with an assigned cognizant agency, in order to fulfill the cognizance responsibilities. Smaller governments not assigned a cognizant agency will be under the general oversight of the Federal agency that provides them the most funds

whether directly or indirectly.

- b. A cognizant agency shall have the following responsibilities:
- (1) Ensure that audits are made and reports are received in a timely manner and in accordance with the requirements of this Circular.
  - (2) Provide technical advice and liaison to State and local governments and independent auditors.
  - (3) Obtain or make quality control reviews of selected audits made by non-Federal audit organizations, and provide the results, when appropriate, to other interested organizations.
  - (4) Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any reported illegal acts or irregularities. They should also inform State or local law enforcement and prosecuting authorities, if not advised by the recipient, of any violation of law within their jurisdiction.
  - (5) Advise the recipient of audits that have been found not to have met the requirements set forth in this Circular. In such instances, the recipient will be expected to work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency shall notify the recipient and Federal awarding agencies of the facts and make recommendations for follow-up action. Major inadequacies or repetitive substandard performance of independent auditors shall be referred to appropriate professional bodies for disciplinary action.
  - (6) Coordinate, to the extent practicable, audits made by or for Federal agencies that are in addition to the audits made pursuant to this Circular; so that the additional audits upon such audits.
  - (7) Oversee the resolution of audit findings that affect the programs of more than one agency.

**12. Illegal Acts or Irregularities.**

If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to recipient management officials above the level of involvement. (See also paragraph 13(a)(3) below for the auditor's reporting responsibilities.) The recipient, in turn, shall promptly notify the cognizant agency of the illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include such matters as conflicts of interest, falsification of records or reports, and misappropriations of funds or other assets.

**13. Audit Reports.**

Audit reports must be prepared at the completion of the audit. Reports serve many needs of State and local governments as well as meeting the requirements of the Single Audit Act.

- a. The audit report shall state that the audit was made in accordance with the provisions of this Circular. The report shall be made up of at least:
- (1) The auditor's report on financial statements and on a schedule of Federal assistance; the financial statements; and a schedule of Federal assistance, showing the total expenditures for each Federal assistance program as identified in the Catalog of Federal Domestic Assistance. Federal programs or grants that have not been assigned a catalog number shall be identified under the caption "other Federal assistance."
  - (2) The auditor's report on the study and evaluation of internal control systems

must identify the organization's significant internal accounting controls, and those controls designed to provide reasonable assurance that Federal programs are being managed in compliance with laws and regulations. It must also identify the controls that were evaluated, the controls that were not evaluated, and the material weaknesses identified as a result of the evaluation.

(3) The auditor's report on compliance containing:

- A statement of positive assurance with respect to those items tested for compliance, including compliance with law and regulations pertaining to financial reports and claims for advances and reimbursements;
  - Negative assurance on those items not tested;
  - A summary of all instances of noncompliance; and
  - An identification of total amounts questioned, if any, for each Federal assistance award, as a result of noncompliance.
- b. The three parts of the audit report may be bound into a single report, or presented at the same time as separate documents.
  - c. All fraud abuse, or illegal acts or indications of such acts, including all questioned costs found as the result of these acts that auditors become aware of, should normally be covered in a separate written report submitted in accordance with paragraph 13f.
  - d. In addition to the audit report, the recipient shall provide including a plan for corrective action taken or planned and comments on the status of corrective action taken. IF prior corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.
  - e. The reports shall be made available by the State or local government for public inspection within 30 days after the completion of the audit.
  - f. In accordance with generally accepted government audit standards, reports shall be submitted by the auditor to the organization audited and to those requiring or arranging for the audit. In addition, the recipient shall submit copies of the reports to each Federal department or agency that provided Federal assistance funds to the recipient. Sub-recipients shall submit copies to recipients that provided them Federal assistance funds. The reports shall be sent within 30 days after the completion of the audit, but no later than one year after the end of the audit period unless a longer period is agreed to with the cognizant agency.
  - g. Recipients of more than \$100,000 in Federal funds shall submit one copy of the audit report within 30 days after issuance to a central clearinghouse to be designated by the Office of Management and Budget. The clearinghouse will keep completed audits on file and follow up with State and local governments that have not submitted required audit reports.
  - h. Recipients shall keep audit reports on file for three years from their issuance.

**14. Audit Resolution.**

As provided in paragraph 11, the cognizant agency shall be responsible for monitoring the resolution of audit findings that affect the programs of more than one Federal agency.

Resolution of findings that relate to the programs of a single Federal agency will be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by agreement among the agencies concerned.

Resolution shall be made within six months after receipt of the report by the Federal departments and agencies. Corrective action should proceed as rapidly as possible.

**15. Audit work papers and Reports.**

Work papers and reports shall be retained for a -minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit work papers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

**16. Audit Costs.**

The cost of audits made in accordance with the provisions of this Circular are allowable charges to Federal assistance programs.

- a. The charges may be considered a direct cost or an allocated indirect cost, determined in accordance with the provision of Circular A-87, "Cost principles for State and local governments."
- b. Generally, the percentage of costs charged to Federal assistance programs for a single audit shall not exceed the percentage that Federal funds expended represent of total funds expended by the recipient during the fiscal year. The percentage may be exceeded, however, if appropriate documentation demonstrates higher actual cost:

**17. Sanctions.**

The Single Audit Act provides that no cost may be charged to Federal assistance programs for audits required by the Act that are not made in accordance with this Circular. In cases of continued inability or unwillingness to have a proper audit, Federal agencies must consider other appropriate sanctions including:

- Withholding a percentage of assistance payments until the audit is completed satisfactorily,
- Withholding or disallowing overhead costs, and
- Suspending the Federal assistance agreement until the audit is made.

**18. Auditor Selection.**

In arranging for audit services State and local governments shall follow the procurement standards prescribed by Attachment 0 of Circular A-102, "Uniform requirements for grants to State and local governments." The standards provide that while recipients are encouraged to enter into intergovernmental agreements for audit and other services, analysis should be made to determine whether it would be more economical to purchase the services from private firms. In instances where use of such intergovernmental agreements are required by State statutes (e.g., audit services) these statutes will take precedence.

