

Agenda
Sacramento Suburban Water District
Special Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, September 26, 2022
5:00 p.m.

This meeting will be conducted both in-person in the District’s Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The President will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

The District recommends that members of the public participate in public meetings via videoconference and/or teleconference per the instructions below.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/85703898086?pwd=MEUyOHJiazAzaEJ4MzBwakR6cWNtQT09>

Meeting ID: 857 0389 8086

Password: 473454

You can also dial in using your phone: 1 (669) 900-6833

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Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Board concerning an agenda item either before or during the Board’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Public Comment

This is the opportunity for the public to comment on non-agenda items within the Board’s jurisdiction. Comments are limited to 3 minutes.

Items for Discussion and/or Action

1. Long-Term Contract With a Groundwater Well Contractor – Kirby’s Pump and Mechanical. Inc.
Recommendation: Authorize the General Manager to execute the attached long-term contract, prepared by District legal counsel, with Kirby’s Pump and Mechanical, Inc., a licensed well contractor, with a term not to exceed 5 years and a guaranteed minimum payment, with an option to purchase.

Adjournment

Upcoming Meetings

- Wednesday, October 5, 2022, at 5:00 p.m., Special Board Workshop
- Monday, October 10, 2022, at 3:30 p.m., Audit Committee Meeting
- Thursday, October 13, 2022, at 4:00 p.m., CWD/SSWD 2x2 Committee Meeting
- Monday, October 17, 2022, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the September 26, 2022, meeting of the Sacramento Suburban Water District Board of Directors was posted by September 23, 2022, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
 General Manager/Secretary
 Sacramento Suburban Water District



Agenda Item: 1

Date: September 26, 2022

Subject: Long-Term Contract With a Groundwater Well Contractor – Kirby’s Pump and Mechanical, Inc.

Staff Contact: Matt Underwood, Assistant General Manager
Dana Dean, P.E., Engineering Manager

Recommended Board Action:

Authorize the General Manager to execute the attached long-term contract, prepared by District legal counsel, with Kirby’s Pump and Mechanical, Inc., a licensed well contractor, with a term not to exceed 5 years and a guaranteed minimum payment, with an option to purchase.

Background:

As discussed at the August 15, 2022, and September 19, 2022, regular Board meetings, groundwater well contractor availability is a critical challenge facing the District given its dependence on groundwater. The lack of availability of groundwater well contractors has become a chronic problem, not only for the District, but for all public and private water agencies operating groundwater pumping facilities throughout the state of California. Many of these agencies operate wells that are of a similar age to the District’s, and therefore, require a similar level of maintenance and repair to maintain their production capacity to serve customer demands and return on investment.

At the August 2022 regular Board meeting, staff reported that it is their assessment that establishing a long-term contract with, or eventually purchasing, a suitable groundwater well contractor, is a prudent approach to achieving three important goals, which are not in priority order:

- a) In a reactive manner, returning wells to service in a timely and efficient manner to maintain supply capacity
- b) Transitioning to a proactive posture with Preventive Maintenance (PM) as a focus (initiate a downhole PM Program)
- c) Destroying Inactive wells to protect the aquifer from potential contaminant movement

If approved by the Board, staff plans to oversee the program by assigning a single project manager in the Engineering Department.

To ensure this approach is a benefit to the District, its ratepayers, and water supply reliability, and responding to comments from Directors at the August 2022 regular Board meeting, staff have considered the following:

Cost Competitiveness

Initially

Staff has utilized the services of Kirby’s Pump and Mechanical, Inc. (Kirby’s) for approximately 20 years, and both predecessor agencies (Arcade Water District and Northridge Water District) used Kirby’s before the creation of the Sacramento Suburban Water District. The District has contracted with Kirby’s on numerous projects, most recently Wells 13, 35, 68, 70, N6A, N10, N22, N25, N36, and N38.

The prices charged by Kirby’s for the quality of service provided has always been of exceptional value to the District. Kirby’s was selected for a 3-year Master Services Agreement (currently in its final year) through a cost- and qualifications-based request for proposal with a total of five area groundwater well contractors. Kirby’s’ costs were lowest on 50% of the items they bid on and second lowest on another 38% (e.g., lowest or second lowest prices on 88% of items they bid on).

Periodically

To ensure past value is maintained, staff and Kirby’s will review pricing plans before the upcoming year’s work planning and budgeting. Adjustments will be made if market conditions support them and value to District is maintained.

Early Termination

To protect the District from having to continue an approach that does not adequately benefit the ratepayers, legal counsel has included provision in the contract for early termination after the first full year.

Collaboration Opportunities

To ensure the District maintains flexibility to assist neighboring water agencies in cases of severe need of a groundwater well contractor, a provision has been included in the contract for Kirby’s to work on another agency’s wells at their cost.

