



SCOTIA COMMUNITY SERVICES DISTRICT
NOTICE IS HEREBY GIVEN THAT A
REGULAR MEETING
OF THE BOARD OF DIRECTORS

WILL BE HELD AT:
122 MAIN STREET
SCOTIA, CALIFORNIA

Thursday, August 25, 2016
Regular Meeting at 5:30 P.M.

AGENDA

- A. **CALL TO ORDER/ ROLL CALL** The Presiding officer will call the meeting to order and call the roll of members to determine the presence of a quorum.

PLEDGE OF ALLEGIANCE

- B. **SETTING OF AGENDA**

The Board may adopt/ revise the order of the agenda as presented.

- C. **CONSENT CALENDAR**

C1. Approval of Minutes from Previous Meetings

July 28, 2016

August 4, 2016

- D. **PUBLIC COMMENT & WRITTEN COMMUNICATION**

Regularly scheduled meetings provide an opportunity for members of the public to directly address the SCSD Board Members on any action item that has been described in the agenda for the meeting, before or during consideration of that item, or on matters not identified on the agenda within the Board jurisdiction. Comments are not generally taken on non-action items such as reports or information. Comments should be limited to three minutes.

- E. **ADJOURN TO CLOSED SESSION**

E1. Call to Order

E2. Roll Call

E3. Government Code §54956.8 Real Property Negotiations. Agency Negotiators: Tracy M Boobar, Stephen C Tyler, and President Rick Walsh. Negotiating Parties: Scotia Community Services District & Town of Scotia Company LLC

E4. Closed Session Discussion

- F. **ADJOURN TO OPEN SESSION**

F1. Report out of Closed Session

- G. **PUBLIC HEARING - NONE**

AGENDA FOR MEETING OF THE SCSD BOARD OF DIRECTORS
August 25, 2016
POSTED at 5:00 PM August 22, 2016

H. BUSINESS

H1. New Business –

- a. SHN Presentation on the Corridor Project and Water Treatment Plant**
- b. Review State Correspondence on Water Treatment Plant (e-mail sent by Mike Foget)**
- c. Planwest Partners Contract Extension**
- d. Consider moving the September Regular meeting from the 15th to the 22nd**
- e. Consider Draft SCSD Mission Statement**
- f. SDRMA Insurance Quote – Deadline October 12, 2016**
- g. Discussion and Consideration of the Transition Agreement**

H2. Old Business – None

I. REPORTS

No specific action is required on these items, but the Board may briefly discuss any particular item raised.

- 1. President's Report:**
- 2. Board Director Reports:**
- 3. Interim Manager's Report: QuickBooks Update**
- 4. Special Counsel's Report:**
- 5. Engineer's Report:**
- 6. Fire Chief's Status Report:**
- 7. Board Clerk Report:**

J. ADJOURNMENT

Next Regular Meeting of the SCSD will be September 15, 2016 at 5:30 PM.
A Special meeting may be held prior to that.

Notice regarding the Americans with Disabilities Act: The District adheres to the [Americans with Disabilities Act](#). Persons requiring special accommodations or more information about accessibility should contact the District Office. Notice regarding Rights of Appeal: Persons who are dissatisfied with the decisions of the SCSD Board of Directors have the right to have the decision reviewed by a State Court. The District has adopted [Section 1094.6](#) of the [Code of Civil Procedure](#) which generally limits the time within which the decision may be judicially challenged to 90 days.

Minutes of the Special Board Meeting of the
Scotia Community Services District
Thursday, July 28, 2016
Regular Meeting at 5:30 P.M.

A. CALL TO ORDER/ ROLL CALL/ PLEDGE OF ALLEGIANCE

The regular meeting of the Board of Directors of the Scotia Community Services District convened at 5:30 pm with the following directors in attendance:

Diane Bristol	Director - present
Gayle McKnight	Director – present
Paul Newmaker	Director – present
Susan Pryor	Director – present
Rick Walsh	President – present

Staff: L. Marshall, S. Tyler

B. SETTING OF AGENDA - NONE

C. CONSENT CALENDAR

C1. Approval of Minutes from Previous Meetings

June 16, 2016

June 23, 2016

Motion: Motion to approve the Consent Calendar

Motion: Newmaker **Second:** Pryor

Motion Vote: Ayes - 5 Opposed – 0 Absent - 0 Abstain - 0

D. PUBLIC COMMENT & WRITTEN COMMUNICATION - NONE

E. PUBLIC HEARING - NONE

F. BUSINESS

F1. New Business –

a. Discussion: Overall services update, Prop 218 election #2, and next steps for the SCSD

Staff presented a Memo to the Board detailing the current standing of services, standing of the next Proposition 218 process, and the status of the subdivision process at the county. Board discussed. *Public Comment:* R. Abrams asked if it is at the CSD's advantage for TOS to keep responsibility of the fire department? Will they maintain the department? Staff explained that the money originally dedicated to the CSD for the fire department is remaining with the fire department to fund equipment. R. Abrams also asked about the TMF, and the involvement of the State Water Board with the water infrastructure, as well as potential funding mechanisms available for private and public entities for water infrastructure. Asked about status of the transition agreement. Board and staff discussed.

b. Discussion: Assessment Fee collection for Parks and Recreation, and Streets and Street Lighting

Discussed how the Board would like to collect assessments for the FY 2016-17. Board directed to collect benefit assessments directly from customers for FY 2016-17.

c. Draft Ordinance Workshop for Parks and Recreation

Board gave initial input on various facilities for a draft Parks and Recreation Ordinance, including deposits, insurance, and operating hours. Staff will bring a draft ordinance to the Board in the coming months.

d. Consider a Special Meeting in August

Board scheduled special meeting for August 4th.

F2. Old Business –

a. Consider adoption of Resolution 2016-8 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial Responsibility and Maintenance for all Non-County or Private Streets and Alleyways

Tabled to August 4th meeting

b. Consider adoption of Resolution 2016-9 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial Responsibility and Maintenance for all Non-County or Private Drainage

Tabled to August 4th meeting

G. REPORTS

No specific action is required on these items, but the Board may briefly discuss any particular item raised.

1. President's Report: none

2. Board Director Reports: Wildwood Days is the weekend of August 13th. Some Board Members will be judging the parade floats from approximately 11 am to 2 pm in Rio Dell.

3. Interim Manager's Report: Reported that there will be a meeting with SHN on the corridor project in the coming weeks. Board requested full size plans of the corridor project and the water treatment plant updates.

4. Special Counsel's Report: none

5. Engineer's Report: none

6. Fire Chief's Status Report: Fire Chief gave report, and submitted handout to Board Clerk.

7. Board Clerk Report: SDRMA Insurance Quote Update

H. ADJOURNMENT

Meeting adjourned at 7:19 pm by Board President Rick Walsh.

These minutes were approved by the Board of Directors of the Scotia Community Services District on August 25, 2016 at its duly-noticed regular meeting in Scotia, CA.

APPROVED:

Rick Walsh, President
Board of Directors
Scotia Community Services District

Date

ATTEST:

Leslie Marshall, Board Clerk
Scotia Community Services District

Date

Minutes of the Special Board Meeting of the
Scotia Community Services District
Thursday, August 4, 2016
Special Meeting at 5:30 P.M.

A. CALL TO ORDER/ ROLL CALL/ PLEDGE OF ALLEGIANCE

The regular meeting of the Board of Directors of the Scotia Community Services District convened at 5:34 pm with the following directors in attendance:

Diane Bristol	Director - present
Gayle McKnight	Director – present
Paul Newmaker	Director – present
Susan Pryor	Director – present
Rick Walsh	President – present

Staff: T. Boobar, S. Davidson, L. Marshall, S. Tyler

B. SETTING OF AGENDA - None

C. PUBLIC COMMENT - None

D. ADJOURN TO CLOSED SESSION – 5:36pm

D1. Call to Order

D2. Roll Call

D3. Government Code §54956.8 Real Property Negotiations. Agency Negotiators: Tracy M Boobar & President Rick Walsh. Negotiating Parties: Scotia Community Services District & Town of Scotia Company LLC

D4. Closed Session Discussion

E. ADJOURN TO OPEN SESSION – 7:23pm

E1. Report out of Closed Session: Board has directed staff to revise the transition agreement and deliver to Town of Scotia.

F. PUBLIC HEARING - None

G. BUSINESS

G1. New Business –

- a. Board Shall Consider Identifying Additional Negotiator(s) for the Purposes of Negotiating Real Property Matters between TOS and SCSD During the Transition**

Motion: To add Stephen C. Tyler to the negotiating committee

Motion: McKnight

Second: Bristol

Motion Vote: Ayes - 5 **Opposed –** 0 **Absent -** 0 **Abstain -** 0

G2. Old Business –

- a. Consider adoption of Resolution 2016-8 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial Responsibility and Maintenance for all Non-County or Private Streets and Alleyways**

Motion: To adopt Resolution 2016-8 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial

Responsibility and Maintenance for all Non-County or Private Streets and Alleyways, with changes to the map for Eddy Street.

Motion: Pryor **Second:** Newmaker

Motion Vote: Ayes – 5 **Opposed** – 0 **Absent** - 0 **Abstain** - 0

- b. **Consider adoption of Resolution 2016-9 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial Responsibility and Maintenance for all Non-County or Private Drainage**

Motion: To adopt Resolution 2016-9 A Resolution of the Board of Directors of the Scotia Community Services District to Accept Dedicated Ownership, Financial Responsibility and Maintenance for all Non-County or Private Drainage

Motion: McKnight **Second:** Bristol

Motion Vote: Ayes - 5 **Opposed** – 0 **Absent** - 0 **Abstain** - 0

H. ADJOURNMENT

Meeting adjourned at 7:44 pm by Board President Rick Walsh.

These minutes were approved by the Board of Directors of the Scotia Community Services District on August 25, 2016 at its duly-noticed regular meeting in Scotia, CA.

APPROVED:

Rick Walsh, President
Board of Directors
Scotia Community Services District
ATTEST:

Date

Leslie Marshall, Board Clerk
Scotia Community Services District

Date

Scotia Community Services District Staff Report

DATE: August 25, 2016
TO: Scotia CSD Board of Directors
FROM: SHN Engineers
SUBJECT: Scotia Corridor and Water Treatment Plant Update Presentation

RECOMMENDATION:

Receive a report from SHN on the corridor project and water treatment plant.

DISCUSSION:

Raw Water

- 2- New Variable Speed River Intake Pumps, 1,200 gpm each
- New electrical to river pumps
- Access road to river wet well from ball field flat
- Upgrades to river wet well for access and water level monitoring
- New / Existing +- 2,100 feet of 12" raw water line in Corridor, river to main street
- Existing +- 450 feet of 12" raw water up 6th street to B street, then along B street to 5th street
- Existing +- 1,200 feet of 12" raw water line from B street to 1 MG raw water tank

Sewer

- New: +- 1,700 feet of 8" SS from Rail Road to Main Street
- New :7 Sewer Manholes
- 3 connections to laterals from Mill and Power Plant Parcel

Storm Drain

- New: +- 1,750 feet of 36" SD from out fall at fireman's park to Main street
- New: 8 Storm Drain Manholes
- New: Head wall at outfall
- No Connections to Mill or Power Plant Parcels

Fire Water

- Connect Mill and Power Plant Parcel to Raw Water line in Corridor
- Install pressure reducing and backflow preventers
- Reduce pressure to code minimum for fire protection to increase pumping efficiency
- Convert 1MG tank to raw water and fire water storage tank.

- Raw water line will work as an up and down line

Cooling Water

- Size meter and bypass at fire water tie-in location to feed cooling water to Mill Parcel
- Control speed of river pumps to feed water directly to Power Plant at rate needed

Back Wash Line

- New: +- 1,100 feet 6" back wash line from Drinking Water Tank to B-st
- Utilize existing pipe from B street to existing domestic booster pumps
- New: +-60 feet of 6" line to sewer manhole at booster pump
- In Phase 3 project connect backwash to sewer line at 5th and B street

ACTION:

No Action required.

FISCAL IMPACT:

No cost associated with the SCSD.



Reference: 005161.400

August 1, 2016

Mr. Barry Sutter
State Water Resources Control Board
Division of Drinking Water
364 Knollcrest Drive, Suite 101
Redding, CA 96002

Subject: Response to Comments Regarding Identified Deficiencies and Requested Action Items; Town of Scotia, Public Water System No. 1210010

Dear Mr. Sutter:

SHN Engineers & Geologists on behalf of the Town of Scotia Company, LLC (TOS) is submitting this response to your July 6, 2016, letter regarding identified deficiencies for the TOS public water system (Attachment 1). These comments also specifically address the list of action items as presented in the July 13, 2016, email from Ronnean Lund that was provided as a follow-up to the July 6, 2016, letter (Attachment 2).

Identified Deficiencies

1. Surface Water Treatment—A coagulant is added at all times when the plant is in operation and the polymer contact tank is in good condition.
2. Annual Filter Inspection—An annual filter inspection was conducted in August 2015 and the 2016 annual inspection is scheduled for August 2016.
3. Operations Plan—SHN is in the process of developing a surface water treatment plan for the existing water treatment plant. This document will be submitted to the DDW by September 15, 2016.
4. Emergency Disinfection Plan—SHN has prepared an emergency disinfection plan. A copy of the plan is included as Attachment 3. A copy of the TOS water quality emergency notification plan is also included in Attachment 3.
5. Turbidity Monitoring and Reporting—TOS is in the process of installing three new turbidity meters and a data recorder at the water treatment plant. Currently, there are two turbidity meters at the plant: one that monitors the raw water turbidity and one that monitors the finished water turbidity. The two existing turbidity meters will be replaced and a new turbidity meter will be used to monitor the turbidity of the raw water after settling and prior to treatment. The new meters and data recorder will be installed at the water treatment plant in August 2016 and are expected to be operational by September 1, 2016. In the interim, prior to September 1, 2016, TOS will be recording CFE turbidity every four hours while the plant is running.
6. Raw Water Coliform Sampling—TOS is currently collecting a raw water sample once per month and analyzing the sample for total coliform and E. Coli. An updated copy of the Bacteriological Sample Siting Plan is included as Attachment 4.

7. Disinfection Byproducts Monitoring and Reporting–TOS is currently monitoring TTHM and HAA5 on an annual frequency and the DBP precursors (raw TOC, finished TOC, and Alkalinity) on a quarterly basis in accordance with the compliance monitoring plan.
8. Chemical Monitoring, Raw Water–Sampling has been conducted for all chemical constituents that were listed as DUE NOW by the end of 2013. A raw water copper sample was collected on July 26, 2016, and submitted for analysis. The results of that analysis will be forwarded to the DDW once available.
9. Cross-Connection Control Plan–SHN is in the process of preparing and implementing a cross-connection control program for the TOS water system. A copy of the plan will be submitted to the DDW by September 15, 2016.
10. Water Treatment/Distribution Operators–TOS has hired Dave Rodriquez as a contract shift operator for the water treatment and distribution systems. Mr. Rodriquez has a Grade T2 and D2 certifications for water treatment and distribution (Attachment 5).

Specific Action Items

1. Technical, Managerial, and Financial Documents–SHN is in the process of preparing the TMF documents for the water treatment and distribution systems. These documents will be submitted to the DDW for review and comment by September 15, 2016.
2. Surface Water Treatment Plan Submittal Date–SHN will submit the surface water treatment plan to DDW by September 15, 2016.
3. Emergency Disinfection Plan–Complete, See Attachment 3
4. Turbidity Monitoring and Reporting–TOS will be in compliance with the required turbidity monitoring and reporting program once the new turbidity meters and data recorder are installed and operational. It is anticipated that the meters and recorder will be installed in August 2016 and operational no later than September 1, 2016. The monitoring data for September 2016 will be submitted to DDW by October 10, 2016.
5. Updated Bacteriological Sample Siting Plan–Complete, See Attachment 4.
6. Raw Water Copper Sample–A raw water copper sample was collected on July 27, 2016.
7. Cross-Connection Control Program Submittal Date–SHN will submit the Cross-Connection Control Plan to DDW by September 15, 2016.
8. Water Treatment and Distribution Operator Requirements–TOS has hired Dave Rodriquez as a contract shift operator for the water treatment and distribution systems. Mr. Rodriquez has a Grade T2 and D2 certifications for water treatment and distribution (Attachment 5).

Mr. Barry Sutter

**Response to Comments Regarding Identified Deficiencies and Requested Action Items; Town of
Scotia, Public Water System No. 1210010**

August 1, 2016

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If you have any questions regarding our responses, please call me at 707-441-8855.

Sincerely,

SHN Consulting Engineers & Geologists, Inc.



Michael K. Foget, PE
Project Manager

MKF/LKS:lms

- Attachments:
1. July 6, 2016, DDW Letter
 2. July 13, 2016, DDW Email
 3. Emergency Disinfection Plan & Water Quality Emergency Notification Plan
 4. Bacteriological Sample Siting Plan
 5. Mr. Rodriguez's Operator Certifications

c. w/ Attach: Frank Bacik, Town of Scotia Company, LLC
Steve Davidson, Scotia CSD
Ronnean Lund, DDW
Humboldt County Division of Environmental Health



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

State Water Resources Control Board

Division of Drinking Water

July 6, 2016

Town of Scotia, LLC
P.O. Box 245
Scotia CA 95565

AND

Scotia Community Services District
P.O. Box 104
Scotia CA 95565

Attention: Frank Basik, President of Town of Scotia AND
Rick Walsh, Scotia Community Services District (CSD) Board President

Subject: Town of Scotia, LLC; Public Water System No. 1210010 - Change in Ownership

It has come to my attention that the community public water system known as the Town of Scotia, LLC, may change ownership in the near future. The California Health and Safety Code requires that an amended permit application be submitted to the Division of Drinking Water when a public water system undergoes a change of ownership.

- 1) The web link below will take you to the "Amended Permit Application (PDF)" form. Please complete the form and return the completed and signed original copy with the amended permit application fee of \$150 to our office. (Note: Payment must be in the form of a cashier's check or personal check made out to the California Water Resources Control Board, Division of Drinking Water) Once we receive your application and fee, we will inform you in writing if your application is complete. Once the application material is determined to be complete and accepted for filing, we will issue a new permit to the new owner.

http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/Permits.shtml

- 2) California regulations require that a technical, managerial, and financial (TMF) capacity assessment of a water system be complete before an amended permit for a change in ownership can be issued. Please complete a TMF capacity assessment and return the required documentation to this office. Information and guidance regarding TMF assessments can be found at the same link above.
- 3) An Emergency Notification Plan (ENP) must be submitted with the permit application. The ENP includes the emergency contact information for the new owners/operators. I have enclosed a blank copy of an ENP. An electronic version is available upon request.