**19. Small and Minority Audit Firms.**

Small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in contracts awarded to fulfill the requirements of this Circular. Recipients of Federal assistance shall take the following steps to further this goal:

- a. Assure that small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals are used to the fullest extent practicable.
- b. Make information on forthcoming opportunities available and arrange time frames for the audit so as to encourage and facilitate participation by small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.
- c. Consider in the contract process whether firms competing for larger audits intend to subcontract with small audit firms and audit firms owned and controlled by socially and economically disadvantaged individuals.
- d. Encourage contracting with small audit firms or audit firms owned and controlled by

socially and economically disadvantaged individuals which have traditionally audited government programs and, in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.

- e. Encourage contracting with consortiums of small audit firms as described in paragraph (a) above when a contract is too large for an individual small audit firm or audit firm owned and controlled by socially and economically disadvantaged individuals.
- f. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration in the solicitation and utilization of small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals.

**20. Reporting.**

Each Federal agency will report to the Director of OMB on or before March 1, 1987, and annually thereafter on the effectiveness of State and local governments in carrying out the provisions of this Circular. The report must identify each State or local government or Indian tribe that, in the opinion of the agency, is failing to comply with the Circular.

**21. Regulations.**

Each Federal agency shall include the provisions of this Circular in its regulations implementing the Single Audit Act.

**22. Effective Date.**

This Circular is effective upon publication and shall apply to fiscal years of State and local governments that begin after December 31, 1984. Earlier implementation is encouraged. However, until it is implemented, the audit provisions of Attachment P to Circular A-102 shall continue to be observed.

**23. Inquiries.**

Attachment P to Circular A-102 shall continue to be observed.

23. inquiries. All questions or inquiries should be addressed to Financial Management Division, Office of Management and Budget, telephone number 202/395-3993.

**24. Sunset Review Date.**

This Circular shall have an independent policy review to ascertain its effectiveness three years from the date of issuance.

David A. Stockman, Director.

**Attachment - Circular A-128**

Definition of Major Program as Provided in Pub. L. 98-502

Major Federal Assistance Program, for State and local governments having Federal assistance expenditures between \$100,000 and \$100,000,000, means any program for which Federal expenditures during the applicable year exceed the larger of \$300,000, or 3 percent of such total expenditures. Where total expenditures of Federal assistance exceed \$100,000,000, the following criteria apply:

**EXHIBIT E**

**SUGGESTED LANGUAGE FOR RECYLING CERTIFICATION**

State law requires that state contracts shall have Recycling Certification in writing under penalty of perjury, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. Contractor may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)

**RECYCLED CONTENT CERTIFICATION**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Name and Title of Person Signing	Date Executed
Authorized Signature	Executed in the County of Ventura
Title	Telephone Number
Legal Business Name Casitas Municipal Water District - Lake Casitas Recreation Area	Federal ID Number 95-6004993

The Contractor hereby certifies under penalty of perjury, that percent of the materials, goods, supplies offered, or products used in the performance of this contract meets the or exceeds the minimum percentage of recycled material as defined in Sections 12161 and 12200 of the Public Contract Code. The Contractor may certify that the product contains zero recycled content.

**CERTIFICATION**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)		Federal ID Number
Casitas Municipal Water District - Lake Casitas Recreation Area		95-6004993
By (Authorized Signature)		
Printed Name and Title of Person Signing		
Date Executed	Executed in the County of	
	Ventura	

**CONTRACTOR CERTIFICATION CLAUSES**

**1. STATEMENT OF COMPLIANCE:**

Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

**2. DRUG-FREE WORKPLACE REQUIREMENTS:**

Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
  - 1) the dangers of drug abuse in the workplace;
  - 2) the person's or organization's policy of maintaining a drug-free workplace;
  - 3) any available counseling, rehabilitation and employee assistance programs; and,
  - 4) penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
  - 1) receive a copy of the company's drug-free workplace policy statement; and,
  - 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)



3. **NATIONAL LABOR RELATIONS BOARD CERTIFICATION:**

Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

4. **CONTRACTS FOR LEGAL SERVICES \$50,000 OR MORE- PRO BONO REQUIREMENT:**

Contractor hereby certifies that contractor will comply with the requirements of Section 6072 of the Business and Professions Code, effective January 1, 2003.

Contractor agrees to make a good faith effort to provide a minimum number of hours of pro bono legal services during each year of the contract equal to the lesser of 30 multiplied by the number of full time attorneys in the firm's offices in the State, with the number of hours prorated on an actual day basis for any contract period of less than a full year or 10% of its contract with the State.

Failure to make a good faith effort may be cause for non-renewal of a state contract for legal services, and may be taken into account when determining the award of future contracts with the State for legal services.

5. **EXPATRIATE CORPORATIONS:**

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

6. **SWEATFREE CODE OF CONDUCT:**

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

7. **DOMESTIC PARTNERS:**

For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

## DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

### 1. CONFLICT OF INTEREST:

Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (Pub. Contract Code §10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (Pub. Contract Code §10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

### 2. LABOR CODE/WORKERS' COMPENSATION:

Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

### 3. AMERICANS WITH DISABILITIES ACT:

Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

### 4. CONTRACTOR NAME CHANGE:

An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. **CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:**

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. **RESOLUTION:**

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. **AIR OR WATER POLLUTION VIOLATION:**

Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. **PAYEE DATA RECORD FORM STD. 204:**

This form must be completed by all contractors that are not another state agency or other governmental entity.

**Sample Bid/Proposal Attachment regarding the Darfur Contracting Act of 2008**

Effective January 1, 2009, all Invitations for Bids (IFB) or Requests for Proposals (RFP) for goods or services must address the requirements of the Darfur Contracting Act of 2008 (Act). (Public Contract Code sections 10475, et seq.; Stats. 2008, Ch. 272). The Act was passed by the California Legislature and signed into law by the Governor to preclude State agencies generally from contracting with "scrutinized" companies that do business in the African nation of Sudan (of which the Darfur region is a part), for the reasons described in Public Contract Code section 10475.