Partnership

Staff will treat the relationship with Kirby’s as a partnership, to the extent legal/practical, to develop synergy and foster collaborative approaches to problem solving and overcoming logistical hurdles like materials availability. Teamwork leads to increased potential for innovation, expanded creativity, and boosted productivity.

Common Approach

It was requested that staff contact Las Vegas Valley Water District (LVVWD) and East Bay Municipal Utility District (EBMUD) to learn whether they have or have ever implemented a long-term contract approach for maintenance / repair on groundwater wells. Staff was able to make contact with both LVVWD and EBMUD. Below is a summary of the information received:

LVVWD

LVVWD is a large water purveyor serving a population of 1.5 million. About 90% of their water supply is surface water and the remaining 10% is provided by 52 groundwater wells. Full-range

well maintenance and repair capability is maintained in-house. This includes the ability to complete complex procedures like well modifications and chemical treatment programs.

EBMUD

EBMUD does not have any groundwater production wells.

Regional Water Agencies

There are no regional water agencies that have implemented a long-term contract approach for maintenance / repair on groundwater wells.

Pros and Cons

It was requested that staff develop lists of pros and cons of entering into a long-term agreement for both the District and Kirby’s. From staff’s discussions with Kirby’s, the below list of pros and cons related to a long-term contract was developed.

	Pro	Con
Kirby’s	<ul style="list-style-type: none">• Work is close to home (less travel)• Reduces administrative load• Improves work/life balance• Opportunity to grow the industry and share institutional knowledge	<ul style="list-style-type: none">• Potential for reduced income• Risk of losing long-term customers should contract be terminated early
SSWD	<ul style="list-style-type: none">• Eliminates uncertainty of contractor availability• Ability to get more wells back online sooner• Opportunity to start development of a down-hole PM Program• Opportunity to destroy inactive wells• Provides insight into an alternative approach to contracting for well work, and whether moving this capability fully in-house makes sense (possibly via the option to purchase)	<ul style="list-style-type: none">• Risk of paying guaranteed minimum if projects are not ready in time for Kirby’s to work on

Table is continued on next page

	Pro	Con
SSWD	<ul style="list-style-type: none">• Reduces administrative load• Opportunity to advance/enhance the capabilities and knowledge of District field staff	

Discussion:

At the September 2022 regular Board meeting, staff delivered a report that addressed comments received from Directors at the August 2022 regular Board meeting, and provided a draft contract with Kirby’s that was prepared by District legal counsel. Following a lengthy and productive discussion, all five Directors supported the staff recommendation, and directed staff and legal counsel to make suggested modifications to the draft contract. The requested draft contract modifications have been made by District legal counsel and are included in the attached draft contract (see Attachment 1).

If the long-term contract with Kirby’s is executed, the start date will be delayed for several months while Kirby’s completes previously committed projects for other water agencies.

Fiscal Impact:

Direct costs from the contract (this excludes both parts and materials) is expected to be a minimum of \$2.4 million in the first year. An upper bound would require a prediction of unusual well work that can necessitate extended working hours/weekend work (such as chemical treatment). While this does occur, a large chemical treatment program is not that frequent and staff estimates would be unlikely to bring total first year direct costs above \$3 million.

Strategic Plan Alignment:

Goal A: Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe.

Goal B: Optimize Operation and Organizational Efficiencies.

Attachment:

1 – Draft Contract

**WELL REHABILITATION, MAINTENANCE, AND DESTRUCTION SERVICES
AGREEMENT BETWEEN THE SACRAMENTO SUBURBAN WATER DISTRICT
AND KIRBY'S PUMP & MECHANICAL, INC.**

This WELL REHABILITATION, MAINTENANCE, AND DESTRUCTION SERVICES AGREEMENT ("Agreement") is entered into and made effective on September ____, 2022 by and between Sacramento Suburban Water District, a local government agency ("District"), and Kirby's Pump & Mechanical, Inc. a California corporation ("Contractor"), who agree as follows:

1 Scope of Work

Contractor shall perform the work and render the following services: pump and motor repairs, inspection, evaluation, maintenance, rehabilitation, and demolition and destruction of District wells and related water production facilities as requested by District staff (the "Work"). Contractor shall provide all labor, services, equipment, tools, material, and supplies required or necessary to perform the Work properly, competently, and completely. Contractor shall determine the method, details, and means of doing the Work.