Please note the following from the California Health & Safety Code, Division 104. Environmental Health, Part 12. Drinking Water, Chapter 4. California Safe Drinking Water Act, Article 11. Crimes and Penalties, §116725(d). Civil penalties:

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

364 Knollcrest Drive, Suite 101, Redding, CA 96002 | www.waterboards.ca.gov

Any person who operates a public water system without a permit issued by the department pursuant to this chapter may be liable, as determined by the court, for a civil penalty not to exceed twenty-five thousand dollars (\$25,000) for each separate violation or, for continuing violations, for each day that violation continues;

Please address the following list of deficiencies which were identified in a letter dated December 9, 2013, addressed to Town of Scotia, LLC. The deficiencies were noted following a routine field inspection which was conducted by Craig Bunas, of this office. At this time it is not clear to me or my staff as to which of the deficiencies have been corrected and which have not. All deficiencies listed below need to be corrected before an amended permit can be issued to the prospective owner.

1. Surface Water Treatment: In compliance with Section 64660(b)(9) of the California Code of Regulations (CCR), TOS must ensure that a coagulant is used at all times that the water treatment plant is operating. Please add coagulant to your water treatment process at all times with the goal of optimizing turbidity removal.
2. Annual Filter Inspection: In compliance with Section 64660(b)(8) of CCR, TOS must physically inspect the interior of the filters for media condition, mud ball formation and short-circuiting on an annual basis. A written record of the inspection shall be maintained at the treatment plant.
3. Operations Plan: In compliance with Section 64661 of CCR, TOS must develop a *Surface Water Treatment Operations Plan*. This plan should strive to meet the requirements of the regulation and also contain tips and insights from the water treatment operators that may be useful for operating the treatment plant.
4. Disinfection Plan: In compliance with Section 64660(c)(2) of CCR, TOS must develop an *Emergency Disinfection Plan*. This plan may be incorporated as part of the *Operations Plan* described above.
5. Turbidity Monitoring and Reporting: In compliance with Section 64655 of CCR, TOS must collect and report a turbidity measurement from the combined filter effluent (CFE) at least once every four hours that the treatment plant is operating, and must use a continuously-reading turbidimeter capable of readings every 15 minutes for the individual filter effluent (IFE) from each filter. Please modify your recording and reporting capabilities to report once/4 hours for CFE turbidity, and record once/15 minutes for IFE turbidity. Please complete and submit the enclosed *Monthly Summary of Monitoring for Surface Water Treatment Regulations* monthly with your monitoring report. An additional spreadsheet monitoring form entitled *Monthly Summary of Monitoring for surface Water Treatment Regulations* (paper copy enclosed) will be sent to you via email to help you automate this process.
6. Raw Water Coliform Sampling: In compliance with Section 64654.8(b)(1), TOS must collect a raw water (Eel River) sample at least once per month and analyze the sample for total coliform and either fecal coliform or E. Coli coliform using density analysis. Please update the enclosed *Bacteriological Sample Siting Plan* (BSSP) to include the raw water sampling location (BSSP form enclosed), and return a copy to this office.
7. Disinfection Byproducts Monitoring and Reporting: This office has received your *Stage 2 Disinfection Byproducts (DBPs) Compliance Monitoring Plan*. In accordance with Section 64534.2 of CCR and based on historic sampling results, TOS is required to monitor Total Trihalomethanes (TTHM) and Haloacetic Acids (HAA5) on an annual frequency, and monitor

DBP precursors (raw TOC, finished TOC and alkalinity) on a quarterly (quarter-year) frequency. Please find the enclosed *Distribution Monitoring Schedule* which displays the monitoring frequencies for DBPs and DBP Precursors for your system. Please use the spreadsheet entitled *DBP Precursors Reporting Form.xls* (paper enclosed; spreadsheet will be sent via email) for reporting the DBP precursors monitoring results to this office.

8. Chemical Monitoring, Raw Water: Please find the enclosed *Last Sample Date and Monitoring Schedule* which lists the raw water chemical sampling schedule. These schedules can be found under "Klamath District 1" at: <http://www.cdph.ca.gov/certlic/drinkingwater/Pages/Monitoring.aspx>. Please conduct sampling for all chemical constituents that are listed as DUE NOW by the end of 2013.
9. Cross-Connection Control Program: As discussed previously, and in compliance with Section 7584 of the CCR, TOS shall protect the public water supply from contamination by implementation of a cross-connection control program. The cross-connection control program shall include, but not be limited to, the following elements:
 - (a) The adoption of operating rules or ordinances to implement the cross-connection program.
 - (b) The conducting of surveys to identify water user premises where cross-connections are likely to occur,
 - (c) The provisions of backflow protection by the water user at the user's connection or within the user's premises or both,
 - (d) The provision of at least one person trained in cross-connection control to carry out the cross-connection program,
 - (e) The establishment of a procedure or system for testing backflow preventers, and
 - (f) The maintenance of records of locations, tests, and repairs of backflow preventers.
10. Water Treatment/Distribution Operators: Mr. Rich McKnight is the Chief Water Treatment Operator and Water Distribution Operator and meets the system classifications for a Grade 2 Water Treatment (T2) Operator and Grade 1 Water Distribution (D1) Operator. Since Mr. McKnight is the only listed certified operator, it is imperative that the Shift Operators obtain at least a Grade 1 Treatment (T1) certification and that backup certified individuals are available in times when the Chief and Shift Operators may not be available.

If you have any questions regarding the issues outlined in this letter, please contact me at (530) 224 4875 barry.sutter@waterboards.ca.gov or Ronnean Lund at (530) 224-6505, ronnean.lund@waterboards.ca.gov.



Barry S. Sutter, PE
Klamath District Engineer
DRINKING WATER FIELD
OPERATIONS BRANCH

Cc: Leslie Marshall, Scotia Community Services District Clerk of the Board
Humboldt County Environmental Health

From: Lund, Ronnean@Waterboards [<mailto:Ronnean.Lund@waterboards.ca.gov>]
Sent: Wednesday, July 13, 2016 4:03 PM
To: Mike Veach; rmcknight@townofscotia.com; 'Mike Foget'; ghufford@shn-engr.com; fbacik@townofscotia.com; Leslie Marshall (lesliem@planwestpartners.com); baysidecivilconsultants@gmail.com; sctyler@hotmail.com
Cc: Sutter, Barry@Waterboards; Bohn, Rex
Subject: Town of Scotia (Scotia)-Follow Up to 7/6/2016 Phone Meeting

Hi Everyone.

This email is to document our phone meeting on July 6, 2016, and make sure that we're all of the same understandings. Below is a list of the things discussed and a list of action items. If anyone sees any misinformation, please let me know.

- 1) We went over the attached letter that went out from our office.
 - a. Regarding the amended permit for Scotia CSD: **Please note that we just determined that there is no longer the \$150 permit amendment application fee.** Please disregard the portion of the letter that references a fee. Sorry for any confusion this has or may cause.
 - b. Other items regarding the amended permit are addressed in Item #1 below under "Action Items".
 - c. We reviewed the list of system deficiencies that were outlined in an inspection letter from our office dated December 9, 2013. Specifically:
 - i. **"Surface Water Treatment:** In compliance with Section 64660(b)(9) of the California Code of Regulations (CCR), TOS must ensure that a coagulant is used at all times that the water treatment plant is operating. Please add coagulant to your water treatment process at all times with the goal of optimizing turbidity removal." **I was informed during our meeting that plant operations have changed, such that coagulant is added at all times when the plant is in operation. When I inquired, I was told the condition of the polymer contact tank is good.**
 - ii. **"Annual Filter Inspection:** In compliance with Section 64660(b)(8) of CCR, TOS must physically inspect the interior of the filters for media condition, mudball formation and short-circuiting on an annual basis. A written record of the inspection shall be maintained at the treatment plant." **I was told during the meeting that Scotia is in compliance with this requirement.**
 - iii. **"Operations Plan:** In compliance with Section 64661 of CCR, TOS must develop a Surface Water Treatment Operations Plan. This plan should strive to meet the requirements of the regulation and also contain tips and insights from the water treatment operators that may be useful for operating the treatment plant." **During the meeting we discussed this issue, and it was indicated to me that not all aspects of an operation plan were being considered right now, since the plan is to replace the treatment system after the change of ownership to the CSD. I advised the group that there are certain aspects of an operations plan that will be the same, regardless of what type of treatment is used, and I provided some examples. I also pointed out that the regulations specifically require an operations plan, that may not be all inclusive, for the surface water treatment portion of the plan. In addition, since there is no specific time frame for replacement of the current surface water treatment system, it is necessary that Scotia produce and submit to us a Surface Water Treatment Operations Plan per the section of the regulations referenced above. I understand that work has been done on an operations plan, and that Scotia's engineers are working on finalizing the document very soon.**
 - iv. **"Disinfection Plan:** In compliance with Section 64660(c)(2) of CCR, TOS must develop an Emergency Disinfection Plan. This plan may be incorporated as part of the Operations Plan described above." **This plan needs to be submitted as soon as possible. I understand that Scotia's engineers have been working on it.**

- v. **“Turbidity Monitoring and Reporting:** In compliance with Section 64655 of CCR, TOS must collect and report a turbidity measurement from the combined filter effluent (CFE) at least once every four hours that the treatment plant is operating, and must use a continuously-reading turbidimeter capable of readings every 15 minutes for the individual filter effluent (IFE) from each filter. Please modify your recording and reporting capabilities to report once/4 hours for CFE turbidity, and record once/15 minutes for IFE turbidity. Please complete and submit the enclosed Monthly Summary of Monitoring for Surface Water Treatment Regulations monthly with your monitoring report. An additional spreadsheet monitoring form entitled Monthly Summary of Monitoring for surface Water Treatment Regulations (paper copy enclosed) will be sent to you via email to help you automate this process.” **It appears that Scotia is still not meeting this requirement. Please be aware that failure to meet this requirement may cause issuance of a citation. If you have any questions concerning this, please let me know.**
- vi. **“Raw Water Coliform Sampling:** In compliance with Section 64654.8(b)(1), TOS must collect a raw water (Eel River) sample at least once per month and analyze the sample for total coliform and either fecal coliform or E. Coli coliform using density analysis. Please update the enclosed Bacteriological Sample Siting Plan (BSSP) to include the raw water sampling location (BSSP form enclosed), and return a copy to this office.” **I cannot locate a revised copy of the BSSP. Please provide us with a copy as soon as possible.**
- vii. **“Disinfection Byproducts Monitoring and Reporting:** This office has received your Stage 2 Disinfection Byproducts (DBPs) Compliance Monitoring Plan. In accordance with Section 64534.2 of CCR and based on historic sampling results, TOS is required to monitor Total Trihalomethanes (TTHM) and Haloacetic Acids (HAA5) on an annual frequency, and monitor DBP precursors (raw TOC, finished TOC and alkalinity) on a quarterly (quarter-year) frequency. Please find the enclosed Distribution Monitoring Schedule which displays the monitoring frequencies for DBPs and DBP Precursors for your system. Please use the spreadsheet entitled DBP Precursors Reporting Form.xls (paper enclosed; spreadsheet will be sent via email) for reporting the DBP precursors monitoring results to this office.” **I was informed during the meeting that Scotia is in compliance with this portion of the regulations.**
- viii. **“Chemical Monitoring, Raw Water:** Please find the enclosed Last Sample Date and Monitoring Schedule which lists the raw water chemical sampling schedule. These schedules can be found under “Klamath District 1” at: <http://www.cdph.ca.gov/certlic/drinkingwater/Pages/Monitoring.aspx>. Please conduct sampling for all chemical constituents that are listed as DUE NOW by the end of 2013.” **I was informed during the meeting that Scotia is aware of the chemical monitoring requirements and any constituents that are currently due or may be due this year, which include: copper, perchlorate, nitrate, and nitrite.**
- ix. **“Cross-Connection Control Program:** As discussed previously, and in compliance with Section 7584 of the CCR, TOS shall protect the public water supply from contamination by implementation of a cross-connection control program. The cross-connection control program shall include, but not be limited to, the following elements:
 - (a) The adoption of operating rules or ordinances to implement the cross-connection program.
 - (b) The conducting of surveys to identify water user premises where cross-connections are likely to occur,
 - (c) The provisions of backflow protection by the water user at the user's connection or within the user's premises or both,
 - (d) The provision of at least one person trained in cross-connection control to carry out the cross-connection program,

(e) The establishment of a procedure or system for testing backflow preventers, and
(f) The maintenance of records of locations, tests, and repairs of backflow preventers.” I was informed during the meeting that Scotia and their engineers are currently working on a cross-connection control program and that testable devices are being installed in appropriate locations as the distribution system is being upgraded.

- x. **“Water Treatment/Distribution Operators:** Mr. Rich McKnight is the Chief Water Treatment Operator and Water Distribution Operator and meets the system classifications for a Grade 2 Water Treatment (T2) Operator and Grade 1 Water Distribution (D1) Operator. Since Mr. McKnight is the only listed certified operator, it is imperative that the Shift Operators obtain at least a Grade 1 Treatment (T1) certification and that backup certified individuals are available in times when the Chief and Shift Operators may not be available.” I was informed during the meeting that Scotia is looking at hiring Dave Rodriguez as a contract shift operator for the water system.

2) In addition to going over the attached letter, we discussed the following items:

- a. I asked what the condition of the 1M-gal settling tank is. I was told that it leaks a little, maybe a pin hole leak, that seems to seal up once a few inches of sludge builds up in the bottom of the tank. I asked how often the tank is cleaned out, and I was told annually, when there is approximately 5-6 inches of sludge in the bottom.
- b. I was told that Filter #2 is the one that has had new media installed in it, a combination of sand and anthracite. Reportedly, Filter #1 still has the old, single sand media in it.
- c. I was told that the plant is currently operating at approximately 450gpm.
- d. I asked how the flow rate through the plant was regulated, and was told via butterfly valve.

Action Items:

- 1) It was asked during the meeting the time frame in which the technical, managerial, and financial (TMF) documents must be completed for the change in ownership. The answer to the question comes from Section 116540(a) of the (California Health & Safety Code) CHSC, which states that: “No public water system that was not in existence on January 1, 1998, shall be granted a permit unless the system demonstrates to the department that the water supplier possesses adequate financial, managerial, and technical capacity to assure the delivery of pure, wholesome, and potable drinking water. This section shall also apply to any change of ownership of a public water system that occurs after January 1, 1998”. This means that Town of Scotia must show that the water system has adequate TMF prior to the change of ownership or Scotia CSD must show that the water system has adequate TMF at the time of transfer, otherwise we likely cannot issue a permit to the CSD. Please also note that CALIFORNIA SAFE DRINKING WATER ACT, Article 11. Crimes and Penalties, §116725. Civil penalties. states: “(d) Any person who operates a public water system without a permit issued by the department pursuant to this chapter may be liable, as determined by the court, for a civil penalty not to exceed twenty-five thousand dollars (\$25,000) for each separate violation or, for continuing violations, for each day that violation continues”.
- 2) Provide our office with a date by which Town of Scotia will submit a Surface Water Treatment Operation Plan to our office.
- 3) Submit an Emergency Disinfection Plan to our office no later than August 1, 2016.
- 4) Confirm that Town of Scotia is in compliance with the turbidity monitoring and reporting requirements for the treatment plant monitoring data that will be reported for July 2016 and submitted to our office no later than August 10, 2016. I’ve attached the portion of the regulations related to this.
- 5) Provide our office with a copy of the updated BSSP no later than August 1, 2016.
- 6) Have the raw water analyzed for copper no later than August 1, 2016.
- 7) Provide our office with a date by which Town of Scotia will be providing us with a copy of the town’s cross-connection control program.

- 8) Provide our office with your plan and time frame for meeting the water treatment and distribution operator requires mentioned in Item “x.” above. I’ve attached the portion of the regulations related to this requirement for your review.

Ronnean Lund, Sanitary Engineer/State Water Resources Control Board, Division of Drinking Water/364 Knollcrest Drive, Suite 101, Redding, CA 96002/(w📞) (530) 224-6505/(c📞) (707) 616-5500/(f📠fax) (530) 2244844/ ✉ / Ronnean.Lund@waterboards.ca.gov

Emergency Disinfection Plan

Scotia Community Water System

Prepared for:

Town of Scotia, LLC

Prepared by:



Engineers & Geologists

812 W. Wabash Ave.

Eureka, CA 95501-2138

707-441-8855

August 2016

1.0 Introduction

This emergency disinfection plan was prepared on behalf of the Town of Scotia (TOS) by SHN Engineers & Geologists, in support of the technology, management, financial (TMF) assessment required for transfer of ownership from TOS to the Scotia Community Service District (SCSD).

As required in the California Code of Regulations, the chlorine residual at a water treatment plant (WTP) cannot drop below 0.5 parts per million (ppm) for more than 4 hours. This plan is intended to assist the WTP operators in preventing loss of chlorine residual in the event the chlorination system malfunctions.

2.0 Plant Shut Down

Immediately after an emergency has begun, shut down the WTP. To shut down the WTP, close the butterfly valve located on the filter effluent pipe.

3.0 Equipment Check

Check the following chlorination equipment for malfunction:

- Chlorinator
- Switch-over system
- Ejector system
- Dilution water supply

Once the malfunction has been identified, contact the necessary staff and/or repair company to fix the malfunction as soon as possible.

4.0 Emergency Chlorination

While the chlorination equipment is unavailable, there are three alternate chlorination options to ensure the 0.5-ppm chlorine residual is met. The first two methods can be used in the short-term to ensure the residual in the tank remains at 0.5 ppm while the plant is shut down. These methods involve adding either chlorine tablets or liquid hypochlorite to the top of the storage tank. The third method is intended for short-term operation of the WTP and would replace the chlorination feed system—injecting liquid hypochlorite directly into the combined filter effluent pipeline.

4.1 Tablet and Liquid Chlorination into the Storage Tank

Chlorine tablets or liquid hypochlorite can be added to the top of the storage tank to raise the chlorine residual to 0.5 ppm.

For every 100,000 gallons (0.1 MG) of water in the tank, to raise the residual by 0.1 ppm, add:

- 0.1 lb of tablets (0.2 tablets); or
- 0.7 lb of liquid (302.8 ml).

These values were calculated based on the assumption that each tablet contains 90% active chlorine, 3-inch tablets weighing approximately 0.5 lb each are used, and the liquid hypochlorite contains

12.5% active chlorine. Appendix A includes a step-by-step procedure of determining the amount of tablets or liquid hypochlorite needed for a specific situation.

The chlorine tablets should be added to the top of the tank using floating chlorinators. The liquid hypochlorite should be added to the top of the tank and the tank mixed to ensure proper distribution of the liquid throughout the tank.

After adding the tablets or liquid, the chlorine residual should be measured every 30 minutes. If the chlorine residual is not 0.5 ppm, repeat the procedure until 0.5 ppm is reached.