A scrutinized company is a company doing business in Sudan as defined in Public Contract Code section 10476. Scrutinized companies are ineligible to, and cannot, bid on or submit a proposal for a contract with a State agency for goods or services. (Public Contract Code section 10477(a)).

Therefore, Public Contract Code section 10478 (a) requires a company that currently has (or within the previous three years has had) business activities or other operations outside of the United States to certify that it is not a "scrutinized" company when it submits a bid or proposal to a State agency. (See # 1 on the sample Attachment).

A scrutinized company may still, however, submit a bid or proposal for a contract with a State agency for goods or services if the company first obtains permission from the Department of General Services (DGS) according to the criteria set forth in Public Contract Code section 10477(b). (See # 2 on the sample Attachment).

The following sample Attachment may be included in an IFB or RFP to satisfy the Act's certification requirements of bidders and proposers.

Exhibit F

DARFUR CONTRACTING ACT

Pursuant to Public Contract Code section 10478, if a bidder or proposer currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a "scrutinized" company as defined in Public Contract Code section 10476.

Therefore, to be eligible to submit a bid or proposal, please complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):

- 1. \_\_\_\_\_ We do not currently have, or we have not had within the previous three years, business activities or other operations outside of the United States.

OR

- 2. \_\_\_\_\_ We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

OR

- 3. \_\_\_\_\_ We currently have, or we have had within the previous three years, business activities or other operations outside of the United States, but we certify below that we are not a scrutinized company as defined in Public Contract Code section 10476.

CERTIFICATION For # 3.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer/bidder to the clause listed above in # 3. This certification is made under the laws of the State of California.

Grantee Agency Name (Printed)		Federal ID Number	
Casitas Municipal Water District - Lake Casitas Recreation Area		95-6004993	
By (Authorized Signature)			
Printed Name and Title of Person Signing			
Date Executed		Executed in the County of	
		Ventura	

**YOUR BID OR PROPOSAL WILL BE DISQUALIFIED UNLESS YOUR BID OR PROPOSAL INCLUDES THIS FORM WITH EITHER PARAGRAPH #1 OR #2 INITIALED OR PARAGRAPH #3 INITIALED AND CERTIFIED**

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CASITAS MUNICIPAL WATER DISTRICT  
INTEROFFICE MEMORANDUM

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**TO:** STEVE WICKSTRUM, GENERAL MANAGER  
**FROM:** NEIL COLE, PRINCIPAL CIVIL ENGINEER  
**SUBJECT:** APPROVE CHANGE ORDER NO. 3-HYPOLIMNETIC AERATION SYSTEM SPECIFICATION 15-376  
**DATE:** SEPTEMBER 14, 2015

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**RECOMMENDATION:**

It is recommended that the Board of Directors approve Specification 15-376 Change Order No. 3 in the amount of \$58,197 and authorize the General Manager to sign Change Order No. 3.

**BACKGROUND AND DISCUSSION:**

In February 2015, the Board awarded a contract with Manito Construction Inc. to construct a hypolimnetic aeration system for Lake Casitas. The hypolimnetic aeration system is designed to inject oxygen into the lower level of the lake to increase the level of dissolved oxygen in the water.

The system is now operational albeit with a temporary tank and vaporizers. The permanent tank and vaporizers are scheduled for installation in late October. The construction contract did not include the liquid oxygen to operate the system. Change Order No. 3 will provide for liquid oxygen deliveries until the permanent tank and vaporizers are installed. Taste and odor issues have greatly decreased since the hypolimnetic aeration system began operation. To maintain this water quality, it is important to keep injecting oxygen into the lake.

The original construction contract was for \$1,234,000. Two change orders have been approved for the project totaling \$34,633.01. The previous change orders were for stainless steel rather than plastic fittings, water supply at the oxygen tank, an additional personnel gate for safety and for limited amount of liquid oxygen deliveries.

Fiscal year 2015-16 budget, account 11-5-54-5034-16, includes \$174,000 for oxygen deliveries. The \$58,197 for this change order will be funded through this account. It is anticipated that a Request for Quotations will be issued for a long term oxygen supply contract once the system has been completed and fully tested.

CASITAS MUNICIPAL WATER DISTRICT  
CHANGE ORDER NO. 3

DATE: September 14, 2015

PROJECT: Hypolimnetic Aeration System	Specification No. 15-376
CONTRACTOR: Manito Construction	
ADDRESS: 1043 Serpentine Lane Suite I, Pleasanton, CA 94556	

ITEM	DESCRIPTION OF WORK	QTY	UNIT PRICE	TOTAL
1	Provide liquid oxygen	103,590 ccf	\$0.5618/ccf	\$58,196.86

TOTAL AMOUNT OF CHANGE ORDER NO. 3	<u>\$58,196.86</u>
ORIGINAL CONTRACT AMOUNTS	<u>\$1,234,000.00</u>
PREVIOUS APPROVED CHANGE ORDER AMOUNT	<u>\$34,633.01</u>
NEW CONTRACT AMOUNT	<u>\$ 1,326,829.87</u>
EXTENSION OF CONTRACT TIME <u>-0-</u> DAYS	

CASITAS MUNICIPAL WATER DISTRICT

APPROVED: \_\_\_\_\_  
STEVEN E. WICKSTRUM  
GENERAL MANAGER

ACCEPTED:

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

Name Printed \_\_\_\_\_

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CASITAS MUNICIPAL WATER DISTRICT  
INTEROFFICE MEMORANDUM

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**TO:** STEVEN E. WICKSTRUM, GENERAL MANAGER  
**FROM:** NEIL COLE, PRINCIPAL CIVIL ENGINEER  
**SUBJECT:** AUTHORIZE THE GENERAL MANAGER TO APPROVE AGREEMENTS  
AND PURCHASE ORDER WITH THE CALIFORNIA CONSERVATION  
CORPS FOR A NOT TO EXCEED AMOUNT OF \$22,260  
**DATE:** SEPTEMBER 15, 2015

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**RECOMMENDATION:**

It is recommended that the Board of Directors authorize the General Manager to approve the Agreement Addendum and purchase order with California Conservation Corps (CCC) for a not to exceed amount of \$22,260 to remove non-native vegetation from the Robles area.