2 Exclusive Contract

Except as otherwise provided in this Agreement, Contractor will exclusively be on-call to and perform Work as requested by District representatives during the Agreement's Term (as defined in Section 4). Contractor will not work for or otherwise devote any effort to any other well services work or client during the Agreement's Term, unless otherwise authorized in writing by an authorized District representative. Contractor will have up to 6 months from the date of this Agreement to complete any existing work for other clients (the "Wind-down Period"). During the Wind-down Period, Contractor shall not contract for or start any new or additional work for a new or existing client unless authorized in advance by District. Contractor will work for and bill District for all work done during the Wind-down Period under an existing master services agreement between Contractor and District. Upon completion of the Wind-down Period and no later than ____2023, Contractor shall notify District of its readiness to commence work under this Agreement and District shall issue a notice to proceed to Contractor within 10 days of Contractor's notice of availability.

3 Payment and Workdays

3.1 **Guaranteed Daily Rate.** In exchange for Contractor's commitment to work exclusively for District during the Agreement's Term, District shall pay Contractor a guaranteed rate for each agreed day's work of \$9,600.00 (the "Daily Rate"). The Daily Rate has been calculated and negotiated between District and Contractor to include all normal per diem labor for each four-person crew, equipment costs, and expenses, including fuel and travel to/from Contractor's headquarters and shop locations to any District facility, and those items set forth in Section 8 of this Agreement. A list of Contractor's owned, leased, and rented equipment that would be used for the Work and which is included in the calculation of the Daily Rate is attached to and made a part of this Agreement as **Exhibit A**. At least three months before the end of the Initial Term and each Renewal Term (as defined below in Subsection 4.1), District and Contractor shall meet and confer to review the Daily Rate and each cost component making up that rate, review market rate information for similar

contractors' services, and negotiate in good faith for any adjustment, either up or down, in the Daily Rate for the upcoming year.

3.2 The total fee for the Work shall not exceed \$2,400,000 annually, except as modified according to Subsection 3.1. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by District.

3.3 Workday. The following are the established days for performing the Work and for which Contractor shall receive the Daily Rate ("Workday"): Monday through Friday, excepting Holidays as described below. Unless otherwise agreed in advance in writing, Contractor shall perform Work for no more than eight hours per Workday. District and Contractor shall establish a mutually acceptable schedule for daily hours of Workdays based on each location where the Work will occur, type of Work, and other factors determined by District and agreed to by Contractor.

3.4 Holidays. District and Contractor agree that the following will be established as unpaid Holidays:

- New Year's Day (observed)
- Martin Luther King, Jr., Day (observed)
- President's Day (observed)
- Memorial Day
- Independence Day (observed)
- Labor Day
- Thanksgiving Day
- Day following Thanksgiving Day
- Christmas Eve Day (when observed)
- Christmas Day (observed)
- New Year's Eve Day (when observed)

3.5 Scope of District Payment Obligation. If District fails to provide Work to be performed on any Workday during the Term of this Agreement or does not provide an alternative assignment of Work as provided in Subsection 9.2 of this Agreement, Contractor will be entitled to be paid for each such idle Workday at the Daily Rate.

3.6 Monthly Maintenance Workday. Contractor will be allowed a maximum of one Workday per calendar month to perform maintenance and repairs on equipment that was or is to be utilized in the performance of the Work. Contractor shall advise District at least 72 hours in advance of the date it plans to take its monthly maintenance Workday. District shall pay for each such monthly maintenance Workday at the Daily Rate.

3.7 Weekend and Extended Work. Contractor may perform Work on a weekend day instead of a Workday with at least 24 hours' advance written approval of District. In addition, Contractor may perform Work for more than five Workdays or more than 40 hours in a week only with advance written approval of District. District shall not incur any additional costs for providing such flexibility in Workdays to Contractor, and Contractor shall bear all additional expenses and comply with all applicable wage and hour laws related to any overtime incurred in performing Work during all such non-standard work weeks.

3.8 At the end of each month, Contractor shall submit to District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates and number of hours worked, a calculation of the payment due based on the Daily Rate, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, District shall pay the invoice within 30 days of its receipt.

4 Term and Termination

4.1 This Agreement shall take effect on the above date. The date that the Contractor commences the Work under this Agreement as provided in Section 2 and for one year following shall constitute the “Initial Term.” This Agreement will automatically renew for four successive one-year terms (each a “Renewal Term”), unless sooner terminated as provided below in Subsection 4.2 or in Section 12 (Option to Purchase Contractor).

4.2 This Agreement may be terminated without cause at any time after the Initial Term by District or Contractor upon six month’s advance written notice to the other Party. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by District based on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor’s claimed benefit of the bargain.