4.2 Liquid Chlorination in the Feed System

Liquid hypochlorite can be added directly to the combined effluent leaving the filters using a spare LMI chemical feed pump. This would allow the plant to remain in operation and meet 0.5-ppm chlorine residual. To determine the amount of liquid hypochlorite needed each day, the last chlorine gas dose should be used initially:

- Convert flow to MGD
- Solve for Feed (gpd): $\text{MGD} \times \text{Last Dose} \times (100 / \% \text{ Active Cl})$

Example:

Flow Rate:	350 gpm (0.504 MGD)
Dose:	1.26 mg/L
% Active Chlorine:	12.5%
Add:	5.1 gpd or 801.3 ml/hour

These values assume the liquid hypochlorite has 12.5% active chlorine. After starting this process, the chlorine residual leaving the tank should be measured every 30 minutes until 0.5 ppm is reached. If 0.5 ppm is not reached within 2 hours, adjust the dose rate accordingly. A step-by-step procedure for determining the amount of liquid hypochlorite for a specific situation is provided in Appendix A.

5.0 Chlorine Residual Monitoring

After a chlorine residual of 0.5 ppm has been reached using any of the three methods discussed above, the chlorine residual exiting the storage tank must be measured once every 4 hours, until the chlorine feed system is restored.

6.0 Disinfection of Household Water

The following procedures can be used by WTP customers in the case of an emergency where 0.5-ppm chlorine residual is not met upon water exiting the storage tank.

6.1 Heat Disinfection (Boiling)

Boil the water for at least one minute after reaching a rolling boil.

6.2 Chemical Disinfection

1. Strain water through a clean, tightly woven cloth into a clean container to remove any sediment or floating matter.
2. Purify the water with one of the following chemicals (choice of chemical is based on availability)
 - a. Hypochlorite solutions (PUREX, CLOROX, or other household bleach)

Read the label to find the percent of available chlorine in the solution and determine the number of drops needed to disinfect each quart of water from the table below:

Table 1 Drops of Bleach Needed Based on Available Chlorine		
Available Chlorine	Drops of Bleach to add to each quart of clear water	Drops of Bleach to add to each quart of cloudy water
1 %	10	20
4 to 6%	2	4
7 to 10%	1	2
If not known	10	20

Mix thoroughly by stirring or shaking water in container. Let stand for 20 minutes. A slight chlorine odor should be detectable in the water. If not, repeat the dosage and let stand an additional 15 minutes before using.

Appendix A

Procedure for calculating the amount of tablets and/or liquid hypochlorite needed to add to the tank:

1. Measure the current chlorine residual leaving the storage tank.
2. Measure the current volume of water in the storage tank.
3. Calculate the difference between the measured residual and the target residual (0.5 ppm):

$$\text{Needed Residual} \left(\frac{\text{mg}}{\text{L}} \right) = \text{Target Residual} \left(\frac{\text{mg}}{\text{L}} \right) - \text{Measured Residual} \left(\frac{\text{mg}}{\text{L}} \right)$$

4. Calculate the feed, in pounds, needed. For the purpose of these calculations, it is assumed that 100% of the chlorine added will remain as residual.

- a. For tablets, determine the available chlorine (%) in each tablet.

$$\text{Tablet Feed (lbs)} = \left(\text{Needed Residual}, \frac{\text{mg}}{\text{L}} \right) (\text{Tank Vol, MG}) \left(8.34 \frac{\text{lbs}}{\text{gal}} \right) \left(\frac{100}{\text{percent active Cl}} \right)$$

- b. For liquid, determine the available chlorine (%).

$$\text{Liquid Feed (lbs)} = \left(\text{Needed Residual}, \frac{\text{mg}}{\text{L}} \right) (\text{Tank Vol, MG}) \left(8.34 \frac{\text{lbs}}{\text{gal}} \right) \left(\frac{100}{\text{percent active Cl}} \right)$$

5. Convert lbs of chlorine needed to more usable units:

- a. For tablets, convert to number of tablets:

$$\text{Tablet Feed (\# of Tablets)} = \frac{\text{Tablet Feed (lbs)}}{\text{Weight of 1 Tablet 9 lbs}}$$

- b. For liquid, convert to gallons and/or ml:

$$\begin{aligned} 1 \text{ gallon} &= 8.34 \text{ lbs} \\ 1 \text{ gallon} &= 3785.41 \text{ ml} \end{aligned}$$

Procedure for calculating the amount of liquid hypochlorite needed to dose the combined filter effluent line:

1. Measure the flow rate, in MGD, at the injection point.
2. Determine the last chlorine gas dose used before the chlorination system shut down.
3. Determine the available chlorine in the liquid hypochlorite.
4. Calculate the feed needed in lbs per day:

$$\text{Feed(gpd)} = \left(\text{last Cl gas dose}, \frac{\text{mg}}{\text{L}} \right) (\text{flow, MGD}) \left(\frac{100}{\% \text{ Active Cl}} \right)$$

5. Convert the feed into usable units:

$$\text{Feed} \left(\frac{\text{lbs}}{\text{day}} \right) = \left(8.34 \frac{\text{lbs}}{\text{gal}} \right) (\text{Feed(gpd)})$$

$$\text{Feed} \left(\frac{\text{ml}}{\text{day}} \right) = (\text{Feed, GPD}) \left(3,785.4 \frac{\text{ml}}{\text{gal}} \right)$$

State Water Resources Control Board

Division of Drinking Water

WATER QUALITY EMERGENCY NOTIFICATION PLAN

Name of Utility: Town of Scotia Water System No. 1210010

Physical Location/Address: 108 Main Street, Scotia, CA 95565

The following persons have been designated to implement the plan upon notification by the Division of Drinking Water, SWRCB that an imminent danger to the health of the water users exists:

Water Utility: Contact Name & Title		Email Address	Day	Telephone Evening	Cell
1.	Rich McKnight, Water System Chief Operator	rmcknight@townofscotia.com	707-764-4312	Same as Cell	707-845-4324
2.	David Rodrigues, Water System Operator	davidanthony5252@yahoo.com	707-764-4312	Same as Cell	707-832-9928
3.	Brandon Wishneff, Technical Staff	bwishneff@townofscotia.com	707-764-4312	Same as Cell	707-498-0542
4.	Frank Bacik, President	fbacik@townofscotia.com	707-764-4131	Same as Cell	707-845-4995

The implementation of the plan will be carried out with the following DDW-SWRCB personnel:

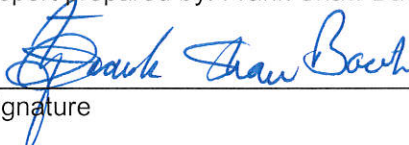
DDW-SWRCB: Contact Name & Title		Day	Telephone	Cell
1.	Ronnean Lund, Sanitary Engineer DDW-SWRCB	530-224-6505		707-616-5500
2.	Barry S. Sutter, Klamath District Engineer DDW-SWRCB	530-224-4875		

If the above personnel cannot be reached, contact:

Office of Emergency Services Warning Center (24 hrs) (800) 852-7550 or (916) 845-8911
When reporting a water quality emergency to the Warning Center, please ask for the State Water Resources Control Board – Division of Drinking Water Duty Officer

Town of Scotia is a small, private community (270 homes) located in one rural district. All residential homes and majority of commercial, industrial, and institutional buildings are owned by a single entity, Town of Scotia Company, LLC. Emergency notification, signage and notice postings can be effectively made to each water customer in a short time by town staff or by volunteer fire fighters. The water plant itself is remote from the population center, located on industrial timberland across US 101.

Report prepared by: Frank Shaw Bacik, President


Signature

8/1/2016
Date

BACTERIOLOGICAL SAMPLE SITING PLAN

As part of the Total Coliform Rule, the location from which samples are taken is to be varied. All water systems are required to submit a bacteriological sample siting plan. The plan shall show the locations of all sample sites from which bacteriological tests are taken. Sample sites are to be representative of all pressure zones and each water source of the distribution system.

WATER SYSTEM INFORMATION

System Name: Town of Scotia	System #: 1210010	
Street Address: 108 Main Street, Scotia, CA	Phone #: 707-764-4131	
Mailing Address: P.O. Box 245	Fax #: 707-764-4150	
Service Connections: 307	Population Served: 1,000	Sampling Frequency: Monthly

SAMPLE COLLECTION

All water samples will be collected by: Rich McKnight, TOS

Name of Laboratory: North Coast Laboratories

Mailing Address: 5680 West End Road, Arcata, CA 95521

State Lab Code: ELAP 1247 Phone #: 707-822-4649 Fax #: 707-822-6831

The Laboratory was sent a copy of this plan on: (Not Applicable)

RAW WATER SAMPLING

Is the water continuously treated with chlorine?	<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
--	---	-----------------------------

Systems, which provide continuous chlorine treatment, are required to take samples of water prior to the addition of chlorine (raw water samples) on a quarterly basis. Please list below the sources which are continuously treated and the months when raw water samples will be taken:

1. Eel River Surface Water	Months sampled: Every Month (Jan through Dec)
2. _____	Months sampled: _____

MAP OF SYSTEM

A map of the distribution system showing the source (well, spring, etc.), storage tanks, treatment facilities, distribution piping, routine sample locations, and follow-up (repeat) sample locations is required. Have you enclosed this map?

<input checked="" type="checkbox"/> YES	<input type="checkbox"/> NO
---	-----------------------------

(OVER)

BACTERIOLOGICAL SAMPLE SITING PLAN (cont.)

SAMPLE LOCATIONS

The following describes each routine sample location, what months the location will be sampled, and where follow-up (repeat) samples will be taken in the event of a "positive" routine sample.

Routine Sample Location:

1. Scotia Fire Hall
(location name or address)

Description: Sink Faucet
(hose bib, sink faucet, etc.)

Water samples will be collected from this location during the months of (circle):

1 st Qtr:	Jan.	Feb.	Mar.
2 nd Qtr:	Apr.	May	Jun.
3 rd Qtr:	Jul.	Aug.	Sep.
4 th Qtr:	Oct.	Nov.	Dec.

Follow-up (repeat) Sample Locations:

1. Scotia Fire Hall (Sink Faucet)
(routine sample location name or address)

2. 141 Main Street (Hose Bib)
(location name or address up-stream)

3. 149 Main Street (Hose Bib)
(location name or address down-stream)

4. Eel River Surface Water
(source)

Routine Sample Location:

1. Finished Water Tank
(location name or address)

Description: Sample Port
(hose bib, sink faucet, etc.)

Water samples will be collected from this location during the months of (circle):

1 st Qtr:	Jan.	Feb.	Mar.
2 nd Qtr:	Apr.	May	Jun.
3 rd Qtr:	Jul.	Aug.	Sep.
4 th Qtr:	Oct.	Nov.	Dec.

Follow-up (repeat) Sample Locations:

1. Finished Water Tank (Sample Port)
(routine sample location name or address)

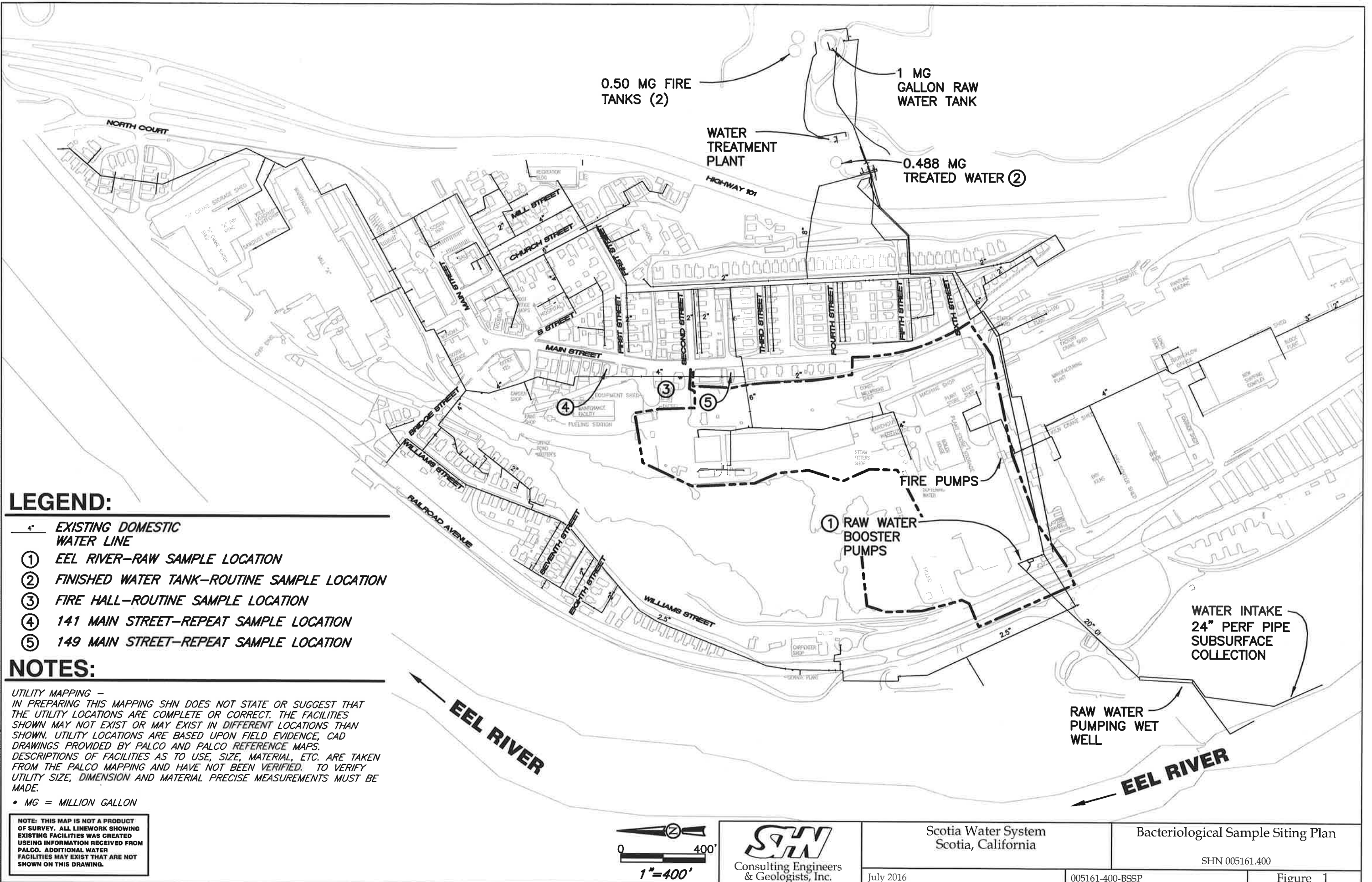
2. Raw Water Tank (Sample Port)
(location name or address up-stream)

3. 141 Main Street (Hose Bib)
(location name or address down-stream)

4. Eel River Surface Water
(source)

Report Prepared by: Mike Foyet PE
Signature and Title: [Signature] Project Engineer Date: 8/1/16
Town of Scotia

I:\2005\005161\005161_400 Scotia Phasing\dwg, SAVED: 7/28/2016 10:37 AM CNEWELL, PLOTTED: 7/28/2016 10:38 AM, CHRIS D. NEWELL



LEGEND:

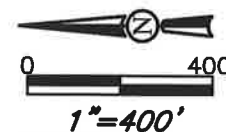
- EXISTING DOMESTIC WATER LINE
- ① EEL RIVER-RAW SAMPLE LOCATION
- ② FINISHED WATER TANK-ROUTINE SAMPLE LOCATION
- ③ FIRE HALL-ROUTINE SAMPLE LOCATION
- ④ 141 MAIN STREET-REPEAT SAMPLE LOCATION
- ⑤ 149 MAIN STREET-REPEAT SAMPLE LOCATION

NOTES:

UTILITY MAPPING -
IN PREPARING THIS MAPPING SHN DOES NOT STATE OR SUGGEST THAT THE UTILITY LOCATIONS ARE COMPLETE OR CORRECT. THE FACILITIES SHOWN MAY NOT EXIST OR MAY EXIST IN DIFFERENT LOCATIONS THAN SHOWN. UTILITY LOCATIONS ARE BASED UPON FIELD EVIDENCE, CAD DRAWINGS PROVIDED BY PALCO AND PALCO REFERENCE MAPS. DESCRIPTIONS OF FACILITIES AS TO USE, SIZE, MATERIAL, ETC. ARE TAKEN FROM THE PALCO MAPPING AND HAVE NOT BEEN VERIFIED. TO VERIFY UTILITY SIZE, DIMENSION AND MATERIAL PRECISE MEASUREMENTS MUST BE MADE.

• MG = MILLION GALLON

NOTE: THIS MAP IS NOT A PRODUCT OF SURVEY. ALL LINEWORK SHOWING EXISTING FACILITIES WAS CREATED USING INFORMATION RECEIVED FROM PALCO. ADDITIONAL WATER FACILITIES MAY EXIST THAT ARE NOT SHOWN ON THIS DRAWING.



SH
Consulting Engineers
& Geologists, Inc.

Scotia Water System
Scotia, California

July 2016

005161-400-BSSP

Bacteriological Sample Siting Plan

SHN 005161.400

Figure 1

State of California
Department of Health Services

IN ACCORDANCE WITH DIVISION 104, PART 1, CHAPTER 4, ARTICLE 3
OF THE HEALTH AND SAFETY CODE

David A. Rodrigues

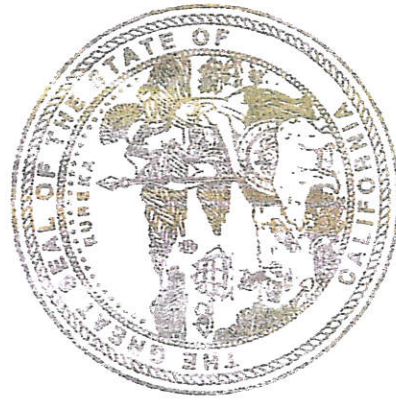
IS AUTHORIZED TO OPERATE OR SUPERVISE THE OPERATION OF A WATER DISTRIBUTION SYSTEM
AND IS HEREBY GRANTED THIS CERTIFICATE FOR

Water Distribution Operator

Grade D2

Operator Number: 32194

Issued:
January 2008



Rufus B. Howell

STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES



State of California
Department of Public Health

This verifies that the individual named below
has paid the appropriate fee and is a certified

Water Distribution Operator

Name: David A. Rodrigues

Level: Grade D2

Expires: 1-1-2017

Operator # 32194

Fee Paid: \$60

Due: 9-1-2016

Signature: _____

A handwritten signature in cursive script, appearing to read "David A. Rodrigues", written over a horizontal line.