**BACKGROUND AND DISCUSSION:**

Casitas is proposing to use the CCC to complete the non-native vegetation removal at the Robles Fish Passage facility as part of the ongoing maintenance of the facility.

The Robles forebay area has a large area of non-native reeds and other non-native plant material. Removal of this material will both help the local environment and reduce the amount of debris available to clog the various components of the fish passage facility. Removal of this material is part of the normal maintenance of the facility.

This item was not included in the 2015-16 Budget as it was believed during budget preparation that the facility could go an additional year before being cleaned out. The late spring and summer rains have brought more growth than was anticipated. Also, cleaning out the forebay now before the potentially wet El Nino arrives this winter is prudent.



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CASITAS MUNICIPAL WATER DISTRICT  
MEMORANDUM

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**TO:** BOARD OF DIRECTORS  
**FROM:** STEVE WICKSTRUM, GENERAL MANAGER  
**SUBJECT:** CASITAS GRAVITY MAIN – CHANGE ORDER NO. 1 – EXTRA ROCK MATERIAL  
**DATE:** SEPTEMBER 18, 2015

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**RECOMMENDATION:**

It is recommended that the Board of Directors approve of the action taken by the General Manager to authorize Change Order No. 1 to Evans Excavation in the amount of \$14,503 to provide additional rock material for protecting the Casitas Gravity Main at San Antonio Creek.

**BACKGROUND:**

This memorandum is to inform the Board of Directors of the action taken by the General Manager, following a notice that was issued to the Board of the need for the change order.

Reference to staff memorandum of September 15, 2015, that is attached to this memorandum. Staff requested a change in the project material quantity and related cost to expedite the protection of the 42' diameter water main in San Antonio Creek before the onset of winter creek flows, a change order in the amount of \$14,503 was authorized by the General Manager. The staff justification for the change order was deemed by the General Manager to be reasonable and necessary, and should be performed in a timely manner to avoid additional costs that would otherwise be associated with a delay in the project work.

The change order increased the cost of the project by more than 10 percent and exceeded the \$20,000 approval threshold of the General Manager. It is normal process that the Board of Director be informed of and approve such a change order.

As of the date of this memorandum, the project has been completed.

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CASITAS MUNICIPAL WATER DISTRICT  
INTEROFFICE MEMORANDUM

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**TO:** STEVE WICKSTRUM, GENERAL MANAGER  
**FROM:** TODD EVANS, ASSISTANT ENGINEER  
**SUBJECT:** CHANGE ORDER – ADDITIONAL ROCK TO PROTECT CASITAS GRAVITY MAIN  
**DATE:** SEPTEMBER 15, 2015

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**RECOMMENDATION:**

This is provided as an informational item only and no action is required.

**BACKGROUND AND DISCUSSION:**

A portion of the Casitas Gravity Main, at the point where it crosses the San Antonio Creek, became exposed in 2006. Casitas staff has been working since the exposure was discovered to obtain the permits required to cover the pipe with rock and native willows.

Since 2008 when the project was originally bid for construction, the scour hole on the downstream side of the pipe has grown considerably larger. The larger hole has required much more rock to fill in the hole.

Change Order #1 with Evans Excavating in the amount of \$14,503 is for the additional material to fill in the hole and for the cost of living increases since 2008. The total contract amount with Evans Excavating is \$27,403. In addition, the California Conservation Corps has been hired to remove arundo and to plant willow stakes for a not to exceed amount of \$13,441.31, bringing the total project cost to \$40,844.31. Fiscal year 2015-16 budget included \$25,000 for this work. This project is \$15,844.31 **over budget**.

CASITAS MUNICIPAL WATER DISTRICT  
CHANGE ORDER NO. 1


DATE: September 11, 2015

PROJECT: Protect Casitas Gravity Main – Informal
CONTRACTOR: Evans Excavating
ADDRESS: 11241 Creek Rd. Ojai, CA 93023

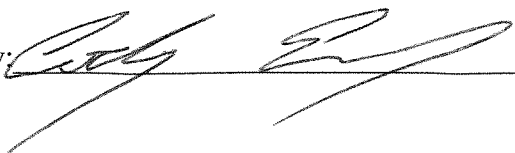
ITEM	DESCRIPTION OF WORK	UNIT PRICE	TOTAL
1	Additional rock. The hole has grown larger then when it was first bid	LS	\$12,000
2	Added cost due to delay	LS	\$2,503

TOTAL AMOUNT OF CHANGE ORDER NO. 1 \$14,503  
ORIGINAL CONTRACT AMOUNTS \$12,900  
PREVIOUS APPROVED CHANGE ORDER AMOUNT \$ -0-  
NEW CONTRACT AMOUNT \$27,403  
EXTENSION OF CONTRACT TIME -0- DAYS

CASITAS MUNICIPAL WATER DISTRICT

APPROVED:   
STEVEN E. WICKSTRUM  
GENERAL MANAGER

ACCEPTED:

By:  DATE: 9-11-15

Name Printed Cody Evans

CASITAS MUNICIPAL WATER DISTRICT  
Inter-Office Memorandum

DATE: September 18, 2015  
TO: Board of Directors  
FROM: Assistant to General Manager, Rebekah Vieira  
Re: Renewal of Special Liability Insurance Program

**RECOMMENDATION:**

It is recommended that the Board of Directors authorize payment of \$60,983.50 to Alliant Insurance Services, Inc. for the renewal of the Special Liability Insurance (SLIP) for coverage effective 9/29/15 – 9/29/16.

**BACKGROUND:**

The District's insurance broker, Alliant Insurance Services has successfully renewed coverage for the SLIP program with Associated Industries Insurance Company effective September 29, 2015. This renewal is \$2,315.81 less than the renewal cost for coverage last year.