4.3 District may terminate this Agreement for cause because of Contractor’s failure to (a) do the Work requested by District, (b) make available sufficient workers and equipment to do the requested Work, (3) maintain the licenses and permits required to perform the Work, or (4) any other material breach of this Agreement. If District terminates this Agreement for cause, it may complete any unfinished Work with its forces or another contractor and take possession and control of, and utilize in completing the Work, any and all materials, supplies, tools and equipment delivered to the site and critical to the completion of the Work by Contractor or by its suppliers or subcontractors. The materials, supplies, tools and essential, non-mobile equipment remaining after completion of the Work shall be returned to Contractor. District will pay Contractor for the value of any Work performed prior to the date of termination, and reserves the right to pursue all remedies against Contractor for any damages sustained because of Contractor’s breach of this Agreement resulting from the termination for cause.

5 Contractor Performance and Ability

5.1 Contractor shall provide to District, at a minimum, a four-person crew, in addition to the key personnel identified in Subsection 5.4, and related equipment capable of performing the Work requested by District. District will issue a task order or other written directives for each increment of Work to be performed by Contractor. If Contractor fails to provide either crew or equipment necessary for complete and/or efficient performance of the Work to be performed on any Workday during the Term of this Agreement, Contractor shall not be entitled to be paid for each such Workday.

5.2 Contractor represents that it is specially trained and experienced, and possesses the necessary skill, ability, knowledge, and certifications, to competently perform the Work provided by this Agreement. District has relied upon Contractor's training, experience, skill, ability, knowledge, and certifications as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

5.3 District shall not be responsible for or have control or charge of the means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with the Work. Except as provided elsewhere in this Agreement, District shall not be responsible for or have control or charge over the acts or omissions of Contractor, or any of its subcontractors, agents or employees, or any other persons performing any of the Work. Any general control of the Work exercised by the District or its authorized representative shall not make Contractor an agent of District, and the liability of Contractor for all damages to persons and/or to public or private property arising from the Contractor's execution of the Work shall not be lessened because of such general control.

5.4 The following individual is designated as key personnel and is considered to be essential to the successful performance of the work hereunder: J Hannum, Contractor's Vice President. Contractor agrees that these individuals may not be removed from the Work or replaced without compliance with the following sections:

5.4.1 If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for the Work for a continuous period exceeding 10 work days, or is expected to devote substantially less effort to the Work than initially anticipated, Contractor shall immediately notify District and shall, subject to District's concurrence, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

5.4.2 Each request for approval of substitutions of personnel must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by District to evaluate the proposed substitution. District shall evaluate Contractor's request and District shall promptly notify Contractor of its decision in writing.

6 District Representative and Authority

District nominates the following staff member as its representative ("District Representative"): Dana Dean. District may change the District Representative, or the District Representative may designate a temporary replacement, at any time upon written notice to Contractor. The District Representative, or their designee, shall have full authority to (a) interpret this Agreement and each task order or work directive issued to Contractor, (b) review and inspect Contractor's performance, and (c) decide questions which arise during the course of the Work. The District Representative's decisions on these matters shall be final and conclusive. Unless otherwise provided, all equipment, supplies, materials, and Work shall be subject to inspection and testing by the District Representative. The District Representative has the authority to reject all non-conforming Work and materials and to stop

the Work whenever such stoppage may be necessary to ensure the proper execution of the Work. District and the District Representative do not bear any responsibility for Contractor's means, methods, or safety practices or procedures. Any order given by the District Representative, not otherwise required to be in writing shall, on request of Contractor, be given or confirmed by the District Representative in writing. The District Representative shall not be required to make comprehensive or continuous inspections to check the quality of the Work. Contractor shall provide access to any Work site to the District Representative and other agents of District at all reasonable hours for inspection and testing to determine compliance with this Agreement, written task orders or work directives, and applicable laws and regulations. Contractor shall cooperate in providing such access, and shall, upon request of the District Representative, promptly provide safe and convenient facilities, labor and materials reasonably needed by the District Representative for performing all inspections and tests. If, after any inspection or testing by the District Representative, District finds any of the Work to be unacceptable, defective, or nonconforming, then Contractor at its sole cost and expense shall replace or repair the Work to the satisfaction of the District Representative.

7 Assignment of Work to Contractor

7.1 The District Representative shall assign each project or component of Work to Contractor only by issuance of a written task order or work directive. The issued task order or work directive shall include a descriptive scope of work, the approximate number of days expected to complete the work and other scheduling information, cost extension based on the Daily Rate and anticipated additional costs allowed under Section 8, and any other matters deemed appropriate by the District Representative. Contractor shall review and sign the task order or directive.

7.2 The District Representative shall convene meetings at least quarterly with Contractor's key personnel and other persons deemed necessary for conduct of the meeting in order to discuss progress of the Work, schedules and forecasting of future work, and other issues necessary to orderly conduct of the Work and the administration of this Agreement.