*State of California
Department of Health Services*

IN ACCORDANCE WITH DIVISION 104, PART 1, CHAPTER 4, ARTICLE 3
OF THE HEALTH AND SAFETY CODE

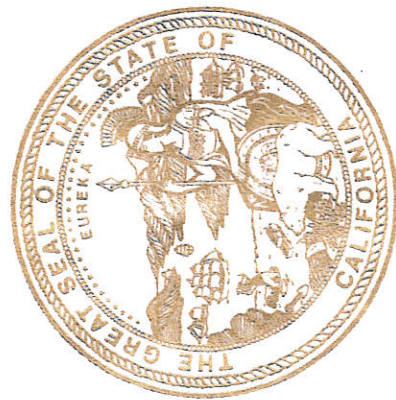
David A. Rodrigues

IS AUTHORIZED TO OPERATE OR SUPERVISE THE OPERATION OF A WATER TREATMENT FACILITY
FOR PRODUCTION OF WATER FOR DOMESTIC USE AND IS HEREBY GRANTED THIS CERTIFICATE FOR

Water Treatment Operator
Grade T2

Operator Number: 26491

Issued
July 2006



David A. Rodrigues
STATE OF CALIFORNIA, DEPARTMENT OF HEALTH SERVICES



State Water Resources Control Board

This verifies that the individual named below
has paid the appropriate fee and is a certified

Water Treatment Operator

Name: David A. Rodrigues
Level: T2 Operator # 26491
Expires: 7-1-2018 Fee Paid: \$60
Due: 3-1-2018

Signature: _____

A handwritten signature, likely of David A. Rodrigues, is written over the signature line. The signature is in cursive and appears to read "David A. Rodrigues".

Scotia Community Services District Staff Report

DATE: August 25, 2016
TO: Scotia CSD Board of Directors
FROM: Steve Tyler, Interim General Manager
SUBJECT: SCSD Professional Services Contract Extension 3, with Scope 3 with Planwest Partners Inc.

RECOMMENDATION:

Authorize the Board President to sign staffing contract extension 3 and scope with Planwest Partners Inc. for Staffing services.

DISCUSSION:

This third extension contract utilizes the same scope and budget approved in extension 2 on June 23, 2016.

ACTION:

Commission Chair sign and date staffing services agreement with Planwest Partners Inc..

FISCAL IMPACT:

See attached scope within Contract and Scope Agreement.

**EXTENSION TWO OF AGREEMENT BETWEEN
THE SCOTIA COMMUNITY SERVICES DISTRICT
AND
PLANWEST PARTNERS INC.
FOR PROFESSIONAL SERVICES**

THIS AGREEMENT EXTENSION for Professional Services (“Agreement”) is made by and between Planwest Partners Inc., a planning consulting firm, hereinafter referred to as “Consultant,” and the Scotia Community Services District, hereinafter referred to as “District.” This Agreement is effective as of date signed by both parties and extends the Original Agreement through November 30, 2016.

- 1. Scope of Services.** Consultant will perform professional services for District in accordance with Exhibit A, Scope of Services, attached hereto and incorporated herein.
- 2. Term.**
 - a) Commencement. No services shall be performed or furnished under this Agreement until District has provided notice to commence services to the Consultant, which shall not occur until after full execution of this Agreement by both parties and receipt by District of all insurance certificates.
 - b) Termination. Either party may terminate this Agreement upon 10 days written notice. In such event, Consultant will be entitled to invoice District for and to receive payment for all acceptable services performed or furnished under the Agreement, if applicable, and all reimbursable expenses incurred through the effective date of termination.
 - c) Time for Completion. Consultant shall complete specific tasks in accordance with time frames outlined in Exhibit A.
- 3. Compensation for Services.**
 - a) Payment. District shall pay Consultant on a time and materials basis at the rates specified in Exhibit B, Payment Schedule, attached hereto and incorporated herein.
 - b) Invoicing. Consultant shall prepare and submit its invoices to District no more than once per month and shall provide a time summary of work performed. District to pay undisputed invoices within 30 days of receipt. If District disputes an invoice, it may withhold that portion so contested and shall pay the undisputed amount.
- 4. Professional Standards.** The standard of care for all professional services performed or furnished by Consultant under this Agreement will be the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time and in the same locality. Consultant shall be responsible for the professional and technical soundness, accuracy, and adequacy of all work and materials furnished under this Agreement.
- 5. Independent Contractor Status.** Consultant is performing services as an independent contractor for District, and is neither an employee nor an agent of District. Except as otherwise provided in this Agreement, Consultant shall have sole control over the manner and method of performance of the services, and District’s only interest shall be in the results of such services. District’s liability hereunder shall be limited to payment of the compensation provided in this Agreement. Consultant agrees and acknowledges that it is not entitled to any benefits or insurance, including without limitation any medical, unemployment, or disability benefits, on District’s account. This Section shall also apply to any of Consultant’s subcontractors.

- 6. Document Submission and Title to Documents.** Consultant agrees that all data, plans, reports, maps, memoranda, manuals, letters and other written or graphic work produced in the performance of this Agreement is considered work made for hire and shall be the property of District upon delivery. District may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Agreement.
- 7. Designation of Representative.** Consultant and District shall designate specific individuals to act as representatives (“Designated Representative”), who shall have District to transmit instructions, receive information, and implement the Agreement on behalf of each respective party. Either party may change its Designated Representative or the address of its Designated Representative by giving reasonable notice to the other party.
- 8. Notice.** All notices required or permitted hereunder shall be in writing and shall be deemed to have been properly given and delivered when delivered personally (including by commercial messenger or courier or by facsimile transmission) or four (4) days after deposit in the U. S. mail with all postage or charges fully prepaid and addressed to the authorized representative of the appropriate party.

Scotia Community Services District
Rick Walsh, Board President
122 Main Street
Scotia, CA 95565

Planwest Partners Inc.
George Williamson, Principal Planner
1125 16th Street, Suite 200
Arcata, CA 95521

9. Indemnification.

When the law establishes a professional standard of care for Consultant’s services, to the fullest extent permitted by law, Consultant shall indemnify and hold harmless District and its boards, task forces, officials, employees and agents (collectively “Indemnified Parties”) from and against any and all losses, liabilities, damages, costs and expenses, including attorney’s fees and costs to the extent same are caused in whole or in part by any negligent or wrongful act, error or omission of Consultant, its officers, agents, employees or sub-contractors or any entity or individual for which Consultant shall bear legal liability in the performance of professional services under this Agreement.

10. Insurance.

a) Insurance Requirements.

- i. Prior to performing any services hereunder and until the services have been completed in accordance with this Agreement and accepted by District, the Consultant shall maintain insurance in full compliance with all of the provisions of this Section 10. In the event the Consultant sublets or subcontracts any part of the services, each subcontractor shall be bound by the same terms and conditions concerning insurance as outlined herein and this Section 10 will be made a part of any such subcontract agreement.
- ii. As evidence of specified insurance coverage, District may, in lieu of actual policies, accept certificates issued by the insurance carrier showing such policies in force for the specified period and naming District as an additional insured thereunder, except Professional Liability Insurance and Workers Compensation.
- iii. District reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Consultant ninety (90) days advance written notice.

- b) Professional or Errors and Omissions Insurance. Consultant shall purchase and maintain such Professional or Errors and Omissions Insurance for the services performed and furnished as will provide protection from any claim arising out of any negligent act, error or omission in rendering or failing to render professional services either committed or alleged to have been committed by Consultant or by anyone employed by Consultant to perform or furnish any of the services, or by anyone for whose acts any of them may be liable. Such coverage shall not be subject to a Self-

Insured Retention (SIR) greater than \$100,000, and for not less than \$1,000,000 Single Limit, any one claim and annual aggregate.

- c) Workers' Compensation Insurance. Consultant shall purchase and maintain such Workers' Compensation covering all employees and volunteers as required by the State of California, and on a state-approved policy form.
- d) Commercial General Liability. Insurance Services Office (ISO) "Commercial General Liability" policy form CG 00 01 or equivalent. Coverage for additional insured shall not be limited to vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than \$1,000,000 general aggregate.
- e) Automobile Liability Insurance. ISO Business Auto Coverage for CA 0001 including symbol 1 or equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Consultant or Consultant's employees will use personal autos in the performance of any duties under this Agreement, Consultant shall provide evidence of personal auto liability coverage for each such person.

11. Dispute Resolution. The parties agree to negotiate any disputes over the performance of their respective rights and obligations under this Agreement in good faith for a period of at least 30 days after the date of notice invoking the need for dispute resolution or exercising rights under law. Neither party may initiate court action prior to such good faith negotiation and following that prior to good faith third-party mediation.

12. Governing Law, Venue. This Agreement and performance hereunder and all suits and special proceedings shall be interpreted in accordance with California law. Venue shall be fixed in Humboldt County.

13. Authority. Each party hereto warrants and represents to the other party that such party has the full right, power and District to enter into this Agreement and has obtained all necessary consents and approvals to consummate the transaction contemplated hereby.

14. Negotiated Agreement, Interpretation. This Agreement has been negotiated by the parties hereto. Each of the parties has had full opportunity to have this Agreement reviewed by an attorney acting on such party's behalf. The language of the Agreement shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof or by reason of the status of the respective parties.

15. Entire Agreement/Modifications and Amendments. This Agreement and all attachments constitutes the entire agreement between District and Consultant as to the subject matter hereof. It supersedes all prior communications, representations, or agreements, whether oral or written. 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.

16. Assignment, Subcontract. Consultant may assign its rights, interests, duties or obligations under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date of the last party signing.

SCOTIA COMMUNITY SERVICES DISTRICT: **Designated Representative:**

Name: Rick Walsh, Board President
Phone: (707) 506-3030

Date: _____

Attest:

PLANWEST PARTNERS INC:

Designated Representative:

By Its: Principal

Name: George Williamson
Phone: (707) 825-8260
Fax: (707) 825-9181
E-mail: georgew@planwestpartners.com

Date: _____

Attach: Exhibit A, Exhibit B

EXHIBIT A

Scotia Community Services District Scope 3

Part 1. Scope of Services for Conducting a Second Round of Proceedings for Property-Related Fees and Assessments

The following scope of services outlines tasks and actions needed to establish property-related user fees and assessments to maintain and improve essential services and facilities for the Scotia Community Services District (CSD). Planwest offers a team of planners and services specialists with Proposition 218 experience, including preparing mailed notices associated with such proceedings, conducting required public hearing and tabulation.

Task 1 Board Adopts Resolution and Procedures to Call Public Hearing and Reviews any Changes to the Rate Studies and Engineers Reports

This Scope includes a Proposition 218 Process to establish user fees and benefit assessments for the following services:

User Fees

Water

Wastewater

Benefit Assessments

Fire Protection

Storm Drainage

It is recommended that the Board follow adopted procedures for the tabulation and acceptance of protests as laid out in SCSD Resolutions 2016-5 & 2016-6.

Planwest will review any changes to the Rate Studies and Engineer's Reports, prepared by SHN, for Board consideration and approval. A description of the state requirements for rate studies and engineer's reports are described below.

Rate Studies

Article XIII D, Section 6(b) of the California Constitution sets forth substantive requirements for property-related fees. Specifically, Section 6(b) provides that: A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

- (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.
- (5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners....

The rate study will be prepared to demonstrate that the proposed fees and charges are imposed as an incident of property ownership, and will serve as evidentiary support of compliance with the five substantive requirements.

Engineers Report

Article XIII D, Section 4 of the California Constitution sets forth substantive requirements for assessments. Specifically, Section 4(a) provides that:

An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

The Engineer's Reports will be prepared to demonstrate that the properties in question receive a special benefit over and above the benefits conferred on the public at large, and will serve as evidentiary support of compliance with the substantive requirements described above.

Key Actions: Board accepts the Rate Studies and Engineer's Reports at regular board meeting, and adopts resolution(s) to call the public hearings.

Task 2 Notice

User Fee Notice Requirements:

Article XIII D, Section 6(a) includes the following requirements for the mailed notice with respect to a property-related fee:

The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

Where a property-related fee is charged by direct billing, Government Code Section 53755 authorizes (but does not require) that notice may be mailed to *customers*, rather than to *property owners*, when it is the customers who are billed for a service. Even if notice is mailed to customers pursuant to Section 53755, it must also be sent to record property owners "if the agency desires to preserve any authority it may have to record or enforce a lien." In the case of Scotia, current customers and property owners are the same (TOS, HRC, and School District).

The notice will include pertinent information about the rate setting process and a description of the proposed rate structure (i.e., rate tables). The notice will also indicate any automatic future increases proposed, such as adjustments for inflation. Note that Government Code Section 53756 specifically limits the types of adjustments permissible and the period (no more than five years) over which adjustments can be applied without conducting new Section 6(a) proceedings.

Information will be included in the notice about when the proposed fee will go into effect, how often the fee is billed, and how the fee is collected. The notice will also indicate where property

owners/customers can get information about their historical water use, their meter size, or other criteria factors that go into calculation of the amount they will be charged. Property owners/customers might be referred to look at past bills, call the agency, or (for meter size) look at the information stamped on their water meter. The notice will provide information about the public hearing and how to submit written protests, and will reference adopted procedures for tabulation and acceptance of protests.

Assessment Notice Requirements

Article XIII D, Section 4(c) includes the following requirements for the mailed notice with respect to assessments:

The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

Each notice will contain a ballot whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment. The notice will provide information about the public hearing(s) and how to submit ballots, and will reference the adopted procedures for tabulation and acceptance of ballots.

Task 3 Informational Meeting and Outreach

In addition to noting the date and location of the public hearings, the date(s) of any regular or special Board meetings that will be held for informational purposes to receive public comment will be noticed with proper noticing requirements. Additional outreach efforts by CSD staff, such as presentations to affected property owners, may be made for promoting the assessment.

Key Action: Hold informational meetings (during 45-day period that must elapse between mailing of the ballots and the public hearing).

Task 4 Hearing

Not less than 45 days after the notices are mailed, the SCSD Board must hold a public hearing on the fees and assessments. Any report or study may be entered into the record of this hearing, as may any written communications and written protests/ballots received from property owners, customers, or members of the public. Written protests and ballots will be accepted by the Clerk through the end of the public testimony portion of the public hearing.

A typical procedure for the public hearing is as follows:

1. Chair announces hearing.
2. Staff gives report.
3. Staff announces both the number of "writings purporting to be protests" that have so far been received as well as the threshold at which a majority protest exists.
4. Public testimony
5. Chair does a "last call" for protests and closes public testimony.
6. Clerk announces the final number of protests and whether a majority protest exists.

7. Legislative body discusses item.
8. If there is no majority protest, the legislative body may (but is not required to) adopt the fee/assessment.

It is common for agencies to continue consideration of the matter to a later date after closing public testimony in order to give the Clerk an opportunity to tabulate protests after the meeting (preferably in an announced public location). This may be necessary if there is a need to check the validity of protests, or (where the agency has not been opening protests as they come in) the need to open the protests.

Task 5 Protest

To be counted, written protests must be received before the close of the public hearing. The deadline applies regardless of whether the written protest is mailed or hand-delivered at the public hearing. The Clerk will be tabulating the written protests and reporting the outcome, unless a separate independent entity is arranged.

User Fee Protest Requirements

Article XIII D, Section 6(a) provides that:

At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

Note that only written protests count in these proceedings and, unlike for benefit assessments, protests are counted on a one protest per parcel basis. This is clarified by Government Code Section 53755(d), which provides that:

One written protest per parcel, filed by an owner of the parcel, shall be counted in calculating a majority protest to a proposed new or increased fee or charge subject to the requirements of Section 6 of Article XIII D of the California Constitution.

Protests proceedings provide that “‘property ownership’ shall be deemed to include owners of real property that are directly liable to pay the assessment, fee, or charge in question.” This would include, at a minimum, customers on the records of the local agency.

Assessment Protest Requirements

Article XIII D, Section 4(e) provides that:

At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

Key Action: Tabulate ballots at public hearing or alternate date. Announce results.

Part 2. Scope of Services: Technical, Managerial, and Financial Report Assistance

Staff will assist SHN with content for the Technical, Managerial, and Financial Reports as needed.

Part 3. Scope of Services Ongoing Staffing

The current staffing agreement ends August 30, 2016. This scope extends staffing services to November 30, 2016, and may be extended at Client's discretion. This scope would include:

- 5.1 CSD Board Meetings preparations & attendance
- 5.2 Administrative Duties including office staffing
- 5.3 Website postings & management
- ~~5.4 Working Group meetings preparations & attendance~~
- 5.5 Budgeting

*Task 5.4 does not have time allotted, as staff does not currently feel that working group meetings will be needed in this staffing scope.

EXHIBIT B - PAYMENT SCHEDULE

Compensation for Scope of Services

Board Secretary/Clerk: \$58.00 per hour

Interim General Manager: \$58.00 per hour

District Engineer: \$58.00 per hour

Planner: \$58.00 per hour

GIS Analyst: \$62.00 per hour

Planner/Analyst: \$84.00 per hour

Principal: \$108.00 per hour

+ direct expenses

Scotia Community Services District Staff Report

DATE: August 25, 2016
TO: Scotia CSD Board of Directors
FROM: Steve Tyler, Interim General Manager
SUBJECT: Scotia CSD Mission Statement

RECOMMENDATION:

Draft and amend the SCSD Mission Statement (currently on the SCSD Website)

DISCUSSION:

Current Mission Statement:

Scotia Community Services District's Mission

is to provide all of Scotia with safe, adequate and reliable water, sewer, storm drainage and fire protection services, and to maintain civic parks and recreation facilities, streets and street lighting in an environmentally and fiscally responsible manner.

Proposed (redline):

Scotia Community Services District's Mission

is to provide all of Scotia with safe, adequate and reliable drinking water, raw water, and sewerwastewater; assist the County with storm drainage, and streets and street lighting and fire protection services within SCSD easements; and to maintain civic parks and recreation facilities, streets and street lighting in an environmentally and fiscally responsible manner.

Proposed:

Scotia Community Services District's Mission

is to provide all of Scotia with safe, adequate and reliable drinking water, raw water, and wastewater services; assist the County with storm drainage, and streets and street lighting services within SCSD easements; and to maintain parks and recreation facilities, in an environmentally and fiscally responsible manner.

ACTION: Approve Mission Statement.

FISCAL IMPACT: None.

August 12, 2016

Ms. Leslie Marshall
Board Clerk
Scotia Community Services District
Post Office Box 104
Scotia, California 95565

Dear Ms. Marshall:

Thank you for the opportunity to provide Scotia Community Services District with this 2016-17 Property/Liability Package Program quotation. Established in 1986, the Special District Risk Management Authority has a proven reputation for competitive rates, actuarially based fiscal management, and sound underwriting practices. We are confident that our Property/Liability Program offers the highest level of protection and service at the lowest possible rate.