Additionally, an added benefit of Cyber Liability Coverage has been included with this renewal at no additional charge which would provide coverage should there be a privacy event, network interruption, cyber extortion etc.

If the District is interested in securing Terrorism Insurance Coverage, the District may elect to do so with the understanding that the District would receive an invoice for an additional 5% of the annual premium for the SLIP coverage.

Other potential insurers were contacted to provide proposals for coverage and to date, this is what has been received. In order for our liability coverage to be renewed under the SLIP program, payment of the premium must be made by September 29, 2015.



Alliant Insurance Services, Inc.  
 Newport Beach – Alliant Insurance Services, Inc.  
 1301 Dove St., Ste. 200  
 Newport Beach  
 CA 92660  
 Phone: (949) 756-0271

<b>Invoice# 10081</b>	Page 1 of 1
ACCOUNT NUMBER	DATE
CASIMUN-01	9/7/15
BALANCE DUE ON	
10/16/15	
AMOUNT PAID	AMOUNT DUE
	<b>\$60,983.50</b>

SLIP-Special Liability Insurance

**Casitas Municipal Water District (see attached)**  
**1055 Ventura Ave.**  
**Oak View, CA 93022**

Client:	Casitas Municipal Water District (see attached)	Policy:	Special Liability Insurance (SLIP)
Policy Number:	TBD	Effective:	09/29/15 to 09/29/16

Invoice #	ICO	Trans Eff	Due Date	Trans	Description	Amount
10081	ASSIN6	9/29/15	10/16/15	RENB	15-16 SLIP Renewal Premium	\$52,033.70
10081	ASSIN6	9/29/15	10/16/15	SURT	Surplus Lines Taxes	\$1,561.01
10081	ASSIN6	9/29/15	10/16/15	SURF	Surplus Lines Stamping Fee	\$104.07
10081	ASSIN6	9/29/15	10/16/15	AFEE	Agency Fee	\$5,983.88
10081	ASSIN6	9/29/15	10/16/15	CFEE	MGA Service Fee	\$1,300.84

**Total Invoice Balance: \$60,983.50**

ANNUAL PREMIUM FOR LIABILITY COVERAGE EFFECTIVE 9/29/15 TO 9/29/16

IMPORTANT NOTICE: The Nonadmitted & Reinsurance reform act (NRRA) went into effect July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees owed must be promptly remitted to Alliant Insurance Services, Inc.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income Alliant may earn on a placement, are available at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for inquiries regarding compensation issues pertaining to your account contact: Alliant Insurance Services, Inc., Attn: General Counsel, 701 B St., 6th Floor, San Diego, CA 92101



**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)  
PROPOSAL**

**NAMED INSURED:** Casitas Municipal Water District (see attached)

**PROGRAM TERM:** 9/29/15 to 9/29/16

**INSURANCE COMPANY:** Associated Industries Insurance Company

**A.M. BEST RATING:\*** A, Excellent; Financial Size Category XI; (\$750 Million to \$1.0 Billion) as of 5/30/14

**STANDARD & POOR RATING:\*** Not Rated

**CALIFORNIA STATUS:** Non-Admitted

**POLICY NUMBER:** TBD

**COVERAGE:** Manuscript Liability Form on an Occurrence Basis. Coverage included for:

(Coverage applies only where checked)

		LIMIT	
Maximum Per Occurrence Limit for all Coverages Combined		\$10,000,000	
		LIMIT	DED/SIR
X	Personal Injury (Including Bodily Injury and Property Damage)	\$10,000,000	\$25,000 SIR
X	Owned Automobile Liability	\$10,000,000	\$25,000 SIR
X	Uninsured Motorist Coverage	\$1,000,000	\$25,000 SIR
X	Non-Owned and Hired Automobile Liability	\$10,000,000	\$25,000 SIR
	Nonprofit Directors and Officers Liability		
X	Public Officials Errors and Omissions	\$10,000,000	\$25,000 SIR
X	Employment Practices Liability	\$5,000,000	\$25,000 SIR
	Nose Coverage	Retro Date:	
	Educators Legal Liability		
	Broadcasters Liability		

Annual Aggregate Limits		LIMIT
X	Products / Completed Operations	\$10,000,000
	Nonprofit Directors and Officers Liability	
X	Public Officials Errors and Omissions	\$10,000,000
X	Employment Practices Liability	\$5,000,000
	Educators Legal Liability	

*\*See last page for additional information.*

**SLIP Proposal**

**SUBLIMITS:**

(Coverage applies only where checked)		LIMIT	DED/SIR
X	Fire Damage Liability (Sublimit of Personal Injury/property Damage Coverage Limit) Capped at \$1,000,000	\$1,000,000	\$25,000

**Special Endorsements**

None

- Limits are exhausted by Indemnity and Defense Cost.
- Limits are Per Occurrence.
- There is no General Aggregate.
- Limits apply to each entity in the program.

\*\*This QUOTATION is subject to review and possible re-rating if there are any significant changes in operations, exposure or experience prior to carrier binding. Such significant changes include, but are not limited to, any declared or potential occurrence series, claims series or batch notices by or to the insured.\*\*

<b>ANNUAL PREMIUM:</b>	Premium:	\$52,033.70
<small>* Taxes, surplus lines fee and brokerage fees are included.</small>	Taxes:	\$1,561.01
	Stamp Fee:	\$104.07
	Broker Fee:	\$5,983.88
	MGA Service Fee:	\$1,300.84
	<b>Total Cost:</b>	<b>\$60,983.50</b>

**IMPORTANT NOTICE:** THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) GOES INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

**MGA Service Fee is 100% earned.**

**Mid-term cancellations could have a short-rate penalty applied to the return premium.**

**TRIA OPTION:** 5% of premium plus applicable taxes and fees.

**MINIMUM EARNED:** 25% of the annual premium

**SUBJECT TO AUDIT:** NO

**SLIP Proposal**

**MAJOR EXCLUSIONS: (Including but not limited to)**

- Fiduciary Liability
- Breach of Contract
- Workers' Compensation
- Asbestos
- Auto Liability (unless Owned Auto coverage provided)
- Uninsured Motorist coverage except if Auto Liability marked X'd above, or unless coverage specifically requested and in file
- Failure to Supply
- Pollution Except for Hostile Fire and Vehicle Upset / Overturn coverage
- Inverse Condemnation / Eminent Domain
- Care, Custody, and Control
- Medical Payment Coverage
- Dam Liability
- All Aircraft; Watercraft over 51 feet in length
- Airports
- Medical Malpractice (except incidental)
- Subsidence
- Nuclear Material
- ERISA
- Fungi or Bacteria
- War or Terrorism
- Securities and Financial Interest
- Mold
- Public Officials Errors & Omissions (if Directors & Officers Applies)
- Directors & Officers (if Public Officials Errors & Omissions Applies)
- Employment Practices Liability (Unless purchased under page 1)
- Montrose Exclusion – Prior knowledge of incident or loss
- Abuse & Molestation
- Residential Construction
- Athletic Participants
- Transit Operations
- Bodily Injury of Tenants or Guests of Tenants for Habitational Risks
- Insurance Agent/Claims Administration/Mortgage Broker
- Lead

**CLAIMS REPORTING:**

Please contact Alliant to report claims. Program and Deductible loss adjustment will be provided by Carl Warren Co.

**PROPOSAL DATE:**

September 7, 2015

**PROPOSAL VALID UNTIL:**

September 29, 2015

**BINDING CONDITIONS:**

Written request to bind  
Signed TRIA Form



**SLIP Proposal**

**BROKER:**

**ALLIANT INSURANCE SERVICES, INC. • NEWPORT BEACH, CA**

Gordon B. DesCombes, Executive Vice President  
Rick Steddom, Vice President  
Christine Tobin, First Vice President  
Sheryl Fitzgerald, Account Manager Lead  
Esther Zavala, Account Manager  
Armando Guzman, Account Representative  
Anne Krueger, Technical Assistant

**SUBJECT TO POLICY TERMS, CONDITIONS AND EXCLUSIONS**



This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

#### NY REGULATION 194 DISCLOSURE

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)  
CYBER LIABILITY COVERAGE PROPOSAL**

<b>NAMED INSURED:</b>	Casitas Municipal Water District (see attached)
<b>TYPE OF COVERAGE:</b>	Information Security & Privacy Insurance
<b>POLICY PERIOD:</b>	September 29, 2015 to September 29, 2016
<b>CARRIER:</b>	AIG Specialty Insurance Company
<b>AM BEST RATING:</b>	A (Excellent); Financial Size Category XV (\$2 Billion or Greater) as of February 27, 2015
<b>STANDARD AND POORS:</b>	A+ (Strong) pulled as of September 9, 2015
<b>ADMITTED STATUS:</b>	Non-Admitted
<b>POLICY NUMBER:</b>	TBD
<b>NOTICE:</b>	<b>Policy coverage sections Information Security &amp; Privacy Liability, Privacy Notification Costs and Regulatory Defense &amp; Penalties of this policy provide coverage on a <u>claims made and reported</u> basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period.</b>
<b>RETRO ACTIVE DATE:</b>	9/29/2013
<b>CONTINUITY DATE:</b>	9/29/2013
<b>SUBJECTIVITIES:</b>	Written request to bind
<b>COVERAGE FORM:</b>	SRP – Security & Privacy, Event Management, Network Interruption, Cyber Extortion Media Content (Internet Only)
<b>COVERAGE AND LIMITS:</b>	<p><b>PER PERSON PRIVACY EVENT:</b></p> <p>3,500,000      Affected Persons Annual Policy and Program Aggregate for all members combined</p> <p>100,000      Affected Person Limit and Annual Member Aggregate (Maximum number of affected persons who may receive privacy event services. Payments made are not a part of the Limit of Liability. An approved Chartis vendor to provide services.)</p>

**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)  
CYBER LIABILITY COVERAGE PROPOSAL**

<b>COVERAGE AND LIMITS (CONTINUED):</b>	\$ 10,000,000	Annual Policy and Program Aggregate for all members combined (Aggregate for all coverages combined including claims expenses), subject to sub-limits as noted below.
	\$ 10,000,000	Electronic Data Annual Policy and Program Aggregate for all members combined (Aggregate for all coverages combined including claims expenses), subject to sub-limits as noted below.
	\$ 5,000,000	Event Response Annual Policy and Program Aggregate for all members combined (Aggregate for all coverages combined including claims expenses), subject to sub-limits as noted below.
	\$ 250,000	Annual Aggregate Limit of Liability for each member (Aggregate for all coverages combined including claims expenses), subject to sub-limits as noted below.
<b>PER MEMBER SUB-LIMITS:</b>	\$ 250,000	Security & Privacy Sublimit (\$250,000 Regulatory Action)
	\$ 250,000	Media Content Sublimit
	\$ 250,000	Event Management/Electronic Data Sublimit (\$125,000 for event response)
	\$ 250,000	Network Interruption Sublimit
	\$ 250,000	Cyber Extortion Sublimit
	\$ 10,000	PCI-Data Security Standards Assessment Sublimit
<p>The sub-limits of liability are part of, and not in addition to, the overall Annual Aggregate limit of liability for each member. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.</p> <p><b>The aggregate limits are the most the carrier will pay regardless of the numbers of members participating or the number of claims made or the number of events occurring. There is a possibility that claims by other members could reduce or eliminate all of the coverage available to each member.</b></p>		
<b>PER MEMBER SELF INSURED RETENTIONS (SIR):</b>	100 Records	Privacy Event – Affected Person Retention (SIR)
	\$ 10,000	Security & Privacy Self Insured Retention (SIR)
	\$ 10,000	Media Content Self Insured Retention (SIR)
	\$ 10,000	Event Management Self Insured Retention (SIR)
	\$ 10,000/12 Hours	Network Interruption Sublimit
	\$ 10,000	Cyber Extortion Self Insured Retention (SIR)
<p>If a First Party Event or Third Party Event and any Related Acts triggers coverage under more than one coverage section, the highest applicable retention amount shall apply to all loss arising out of such First Party Event or Third Party Event.</p>		





**SPECIAL LIABILITY INSURANCE PROGRAM (SLIP)  
CYBER LIABILITY COVERAGE PROPOSAL**

<b>NOTICE OF CLAIM:</b>	<ul style="list-style-type: none"><li>• IMMEDIATE NOTICE must be made to AIG Claims, Inc. of all potential claims and circumstances (assistance, and cooperation clause applies)</li><li>• Claim notification under this policy is to: AIG Claims, Inc. Attn: c-Claim 175 Water Street New York, NY 10038 <a href="mailto:c-claim@chartisinsurance.com">c-claim@chartisinsurance.com</a> Fax (866) 227-1750</li></ul>
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<b>DATE PREPARED:</b>	September 9, 2015
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<b>BROKER:</b>	<b>ALLIANT INSURANCE SERVICES, INC. • NEWPORT BEACH, CA</b>  Gordon B. DesCombes, Executive Vice President Christine Tobin, Senior Vice President Sheryl Fitzgerald, Account Manager – Team Lead Esther Zavala, Account Manager Armando Guzman, Account Representative Anne Krueger, Assistant Account Representative
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This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliant.com](http://www.alliant.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.



## SPECIAL LIABILITY INSURANCE PROGRAM (SLIP) CYBER LIABILITY COVERAGE PROPOSAL

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

### NY REGULATION 194 DISCLOSURE

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.



**INSURANCE SUPPLEMENT**

AGENCY	CARRIER	NAIC CODE
POLICY NUMBER	APPLICANT / NAMED INSURED	

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

**Acceptance or Rejection of Terrorism Insurance Coverage**

- I hereby elect to purchase terrorism coverage for a prospective premium of \$ \_\_\_\_\_.
- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism.

_____ Policyholder / Applicant's Signature	_____ Print Name	_____ Date
_____ Policyholder / Applicant's Signature	_____ Print Name	_____ Date
_____ Policyholder / Applicant's Signature	_____ Print Name	_____ Date

\_\_\_\_\_  
Effective Date

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**CASITAS MUNICIPAL WATER DISTRICT**

**MINUTES**  
**Finance Committee**

DATE: September 18, 2015  
TO: Board of Directors  
FROM: General Manager, Steve Wickstrum  
Re: Finance Committee Meeting of September 18, 2015, at 0930 hours

**RECOMMENDATION:**

It is recommended that the Board of Directors receive and file this report.

**BACKGROUND AND OVERVIEW:**

1. **Roll Call.**

Director Peter Kaiser and Director Jim Word  
General Manager, Steve Wickstrum  
Accounting Manager, Denise Collin  
Park Service Manager Carol Belser  
Park Services Officer IV Suzi Taylor

2. **Public comments.** None.

3. **Board/Management comments.**

The General Manager has had several items brought to him after the preparation of the Finance Committee agenda. These items are:

- a) The Park Services Manager has requested the purchase of Pierced Steel Planks (PSP) in the amount not to exceed \$5,000, and that the funding of the purchase is authorized by the Lake Casitas Improvement Foundation. The PSP will be used to create temporary boating ramp(s) at Lake Casitas. This item is to be moved forward to the Lake Casitas Improvement Foundation for consideration of approval;
- b) PSO Taylor has applied for grant funding from the State Division of Boating and Waterways to purchase safety equipment and an additional boat trailer for the newest Rogue patrol boat. The grant is authorized to fund 100 percent of the \$28,350 that has been requested by staff. The agreement and staff memorandum will be moved forward to the Board of Directors for consideration of signing the grant agreement;
- c) The Committee was made aware of a customer with an outstanding water bill and interference with the meter, and proposed direction that will be taken by the District.

4. **Review of the Financial Statement for July 2015.**

The Committee heard a brief overview from Denise Collin. Beginning in July 2015, a change has been made to recording the revenue for water sales in the same month as the water use occurred. The Committee asked questions concerning the outside contracts in Recreation, which are related to the contract for the quagga mussel studies.

5. **Review of the Water Consumption for July 2015.**

The Committee reviewed the water consumption numbers for June 2015. There is a notable reduction in water use due to rainfall event in July 2015.

6. **Review of City of Ventura's protest of the rental Charges**

The Committee was informed that the City has protested the method of calculating the Rental Charges for out-of-district water. The General Manager will follow City's request to discuss further before taking action on the protest.

7. **Discussion regarding Change Order #3 for the Hypolimnetic Aeration System – Purchase of Oxygen.**

The Committee was informed that Casitas has negotiated with the contractor a price for liquid oxygen for the interim period that the contractor's temporary tank is being used to store and supply oxygen to the hypolimnetic aeration system. This item will move forward to the Board of Directors for consideration of approving Change Order #3.

8. **Discussion regarding a potential contract with California Conservation Corps in the unbudgeted amount of \$22,260 for cleaning out Robles.**

Staff has requested funding to remove non-native vegetation from the Robles forebay by implementing a contract with the California Conservation Corps (CCC). The work will lessen the vegetation load that will be a part of a future soil removal after this winter's storm season and will also clear a flow path for steelhead migration northward from the Robles Dam gates. This request for funding will be moved forward to the Board for Consideration of approving the funds for the contract.

9. **Discussion regarding a change order for the Protect Casitas Gravity Main project in the amount of \$14,503.**

The General Manager reviewed the action taken this week to keep the project moving to completion by the General Manager's approval of a change order to provide more rock material to the water main protection project. The Board of Directors is informed of the need for the change order and the project has been completed without additional cost for an in-field delay. This item will move forward to the Board for final consideration to approve the change order that has been authorized by the General Manager.

10. **Discussion regarding the unbudgeted service line repair on State Highway 150.**

The General Manager informed the Committee that contractor cost have been incurred to bore and jack a pipe sleeve under State Highway 150, in Upper Ojai, to restore a failed water service lateral. No further action is required.

11. **Review of the Water rate Report and request for additional budget by Raftelis Financial Consultants, Inc.**

The Committee reiterated the need for explanation to their questions asked during the workshop. The General Manager will review and discuss with Raftelis Financial Consultants the request for additional funding and report back to the Board.

12. **Discussion regarding the bid for Lake Casitas Vegetation Removal.**

The General Manager informed the Committee that Engineering is reviewing bids for the work and determining a recommendation that will come before the Board in early October 2015.

**CASITAS MUNICIPAL WATER DISTRICT  
TREASURER'S MONTHLY REPORT OF INVESTMENTS  
09/16/15**

Type of Invest	Institution	CUSIP	Date of Maturity	Adjusted Cost	Current Mkt Value	Rate of Interest	Date of Deposit	% of Portfolio	Days to Maturity
*TB	Federal Home Loan Bank	313379EE5	06/14/2019	\$1,374,665	\$1,358,762	1.625%	10/03/2012	7.09%	1348
*TB	Federal Home Loan Bank	313379RN1	12/27/2024	\$978,364	\$988,622	2.840%	06/18/2014	5.16%	3341
*TB	Federal Home Loan Bank	3133802D8	11/23/2022	\$1,477,575	\$1,485,356	2.400%	11/19/2014	7.75%	2587
*TB	Federal Home Loan Bank	313380A98	08/14/2024	\$126,966	\$128,568	2.500%	07/03/2014	0.67%	3208
*TB	Federal Home Loan Bank	313380S73	10/11/2022	\$699,720	\$692,272	2.430%	08/11/2014	3.61%	2545
*TB	Federal Home Loan Bank	313381ST3	01/17/2023	\$250,346	\$250,300	1.500%	09/08/2014	1.31%	2641
*TB	Federal Home Loan Bank	313381TA3	01/17/2023	\$277,619	\$278,206	2.240%	09/08/2014	1.45%	2641
*TB	Federal Farm CR Bank	3133EAZM3	07/24/2023	\$1,658,682	\$1,691,658	2.380%	09/16/2014	8.82%	2828
*TB	Federal Farm CR Bank	3133EED31	04/28/2025	\$2,990,176	\$2,948,441	2.800%	06/02/2015	15.38%	3462
*TB	Federal Farm CR Bank	3133EEXPO	01/28/2021	\$735,809	\$732,214	1.990%	06/17/2015	3.82%	1932
*TB	Federal Home Loan Bank	3133XFKF2	06/11/2021	\$687,316	\$670,230	5.625%	01/16/2013	3.50%	2065
*TB	Federal Home Loan MTG Corp	3134A4VG8	11/17/2015	\$703,333	\$705,369	4.750%	06/17/2015	3.68%	61
*TB	Federal Home Loan Bank	3134G34R8	07/23/2021	\$513,841	\$512,502	2.000%	12/02/2014	2.67%	2107
*TB	Federal Home Loan MTG Corp	3134G43A4	10/30/2024	\$849,441	\$853,644	2.500%	07/03/2014	4.45%	3284
*TB	Federal Home Loan MTG Corp	3135G0ES80	11/15/2016	\$686,467	\$688,730	1.375%	03/12/2012	3.59%	419
*TB	Federal National Assn	3136G0K67	04/09/2021	\$192,000	\$190,220	2.000%	12/02/2014	0.99%	2003
*TB	Federal Home Loan MTG Corp	3137EABA60	11/17/2017	\$1,079,852	\$1,089,440	5.125%	01/03/2012	5.68%	781
*TB	Federal Home Loan MTG Corp	3137EADB2	01/13/2022	\$679,689	\$674,192	2.375%	09/08/2014	3.52%	2277
*TB	US Treasury Inflation Index NTS	912828JE10	07/15/2018	\$1,154,821	\$1,148,269	1.375%	07/06/2010	5.99%	1019
*TB	US Treasury Notes	912828LZ10	01/15/2020	\$1,139,485	\$1,153,705	2.125%	07/01/2010	6.02%	1559
*TB	US Treasury Bond	912828WE6	11/15/2023	\$769,247	\$800,641	2.750%	12/13/2013	4.18%	2939
Accrued Interest					\$131,356				
<b>Total in Gov't Sec. (11-00-1055-00&amp;1065)</b>				<b>\$19,025,411</b>	<b>\$19,172,699</b>			<b>99.99%</b>	
<b>Total Certificates of Deposit: (11.13506)</b>				<b>\$0</b>	<b>\$0</b>			<b>0.00%</b>	
**	LAIF as of: (11-00-1050-00)		N/A	\$447	\$447	0.26%	Estimated	0.00%	
***	COVI as of: (11-00-1060-00)		N/A	\$966	\$966	0.34%	Estimated	0.01%	
<b>TOTAL FUNDS INVESTED</b>				<b>\$19,026,823</b>	<b>\$19,174,111</b>			<b>100.00%</b>	
Total Funds Invested last report				\$19,030,336	\$19,225,523				
Total Funds Invested 1 Yr. Ago				\$18,229,118	\$18,185,697				
****	CASH IN BANK (11-00-1000-00) EST.			\$3,389,599	\$3,389,599				
	CASH IN Western Asset Money Market			\$1,670	\$1,670	0.01%			
<b>TOTAL CASH &amp; INVESTMENTS</b>				<b>\$22,418,092</b>	<b>\$22,565,380</b>				
TOTAL CASH & INVESTMENTS 1 YR AGO				\$23,069,043	\$23,025,622				
*CD	CD - Certificate of Deposit								
*TB	TB - Federal Treasury Bonds or Bills								
**	Local Agency Investment Fund								
***	County of Ventura Investment Fund								
	Estimated interest rate, actual not due at present time.								
****	Cash in bank								

No investments were made pursuant to subdivision (i) of Section 53601, Section 53601.1 and subdivision (i) Section 53635 of the Government Code.

All investments were made in accordance with the Treasurer's annual statement of investment policy.