8 Equipment and Materials

Contractor shall supply all equipment, goods, materials, and supplies necessary to complete all Work competently and promptly. The Daily Rate stated in Subsection 3.1 of this Agreement includes an allowance for the usual and customary equipment owned, leased, or rented by Contractor that is required to perform the Work and is listed in Exhibit A. The allowance in the Daily Rate also includes all costs for fuel, repairs, and depreciation normally incurred in the routine performance of the Work. If an increment of Work requires Contractor to use specialized labor or equipment, to incur expenses for travel outside of the District, or to incur costs for emergency or expedited deliveries, District shall reimburse Contractor for such extraordinary expenses at Contractor's cost. Contractor also shall procure and provide all goods, materials, and supplies necessary to complete all Work, and shall bill District for same with the next monthly invoice after any such expenses are incurred at Contractor's cost.

9 Suspension of Work; Leasing Out Contractor

9.1 Suspension. District may suspend the Work wholly or in part, for such period as District may deem necessary, due to lack of work, District convenience, delays due to unsuitable weather or delays in delivery of equipment, materials and supplies beyond Contractor's control, or due to any other conditions District considers unfavorable for the suitable performance of the Work. Contractor shall immediately comply with such written order of District to suspend Work. The suspended Work shall be resumed only when ordered by District. District shall pay Contractor the Daily Rate for each Workday in which Contractor is ready and able to perform Work during a District-ordered suspension.

9.2 Lending of Contractor Services. In lieu of suspending Contractor's performance due to District's lack of Work or for convenience or other factors within District's control, District may release Contractor to temporarily provide services to other public or private well and pump operators. If District elects to temporarily release Contractor to provide services to another entity or person, Contractor shall agree to provide services to that entity or person on the following terms: (a) the temporary release shall not terminate or invalidate this Agreement and District may recall Contractor at any time, subject to Contractor being permitted to finish any pending outside jobs that it previously contracted for; (b) if, in temporarily releasing Contractor, District specifies a date certain by which Contractor must return to District service under this Agreement, Contractor shall not accept more work than it can reasonably expect to complete within the period of the release; and (c) during Contractor's performance of any outside services, the terms of this Agreement, including payment of the Daily Rate, will be suspended and Contractor shall be subject solely to the terms and conditions of the contract entered into with the entity or person for which the outside services are performed, except as otherwise provided in this Subsection 9.2 and Section 12 (Option to Purchase Contractor).

10 Protection of Work and Safety

10.1 Contractor shall be solely responsible for the care of all Work until its completion and final acceptance by District, and Contractor shall, at its own expense, replace damaged or lost materials or supplies and repair damaged parts of the Work.

10.2 The District Representative's construction review and inspection of Contractor's performance of the Work shall not include any review of the adequacy of Contractor's work methods, equipment, or safety measures, in, on, or near each Work site.

10.3 Contractor shall be solely and completely responsible for the conditions of each Work site, including safety of all persons and property during performance of the Work. This requirement shall apply continuously and not be limited to normal working hours. Contractor's safety procedures and practices shall conform to all applicable federal, state, and local laws, ordinances, and codes. Contractor shall carefully instruct all personnel as to potential dangers and shall provide such necessary safety equipment and instruction as may be necessary to prevent injury to personnel and damage to property. Contractor shall provide and maintain, in accordance with California Labor Code section 6708, OSHA and Cal/OSHA requirements, adequate emergency first aid treatment for its employees and anyone else who may be injured in connection with the Work.

10.4 Contractor shall have and maintain an Injury/Illness Prevention Program (IIPP) in place to protect the safety of its employees and ensure that its subcontractors also

have an IIPP or comply with Contractor's program. The Contractor's IIPP shall comply with and be at least as effective as the requirements of section 3203 of Title 8 of the California Code of Regulations. Upon request, Contractor will submit a copy of its IIPP to District.

11 Guarantee

Contractor shall, at its sole cost, repair or replace to the satisfaction of District any or all such Work that may prove defective in workmanship or materials, ordinary wear and tear excepted, together with any other Work which may be damaged or displaced in so doing. This guarantee shall remain in effect for one year from the date of District's acceptance of the Work. District shall have the right to call for such inspection or inspections of the Work before the end of the one-year guarantee period and Contractor shall attend and participate in such inspection(s) upon request of District. This guarantee does not excuse Contractor for any other liability related to defective Work discovered after the guarantee period. Contractor shall transfer to District all manufacturer and supplier warranties relating to the Work, if any, upon completion of the Work and prior to final payment for the Work. Any products/completed operations insurance coverage shall be maintained by Contractor after completion of the Work for the full guarantee period. In the event of failure to comply with the above stated conditions within a reasonable time, District may have the defect repaired and made good at the expense of Contractor, which shall pay the costs and charges for such repair immediately upon demand, including any reasonable management and administrative costs, and engineering, legal and other consultant fees incurred by District in enforcing this guarantee.