Valid for sixty (60) days from the date of this letter, the following quotation represents twelve (12) months of coverage and is subject to verification and final underwriting review. Scotia Community Services District's quotation is as follows:

PROPERTY/LIABILITY PROGRAM QUOTATION

Coverage Limits: \$2.5 Million - July 1, 2016 through June 30, 2017

\$52,953.02

SCHEDULED PROPERTY

COVERAGE	TOTAL INSURED VALUE	DESCRIPTION
Property Inventory	\$19,419,000	7 scheduled structures or contents
Vehicle Inventory	\$0	0 scheduled vehicles
Mobile Floater Equipment	\$0	0 mobile equipment items
Trailer Inventory	\$0	0 scheduled trailers
Dam Failure Liability Limit	\$2,500,000	Included in quotation above

Members can reduce their future year premiums through SDRMA's Credit Incentive Program (CIP). Credit incentives of up to 15% of the contribution can be earned for completion of approved risk management and training programs.

Please be advised that coverage may be bound upon submitting the following documentation:

- Adoption of a Resolution by the Scotia Community Service District Board of Directors approving the form and authorizing the Execution of the Sixth Amended Joint Powers Agreement and agreeing to membership in the SDRMA Property/Liability Package Program for an initial 3-year commitment. Members are eligible for future longevity distributions after satisfying the initial 3-year commitment.
- Execution and delivery of the Sixth Amended Joint Powers Agreement of the Special District Risk Management Authority.

Scotia Community Services District

Page 2

- Submission of six (6) years of Property/Liability loss history.
- Completion of the Alliant Crime Policy application.
- Approval by SDRMA's Board of Directors of the Scotia Community Services District's membership in the Property/Liability program. (In the event the Scotia Community Services District requires coverage prior to approval by SDRMA's Board of Directors, the SDRMA CEO is authorized to issue a 60-day conditional binder).
- Annual Membership in California Special Districts Association is required and separate from this quotation.
- Upon receipt of all membership documents, SDRMA will forward a pro-rated invoice for the annualized Property/Liability package program contribution.

We look forward to the Scotia Community Services District's participation in the SDRMA Property/Liability Program. Should you have any questions, or if we can provide any additional information, please do not hesitate to contact us toll-free at 800.537.7790. All necessary membership documents will be sent to you upon notification of the District's decision to proceed with membership in the program.

Sincerely,
Special District Risk Management Authority



Ellen Mirabal Doughty
Chief Member Services Officer

Actions Required to Secure Membership in the Special District Risk Management Authority Property/Liability Program

- ☐ **Attachment One:** Adoption of A Resolution of the Board of Directors Approving the Form of and Authorizing Execution of a Sixth Amended and Restated Joint Powers Agreement and Authorizing Participation in the Special District Risk Management Authority Property/Liability Program. Please note, the Board President/Chairperson or an Agency staff member with signature authorization must sign this document.
- ☐ **Attachment Two:** Execution of the Sixth Amended and Restated Joint Powers Agreement Relating to the Special District Risk Management Authority. Please note, the Board President/Chairperson or an Agency staff member with signature authorization must sign this document.
- ☐ **Attachment Three:** Completion of the Crime Policy Application for SDRMA for employee and public officials' fidelity blanket bond. The General Manager or another financial administrative staff member should complete and sign this application.
- ☒ **Attachment Four:** Please submit six years of detailed loss history including years 2010-2016. If six years are not available, please provide on Agency letterhead an explanation as to why the loss runs are not available and/or an indication of all known losses. If the Agency has no losses, please provide on Agency letterhead a no known losses letter indicating such for this six-year period.
- ☒ **Attachment Five:** By-Laws of Special District Risk Management Authority. No action required as this item is for the Agency's review and file.

Please complete and return all items to:

Ellen Doughty or Wendy Tucker
Special District Risk Management Authority
1112 "I" Street, Suite 300
Sacramento, California 95814

Premium and Payment Terms

Special District Risk Management Authority's property and liability program policy period for all accounts is July 1 through June 30. Upon receipt of the Agency's membership documents, SDRMA will forward a pro-rated invoice. Payments are due upon receipt of the invoice.

New Member Packet

Each member will receive a new member packet containing SDRMA membership contact information and a certificate of coverage. Additionally, once the Agency's membership documents have been processed, a copy of the fully executed Sixth Amended and Restated Joint Powers Agreement will be forwarded for your files.

Loss Prevention Program

Upon securing membership in SDRMA, the Agency will be contacted by SDRMA's Safety and Loss Prevention staff to schedule a comprehensive on-site safety analysis by a certified safety professional, at no additional cost to the member. This value-added service is intended to take a proactive approach to loss prevention, claims education and management. Should you have any questions regarding our safety and loss prevention program, please contact our Chief Risk Officer Dennis Timoney at 800.537.7790

Please do not hesitate to call Ellen Doughty or Wendy Tucker at 800.537.7790, should you have any additional questions. For more information regarding SDRMA services, please visit our website at www.sdrma.org.

Property/Liability Package Coverage

Special District Risk Management Authority (SDRMA) offers a straightforward, uncomplicated program for special districts and other public agencies. Coverage documents are broad form manuscript policies written on an "occurrence form" to ensure the highest level of coverage and maximum protection of assets for governmental entities providing municipal services. Established in 1986, this program has a proven reputation for stable, competitive rates, actuarially based fiscal management, and sound underwriting practices. We offer multi-program discounts and also reward members through longevity distributions.

COVERAGE

- General Liability Minimum Limits of \$2.5 Million Per Occurrence (Higher limits available upon request)
- Property Limits \$1,000,000,000 Per Occurrence
- Ancillary coverages are offered on a member-by-member basis
- SDRMA maintains a Self-Insured Retention that is periodically adjusted based on market conditions

CLAIMS MANAGEMENT PROGRAM

SDRMA recognizes that claims management is a critical component and serves as the strength of our risk management program. Under the supervision of Chief Risk Officer Dennis Timoney, property and liability claims are processed, managed and adjusted "in-house". Our primary objective is to positively impact the overall cost of property and liability coverages, as well as provide employees and employers fair and equitable claims management and resolution. SDRMA uses state-of-the-art claims management software to provide an accurate up-to-date status of each claim, loss run reports and financial information. Moreover, SDRMA's role is not to be adversarial, but to create a partnership with its members.

LOSS CONTROL AND PREVENTION PROGRAM

SDRMA believes the key to a successful loss control and prevention program is quality, relevant education. Our members are provided with a variety of loss prevention programs, at no additional cost, including an online certified safety training program, free webinars and training seminars, on-site educational programs (upon request) and access to a library containing more than 200 training videotapes & DVD's.

MEMBERPLUS SERVICES

Members participate in a complimentary safety management program including:

- Personalized On-line Member Resources – MemberPlus Online™
- State-of-the-Art On-line Safety Training - TargetSolutions™
- Loss Prevention Allowance Fund for Reimbursement of Approved Safety Equipment/Training up to \$1,000 per year
- Employment Law Legal Hotline
- On-Site Loss Control Visits and Risk Analysis
- Training Workshops/Webinars (safety, loss prevention)
- Safety, Claims Handling and Risk Reduction Training
- Comprehensive Safety & Risk Management Multimedia Library
- Premium-Reduction Credit Incentive Program (CIP)
- Occupational Safety & Health Program
- Safety & Claims Policy Manual
- Monthly Review of Claims Loss Reports
- Ergonomic Evaluations of Work Areas
- Contract Review and Transfer of Risk Analysis
- DMV Record Review
- Special Events Liability Assistance

RISK MANAGEMENT SERVICES

Property and liability coverage protection is just one component of SDRMA's overall risk management program. Our risk management program includes risk assessment, risk analysis, risk protection (insurance coverage) and loss control. Asset protection for Agency exposures, assisting in preventing future losses, educating Agency staff, monitoring the Agency's regulatory environment and providing the Agency with access to a risk manager are all elements of the overall risk management program.

ELIGIBILITY REQUIREMENTS

SDRMA's eligibility requirements provide that member agencies:

- Must be a public agency formed under the California Government Code
- Execute the SDRMA Joint Powers Agreement
- Commit to an initial three program year member enrollment (thereafter coverage may be renewed annually)
- Maintain annual membership in California Special Districts Association (CSDA)

Please do not hesitate to call Special District Risk Management Authority at 800.537.7790, should you have any questions.

Property/Liability Package Coverage Description

GENERAL LIABILITY

General liability coverage provides protection for claims and losses arising from third-party personal injury, bodily injury and property damages. Coverage includes: subsidence (associated with main leaks and breaks), sudden and accidental release of chlorine, water and wastewater as a completed product (not pollution), failure to supply, sewer overflow/backups, hazardous material loading/unloading, volunteers/employees and inverse condemnation and dam failure liability (by endorsement). There are no general liability policy sub-limits. Limit: minimum \$2,500,000 per occurrence; no annual aggregate. Deductible: None; \$500 (property damage only) per occurrence.

AUTO LIABILITY

Auto liability coverage protects members from lawsuits for bodily injury and property damages to the public arising out of ownership, maintenance or use of a covered vehicle. Coverage includes: owned vehicles, non-owned and hired vehicles and uninsured motorists. Limit: minimum \$2,500,000 per occurrence; no annual aggregate. Deductible: None (bodily injury); \$1,000 (property damage) per occurrence.

AUTO PHYSICAL DAMAGE

Auto physical damage (comprehensive and collision) provides protection for damage or loss to a member's owned vehicle. Comprehensive coverage includes: fire, theft, vandalism, windstorm, hail, flood, glass breakage, damage caused by riot or civil commotion and damage from hitting or being hit by birds and animals. Collision coverage provides coverage for repair or replacement for like kind, type and condition based on actual cash value. Valuation: Actual Cash Value (ACV) or agreed upon value. Deductible: Member selectable \$250 comprehensive/\$500 collision or \$500 comprehensive/\$1,000 collision per occurrence.

PUBLIC OFFICIALS PERSONAL LIABILITY (OUTSIDE COURSE AND SCOPE)

This highly specialized, unique coverage protects elected/appointed officials from claims and settlements arising outside the course and scope of their duties. Coverage includes: invasion of privacy, libel, slander, defamation of character, discrimination, false arrest and malicious prosecution. Limit: \$500,000 per official per year; annual aggregate. Deductible: \$500 per claim.

EMPLOYMENT PRACTICES LIABILITY

Employment practices liability provides coverage for claims and losses arising from "wrongful" employment practices. Coverage includes: wrongful termination, sexual harassment and discrimination. Limit: minimum \$2,500,000 per occurrence; annual aggregate. Deductible: None.

EMPLOYEE BENEFITS LIABILITY

Employee benefits liability coverage for claims and settlements resulting from the negligent administration of employee benefit plans. Limit: minimum \$2,500,000 per occurrence; annual aggregate. Deductible: None.

EMPLOYEE AND PUBLIC OFFICIALS DISHONESTY

Employee and Public Officials fidelity blanket bond provides coverage protection for member losses resulting from fraudulent or dishonest acts committed by employees, volunteers or board members. Coverage includes: larceny, theft, embezzlement, forgery and wrongful misappropriation. Limit: \$1,000,000. Deductible: None.

EMPLOYEE AND PUBLIC OFFICIALS ERRORS AND OMISSIONS

Public officials and employee's errors and omissions coverage for any and all wrongful acts by a covered party arising from misfeasance, malfeasance or nonfeasance including any actual or alleged negligent action or inaction, mistake, misstatement, error, neglect, inadvertence or omission. Limit: minimum \$2,500,000 per occurrence; annual aggregate. Deductible: None.

PROPERTY COVERAGE (INCLUDING FLOOD AND MOBILE EQUIPMENT)

Property coverage provided for the replacement cost value of building and contents. Additional extensions provided for accounts receivable, builders risk, business interruption, commandeered property, cost of construction, debris removal, electronic data processing, extra expense, fine arts (appraised value), flood coverage (annual aggregate), pollution clean-up (related to property loss), personal property of others and valuable papers. Valuation: replacement cost (without depreciation). Limit: \$1,000,000,000, no annual aggregate. Deductible: \$1,000 per occurrence.

CYBER COVERAGE (AVAILABLE ONLY IF PROPERTY OR MOBILE EQUIPMENT IS SCHEDULED)

Cyber coverage includes information security & privacy liability, privacy notification costs, regulatory defense and penalties, website media content liability and system damage and restoration (business interruption from hacking or virus). Members have a \$25,000 deductible per occurrence, a limit of \$250,000 per member per occurrence, an annual aggregate of \$250,000 per member and a sublimit of \$100,000 per member per occurrence for Credit Monitoring (subject to 20% coinsurance).

BOILER AND MACHINERY

Boiler and machinery coverage provides coverage for the "sudden and accidental" breakdown of mechanical and electrical machinery. Coverage includes: expediting expenses, business income, extra expense, spoilage, water damage, ammonia contamination, hazardous substances, error in description and newly acquired property. Limit: \$100,000,000 repair/replacement. Deductible: Varies based on KW/KVA/AMPS, per occurrence.

ANCILLARY COVERAGES

Ancillary coverages are available on a member-by-member basis (such as: earthquake).

CREDIT INCENTIVE PROGRAM

Members are able to reduce their auto and general liability net premiums through Special District Risk Management Authority Property/Liability Credit Incentive Program. Credit incentives up to 15% of the auto and general liability net premium contribution can be earned for completion of approved program criteria guidelines.

This information is provided as a general description only, and is not intended to supercede specific policy documents.
In the event of a conflict in language, the policy(ies) will be the controlling document.

CONTACT INFORMATION:

ELLEN DOUGHTY

Chief Member Services Officer
Special District Risk Management Authority
1112 "I" Street, Suite 300
Sacramento, California 95814
Telephone: 800.537.7790
Direct: 916.231.4141
Fax: 916.231.4111
Email: edoughty@sdrma.org

WENDY TUCKER

Member Services Manager
Special District Risk Management Authority
1112 "I" Street, Suite 300
Sacramento, California 95814
Telephone: 800.537.7790
Direct: 916.231.4141
Fax: 916.231.4111
Email: wtucker@sdrma.org

SCOTIA COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 2016-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF SCOTIA COMMUNITY SERVICES DISTRICT APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A SIXTH AMENDED JOINT POWERS AGREEMENT AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S PROPERTY/LIABILITY PROGRAM

WHEREAS, Scotia Community Services District, a special district duly organized and existing under and by virtue of the laws of the State of California (the "Agency"), has determined that it is in the best interest and to the advantage of the Agency to participate for at least three full years in the Property/Liability Program offered by the Special District Risk Management Authority (the "Authority"); and

WHEREAS, California Government Code Section 6500 *et seq.*, provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Special District Risk Management Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing its members with risk financing and risk management programs; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, or purchase insurance through a surplus lines broker, or any combination of these; and

WHEREAS, participation in Special District Risk Management Authority programs requires the Agency to execute and enter into a Sixth Amended Joint Powers Agreement (the "Amended JPA Agreement"); which states the purpose and powers of the Authority; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Agency is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AGENCY AS FOLLOWS:

Section 1. Findings. The Agency Board of Directors hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Agency.

Section 2. Sixth Amended JPA Agreement. The Amended JPA Agreement proposed to be executed and entered into by and between the Agency and members of the Special District Risk Management Authority, in the form presented at this meeting and on file with the Agency Secretary, is hereby approved. The Agency Board and/or Authorized Officers ("The Authorized

Officers”) are hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver to the Authority the Amended JPA Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Program Participation. The Agency Board of Directors approves participating for three full program years in Special District Risk Management Authority Property and Liability Program.

Section 4. Other Actions. The Authorized Officers of the Agency are each hereby authorized and directed to execute and deliver any and all documents which is necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this ____ day of _____, 20____ by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Name

Title

Agency Secretary

**SIXTH AMENDED
JOINT POWERS AGREEMENT**

RELATING TO THE

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Adopted August 1, 1986
1st Amended February 5, 1988
2nd Amended March 31, 1990
3rd Amended July 1, 1993
4th Amended February 9, 1998
5th Amended and Restated
- Approved March 24, 2003
- Effective July 1, 2003
6th Amended October 2, 2007

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**SIXTH AMENDED JOINT POWERS AGREEMENT
RELATING TO THE
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY**

THIS SIXTH AMENDED JOINT POWERS AGREEMENT (the “Agreement”) is made and entered into by and among the public agencies (the “Members”) organized and existing under the laws of the State of California, which are signatories to this Agreement.

RECITALS

WHEREAS, California Government Code Section 6500 *et seq.* (the “Act”) provides that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, California Labor Code Section 3700(c) permits pooling by public agencies of self insurance for Workers’ Compensation liability; and

WHEREAS, California Government Code Section 990.4 provides that a local public entity may self-insure, purchase insurance through an authorized carrier, purchase insurance through a surplus line broker, or any combination of these; and

WHEREAS, California Government Code Section 990.8 provides that two or more local entities may, by a joint powers agreement, provide insurance for any purpose by any one or more of the methods specified in Government Code Section 990.4; and

WHEREAS, the parties to this Agreement desire to join together for the purposes set forth in Article 2 hereof, including establishing pools for self-insured losses and purchasing Excess or Re-Insurance and administrative services in connection with joint protection programs (the “Programs”) for members of the California Special Districts Association (“CSDA”); and

WHEREAS, it appears economically feasible and practical for the parties to this Agreement to do so; and

WHEREAS, the Members have previously executed that certain Fifth Amended and Restated Joint Powers Agreement (the “Original JPA”), which Original JPA the Members desire to amend and restate by this Agreement; provided that such amendment and restatement shall not affect the existence of the Authority; and

WHEREAS, CSDA exists to assist and promote special districts, and has been responsible for the original creation of the Special District Risk Management Authority (“Authority”) and Special District Workers Compensation Authority (“SDWCA”), and determined the consolidation of SDWCA and the Authority on July 1, 2003 was in the best interests of special districts and other public agencies throughout the State.

NOW THEREFORE, for and in consideration of all of the mutual benefits, covenants and agreements contained herein, the parties hereto agree as follows:

Article 1. Definitions. The following definitions shall apply to the provisions of this agreement:

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, as amended or supplemented.

“Alliance Executive Council” means the council organized pursuant to the MOU.

“Assessment” means an additional amount, in addition to the Member’s or Former Member’s original contribution, which the Board of Directors determines in accordance herewith and/or with the Bylaws that a Member or Former Member owes on account of its participation in a Program for a given Program year.

“Authority” shall mean the Special District Risk Management Authority created by the original version of this Agreement.

“Board of Directors” or “Board” shall mean the governing body of the Authority.

“Bylaws” means the Bylaws of the Authority adopted by the Board of Directors, as they may be amended from time to time.

“Chief Executive Officer” shall mean that employee of the Authority who is so appointed by the Board of Directors.

“Claim” shall mean a demand made by or against a Member or Former Member which is or may be covered by one of the Programs approved by the Board of Directors.

“Contribution” means the amount determined by the Board of Directors to be the appropriate sum which a Member should pay at the commencement of or during the Program Year in exchange for the benefits provided by the Program.