12 Option to Purchase Contractor

12.1 At any time after Contractor has completed the Initial Term, District may propose to purchase Contractor's corporation, including all stock, equipment, goods, supplies, and materials on-hand or on order, subcontracts, and all other assets of the corporation. As part of any proposed purchase, the key personnel identified in Subsection 5.4 shall agree to enter into employment contracts with District of at least three years to ensure that District can acquire all knowledge of corporate operations and history. Contractor's principals also shall use their best efforts to assist District with retaining all Contractor's employees which District might desire to hire and transition into District employment.

12.2 If District determines to exercise its option to purchase Contractor's corporation, it shall provide a written offer to purchase to Contractor's president at any time after the first year of the Term is completed. Contractor shall, within 60 days of receipt of District's offer, either accept the offer in principle or make a good-faith counteroffer to District. If the initial offer or any counteroffer is accepted, District and Contractor shall promptly enter into good-faith negotiations to draft an agreement with mutually-acceptable purchase price and terms. If the Parties enter into such good-faith negotiations, but are unable to reach agreement on price and/or terms within one year of acceptance of the initial offer or any counteroffer, either Party shall have the right to terminate the negotiations without further obligation. Notwithstanding the foregoing, District shall retain the right, and Contractor the obligation, to complete the performance of this Agreement on its existing terms.

12.3 Except for a material breach by District, by executing this Agreement Contractor covenants that it will faithfully perform under this Agreement for the Initial Term and during the entirety of that term shall not advertise, agree, or otherwise entertain or accept any third-party offer to purchase Contractor or its corporation. This covenant also shall apply during the Wind-down Period. If another person or entity makes an offer to purchase Contractor at any time after the expiration of the Wind-down Period and Initial Term, District shall have a right of first refusal to purchase Contractor on the same terms as offered to Contractor by the third party making the offer, or any more favorable terms agreed to between District and Contractor. If Contractor receives such an offer, it will notify District promptly after the offer is received and provide District with the written offer made by the third party. District shall have 20 days to analyze the offer and decide whether to match it, propose a counter offer, or waive its right and permit Contractor to sell itself to the third party. If the District waives its right, that waiver also shall be deemed a termination without cause and Contractor shall remain obligated to continue performing Work for District for the six-month termination period provided in Subsection 4.2. Contractor shall ensure that the terms of sale to any third-party purchaser permit Contractor to comply with this term of the Agreement.

13 Conflict of Interest

Contractor (including principals and employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this Agreement, and (b) no person having any such interest shall perform any portion of the Work. The Parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and District's conflict of interest code because Contractor will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Contractor possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation, or counsel.

14 Contractor Records

14.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. District may inspect and audit such books and records, including source documents, to verify all charges, payments, and reimbursable costs under this Agreement.

14.2 In accordance with California Government Code section 8546.7, the Parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

15 Ownership of Documents

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk,

magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to District (“Work Product”) shall be the property of District, and District shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without District’s prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, District reserves a royalty-free, nonexclusive, and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If District reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then District shall hold Contractor harmless against all claims, damages, losses, and expenses arising from such reuse or modification. For any Work Product provided to District in paper format, upon request by District at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to District in a readable, transferable, and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

16 Confidentiality of Information

16.1 Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used, or obtained by the District or created by Contractor in connection with the performance of the Work under this Agreement (“Confidential Material”). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by District. Contractor also shall not disclose any Confidential Material to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in advance in writing by District. If there is a question if Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

16.2 Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by the District or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, District policies and directives, and best industry security practices and standards.

16.3 If any person or entity, other than District or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. If the Parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

16.4 Unless otherwise directed in writing by the District, upon completion or termination of this Agreement, Contractor must destroy all Confidential Materials (written, printed and/or electronic) and shall provide a written statement to the District that such materials have been destroyed.

17 Compliance with Laws

17.1 General. Contractor shall perform the Work in compliance with all applicable federal, state, and local laws and regulations. Contractor shall possess, maintain, and comply with all federal, state, and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state, and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

17.2 Licensing And Permit Requirements. Contractor shall hold all licenses and permits as may be required by state and local laws and regulations for performing the Work, and shall have and maintain in good standing at all times the following classification or type of license for the work issued by the California Contractors State License Board: A – General Engineering, and C-61/D21 – Machinery and Pumps. Contractor shall at all times ensure that at least any two of its owners, officers or employees are qualified to hold and are listed as licensees on the licenses issued by the California Contractors State License Board.

17.3 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance. This Section 17 applies because the Work includes “Maintenance” work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any District facility, plant, building, structure, utility system or other property (“District Facility”) in a safe and continually usable condition, and (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any District Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on District machinery and equipment. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some “maintenance” work and other work that is not “maintenance,” then this section applies only to workers performing the “Maintenance” work.

17.3.1 To the extent required, Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to District up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to District the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

17.3.2 Copies of the prevailing rate of per diem wages are on file at the District’s office, and will be made available to Contractor on request. Contractor shall post at each job site a copy of the determination of the Director of Industrial Relations of the prevailing rate of per diem wages. Furthermore, Contractor must post job site notices, as required by Section 1771.4(a)(2) of the Labor Code and prescribed by regulation.

17.3.3 Because the cost of Work deemed to be “Maintenance” will exceed \$15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code. Contractor shall provide its Public Works Contractor Registration Number below:
1000026016.

18 Indemnification.

Contractor shall indemnify, defend, protect, and hold harmless District, and its officers, employees and agents (“Indemnitees”) from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) (collectively a “Claim”) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors in the performance of this Agreement and all Work under it. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the sole negligence or willful misconduct of District or its employees or agents. Contractor’s obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

19 Insurance

Types & Limits. Contractor, at its sole cost, shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
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Commercial general liability	\$2,000,000 per occurrence & \$4,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury
Automobile liability	\$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers' compensation	Statutory limits	
Employers' liability	\$1,000,000 per accident	

19.1 Other Requirements. The general and automobile liability policy(ies) shall be endorsed to name District, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. District's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to District. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to District. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of District for the Work performed by Contractor.

19.2 Proof of Insurance. Upon request, Contractor shall provide to District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

20 Iran Contracting Act

Before commencing any Work or being entitled to receive any payment, Contractor shall sign and file with District the Iran Contracting Act Certification provided in **Exhibit B** to this Agreement.

21 Dispute Resolution

21.1 **Meet and Confer.** If a dispute arises concerning any controversy or claim arising out of or relating to this Agreement or its breach, application or interpretation, the aggrieved party will notify the other party of the dispute in writing within 15 days after such dispute arises. District's and Contractor's principals shall meet and confer within 20 days after delivery of such notice to negotiate a resolution of the dispute. The parties agree to use their best efforts to reach a just and equitable solution satisfactory to both parties. Should the parties be unable to resolve the dispute to their mutual satisfaction within 30 days thereafter, the dispute will be subject to arbitration as provided below in Subsection 21.2. The time periods set forth in this section are subject to extension by mutual written agreement of the parties.

21.2 **Arbitration.** A dispute that is not resolved under Subsection 21.1, shall be subject to arbitration in Sacramento, California, conducted under the provisions of the California Arbitration Act (Code of Civil Procedure sections 1280 through 1294.2). The parties in the arbitration will select a single qualified, neutral arbitrator. If they cannot agree on an arbitrator, or an alternative selection process, the parties will request that the Presiding Judge of the Sacramento County Superior Court select an arbitrator in accordance with the provisions of section 1281.6 of the Code of Civil Procedure. A hearing on the matter to be arbitrated will take place before the arbitrator in Sacramento County at a time and place selected by the arbitrator. However, the hearing will take place no later than 60 days after selection of the arbitrator. The arbitrator shall give the parties written notice of the time and place at least 20 days before the date of the hearing. At the hearing, any relevant evidence may be presented by each party, and the formal rules of evidence applicable to judicial proceedings will not apply. The arbitrator will hear and determine the matter. The arbitration award may include an award of damages and/or an award or decree of specific performance or declaratory or injunctive relief, will be in writing, and will specify the factual and legal bases for the award. The arbitral award may be confirmed, corrected or vacated by a court of competent jurisdiction in accordance with the provisions of the California Arbitration Act. The arbitrator will have no authority, power, or right to award punitive or other damages not measured by the prevailing party's actual damages, and will not make any ruling, finding or award that is inconsistent with or which alters, changes, amend, modifies, waives, adds to or deletes from any of the provisions of this Agreement.

21.3 **Costs of Arbitration.** The cost of the arbitration, including the arbitrator's fees, will be borne equally by the parties. Each party will also pay the costs of its own counsel, experts, witnesses and preparation and presentation of evidence, and any incidental costs of the arbitration.

21.4 **Defense to Suit.** The parties agree that the failure to comply with the provisions of this Section 21 will be a complete defense to any suit, action or proceeding instituted in any federal or state court, or before any administrative body, with respect to any dispute that is subject to arbitration hereunder.

22 General Provisions

22.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive, and integrated expression of the terms of their contract

concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts, or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

22.2 Independent Contractor. Contractor's relationship to District is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages, or benefits. Contractor shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify District, and its officers, employees, volunteers, and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

22.3 Subcontractors. No subcontract shall be awarded nor any subcontractor engaged by Contractor without District's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in Section 18 of this Agreement. Any approved subcontractor shall obtain the required insurance coverages and provide proof of same to District in the manner provided in Section 18 of this Agreement.