“Coverage Documents” shall mean the Declarations, Memorandum of Coverages, Coverage Agreements, Endorsements, Policies of Insurance or any other documents that provide the terms, conditions, limits and exclusions of coverage afforded by a Program.

“CSDA” means the California Special Districts Association.

“District” shall mean a special district, public agency or public entity within the State of California which is both a Member of the CSDA and a signatory to this Agreement.

“Duly Constituted Board Meeting” shall mean any Board of Directors meeting noticed and held in the required manner and at which a Quorum was determined to be present at the beginning of the meeting.

“Estimated Contribution” means the amount which the Board of Directors estimates will be the appropriate contribution for a Member’s participation in a Program for a Program Year.

“Excess or Re-Insurance” shall mean that insurance which may be purchased on behalf of the Authority and/or the Members to protect the funds of the Members or Former Members against catastrophic losses or an unusual frequency of losses during a single year in excess of the self-insurance retention maintained by the Authority.

“Fiscal Year” shall mean that period of twelve months which is established as the fiscal year of the Authority.

“Former Member” shall mean a District which was a signatory to the Agreement but which has withdrawn from, or been involuntarily terminated from participating in, the Authority.

“Joint Protection Program” means a Program offered by the Authority, separate and distinct from other Programs, wherein Members will jointly pool their losses and claims, jointly purchase Excess or Re-Insurance and administrative and other services, including claims adjusting, data processing, risk management consulting, loss prevention, legal and related services.

“Member” shall mean a signatory to this Agreement, which is qualified as a Member under the provisions of this Agreement and the Bylaws.

“MOU” means the Memorandum of Understanding - Alliance Executive Council, dated as of September 20, 2001, among the Authority, CSDA, the CSDA Finance Corporation and SDWCA.

“Program” or “Programs” means the specific type of protection plan as set forth in the terms, conditions and exclusions of the Coverage Documents for self-insured losses, and the purchasing of Excess or Re-Insurance and administrative services.

“Program Year” shall mean a period of time, usually 12 months, determined by the Board of Directors, in which a Program is in effect.

“Retained Earnings,” as used herein, shall mean an equity account reflecting the accumulated earnings of a Joint Protection Program.

“SDWCA” means the Special Districts Workers Compensation Authority, and its successors or assigns.

Article 2. Purposes. This Agreement is entered into by the Members pursuant to the provisions of California Government Code section 990, 990.4, 990.8 and 6500 *et seq.* in order to provide, subject to the provisions of the Coverage Documents, economical public liability and workers’ compensation coverage, or coverage for other risks which the Board of Directors may determine.

Additional purposes are to reduce the amount and frequency of losses, and to decrease the cost incurred by Members in the handling and litigation of claims. These purposes shall be

accomplished through the exercise of the powers of such Members jointly in the creation of a separate entity, the Special District Risk Management Authority (the “Authority”), to establish and administer Programs as set forth herein and in the Bylaws.

It is also the purpose of this Agreement to provide, to the extent permitted by law, for the inclusion, at a subsequent date, and subject to approval by the Board of Directors, of such additional Members organized and existing under the laws of the State of California as may desire to become parties to the Agreement and Members of the Authority.

Article 3. Parties to Agreement. Each party to this Agreement certifies that it intends to and does contract with all other parties who are signatories to this Agreement and, in addition, with such other parties as may later be added as parties to and signatories of this Agreement pursuant to Article 18. Each party to this Agreement also certifies that the withdrawal from or cancellation of membership by any Member, pursuant to Articles 19 and 20 or otherwise, shall not affect this Agreement nor such party’s intent, as described above, to contract with the other remaining parties to the Agreement.

Article 4. Term of Agreement. This Agreement shall become effective as to existing Members of the Authority as set forth in Article 33 hereof. This Agreement shall continue thereafter until terminated as hereinafter provided. This Agreement shall become effective as to each new Member upon: (i) approval of its membership by the Board of Directors, (ii) the execution of this Agreement by the Member, and (iii) upon payment by the Member of its initial Contribution for a Program. Any subsequent amendments to the Agreement shall be in accordance with Article 27 of this Agreement.

Article 5. Creation of Authority. Pursuant to the Act, there is hereby created a public entity separate and apart from the parties hereto, to be known as the Special District Risk Management Authority. Pursuant to Section 6508.1 of the Act, the debts, liabilities and obligations of the Authority, including but not limited to, debts, liabilities and obligations of any of the Programs shall not constitute debts, liabilities or obligations of any party to this Agreement or to any Member or Former Member.

The Authority is not an insurer, and the coverage programs offered by the Authority do not provide insurance, but instead provide for pooled joint protection programs among the members of the Authority. The Joint Protection Programs offered by the Authority constitute negotiated agreements among the Members which are to be interpreted according to the principles of contract law, giving full effect to the intent of the Members, acting through the Board of Directors in establishing the Programs.

Article 6. Powers of Authority. (a) The Authority shall have all of the powers common to Members and is hereby authorized to do all acts necessary for the exercise of said common powers, including, but not limited to, any or all of the following:

- (1) to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former

Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;

- (2) to accept an assignment from SDWCA of all its assets, obligations and liabilities prior to the dissolution of SDWCA (including claims and contracts in existence prior to such dissolution) in order to benefit the Members or Former Members participating in the SDWCA workers compensation program; provided, that except for the fair and equitable allocation of administrative and overhead expenses, funds from such assignment shall not be co-mingled and shall be separately accounted for as provided for in this Agreement and the Bylaws.
- (3) to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;
- (4) to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- (5) to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- (6) to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities
- (7) to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- (8) to employ agents and employees, and/or to contract for such services;
- (9) to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- (10) to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- (11) to sue and be sued in its own name;
- (12) to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act; and
- (13) to exercise all powers and perform all acts as otherwise provided for in the Bylaws.

(b) Said powers shall be exercised pursuant to the terms hereof, in the manner provided by law and in accordance with Section 6509 of the Act. The foregoing powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the Member or Former Member designated in the Bylaws.

Article 7. Board of Directors. Subject to the limitations of this Agreement and the laws of the State of California, the powers of this Authority shall be vested in and exercised by, and its property controlled and its affairs conducted by, the Board of the Authority, which is hereby established and designated as the agency to administer this Agreement pursuant to Section 6506 of the Act. The powers of the Authority shall be exercised through the Board of Directors, who may, from time to time, adopt and modify Bylaws and other rules and regulations for that purpose and for the conduct of its meetings as it may deem proper. The officers of the Board shall be as set forth in the Bylaws.

So long as the MOU has not been terminated or the Authority has not withdrawn from the MOU, the Board of Directors shall be composed of seven (7) directors elected by the Member entities who have executed the current operative Agreement and are participating in a Joint Protection Program. The terms of directors, procedures for election of directors, procedures for meetings and provisions for reimbursement of Director expenses shall be as set forth in the Bylaws. Each Member of the Board of Directors shall have one vote. Each Member of the Board shall serve as set forth in the Bylaws.

So long as the Authority is a participant in the MOU, the Board of Directors of the Authority shall appoint three (3) members of its board to serve as members of the Alliance Executive Council. No member of the Board of Directors of the Authority shall serve as a director on any other board of directors of an entity or organization that is a signatory to the MOU during the term of the MOU. In the event a director is elected to such a board, that director shall immediately resign from the Board of Directors of the Authority.

In the event SDRMA withdraws from the MOU, the Board of Directors of the Authority shall consist of those seven (7) Directors who hold seats on the Authority's Board of Directors at the time of the withdrawal and who were duly appointed by the Board, or elected or re-elected by the Member entities of SDRMA plus the additional directors appointed by CSDA as provided in Article 25.

Article 8. Compliance with the Brown Act. All meetings of the Board, including, without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code Section 54950 *et seq.*

Article 9. Powers of the Board of Directors. The Board of Directors shall have such powers and functions as provided for pursuant to this Agreement and the Bylaws and such additional powers as necessary or appropriate to fulfill the purposes of this Agreement and the Bylaws, including, but not limited to, the following:

- (a) to determine details of and select the Program or Programs to be offered, from time to time, by the Authority;

- (b) to determine and select all insurance, including Excess or Re-insurance, necessary to carry out the programs of the Authority;
- (c) to contract for, develop or provide through its own employees various services for the Authority;
- (d) to prepare or cause to be prepared the operating budget of the Authority for each fiscal year;
- (e) to receive and act upon reports of committees and from the Chief Executive Officer;
- (f) to appoint staff, including a Chief Executive Officer, and employ such persons as the Board of Directors deems necessary for the administration of this Authority;
- (g) to direct, subject to the terms and conditions of the Coverage Documents, the payment, adjustment, and defense of all claims involving a Member during their period of membership in and coverage under a Program;
- (h) to fix and collect Contributions and Assessments for participation in the Programs;
- (i) to expend funds of the Authority for the purpose of carrying out the provisions of the Agreement and the Bylaws as they now exist or may be hereafter amended;
- (j) to purchase excess insurance, liability insurance, stop loss insurance, officers and directors liability insurance, and such other insurance as the Authority may deem necessary or proper to protect the Program, employees of the Authority and employees of the Members;
- (k) to defend, pay, compromise, adjust and settle all claims as provided for in the Coverage Documents;
- (l) to obtain a fidelity bond in such amount as the Board of Directors may determine for any person or persons who have charge of or the authority to expend funds for the Authority;
- (m) to establish policies and procedures for the operation of the Authority and the Programs;
- (n) to engage, retain, and discharge agents, representatives, firms, or other organizations as the Board of Directors deems necessary for the administration of the Authority;
- (o) to enter into any and all contracts or agreements necessary or appropriate to carry out the purposes and functions of the Authority;

- (p) to acquire, hold, lease, manage and dispose of, as provided by law, any and all property necessary or appropriate to carry out the purposes and functions of the Authority;
- (q) to transact any other business which is within the powers of the Board of Directors;
- (r) to invest funds on hand in a manner authorized by law, the Agreement and the Bylaws;
- (s) to provide financial administration, claims management services, legal representations, safety engineering, actuarial services, and other services necessary or proper to carry out the purposes of the Authority either through its own employees or contracts with one or more third parties;
- (t) to exercise general supervisory and policy control over the Chief Executive Officer;
- (u) to establish committees and sub-committees as it deems necessary to best serve the interests of the Authority; and
- (v) to have such other powers and functions as are provided for pursuant to the Act, this Agreement or necessary or appropriate to fulfill the purpose of this Agreement and the Bylaws.

Article 10. Officers of the Authority. The officers of the Authority shall be as set forth in the Bylaws. The Board may elect or authorize the appointment of such other officers than those described in the Bylaws as the business of the Authority may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in this Agreement, or as the Board, from time to time, may authorize or determine.

Any officer may be removed, either with or without cause, by a majority of the directors of the Board at any regular or special meeting of the Board. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board may delegate the powers and duties of such office to any officers or to any Members of the Board until such time as a successor for said office has been appointed.

Article 11. Provision for Bylaws. The Board shall promulgate Bylaws to govern the day-to-day operations of the Authority. The Board may amend the Bylaws from time to time as it deems necessary, and as provided in the Bylaws. Each Member shall receive a copy of any Bylaws and agrees to be bound by and to comply with all of the terms and conditions of the Bylaws as they exist or as they may be modified. The Bylaws shall be consistent with the terms of this Agreement. In the event any provision of the bylaws conflicts with a provision of this Agreement, the provision contained in this Agreement shall control.

Article 12. [Reserved].

Article 13. Coverage Programs.

(a) The Authority shall maintain such types and levels of coverage for Programs as determined by the Board of Directors. Such coverage may provide for binding arbitration before an independent arbitration panel of any disputes concerning coverage between the Authority and a Member.

(b) The coverage afforded under one or more Programs may include protection for general liability, auto liability, property, boiler and machinery, public officials errors and omissions, employment practices, employee benefits liability coverage, employee dishonesty coverage, public officials personal liability coverage and workers' compensation, as well as coverage for other risks which the Board of Directors may determine to be advisable. More than one type of coverage may be afforded under a single Program.

(c) The Board of Directors may arrange for group policies to be issued for Members, their board members and employees interested in obtaining additional coverage, at an appropriate additional cost to those participating Members.

(d) The Board of Directors may arrange for the purchase of Excess or Re-Insurance. The Authority shall not be liable to any Member or to any other person or organization if such excess or reinsurance policies are terminated, canceled or non-renewed without prior notice to one or more Members, or if there is a reduction in the type of coverage afforded under a program by reason of any change in coverage in a succeeding excess or reinsurance policy, even if such reduction occurs without prior notice to one or more Members.

Article 14. Implementation of the Programs. The Board of Directors shall establish the coverage afforded by each Program, the amount of Contributions and Assessments, the precise cost allocation plans and formulas, provide for the handling of claims, and specify the amounts and types of Excess or Re-Insurance to be procured. The Contributions and Assessments for each Program shall be determined by the Board of Directors as set forth herein, in the Bylaws or in the operating policies established for a Program.

Article 15. Accounts And Records.

(a) **Annual Budget.** The Authority shall, pursuant to the Bylaws, annually adopt an operating budget, including budgets for each Joint Protection Program.

(b) **Funds and Accounts.** The Authority shall establish and maintain such funds and accounts as required by the Board of Directors and as required by generally accepted accounting principles, including separate funds and accounts for each Program, including Joint Protection Programs. Books and records of the Authority shall be open to any inspection at all reasonable times by authorized representatives of Members, or as otherwise required by law.

(c) **Investments.** Subject to the applicable provisions of any indenture or resolution providing for the investment of moneys held thereunder, the Authority shall have the power to invest any money in the treasury that is not required for the immediate necessities of the Authority, as the Board determines is advisable, in the same manner as local agencies pursuant to

California Government Code Sections 53601 *et seq.* (as such provisions may be amended or supplemented).

(d) **No Commingling.** The funds, reserves and accounts of each Program shall not be commingled and shall be accounted for separately; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be fairly and equitably allocated among Programs as determined by the Board of Directors. Investments and cash accounts may be combined for administrative convenience, but a separate accounting shall be made for balances of individual funds and Program revenues and expenses.

(e) **Annual Audit.** The Board shall provide for a certified, annual audit of the accounts and records of the Authority, in the manner set forth in the Bylaws.

Article 16. Services Provided by the Authority. The Authority may provide, at the sole discretion of the Board of Directors, the following services in connection with this Agreement:

(a) to provide or procure coverage, including but not limited to self-insurance funds and commercial insurance, as well as excess coverage, re-insurance and umbrella insurance, by negotiation or bid, and purchase;

(b) to assist Members in obtaining insurance coverage for risks not included within the coverage of the Authority;

(c) to assist risk managers with the implementation of risk management functions as it relates to risks covered by the Programs in which the Member participates;

(d) to provide loss prevention and safety consulting services to Members;

(e) to provide claims adjusting and subrogation services for Claims covered by the Programs;

(f) to provide loss analysis and control by the use of statistical analysis, data processing, and record and file keeping services, in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles;

(g) to review Member contracts to determine sufficiency of indemnity and insurance provisions when requested;

(h) to conduct risk management audits relating to the participation of Members in the Programs; and

(i) to provide such other services as deemed appropriate by the Board of Directors.

Article 17. Responsibilities of Members. Members or Former Members shall have the following responsibilities, which shall survive the withdrawal from, or involuntary termination of participation in, this Agreement:

(a) Each Member shall designate a person to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

(b) Each Member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the Authority concerning unsafe practices and/or hazard mitigation.

(c) Each Member shall maintain its own set of records, including a loss log, in all categories of risk covered by each Program in which it participates to insure accuracy of the Authority's loss reporting system, unless it is no longer deemed necessary by the Board of Directors.

(d) Each Member shall pay its Contribution, and any adjustments thereto, and any Assessments within the specified period set forth in the invoice, or as otherwise may be set forth herein or in the Bylaws. After withdrawal or termination, each Former Member or its successor shall pay promptly to the Authority its share of any additional Contribution, adjustments or Assessments, if any, as required of it by the Board of Directors under Article 21 or 22 of this Agreement or the Bylaws.

(e) Each Member or Former Member shall provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the Programs under this Agreement in which the Member or Former Member participates or has participated.

(f) Each Member or Former Member shall in any and all ways cooperate with and assist the Authority and any insurer of the Authority, in all matters relating to this Agreement and covered claims.

(g) Each Member or Former Member will comply with all Bylaws, rules and regulations adopted by the Board of Directors.

(h) Each Member shall remain a member in good standing of CSDA.

Article 18. New Members. The Authority shall allow entry into its Programs of new Members only upon approval of the Board, with any conditions or limitations as the Board deems appropriate. In order to become a Member and remain a Member, any District must be a member in good standing of CSDA, shall participate in at least one (1) Joint Protection Program and shall be authorized to exercise the common powers set forth in this Agreement.

Article 19. Withdrawal.

(A) Any Member may voluntarily withdraw from this Agreement only at the end of any applicable Program Year and only if:

- (i) The Member has been a signatory to this Agreement for not less than three (3) full Program Years as of the date of the proposed withdrawal;

- (ii) The Member submits a written withdrawal notification in accordance with the Bylaws;
 - (iii) In order to withdraw from the agreement the member must have completed the three (3) full program year participation requirement for each Joint Protection Program the member participated in at the time of withdrawal.
- (B) Any Member may voluntarily withdraw from any particular Joint Protection Program; and
 - (i) It has participated in such Joint Protection Program for at least three (3) full Program Years;
 - (ii) it is a participant in another Joint Protection Program; and
 - (iii) the Member submits a written withdrawal notification in accordance with the Bylaws.
- (C) In the event that the three year participation requirement as required by (A)(i) or (B)(i) as to any such Joint Protection Program above has not been met, for each Program the withdrawing Member participated in at the time of its withdrawal, for less than three years such withdrawing member shall be obligated to pay all Contributions and Assessments as if that Member had remained in each such Program for the full three years from the inception of its membership in the Authority.
- (D) In the event that the notice is not provided as required by (A)(ii) or (B)(iii) above, any such withdrawing Member shall, with respect to each Program the Member participated in, be obligated to pay any and all Contributions and Assessments for the next full Program Year.
- (E) A Member may withdraw from any Program (other than a Joint Protection Program) as provided by the Coverage Documents relating to such Program.
- (F) Withdrawal of one or more Members shall not serve to terminate this Agreement.
- (G) A Member may not withdraw as a party to this Agreement until it has withdrawn, as provided in the Bylaws from all of the Programs of the Authority.

Article 20. Involuntary Termination.

- (a) Notwithstanding the provisions of Article 19, the Authority shall have the right to involuntarily terminate any Member's participation in any Program, or terminate membership in the Authority, as provided in the Bylaws.
- (b) Notwithstanding any other provisions of this Agreement, the participation of any Member of the Authority, including participation in any of the Authority's Programs, may be involuntarily terminated at the discretion of the Board of Directors whenever such Member is dissolved, consolidated, merged or annexed. A reasonable time shall be afforded, in the

discretion of the Board of Directors, to place coverage elsewhere. Any such involuntary termination shall not relieve the Member or Former Member of its responsibilities as provided for in Articles 17 or 21.

Article 21. Effect of Withdrawal or Involuntary Termination. The withdrawal from or involuntary termination of any Member from this Agreement shall not terminate this Agreement, and such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid, or donated by the Member to the Authority, or to any return of any loss reserve contribution, or to any distribution of assets (except payment of any Retained Earnings, as set forth in the following paragraph).

The withdrawal from or involuntary termination of any Member after the effective date of any Program shall not terminate its responsibility to pay its unpaid Contribution adjustments, or Assessments to such Program. The Board of Directors shall determine the final amount due from the Member or Former Member by way of contribution or assessments, if any, or any credit due on account thereof, to the Member or Former Member for the period of its participation. Such determination shall not be made by the Board of Directors until all Claims, or other unpaid liabilities, have been finally resolved. In connection with this determination, the Board of Directors may exercise similar powers to those provided for in Article 22(b) of this Agreement, or as otherwise set forth in the Bylaws. Upon such withdrawal from or cancellation of participation in any Program by any Member, said Member shall be entitled to receive its pro rata share of any Retained Earnings declared by the Board of Directors after the date of said Member withdraws or is involuntarily terminated.

Article 22. Termination and Distribution; Assignment.

(a) This Agreement may be terminated any time with the written consent of two-thirds of the voting Members; provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of net assets and all other functions necessary to wind up the affairs of the Authority.

(b) The Board of Directors is vested with all powers of the Authority for the purpose of winding up and dissolving the business affairs of the Authority. These powers shall include the power to require Members or Former Members, including those which were signatory hereto at the time the subject Claims arose or was/were incurred, to pay any Assessment in accordance with loss allocation formulas for final disposition of all Claims and losses covered by this Agreement or the Bylaws. A Member or Former Member's Assessment shall be determined as set forth in the Bylaws or the applicable Coverage Documents.

(c) Upon termination of a Program, all net assets of such Program other than Retained Earnings shall be distributed only among the Members that are participating in such Program at the time of termination, in accordance with and proportionate to their cash payments (including Contributions, adjustments, Assessments and other property at market value when received) made during the term of this Agreement for such Program. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by such Program, or as otherwise set forth in the Bylaws.

(d) Upon termination of this Agreement all net assets of the Authority, other than of any Program distributed pursuant to (c) above, shall be distributed only among the Members in good standing at the time of such termination in accordance with and proportionate to their cash contributions and property at market value when received. The Board of Directors shall determine such distribution within six (6) months after disposal of the last pending Claim or loss covered by this Agreement, or as otherwise set forth in the Bylaws.

(e) In the event the Board of Directors is no longer able to assemble a quorum, the Chief Executive Officer shall exercise all powers and authority under this Article. The decision of the Board of Directors or Chief Executive Officer under this Article shall be final.

(f) In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the voting Members, may elect to assign and transfer all of the Authority's rights, assets, liabilities and obligations to a successor joint powers authority created under the Act.

Article 23. Enforcement. The Authority is hereby granted authority to enforce this Agreement. In the event action is instituted to enforce the terms of this Agreement, the Bylaws and/or any policies and/or procedures of the Board of Directors and the nondefaulting party(s) should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party(s) herein contained, the defaulting party agrees that it will on demand therefore pay to the nondefaulting party(s) the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party(s).

Article 24. Nonliability of Directors, Officers and Employees. The Board of Directors, and the officers and employees of the Authority, including former directors, officers and employees, shall not be liable to the Authority, to any Member or Former Member, or to any other person, for actual or alleged breach of duty, mistake of judgment, neglect, error, misstatement, misleading statement, or any other act or omission in the performance of their duties hereunder; for any action taken or omitted by any employee or independent contractor; for loss incurred through the investment or failure to invest funds; or for loss attributable to any failure or omission to procure or maintain insurance; except in the event of fraud, gross negligence, or intentional misconduct of such director, officer or employee. No director, officer or employee, including former directors, officers and employees, shall be liable for any action taken or omitted by any other director, officer or employee. The Authority shall defend and shall indemnify and hold harmless its directors, officers and employees, including former directors, officers and employees, from any and all claims, demands, causes of action, and damages arising out of their performance of their duties as such directors, officers or employees of the Authority except in the event of fraud, gross negligence, corruption, malice or intentional misconduct, and the funds of the Authority shall be used for such purpose. The Authority may purchase conventional insurance to protect the Authority, and its participating Members or Former Members, against any such acts or omissions by its directors, officers and employees, including former directors, officers and employees.

Article 25. Provisions Relating to CSDA. It is agreed and understood the mandatory membership in CSDA provision in Article 18 is in consideration of CSDA's exclusive endorsement of SDRMA's programs as they exist or may be modified. CSDA and the Authority

may from time to time exchange services or enter into separate service agreements pursuant to Section 6505 of the Act, including, but not limited to, services relating to educational programs, marketing, web-site graphics and conferences.

So long as the Authority is a participant in the MOU, the Board of the Authority shall appoint three members of the Board to serve as members of the Alliance Executive Council. In the event the MOU has been terminated or the Authority has withdrawn from the MOU, the composition of the Authority Board of Directors shall be increased by two (2) additional directors to be appointed by CSDA. CSDA appointees shall be a director serving on the CSDA Board of Directors and said director(s) shall be a member of an agency who is a signatory to the current SDRMA Joint Powers Agreement.

CSDA shall be a third party beneficiary to Sections 18, 25, 27 of this Agreement.

Article 26. Notices. Notices to Members or Former Members hereunder shall be sufficient if delivered to the principal office of the respective Member or Former Member.

Article 27. Amendment. This Agreement may be amended at any time by a two-thirds vote of the Members; provided, that any amendment to Article 18, Article 25, or Article 27 shall require the prior written consent of CSDA. The Bylaws may be amended as provided therein. Upon the effective date of any validly approved amendment to this Agreement, such amendment shall be binding on all Members.

Article 28. Prohibition Against Assignment. No person or organization shall be entitled to assert the rights, either direct or derivative, of any Member or Former Member under any coverage agreement or memorandum. No Member or Former Member may assign any right, claim or interest it may have under this Agreement, and no creditor, assignee or third party beneficiary of any Member or Former Member shall have any right, claim or title or any part, share, interest, fund, contribution or asset of the Authority.

Article 29. Agreement Complete. The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein. This Agreement supersedes and replaces the Fifth Amended Joint Powers Amendment.

Article 30. Counterparts. This Agreement may be executed in one or more counterparts and shall be as fully effective as though executed in one document.

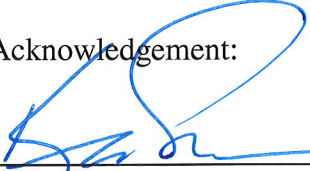
Article 31. California Law. This Agreement shall be governed by the laws of the State of California.

Article 32. Severability. Should any part, term or provisions of this Agreement be determined by any court of component jurisdiction to be illegal or in conflict with any law of the State of California or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Article 33. Effective Date. This Agreement shall become effective as to existing Members of the Authority on the date on which the last of two-thirds of such Members have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have first executed this Agreement by authorized officials thereof on the date indicated below:

Acknowledgement:



Ken Sonksen, President
Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct 2, 2007
Date

I hereby certify this Amended Joint Powers Agreement has also received the required approval of not less than two-thirds of the Member entities then parties to the Fifth Amended Joint Powers Agreement.



James W. Towns, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Oct. 2, 2007
Date

EXECUTION BY MEMBER

The Amended and Restated Joint Powers Agreement of the Special District Risk Management Authority, has been approved by the Board of Directors of the Member listed below, on the date shown, and said Member agrees to be subject to all of the terms and conditions set forth in said Agreement.

Entity Name:_____

By:_____ President

By:_____ Clerk

Date:_____

EXECUTION BY AUTHORITY

The Special District Risk Management Authority (the “Authority”), operating and functioning pursuant to this Sixth Amended Joint Powers Agreement, hereby accepts the entity named above as a participating member in the Authority, subject to all of the terms and conditions set forth in this Sixth Amended Joint Powers Agreement and in the Bylaws, effective as of

_____.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

By:_____
David Aranda, President
Board of Directors

Date:_____

**SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
COMMERCIAL CRIME
INSURANCE APPLICATION**

For Agency Use Only

Producer Name: _____

Producer Number: _____

Office: Newport Beach

Note: Please complete one questionnaire for each legal entity to be insured.

Applicant: _____

Complete Named Insured:	_____ _____ _____ _____ _____
-------------------------	---

Insured Address: _____
For overnight mail _____
(No P.O. Box) _____

Mailing Address: _____
☐ Same as above _____

Contact: _____ Title: _____
Phone: () - Ext. _____ Fax: () - _____
email: _____

• CURRENT COVERAGE •

Total Limit: \$ _____ Deductible: \$ _____ Policy Expiration Date: ____ / ____ / ____

• OPTIONAL QUOTATIONS •

Limits Requested:	\$ 1,000,000 <input type="checkbox"/>	Deductible:	\$ _____
	\$ _____		\$ _____
	\$ _____		
	\$ _____		

• RENEWAL INFORMATION REQUIRED •

Description of Operations:	_____ _____		
Type of Entity to be Insured:	<input type="checkbox"/> Municipality <input type="checkbox"/> District Hospital <input type="checkbox"/> Special District	<input type="checkbox"/> Nonprofit Corporation <input type="checkbox"/> Other (please specify) _____	
Total Number of Employees (Break down as follows): Full Time: _____ Part Time: _____ Elected/Appointed Officials: _____ Volunteers: _____			
Number of Employees who actually handle, have access to or maintain records of money, securities or other property: _____			
Number of Locations where all employees are located: _____			
Total Revenues: \$ _____		Total Assets: \$ _____	Net Income or Revenue: \$ _____
Total Fund Equity (Total Assets – Total Liabilities): \$ _____			
Have any control recommendations been made by your CPA in the past 2 years? Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, provide a list and explain): _____ _____			

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY COMMERCIAL CRIME INSURANCE APPLICATION

Note: Please complete one questionnaire for each legal entity to be insured.

Have any control recommendations made by your CPA within the last 2 years NOT been implemented?
Yes ☐ No ☐ If yes, explain _____

Do you have separation of duties over wire fund transfer procedures (i.e. the same person does not authorize and execute the transfer?) ☐ Yes ☐ No If no, explain _____

Are any bank deposits or accounts reconciled on a monthly basis by someone NOT authorized to deposit or withdraw? ☐ Yes ☐ No If no, explain _____

Do you have counter signature on all checks? ☐ Yes ☐ No If no, describe alternate procedures: _____

Is an authorized vendor list utilized? ☐ Yes ☐ No
Are your procedures designed so that no single employee can control a transaction from beginning to end (i.e. approve a voucher, request and sign a check?) ☐ Yes ☐ No If no, explain _____

Do you have any employees on staff who act as internal claims adjuster? ☐ Yes ☐ No
If yes, please attach an explanation of the internal controls over the establishment of claims files and issuance of claims settlement checks.

Please list any changes or revisions to your audit or internal control procedures during the last 12 months.

Has the Insured had any Commercial Crime losses in the last six (6) years? ☐ Yes ☐ No
(If yes, please provide details): _____

Please provide the latest annual financial statement and CPA Memorandum on Internal Controls if excess limits are being purchased.

NOTICE TO APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes between the date of this application and the effective date of the insurance, he/she (undersigned) will, in order for the information to be accurate on the effective date of the insurance, immediately notify the insurer of such changes, and the insurer may withdraw or modify any outstanding quotations and/or authorizations or agreements to bind the insurance

Signing of this application does not bind the applicant or the insurer to complete the insurance, but it is agreed that this application shall be the basis of the contract should a policy be issued.

All written statements and materials furnished to the insurer in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Signed _____
(Applicant)

Title _____

Date _____

BYLAWS OF SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

THESE BYLAWS are for the regulation of Special District Risk Management Authority (the "Authority"). The definitions of terms used in these Bylaws shall be those definitions contained in the Sixth Amended and Restated Joint Powers Agreement relating to the Authority (the "Agreement"), supplements to such Agreement, and subsequent amendments to such Agreement, unless the context requires otherwise.

ARTICLE I MEMBERSHIP

1. Eligibility

Any district, public agency, or public entity organized under the laws of the State of California, which is a member of the California Special Districts Association ("CSDA") is eligible for membership in the Authority upon approval by the Board of Directors of the Authority.

2. Participating Member

A "Member," as that term is used herein, is any public entity described in Section 1 above in the State of California whose participation in the Authority has been approved by the Board of Directors, and which (a) has executed the Joint Powers Agreement or successor document pursuant to which these Bylaws are adopted, and (b) which participates in a Joint Protection Program. Absent specific approval of the Board of Directors, all members shall at all times be a participant in either the Property/Liability Program or Workers' Compensation Program established by the Authority.

3. Successor Member Entity

Should any Member reorganize in accordance with the statutes of the State of California, the successor in interest, or successors in interest, if a member of CSDA, may be substituted as a Member upon approval by the Board of Directors of the Authority.

4. Annual Membership Meeting

An annual meeting of the members of the Authority shall be held at a time and place to be determined by the Board of Directors. The annual meeting shall be conducted in accordance with policies established by the Board of Directors. Each and every entity that is a Member of the Authority shall, no less than thirty (30) calendar days prior to such meeting, be given written notice of the time and place of the meeting. The final agenda will be posted 72 hours prior to the meeting in the manner provided by the Ralph M. Brown Act (California Government Code Section 54950 *et seq.*) (the "Brown Act"). The agenda shall include:

- a. Those matters which are intended to be presented for action by the Board of Directors;
- b. The general nature of any proposal to be presented for action; and
- c. Such other matters, if any, as may be expressly required by statute or by the Agreement.

ARTICLE II BOARD OF DIRECTORS

1. Powers

Under the Agreement or successor document, the Authority is empowered to carry out all of its powers and functions through a Board of Directors. The Board of Directors shall have the powers set forth as follows, or as otherwise provided in the Agreement:

- a. to make and enter into contracts, including the power to accept the assignment of contracts or other obligations which relate to the purposes of the Authority, or which were entered into by a Member or Former Member prior to joining the Authority, and to make claims, acquire assets and incur liabilities;
- b. to incur debts, liabilities, or other obligations, including those which are not debts, liabilities or obligations of the Members or Former Members, or any of them;

- c. to charge and collect Contributions and Assessments from Members or Former Members for participation in Programs;
- d. to receive grants and donations of property, funds, services and other forms of assistance from persons, firms, corporations and governmental entities;
- e. to acquire, hold, lease or dispose of property, contributions and donations of property and other forms of assistance from persons, firms, corporations and governmental entities;
- f. to acquire, hold or dispose of funds, services, donations and other forms of assistance from persons, firms, corporations and governmental entities;
- g. to employ agents and employees, and/or to contract for such services;
- h. to incur debts, liabilities or other obligations to finance the Programs and any other powers available to the Authority under Article 2 or Article 4 of the Act;
- i. to enter into agreements for the creation of separate public entities and agencies pursuant to the Act;
- j. to sue and be sued in its own name; and
- k. to exercise all powers necessary and proper to carry out the terms and provisions of this Agreement (including the provision of all other appropriate ancillary coverages for the benefit of the Members or Former Members), or otherwise authorized by law or the Act.

2. Nomination of Directors

Members may nominate candidates to the Board of Directors in the following manner:

- a. A Member may place into nomination its candidate for any open position on the Board of Directors in accordance with election guidelines established by the Board of Directors.
- b. Each candidate for election as a director must be a member of the board of directors or a management employee of a Member (as determined by the Member's governing board). Only one representative from any Member may serve on the Board of Directors at the same time.
- c. Nominating forms must be completed and received by the Authority at least fifty (50) days before the date the election will occur.
- d. This nomination process shall be the sole method for placing candidates into nomination for the Board of Directors.

3. Terms of Directors

The composition of the Board shall be as set forth in the Agreement. The election of directors shall be held in each odd-numbered year. The terms of the directors elected by the Members will be staggered. Four directors will serve four-year terms, to end on December 31 of one odd-numbered year. Three directors will serve four-year terms, to end on December 31 of the alternate odd-numbered year.

The failure of a director to attend three (3) consecutive regular meetings of the Board (provided such meetings shall occur in a period of not less than three (3) successive months), except when prevented by sickness, or except when absent from the State with the prior consent of the Board, as provided by Government Code, Section 1770 shall cause such director's remaining term in office to be considered vacant. A successor director shall be selected for the duration of such director's term as set forth in Section 5 hereof.

4. Election of Directors

Members may vote for directors in accordance with the balloting process guidelines established herein or as otherwise established by policy of the Board of Directors. Each Member shall have one vote in the election per elected position.

The Board of Directors will conduct the election of directors to serve on the Board of Directors by all-mail ballot. Written notice shall be sent by mail to each Member no later than ninety (90) days prior to the date scheduled for such election. Said notice shall (i) inform each Member of the positions to be filled on the Board of Directors at such election; and (ii) inform each Member of its right to nominate candidates for any office to be filled at the election to Article II, Section 2 of the Bylaws. A form of mail ballot containing all mailed nominations accepted for any office to be filled at the election shall be mailed in accordance with policy established by the Board of Directors to each Member.

Said mailed ballot shall indicate that each Member may return the ballot to the principal business address of the Authority and that only those ballots received prior to the close of business on the date designated for the election shall be considered valid and counted.

5. Vacancy

Upon the death or resignation of any member of the elected Board of Directors, or the determination such member's remaining term is vacant pursuant to Section 3 hereof, the vacancy shall be filled for the balance of the unexpired term by appointment in accordance with policy established by the Board of Directors.

6. Meetings

The business of the Board of Directors shall be conducted and exercised only at a regular or special meeting of the Board of Directors held in accordance with law. Written notice of each meeting shall be given to each director of the Board by mail or other means of written communication, in the manner provided by the Brown Act. Such notice shall specify the place, the date, and the hour of such meeting.

Special meetings of the Board of Directors, for the purpose of taking any action permitted by statute and the Agreement, may be called at any time by the President, or by the Vice President in the absence or disability of the President, or by a majority of the members of the Board.

Any annual, regular, or special Board of Directors' meeting, whether or not a quorum is present, may be adjourned from time to time, as provided by the Brown Act.

Minutes of any and all open meetings shall be available to Members upon request and distributed by mail, electronically, or available on the Authority's MemberPlus on-line web portal.

7. Quorum and Required Vote

A quorum of the Board of Directors shall be a majority of the total number of directors. A quorum must be present at any meeting before the business of the Board of Directors can be transacted. The vote of a majority of the Board of Directors shall be required for any act or decision of the Board of Directors, except as otherwise specifically provided by law or the Agreement. The directors present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough directors to leave less than a quorum.