22.4 Assignment. This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated, or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

22.5 No Waiver of Rights. Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by District to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

22.6 Severability. If any part of this Agreement is held to be void, invalid, illegal, or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

22.7 Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where District's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

22.8 Notice. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first-class U.S. mail, (c) by a nationally-recognized commercial

overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

If to District:

Sacramento Suburban Water District
Attn: Dana Dean
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
E-mail: ddean@sswd.org

If to Contractor:

Kirby's Pump & Mechanical, Inc.
Attn: Kristin Hannum
3233 Fitzgerald Rd., Suite A
Rancho Cordova, CA 95742
E-mail: khannum.kpm@gmail.com

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first-class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

22.9 Signatures and Authority. Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

SACRAMENTO SUBURBAN WATER DISTRICT:

By: _____
Daniel R. York
General Manager

KIRBY'S PUMP & MECHANICAL, INC.:

By: _____
Kristin Hannum
President

EXHIBIT A

LIST OF CONTRACTOR'S EQUIPMENT USED IN THE WORK AND INCLUDED IN THE CALCULATION OF THE DAILY RATE

Vehicles and Trailers

- Peterbilt 35-ton, 77-foot crane, rear mount
 - o For well site and building pump removal
- F750 National crane, 3T
 - o Cab mount for tight site access
- Alltec backyard digger on tracks
 - o For all weather site access
 - o Tight access
 - o Nylon cable and fiberglass boom for working near power lines
- Dodge 4x4 5500 Pulstar 12T with sand line and 12,000 lb. main line and 11-foot layback with remote control
 - o Well rehab, bailing, brushing, swabbing, pump removal
- 2P6000 Cat forklift with side shift and 186" fork height
 - o Propane for indoor use
- Dodge 4x4 2500 welding and service call truck with pipe rack
- White Dodge 4x4 3500 dualie towing/tag truck
- Silver Dodge 4x4 3500 dualie towing/tag truck
- 24-foot flat gooseneck trailer with 8-foot overtop
- Equipment hauler trailer (used for backyard digger and fork lift)

Specialty Equipment

- Large lathe Lodge and Shipley 26" x 138" table
- Medium lathe Sharp 1880L 18" x 80" table
- End mill Bridgeport
- Large drill press Bridgeport
- Hydraulic press, 30-ton
- Lincoln mobile welder
- Lincoln M210 wire feed welder
- Lincoln Tig 200 welding machine
- Dry rod hot box
- 3 phase shop welder Lincoln
- 3 phase hypotherm 105 plasma cutter
- Single phase hypotherm 45 plasma cutter
- 1/2" to 2" threading mule Ridgid
- 21/2" x 4" threading head and motor Ridgid - Rotohammers
- Meggers
- Electrical meters
- Shaft straightening table and tooling

- Oxygen and Acetylene carts and tooling - Welding table
- Pump table
- Confined space blowers
- Specialty elevators from 4" to 14" limited access capabilities
- Temporary discharge 4", 6", 8", & 10" for test pumping and specialty testing
- 8" hoses x 20'
- 4" hoses x 20'
- 10" hoses x 20'
- 2 1/2' hoses x 25'
- Test pumps
 - o Oil lube
 - o Product lube
 - o Submersible
 - o 3", 4", 6", 8" 10"
 - o 100gpm to 2800gpm bowl assemblies
 - o 10hp to 300hp electrical motors
- Air lift tooling
- Air lift swab tooling
- Air lift brush tooling- Well brushing
- Well abandonment piping (a blaster still has to be hired for permit)
- Mobile VFD 200hp with cooling water radiator
- Isolation zone testing packers
 - o 2 at 10", 2 at 14", 1 at 18"
- Spinner testing piping and plates
- Dynamic video piping and plates

EXHIBIT B

IRAN CONTRACTING ACT CERTIFICATION

Pursuant to Public Contract Code (PCC) section 2204, the following Iran Contracting Act certification is required if your bid totals \$1,000,000 or more.

If your bid totals \$1,000,000 or more, you must complete only one of the following two paragraphs. To complete paragraph 1, check the corresponding box and complete the certification. To complete paragraph 2, simply check the corresponding box.

1. We are not on the current list of persons engaged in investment activities in Iran created by the California Department of General Services (DGS) pursuant to PCC 2203(b), and we are not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on

_____ (date),

at _____ (city), _____ (state).

_____ (signature)

_____ (printed name)

OR

2. We have received written permission from the District to submit a bid pursuant to PCC 2203(c) or (d). A copy of the written permission from the District is included with our bid.