8. Expenses

Board members shall be reimbursed by the Authority in accordance with policy approved by the Board of Directors for all reasonable and necessary travel expenses when required or incurred by any director in connection with attendance at a meeting of the Board of Directors or a committee thereof and for such other expenses as are approved by the Board. These expenses shall include, but shall not be limited to, all charges for meals, lodging, airfare, and the costs of travel by automobile at a rate per mile established by the Board of Directors.

ARTICLE III
OFFICERS AND EMPLOYEES

1. President, Vice President and Secretary

There shall be three officers of the Board: a president, a vice president and a secretary, who shall be members of the Board of Directors.

Election of officers shall be held at the first meeting following January 1 of each year, and each officer's term shall begin immediately thereafter, and shall end following adjournment of the first meeting following January 1 of the next year, or as soon thereafter as a successor is elected.

In the event the president, vice president or secretary so elected ceases to be a member of the Board of Directors, the resulting vacancy in the office shall be filled by election at the next regular meeting of the Board of Directors after such vacancy occurs. The president or vice president may be removed, without cause, by the Board of Directors at any regular or special meeting thereof, by a two-thirds vote of the voting members of the Board.

The president shall preside at and conduct all meetings of the Board of Directors, and shall carry out the resolutions and orders of the Board of Directors and shall exercise such other powers and perform such other duties as the Board of Directors shall prescribe. The president shall be ex-officio a member of all standing committees, if any. In the absence of the president, the vice president shall carry out the duties of the president. The secretary shall keep, or cause to be kept, minutes of all meetings, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors.

2. Board Committees

Committees of the Board may be appointed in accordance with policy established by the Board of Directors, and membership on such committees may be open to non-members of the Board of Directors. Committees shall include at least one (1) member of the Board of Directors, but may not include a majority of the Board of Directors.

3. Chief Executive Officer

The Board shall appoint a Chief Executive Officer who shall have general administrative responsibility for the activities of the Authority. The Chief Executive Officer shall be paid by the Authority and is a contract position.

The Chief Executive Officer shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office or such other place as the Executive Committee may order, a book of minutes of actions taken at all meetings of the Board of Directors, whether regular or special (and, if special, how authorized), the notice thereof given, the names of those present at the meetings, and the proceedings thereof. The Chief Executive Officer/ shall keep, or cause to be kept, at the principal executive office of the Authority a list of all designated representatives and alternates of each Member. The Chief Executive Officer/ shall give, or cause to be given, notice of all the meetings of the Board of Directors required by the Bylaws or by statute to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board, the Agreement or the Bylaws.

The Chief Executive Officer shall have the duty of administering the Programs of the Authority, as provided for in the Agreement, shall have direct supervisory control of and responsibility for the operation of the Authority including appointment of necessary employees thereof, subject to the approved budget and prior authorization of each position by the Board, and such other related duties as may be prescribed by the Board or elsewhere in these Bylaws or the Agreement.

4. Execution of Contracts

The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Authority, and such authorization may be general or confined to specific instances except as otherwise provided by these Bylaws or the Agreement. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement or to pledge its credit or to render it liable for any purpose or to any amount.

5. Resignation

Any officer may resign at any time by giving written notice to the president or to the Chief Executive Officer of the Authority, without prejudice, however, to the rights, if any, of the Authority under any contract to which such officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE IV **DESIGNATED ENTITY**

The Lewiston Community Services District is hereby designated as the applicable entity for defining the restrictions upon the manner of exercising power as set forth in the California Government Code Section 6509, and as provided for in the Agreement of which these Bylaws are a part.

Should the Lewiston Community Services District terminate its membership or be involuntarily terminated in accordance with provisions of these Bylaws, the Board of Directors shall, by resolution, name a successor Member as the "designated entity" until such time as this Article can be amended.

ARTICLE V

JOINT PROTECTION PROGRAMS

1. Implementation of Joint Protection Programs

The Board of Directors may, at any time, offer such Programs as it may deem desirable. Such Program or Programs shall be offered on such terms and conditions as the Board of Directors may determine. Members must participate in at least one Joint Protection Program, but participation in any additional Programs or plans will be optional. Those Programs currently include: Property/Liability, Workers' Compensation, Health Benefits and various optional ancillary coverages. The Board of Directors shall establish the amount of Contributions, Estimated Contributions and Assessments, determine the amount of loss reserves, provide for the handling of claims, determine both the type and amount of insurance and/or reinsurance, if any, to be purchased, and otherwise establish the policies and procedures necessary to provide a particular Program for Members. As soon as feasible after development of the details of a Program, the specific rules and regulations for the implementation of such Program shall be adopted by the Board, which shall cause them to be set forth in written form in a policy and procedures manual prepared by the Authority for the Members.

2. Method of Calculating Contributions

The Board of Directors shall establish the method of calculating contributions for Members in each Program or plan annually.

ARTICLE VI

FINANCIAL AFFAIRS

1. Accounts and Records

The Authority shall establish and maintain such bank accounts and maintain such books and records as determined by the Board of Directors and as required by good accounting practice. Books and records of the Authority shall be open to inspection at all reasonable times by authorized representatives of Members. Periodically, but not less often than annually, financial reports shall be made available to all Members.

As provided in the Agreement, the funds, reserves and accounts of each Program shall not be commingled and shall be separately accounted for; provided, however, that administration and overhead expenses of the Authority not related to a specific Program or Programs may be allocated among Programs as determined by the Board of Directors.

2. Audit

The Authority shall obtain an annual audit of its financial statements, which audit shall be made by an independent certified public accountant and shall conform to generally accepted auditing standards. A copy of said audit report shall be available, upon request, to each of the Members. Such audit report shall be obtained and filed within six months after the end of the fiscal year under examination.

3. Annual Budget

Prior to the beginning of each Fiscal Year (or Program Year, as appropriate) the Board shall annually approve an operating budget for the Authority, including a budget for each Joint Protection Program.

4. Risk Sharing

- a. Except as otherwise determined by the Board, all Programs established and/or operated under the Agreement or these Bylaws are intended to be risk-sharing programs. Notwithstanding this intention, and upon findings by the Board of Directors of the Authority that confirm the value thereof, the Board of Directors may recognize sound risk management and loss control by the members through contribution and coverage modifications.
- b. The Board of directors authorizes the Chief Executive Officer to make adjustments to a member agency's specific deductibles, risk factor, experience modification factor or the coverage afforded based on:
 - i. The Member's loss experience in comparison to the loss experience of the other members;
 - ii. Non-compliance with SDRMA recommended risk management or loss control measures;
 - iii. The Member's failure to allow SDRMA or its agents reasonable access to facilities and records in the event of a claim or a loss control inspection;

- iv. The Member's failure to cooperate with SDRMA's officers, agents, employees, attorneys and claim adjusters; or
- v. The Member's failure to honor any other reasonable request by SDRMA with respect to fulfilling the Member's responsibilities as outlined in Article 17 of the Joint Powers Agreement relating to the Authority.

5. Distribution of Net Position

Any Net Position from the operation of any Program, in such amounts and under such terms and conditions as may be determined by the Board of Directors, may be distributed to the Members in such Program. Any distribution of such funds shall be made on a pro rata basis in relation to net contributions paid to that Program and shall be made only to those Members which participated in the Program during the Program Year in which the Net Position were generated. Such distributions may be made to Members based on the Program Year(s) during which the Member participated, even if the Member is not a Member at the time of the distribution.

6. Assessments

- a. If, in the opinion of the Board of Directors, claims against Members in any particular Program or plan for any particular Program Year are of such a magnitude as to endanger the ability of the Authority to continue to meet its obligations for that Program for that Program Year, each Member who has participated in that particular Program or plan of the Authority during the applicable Program Year shall be assessed a pro rata share of the additional amount determined necessary by the Board of Directors to restore the ability of the Authority to continue to meet its obligations for the applicable Program Year.
- b. Each Member's pro rata share of the total Assessment shall be in the same proportion as that Member's gross contributions paid during or due for the applicable Program Year bears to the total gross Contributions paid by or due from all Members during the applicable Program Year. In calculating these amounts, the Assessment shall not be included in gross Contributions.
- c. Failure of any Member to pay any regular Contribution or Assessment when due shall be cause for the involuntary termination of that entity's membership in the Authority. Such Assessment shall be a debt due by all Members who have participated in the applicable Program or plan during the applicable Program Year, and shall not be discharged by termination of membership.

7. Fiscal Year

The Authority shall operate on a fiscal year commencing on July 1 and ending on the following June 30. Such fiscal year shall also be the Program Year for any Member in any Joint Protection Program.

8. Agency Funds; No Loans

All funds received within a Joint Protection Program, as determined by the Board, for the purposes of the Authority shall be utilized solely for the purposes of such Joint Protection Program, and all expenditures of funds shall be made only upon signatures authorized by the Board of Directors, which shall establish the necessary procedures for doing so. Any funds not required for the immediate need of the Authority, as determined by the Board of Directors, may be invested in any manner authorized by law for the investment of funds of a special district.

Except for the allocation of administrative and overhead expenses, and for investment purposes as set forth in the Agreement, Program funds shall not be commingled and shall be separately accounted for.

The Board may not approve loans between Programs.

9. Grants and Donations

Without in any way limiting the powers otherwise provided for in the Agreement, these Bylaws, or by statute, the Authority shall have the power and authority to receive, accept, and utilize the services of personnel offered by any Member, or their representatives or agents; to receive, accept, and utilize property, real or personal, from any Member or its agents or representatives; and to receive, accept, expend, and disburse funds by contract or otherwise, for purposes consistent with the provisions of the Agreement, which funds may be provided by any Member, their agents, or representatives.

10. Recovery of Payment

In the event of any payment by the Authority, the Authority may on behalf of the Member, either in the name of the Authority, in the name of the Member or both, recover sums paid to or on behalf of the Member from any person or organization liable, legally, contractually or otherwise, and the Member shall execute and deliver such instruments and papers, and do whatever else is necessary including execution of an assignment of all claims, including all rights to recover attorney fees, to the Authority or to a third party at the Authority's request, to secure such recovery and shall do nothing to impair such recovery. All sums recovered shall be applied to reimburse the Authority for payments made to or on behalf of the Member, to reimburse the Authority for the expense of such recovery, and to reimburse the Member for any deductible or co-insurance penalty paid.

ARTICLE VII

WITHDRAWALS; TERMINATION OF MEMBERSHIP

1. Withdrawal from Programs

A Member may voluntarily withdraw from any particular Program only in accordance with the applicable provision of the Agreement or any successor document thereto. A Member may withdraw from a Program without withdrawing from the Agreement if it is a participant in another Joint Protection Program of the Authority. Notice of intention to withdraw from a Program must be given to the Authority at least ninety (90) days prior to the end of the Program Year. No withdrawal shall become effective until the end of the applicable Program Year.

2. Involuntary Termination

Membership shall be deemed automatically terminated immediately and without prior notice upon the failure of any Member to maintain membership in at least one of the Authority's Programs.

In addition, a Member may be terminated from membership in a Program or the Agreement for cause upon a majority vote of the Board of Directors. The effective date of such termination shall be as determined by the Board of Directors, except that such termination shall take effect no later than sixty (60) days following the Board's decision to terminate and notice thereof is provided to the Member pursuant to Article VII, Section 3. For purposes of this Section, cause shall be deemed to include the following:

- a. Failure to pay any contribution, deposit, contribution to loss reserve, or assessment when due.
- b. Failure to comply with the Bylaws or with the policies and procedures established by the Authority.
- c. Based on a Member's loss experience, the Board of Directors has determined it to be detrimental to the stability of the pool.
- d. Dissolution of a Member.
- e. Failure to maintain membership in CSDA.
- f. Failure to undertake or continue risk management or loss control measures recommended by SDRMA or the Board of Directors.
- g. Failure to allow SDRMA or its agents reasonable access to all facilities and records of the Member which are necessary for the proper administration of a Program.
- h. Failure to cooperate fully with SDRMA officers, employees, attorneys, claims adjusters or other agents.
- i. Failure of a Member, the elected governing body of a Member, or of other personnel of the Member to exercise the Member's powers or fulfill the Member's duties in accordance with the Constitution or laws of the State of California.
- j. Any other act, omission or event, whether or not the fault of the Member, which causes the Member's continued membership in SDRMA to be inconsistent with the best interests of SDRMA or any of its programs.

3. Notification; Hearing, Obligations Upon Involuntary Termination

A Member which is automatically terminated on account of its failure to maintain membership in at least one of the Authority's Programs shall be given notice of such termination within thirty (30) days after such automatic termination. However, the failure to give such notice shall not operate to reinstate such Member.

In the event of a termination for cause by the Board of Directors, a Member may be terminated only after a written notice sent by certified or first class mail from the Chief Executive Officer of the Authority, stating the reasons for termination. Such notice shall provide the Member thirty (30) calendar days to cure the grounds for termination. The Member may request a hearing before the Board of Directors prior to the final termination of the Member's

membership in the Authority. The Chief Executive Officer of the Authority shall present the case for termination to the Board of Directors, and the Member shall have reasonable opportunity to present its case to the Board of Directors.

The decision by a majority of the Board of Directors to terminate a Member after notice and hearing or after the failure of the Member to cure the grounds given for termination shall be final and shall not be subject to appeal in any forum. The termination after notice and hearing shall take effect thirty (30) days after the decision to terminate is approved by the Board of Directors.

Any terminated Member shall continue to be bound to those same continuing obligations to which a withdrawing Member is obligated in accordance with Article VII, section 6 of these Bylaws.

4. Voluntary Withdrawal from Agreement

A Member may withdraw voluntarily only as provided in the Agreement. Notice of intention to withdraw from the Agreement must be given to the Authority at least 90 days prior to the end of the Program Year of any Program in which the Member participates at the time of the notice.

5. Payment Upon Termination of Membership

In the event of a termination of the membership of any Member by involuntary or voluntary termination, said Member shall thereafter be entitled to receive its pro rata share of any distribution of Net Position declared by the Board of Directors that pertains to a coverage year during which the terminated Member participated in any particular Program for which such distribution is made. Such payment shall be in full settlement and satisfaction of any and all claims that said terminated Member may have against the Authority.

6. Continued Liability

Upon withdrawal or involuntary termination of a Member, the Agreement shall not terminate and that Member shall continue to be responsible for any unpaid Contributions and for any Assessment(s) levied in accordance with the provisions of the Agreement or Bylaws. Such Member, by withdrawing or being involuntarily terminated, shall not be entitled to payment, return or refund of any Contribution, Assessment, consideration, or other property paid or donated by the Member to the Authority, or to return of any loss reserve contribution, or to any distribution of assets (except payment of any Net Position, as set forth in Article VII, section 5 above).

ARTICLE VIII
TERMINATION OF THE AUTHORITY; TERMINATION OF PROGRAMS

1. After having made proper provision for the winding up of the affairs of the Authority and each of the Programs operated by the Authority, the Authority shall distribute the net assets of the Authority as follows:
 - a. The net remaining assets of the Property/Liability Joint Protection Program shall be paid on a pro rata share basis to each Member who is a member of said Joint Protection Program at the time of termination of the Authority. A Member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program or its predecessor in interest from its inception in 1986 and continuing throughout said Member's period of participation bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest during its period of operation by all members of said Joint Protection Program at the time of termination.
 - b. The Authority shall pay to each Member who is a member of the Workers' Compensation Coverage Joint Protection Program at the time of termination its pro rata share of the net remaining assets of said Joint Protection Program. A member's pro rata share shall be in the same proportion as the total Contributions and Assessments paid by that Member to said Joint Protection Program and its predecessor in interest offered by SDWCA, from its inception in 1982 and continuing throughout that Member's participation, bears to the total Contributions and Assessments paid to said Joint Protection Program and its predecessors in interest offered by SDWCA, during its period of operation by all members of said Joint Protection Program at the time of termination.
 - c. The Authority shall pay to each Member who is a member of any additional Program, excluding the Health Benefits Program operated by the Authority at the time of termination its pro rata share of the net remaining assets of said Program. A Member's pro rata share shall be in the same proportion as the total Contributions and

Assessments paid by that Member to such Program during its period of participation bears to the total Contributions and Assessments paid to that Program during its entire period of operation by all Members of that Program at the time of termination.

2. The Board of Directors is also vested with the power to terminate individual Programs operated by the Authority without terminating the Agreement or terminating the Authority. In the event of termination of a Program operated by the Authority, said Program shall continue to exist for the purpose of paying or making provision for the payment of all known claims arising within said Program; for insuring, reinsuring or making other provision for the payment of any and all unknown claims covered by such Program; for the payment of all debts, liabilities, administrative expenses, and obligations of that Program out of the assets of that Program; and to perform all other functions necessary to wind up the business affairs of that Program. After having made proper provisions for the winding up the business affairs of a terminated Program, the Authority shall pay to each Member who is a member of that Program at the time of termination its pro rata share of net remaining assets of that Program. A Member's pro rata share of the net remaining assets of each such terminated Program shall be computed as set forth in paragraph (1) above.
3. In lieu of terminating this Agreement, the Board, with the written consent of two-thirds of the existing Members, may elect to assign and transfer all of the Authority's rights, assets, claims, liabilities and obligations to a successor joint powers authority created under the Act.

ARTICLE IX **PROVISIONS RELATING TO CSDA**

1. Board of Directors; Alliance Executive Council

In the event the Alliance Executive Council MOU has been terminated or the Authority has withdrawn from the MOU, two (2) additional directors to be appointed by CSDA shall increase the composition of the Board of Directors. So long as the Authority is a participant in the MOU, the Board shall appoint three (3) members of the Board to serve as members of the Alliance Executive Council.

CSDA is authorized to appoint two (2) directors as provided in the Agreement, the terms of such appointed directors will end on December 31 of the alternate odd-numbered year to coincide with SDRMA's election of the minority number of directors.

Upon the death or resignation of a member of the Board of Directors appointed by CSDA, the vacancy shall be filled for the balance of the unexpired term by appointment by CSDA.

ARTICLE X **AMENDMENTS; EFFECTIVE DATE**

These Bylaws may be amended at any time by majority vote of the Board of Directors following a 30-day written notice to all Members as to the amendment(s) proposed to be adopted, except that these Bylaws cannot be amended in any way that would conflict with the terms and provisions of the Agreement or successor document and any amendment thereof. Said written notice provided to members shall include notification of the Board meeting date, time and location that action will be taken by the Board on the proposed amendments.

ARTICLE XI **PRIOR BYLAWS REVOKED**

When approved by the Board of Directors these Bylaws, upon coming effective pursuant to Article X will supersede and replace all prior bylaws.

* * * * *

AYES:

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NOES:

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ABSTAINED:

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ABSENT:

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Approved:



David Aranda, President - Board of Directors
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

May 5, 2016
Date

Attested:



Gregory S. Hall, ARM, Chief Executive Officer
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY