



## AGENDA

### SPECIAL BOARD MEETING

Board Room  
3707 Old Highway 395  
Fallbrook, CA 92028

Tuesday, March 24, 2026  
Closed Session 12:00 P.M.  
Open Session 1:00 P.M.

1. CALL TO ORDER
2. ROLL CALL: Hamilton, Mack, Townsend-Smith, Hoffman, Irvine
3. PLEDGE OF ALLEGIANCE
4. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA
5. APPROVAL OF THE AGENDA

6. PUBLIC COMMENT

*Any person may address the Board at this time upon any subject not identified on this Agenda, but within the jurisdiction of Rainbow Municipal Water District; however, any matter that requires action will be referred to staff for a report and action at a subsequent Board meeting. As to matters on the Agenda, if a request to make a public comment is received, an opportunity will be given to address the Board when the matter is considered.*

*Members of the public may make comments in person by submitting a Speaker Slip to the Board Secretary, virtually through virtual or teleconference options, or by submitting an email to [tquintanar@rainbowmwd.ca.gov](mailto:tquintanar@rainbowmwd.ca.gov) no later than midnight on the day before the meeting. Comments shall be made in an orderly manner, and profanity, slander, or abusive language which is disruptive to the meeting will not be tolerated. Individuals have a limit of three (3) minutes to make comments and will have the opportunity when called upon by the presiding officer.*

7. CLOSED SESSION

- A. THREAT TO PUBLIC SERVICES OR FACILITIES – Consultation with: Legal Counsel (Per Government Code §54957 (a))
- B. CONFERENCE WITH LABOR NEGOTIATORS - Government Code §54957.6 and §54957 Agency Designated Representatives Jake Wiley and Karleen Harp; labor negotiations for: Rainbow Employee Association, & Rainbow Association of Supervisor and Confidential Employees
- C. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION  
Anticipated Initiation of Litigation Pursuant to Government Code section 54956.9(d)(4)

8. EMPLOYEE RECOGNITIONS

- A. Freddy Espino – Excellence Coin

**9. CONSENT CALENDAR**

*Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Calendar, it shall be removed so that it may be acted upon separately.*

A. APPROVAL OF:

1. February 10, 2026, Budget and Finance Committee Meeting Minutes
2. February 24, 2026, Regular Board Meeting Minutes
3. March 10, 2026, Budget and Finance Committee Meeting Minutes
4. March 18, 2026, Special Board Meeting Minutes
5. Notice of Completion and Acceptance of Minor Facilities Constructed by Customers (Division 5)
6. Construction Agreements Between the District and TH Ocean Breeze Ranch LLC (Division 1)
7. Contract with Flume, Inc., for Participation in the Flume Device Customer Water Consumption Monitoring Program

**10. ACTION ITEMS**

- A. Review and Consider FY 2026/27 Water Sales Projections
- B. Review and Consider Approval of a Professional Services Agreement with Silversky Inc. for Cybersecurity Risk Assessment, Controls Review, Policy Development, and Incident Response Exercises
- C. Consider Approval of Additional Funding and Award of a Construction Contract to Vadnais Microtunneling for the Line NN Emergency Replacement Project (Division 1)

**11. INFORMATION ITEMS**

- A. Operations Report
- B. Engineering Report
- C. Administrative Services Report
- D. Finance Report

**12. REPORTS & COMMENTS**

*This is placed on the agenda to enable individual Board members, Legal Counsel, and the General Manager to convey information to the Board and the public. There is to be no discussion or action taken by the Board of Directors.*

- A. General Manager's Report
- B. Legal Counsel's Report
- C. Board Member Comments
- D. Board Reports
  1. CSDA
  2. LAFCO
  3. Eastern MWD
  4. ACWA
  5. Committees, Workshops, Seminars, Training

**13. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

**14. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

**15. ADJOURNMENT - To April 28, 2026, at 1:00 p.m.**

**ATTEST TO POSTING:**

/s/Terese Quintanar  
Terese Quintanar  
Secretary of the Board

3/19/2026 11:44 AM  
Date and Time of Posting  
Outside Display Cases

Rainbow Municipal Water District (RMWD) provides remote attendance options solely as a matter of convenience to the public. RMWD will not stop or suspend its in-person public meeting should a technological interruption occur with respect to the Zoom or call-in line listed on the agenda. We encourage members of the public to attend meetings in person at 3707 Old Highway 395, Fallbrook, CA 92028, or remotely utilizing the options below:

**For Online Participation:**

Go to: <https://rainbowmwd.zoom.us/j/85664315900>

*If members of the public attending virtually would like to ask a question or make a comment on any item listed on this agenda, please utilize the "Raise Hand" button, located at the bottom of the screen. We will be alerted that they would like to speak. When called upon, please unmute the microphone and ask the question or make comments in no more than three minutes.*

**For Call-in Only:**

Call: (669) 900-6833, or (669) 444-9171, or  
(309) 205-3325, or (312) 626-6799, or  
(564) 217-2000, or (689) 278-1000  
Meeting ID: 856 6431 5900

*Those who have joined by dialing a number on their telephone can dial \*9 to alert us of a request to speak and \*6 to unmute, once called upon by the presiding officer.*

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the District's Administrative offices not less than 72 hours prior to the meeting date and time above. Meetings are regularly held at 1:00 p.m. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of all, of the members of the District's Board, are available for public inspection in the office of the District Secretary, 3707 Old Highway 395, Fallbrook, CA 92028

If you have special needs because of a disability that makes it difficult for you to participate in the meeting or you require assistance or auxiliary aids to participate in the meeting, please contact the District Secretary (760) 728-1178 by at least noon on the Friday preceding the meeting. The District will attempt to make arrangements to accommodate your disability.

**BOARD OF DIRECTORS**

March 24, 2026

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**SUBJECT**

EMPLOYEE RECOGNITIONS, FREDDY ESPINO EXCELLENCE COIN

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**DESCRIPTION**

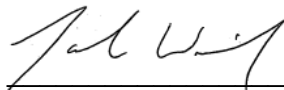
Below is information about this month's Staff recognition.

**BACKGROUND**

The *Excellence Five-Coin Recipient Award* is a very special recognition RMWD gives employees who have earned all five Core Value Coin Awards: Teamwork, Professionalism, Responsibility, Innovation, and Integrity. Employees are nominated by their peers when they demonstrate one of these values, and once approved by the Coin Nomination Committee, they receive a coin. Receiving all five is a big achievement and a sign of consistent dedication to RMWD's values. Earning all five coins is a remarkable accomplishment that reflects consistent excellence, character, and dedication to our District.

**DESCRIPTION**

Freddy Espino has become a cornerstone of the IT Department, consistently demonstrating excellence in innovation, professionalism, and integrity. Known for his reliability, collaborative spirit, and steady willingness to go above and beyond, Freddy is someone the District can always count on. He has played a key role in implementing systems such as Infor Document Management, CrowdStrike, NinjaOne, and the SCADA firewall, strengthening both efficiency and security across operations. His forward-thinking approach is reflected in workflow improvements like automated document management and the Daily Patrol application. Freddy's calm responsiveness during high-pressure situations, including the global CrowdStrike outage further reflects his dependable leadership. In recognition of his ongoing contributions and impact, Freddy was honored with the 2026 Drop of Excellence Award.



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Jake Wiley, General Manager

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
FEBRUARY 10, 2026**

1. **CALL TO ORDER** – The Regular Budget and Finance Committee (B&F) Meeting was held in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028, with remote public participation information listed on the Agenda. The meeting was called to order at 1:00 p.m.

Directors Present: Townsend-Smith, Hoffman

Staff Present: General Manager Wiley, Information Technology Manager Khattab, Engineering and CIP Manager Williams, Management Analyst Lan, Finance Manager Shilkov, Meters and Customer Service Supervisor Cruz, Accounting Specialist Martinez, Accounting Specialist Lundell, Safety and Risk Management Officer Johnson, District Secretary Quintanar, Administrative Analyst Montano, Administrative Services Manager Harp

Additional Attendees: Carol Wilson, Duane Urquhart

2. **PUBLIC COMMENT**

There were no public comments.

3. **DISCUSSION ITEMS**

- A. **Replacement of the District’s Enterprise Resource Planning (ERP) Platforms and Development of a Scope of Work for Procurement for Inclusion in the Fiscal Year 2026-27 Budget**

General Manager Wiley explained that the District’s finance and enterprise resource programs are aged, and this is the appropriate time to research programs that incorporate automation, AI, and integration with other existing software. Management Analyst Lan explained that the year-to-year expenses have increased and it is normal for agencies to replace or upgrade ERP systems periodically. Information Technology Manager Khattab explained the needs and efficiency gained with the new technology on the market. Ms. Lan provided examples of customer and staff interface screens, and simplified reporting functionality. Finance Manager Shilkov explained cost savings projected over the next five years with a new ERP system. The return on investment break-even point is anticipated in year two. Discussion ensued about financing and life cycle of software.

- B. **Fiscal Year 2025-26 Mid-Year Operating and Capital Budget Review and Adjustments**

General Manager Wiley reported that this mid-year review is standard procedure, and that unexpected expenses, such as the Line NN Repair Project, actual water sales, operational improvement projects, and other factors have resulted in the recommended mid-year adjustment. Finance Manager Shilkov explained the proposed adjustments, which resulted in a net decrease to O&M expenditures and a corresponding increase for CIP funding. The total Operating Budget will decrease by \$270,647.

Mr. Urquhart addressed the group to compliment the revised meeting structure, and to urge continued efforts for relief for local agricultural customers.

Mr. Wiley acknowledged the need for a solution that can relieve agricultural customers, and reported that efforts continue to find funding to expand and continue programs like CropSWAP.

C. Amendment to Administrative Code Section 8.11.040, Water Capacity Charge and Reduction in Meter Size

Mr. Wiley explained two changes proposed, one being the implementation of a low-income rate assistance program, and to develop a solution for meter downsize requests. There is a disconnect in the downsize policy pertaining to agriculture accounts because of the varying use of water. To address this gap, Meters and Customer Service Supervisor Cruz provided information that was used from the 2017 Study conducted by Wildan and Raftelis consultants to develop the current policy. He explained the current downsize requirements, which are the same for residential and agricultural customers. He suggested the installation of AMI meters to monitor real time flow. Staff also proposed that the property owner must demonstrate that the water usage will not exceed the maximum continuous flow, and if exceeded, the District may install a flow restrictor on the meter. After two violations, the District may require the customer to upsize their meter, with the requirement for these customers to pay the difference in charges from the first month of the flow violation. The intent of the recommended changes is to safeguard District equipment while recognizing the unique challenges of agricultural customers, while remaining compliant with the law.

Mr. Urquhart commented that his fixed charges are a challenge in some months, due to harvesting timing and higher costs in summer months.

D. Monthly Finance Packet

Mr. Shilkov reported that as of December, water sales totaled 6,826-acre feet, slightly below the water sales target. Operating expenses decreased due to lower water purchase, and net revenues are at \$9.1M. The Treasury Report reflects an unrestricted portfolio balance of \$21.5M but will decrease slightly due to debt and exit fee payments. Mr. Wiley added that \$1.7 million in principal is due each January for the SDCWA Exit Fee payment. Then, in July, an interest payment is made of approximately \$300,000.

**4. ADJOURN - The meeting was adjourned at 2:25 p.m.**

**MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
FEBRUARY 24, 2026**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on February 24, 2026, was called to order by President Hamilton at 1:00 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Hamilton presided.

2. **ROLL CALL:**

**Present:** Directors Hamilton, Mack, Townsend-Smith, Irvine, Hoffman (Director Irvine attended remotely pursuant to the Brown Act)

**Also Present:** General Manager Wiley, Legal Counsel Smith, Administrative Services Manager Harp, Information Technology Manager Khattab, District Secretary Quintanar, Administrative Analyst Weber, Chief Operations Manager Gutierrez, Finance Manager Shilkov, Engineering & CIP Manager Williams, Deputy Operations Manager Coffey, Customer Service & Meter Supervisor Cruz, Administrative Analyst Montano, Management Analyst Lan

**Also Present in Person,  
Via Teleconference or**

**Video Conference:** Sr. Project Manager Tamimi, Administrative Analyst Barrow, Safety and Risk Management Officer Johnson, Sr. Engineering Inspector Stockton, Wastewater Superintendent Zuniga, Rick Carey, Mark Mervich, Adam Bauer (Fieldman), President of the Bonsall Unified School District Board of Trustees, Larissa Anderson, members of the public

3. **PLEDGE OF ALLEGIANCE**

4. **ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were none.

5. **APPROVAL OF THE AGENDA**

**Motion: To approve the agenda as amended, pulling Item 7.A.7 for separate discussion.**

**Action: Approve, Moved by Director Mack, Seconded by Director Townsend-Smith**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

6. **PUBLIC COMMENT**

There were no requests to speak.

**7. CONSENT CALENDAR**

**A. APPROVAL OF:**

1. November 4, 2025, Engineering & Operations Committee Meeting Minutes
2. November 10, 2025, Budget and Finance Committee Meeting Minutes
3. January 20, 2026, Communications & Customer Service Committee Meeting Minutes
4. January 27, 2026, Regular Board Meeting Minutes
5. February 3, 2026, Engineering and Operations Committee Meeting Minutes
6. February 4, 2026, Special Board Meeting Minutes
7. Adoption of a Resolution Fixing the Time and Place of Hearing and Meeting on Proposed Water Availability Charges for Improvement District No. 1

***Item 7 was pulled for separate discussion.***

***Motion: To approve Consent Calendar as presented: Minutes of November 4, 2025, November 10, 2025, January 20, 2026, January 27, 2026, February 3, 2026, February 4, 2026***

***Action: Approve, Moved by Director Mack, Seconded by Director Hamilton***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5)***

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine***

- 7.A.7 Adoption of a Resolution Fixing the Time and Place of Hearing and Meeting on Proposed Water Availability Charges for Improvement District No. 1

Mr. Wiley explained that the item sets the date and time for the annual public hearing to approve collection of property taxes. The charge remains unchanged.

***Motion: Adopt Resolution No. 2026-01, setting the time & date for the public hearing for ID 1***

***Action: Approve, Moved by Director Irvine, Seconded by Director Hamilton***

***Vote: Motion carried by unanimous vote (summary: Ayes = 5)***

***Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine***

**8. ACTION ITEMS**

- A. Consider Adoption of a Resolution Authorizing the Execution of the Joint Exercise of Powers Agreement for the Establishment of the Bonsall Unified School District-Rainbow Municipal Water District Joint Powers Financing Authority

Mr. Wiley explained that this item initiates formation of a Joint Powers Authority (JPA) with Bonsall Unified School District to facilitate bond issuance, including for the Havens Phase 2 Project. Each agency will appoint two representatives. The partnership reflects shared boundaries and facility needs and may support formation of a CFD later this year. Documents have been reviewed by Fieldman and Nossaman LLP.

Larissa Anderson, President of the Bonsall USD Board of Trustees, and Superintendent Dr. Heather Golly expressed appreciation for the partnership.

***Motion: To adopt Resolution No. 2026-03 Authorizing the Execution of the Joint Exercise of Powers Agreement for the Establishment of the Bonsall Unified School District-Rainbow Municipal Water District Joint Powers Financing Authority***

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**Action: Approve, Moved by Director Hoffman, Seconded by Director Townsend-Smith**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

- B. Consider Authorizing the General Manager to Enter into a Mutual Aid Agreement Between Rainbow Municipal Water District and Rancho California Water District

Mr. Wiley explained that the District's Safety and Risk Management Officer Johnson has been working with Rancho Water on this effort, which is a great partnership. Rancho Water has similar facilities, materials, and equipment. The draft agreement is more narrow in scope than the multi-agency Mutual Services Agreement, as it is specific to emergency response.

**Motion: To authorize the General Manager to Enter into a Mutual Aid Agreement Between Rainbow Municipal Water District and Rancho California Water District.**

**Action: Approve, Moved by Director Townsend-Smith, Seconded by Director Mack**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

- C. Consider Replacement of the District's Enterprise Resource Planning (ERP) Platform and Development of a Scope of Work for Procurement for Inclusion in the Fiscal Year 2026-27 Budget

Mr. Wiley reported that staff has evaluated replacing the District's ERP system with a more modern, integrated platform. Mr. Khattab noted rising software costs without enhancements and stated that the system has reached the end of its lifecycle.

Management Analyst Lan discussed customer service and reporting improvements. Finance Manager Shilkov outlined projected five-year savings, with implementation expected to take approximately one year. Staff responded to Board questions.

**Motion: To approve Option 1- replacement of the District's Enterprise Resource Planning (ERP) Platform and Development of a Scope of Work for Procurement for Inclusion in the Fiscal Year 2026-27 Budget**

**Action: Approve, Moved by Director Hoffman, Seconded by Director Townsend-Smith**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

- D. Consider Approval of Fiscal Year 2025-26 Mid-year Operating and Capital Budget Review and Adjustments

Finance Manager Shilkov reported that operations remain stable and proposed reclassifications per GASB standards. Mr. Wiley noted that EV charger installations are on hold and that Line NN repairs are the primary driver of adjustments. An additional \$75,000 is needed for Lift Station 1 improvements. Water sales are slightly below projections; operating expenses remain on target.

**Motion: To approve the amended FY 2025-2026 Operating Budget as presented, reflecting a decrease in Operating Budget appropriations of \$270,647 and an increase to the Water and Wastewater Capital Improvement Program budget of \$2,992,714, resulting in a total net mid-year budget adjustment of \$2,797,067.**

**Action: Approve, Moved by Director Hamilton, Seconded by Director Mack**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

E. Consider Approval of a New Engineering and IT Modular Building

Mr. Williams reported that the expense is within the approved budget. Tenant improvements to Building No. 2 are estimated at \$3.2 million. A modular building would provide eight offices, two restrooms, and a conference room, replacing three existing trailers. Staff recommended purchasing rather than leasing.

If approved, staff will coordinate installation and removal of existing trailers, with temporary relocation of affected staff.

**Motion: To approve a new Engineering and IT Modular Building**

**Action: Approve, Moved by Director Hoffman, Seconded by Director Mack**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

F. Consider Adoption of an Ordinance Amending Administrative Code Section 8.11.040, Water Capacity Charge and Reduction in Meter Size

Customer Service & Meters Supervisor Cruz and Mr. Wiley Mr. Cruz and Mr. Wiley reviewed proposed amendments to the District's meter downsizing policy and capacity charge provisions. The changes distinguish between agricultural and non-agricultural accounts and add engineering review, potential flow restrictors, and customer responsibility to remain within meter capacity. The amendments also modify back-charge calculations for customers who later upsize, limiting additional fixed charges to the period during which capacity was exceeded.

Mr. Rick Carey commented that the issue is influenced by rate structure and requested consideration of instantaneous flow measures. Mr. Wiley clarified that no penalty would apply if a meter must be upsized in the future.

**Motion: To adopt Ordinance No. 26-03, authorizing amendment to Administrative Code Section 8.11.040.**

**Action: Approve, Moved by Director Hamilton, Seconded by Director Mack**

**Vote: Motion carried by unanimous vote (summary: Ayes = 5)**

**Ayes: Directors Hamilton, Mack, Townsend-Smith, Hoffman, and Irvine**

G. Consider Adoption of an Ordinance Amending Administrative Code Section 2.06.010.02 - Committees and Adoption of a Resolution Approving Authorized Committees to Utilize Teleconferencing Provisions as Eligible Subsidiary Bodies Under the Brown Act

Mr. Wiley and General Counsel Smith reviewed proposed amendments clarifying remote participation under SB 707 and the Brown Act. Standing committees qualify as eligible subsidiary bodies. Remote attendance requires a publicly accessible meeting location, and additional requirements apply to elected directors. A quorum is defined as a majority; two-member committees require both members present.

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**Motion: To Adopt Ordinance No. 26-04 and Resolution No. 2026-02 – Administrative Code Amendments to Section 2.06.010 and enabling Remote Meeting Attendance**

**Action: Approve, Moved by Director Hoffman, Seconded by Director Irvine**

**Vote: Motion carried by unanimous vote (summary: Ayes = 3, Townsend-Smith abstained, Hamilton opposed)**

**Ayes: Directors Mack, Hoffman, and Irvine**

**9. ALTERNATIVE ENERGY INVESTIGATION UPDATE**

Mr. Wiley and Mr. Williams reported regarding efforts to offset expenses utilizing renewable energy opportunities. Mr. Williams provided details of communication with several vendors and introduced Nancy Rorabaugh, with Opterra Energy Services. The District has also contracted for the services of Dr. Lon House, founder of Water & Energy Consultant. Dr. Lon House recommended the RES-BCT program, allowing offsite solar to generate credits. Mr. Williams explained the conclusions drawn through interactions with several vendors, and invited Nancy Rorabaugh to explain the services provided and expertise and stability of Opterra Energy Services. She explained the level of services, grant opportunity, and various options for funding of installation. Opportunity to benefit from the Inflation Reduction Act is available for a short time. Additional information will be provided to the Board in the future for consideration.

**10. INFORMATION ITEMS**

There were no questions.

**11. REPORTS & COMMENTS**

Mr. Wiley reported on water supply conditions, noting recent Sierra snowpack, and announced an Agriculture Workshop on March 5, 2026. He also reported that MWD is reviewing its two-year budget and considering rate impacts.

MWD is reviewing their two-year budget and facing challenges that impact rates. They may allocate more costs on the fixed side and will be working through that in future workshops.

Staff is replacing 4,000 feet of 8-inch pipeline in La Cañada and addressing groundwater conditions and doing a fantastic job.

He announced an open CSDA Board Seat and asked the Board to relay interest to staff, and that staff would be presenting the draft operating and CIP budgets to the Board for review in April.

Director Irvine relayed compliments to Josh Cruz and the Customer Service team, as he was contacted by two customers who appreciated staff's level of service.

President Hamilton noted that Nicky Winslow is in the running for the CSDA Southern Network, and that CSDA Award nominations are now open, enabling us to submit for several awards until May 1, 2026.

He also reported on his attendance of the CSDA Chapter Dinner, last Thursday and that he will be completing AB827 training on March 4, 2026.

Director Mack announced the ACWA Spring Conference May 5-7, in Sacramento.

**12. REQUESTS TO ATTEND UPCOMING MEETINGS / CONFERENCES / SEMINARS**

None were requested.

**13. SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING**

Additional discussion will be held regarding alternative energy options.

**14. CLOSED SESSION**

The Board and appropriate staff adjourned to closed session at 3:45 p.m. to discuss:

- A. Conference with Legal Counsel-Anticipated Litigation (Government Code §54956.9(d)(2)) (One Item)
- B. CONFERENCE WITH LABOR NEGOTIATORS - Government Code §54957.6 and §54957 Agency Designated Representatives Jake Wiley and Karleen Harp; labor negotiations for: Rainbow Employee Association, & Rainbow Association of Supervisor and Confidential Employees
- C. THREAT TO PUBLIC SERVICES OR FACILITIES – Consultation with: Legal Counsel (Per Government Code §54957 (a))
- D. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION  
Anticipated Initiation of Litigation Pursuant to Government Code section 54956.9(d)(4)

The Board reconvened to open session at 4:50 p.m. The Board discussed Closed Session Items A, B, and D. There was no action to report.

**15. ADJOURNMENT –**The meeting was adjourned at 4:51 p.m. to a regular meeting on March 24, 2026, at 1:00 p.m.

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**Hayden Hamilton, Board President**

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**Terese Quintanar, District Secretary**

**MINUTES OF THE BUDGET AND FINANCE COMMITTEE MEETING  
OF THE RAINBOW MUNICIPAL WATER DISTRICT  
MARCH 10, 2026**

1. **CALL TO ORDER** – The Regular Budget and Finance Committee (B&F) Meeting was held in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028, with remote public participation information listed on the Agenda. The meeting was called to order at 1:00 p.m.

Directors Present: Hoffman, Hamilton

Staff Present: Information Technology Manager Khattab, Engineering and CIP Manager Williams, Finance Manager Shilkov, Accounting Specialist Lundell, Safety and Risk Management Officer Johnson, District Secretary Quintanar, Administrative Services Manager Harp

Additional Attendees: Carol Wilson, Duane Urquhart, Rick Carey

2. **PUBLIC COMMENT**

None.

3. **DISCUSSION ITEMS**

A. Review of FY 2026/27 Water Sales Projections

Mr. Shilkov reported that 11,000 acre-feet of water was this year's water sales target. Modeling resulted in a recommended sales target of 10,750 acre-feet for next year. A mid-year adjustment can be made if necessary.

B. Request for Proposals (RFP) for Independent Audit Services

Mr. Shilkov explained that it is regular practice to select a new auditing firm every five years. The firm would perform annual audits, assist in the preparation of the Annual Comprehensive Financial Report (ACFR), and perform a single audit for grants. Staff will provide information to the Board regarding submittals responsive to the Request for Proposals.

C. Monthly Finance Packet

Mr. Shilkov reported that as of January, water sales are at 7,489 acre feet, 4% under budget. Operating Revenues of \$34.9M, are slightly below the budgeted amount due to lower water sales. Department budgets are on target. On the wastewater side, invoices from the City of Oceanside have been higher than anticipated. The payment of the previous outstanding balance has been paid in full. Mr. Shilkov explained that the City of Oceanside estimates the amount of flow from Rainbow Water, then adjusts as needed and issues invoices or refunds as necessary, each July. The Treasury Report shows a steady recovery of reserve levels. Monthly call volume has been steady. Mr. Carey commented that his water service had been interrupted, and although resolved, a call to the after-hours system was not answered. Staff will investigate the report. Mr. Shilkov

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provided clarification regarding wastewater revenues and expenses. Mr. Shilkov was asked to indicate where budget targets are behind or ahead, as of the date of the report.

Mr. Urquhart commented that Rainbow's fixed charges are much higher than FPUD's. He made additional comments regarding the unsustainability of Rainbow's rates. He commented that a comparison between current rates and the two years prior to detachment will be interesting. Further, he opined that Rainbow cannot conduct business in fear of litigation and referenced a San Diego County study regarding salt levels that should have resulted in reimbursement to the water districts.

Mr. Carey and Mr. Urquhart provided several suggestions on leveraging Rainbow Water's powers and discussion ensued.

**4. ADJOURN - The meeting was adjourned at 1:59 p.m.**

**MINUTES OF THE SPECIAL BOARD MEETING  
OF THE BOARD OF DIRECTORS OF THE  
RAINBOW MUNICIPAL WATER DISTRICT  
MARCH 18, 2026**

1. **CALL TO ORDER** - The Special Meeting of the Board of Directors of the Rainbow Municipal Water District was called to order by President Hamilton at 1:02 p.m., at Z South, 5256 S Mission Road, Suite 907, Bonsall, CA 92003

2. **ROLL CALL:**

**Present:** Directors Hamilton, Mack, Townsend-Smith, Irvine, Hoffman

**Also Present:** General Manager Wiley, Administrative Services Manager Harp, Information Technology Manager Khattab, District Secretary Quintanar, Chief Operations Manager Gutierrez, Finance Manager Shilkov, Engineering & CIP Manager Williams, Deputy Operations Manager Coffey

**Also Present in Person,  
Via Teleconference or**

**Video Conference:** Catherine Carter, Janae Janik and Brian Kirsch (Raftelis Consulting), Rick Carey

3. **PUBLIC COMMENT**

None.

4. **DISCUSSION AND INFORMATION SHARING RELATED TO RAINBOW WATER'S STRATEGIC FRAMEWORK**

The Raftelis Consulting team presented benchmarking results, outlined the goals of the process, and summarized information gathered through interviews with the District's management team, staff, and Board of Directors. Elements of a strategic framework to guide the District over the next several years were reviewed, and attendee engagement focused on defining the District's Vision Statement and strategic focus areas.

5. **ADJOURNMENT** - The meeting was adjourned at 4:42 p.m.

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**Hayden Hamilton, Board President**

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**Terese Quintanar, District Secretary**

# CONSENT CALENDAR

## Item No. 9.A.5

### BOARD OF DIRECTORS

March 24, 2026

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### SUBJECT

NOTICE OF COMPLETION AND ACCEPTANCE OF MINOR FACILITIES CONSTRUCTED BY CUSTOMERS (DIVISION 5)

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### BACKGROUND

Customers are often required to construct improvements for Rainbow Municipal Water District (District) to develop a parcel of land within the District's boundaries. These requirements include extending a water main to serve a parcel, installing new water or sewer services, or installing a fire hydrant for fire protection. When constructing facilities to connect to an existing water main or sewer line, a customer must submit a water, sewer, or fire hydrant application, submit proposed plans for plan check services, pay all applicable fees (plan check, capacity fees, and inspection), and hire a contractor with a class "A" license to install the facilities according to the District's Standard Specifications. The customer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the fire hydrant following the one-year warranty phase.

### DESCRIPTION

The following facility has been constructed per the District's Domestic Water, Recycled Water, and Sanitary Sewer Facilities Construction Standards Manual, and past all required testing and inspections.

Facilities constructed and ready for acceptance include the following:

- Installation of a 1-inch Water Service at 2925 Los Alisos Fallbrook, CA 92028 constructed by Draves Pipeline, Inc (Division 3)

Following acceptance by the Board and filing of the Notice of Completion, a one-year warranty period commences where all required maintenance and upkeep of the facilities lie with the customer. Installation costs for the project totaling \$25,800 will be added to the District's total valuation.

### POLICY/STRATEGIC PLAN KEY FOCUS AREA

Strategic Focus Area Two: Asset Management.

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### ENVIRONMENTAL

In accordance with California Environmental Quality Act (CEQA) guidelines Section 15378, the action before the Board, filing a Notice of Completion and accepting the facilities, does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

### BOARD OPTIONS/FISCAL IMPACTS

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The construction costs of the improvements totaling \$25,800 will be added to the District's asset valuation.

1) Option 1:

- Accept the Appurtenances Constructed as complete and as shown on the District's Standard Drawings.
- Approve filing the Notice of Completion.
- Add installation costs to the District's total valuation:
  - i. \$25,800 Installation of 1-inch Water Service at 2925 Los Alisos Fallbrook, CA 92028 constructed by Draves Pipeline, Inc.
- Make a finding that the action herein does not constitute a "project" as defined by CEQA.

2) Option 2:

- Provide other direction to staff.

**STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Chad Williams  
Engineering & CIP Program Manager

03/24/2026

Attachment(s):

1. Project Site Map Los Alisos

**REQUESTED BY AND WHEN  
RECORDED MAIL TO:**

Rainbow Municipal Water District  
3707 Old Highway 395  
Fallbrook, California 92028

NO FEE REQUIRED PER GOVERNMENT CODE SECTION  
§6103 DEED TRANSFER TAX: \$ 0  
EXEMPT FROM DOCUMENTARY TRANSFER TAX PER REV. &  
TAX CODE §11922  
EXEMPT FROM RECORDING FEES PER GOVT. CODE §27383

Assessor Parcel No: 107-300-36-00

**NOTICE OF COMPLETION**

Notice is hereby given that:

Matt & Taylor Strand located at 2925 Los Alisos, Fallbrook, CA 92028 ("Owner"), is the developer of the 1-inch water service at 2925 Los Alisos, Fallbrook, CA; more particularly described as County of San Diego, California.

This Notice of Completion concerns the construction and acceptance of public water and sewer improvements ("Facilities") to serve said property. The Facilities are located at 2925 Los Alisos, Fallbrook, CA 92028.

The contractor for construction of the Facilities was Draves Pipeline, Inc. P.O. Box 1051, Bonsall, CA 92003 under contract with the Owner. Work was completed on February 5, 2026.

**NOTICE OF ACCEPTANCE**

The Rainbow Municipal Water District ("District"), located at 3707 Old Highway 395, Fallbrook, California 92028, accepted the Facilities by Board action on March 24, 2026. The District is the owner of the Improvements in fee and easement. The Facilities are located within public streets right of way and District easements.

**VERIFICATION**

I, the undersigned, state that I am the General Manager of the Rainbow Municipal Water District, the public agency accepting the Facilities referred to in the foregoing Notice of Completion; that I have executed such Notice of Completion on behalf of such public agency and likewise make this verification on behalf of said public agency; and that I have read said Notice of Completion and know the contents thereof and the facts therein stated are true of my own knowledge.

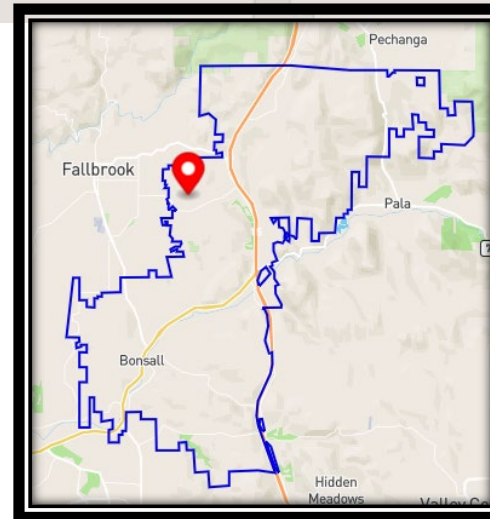
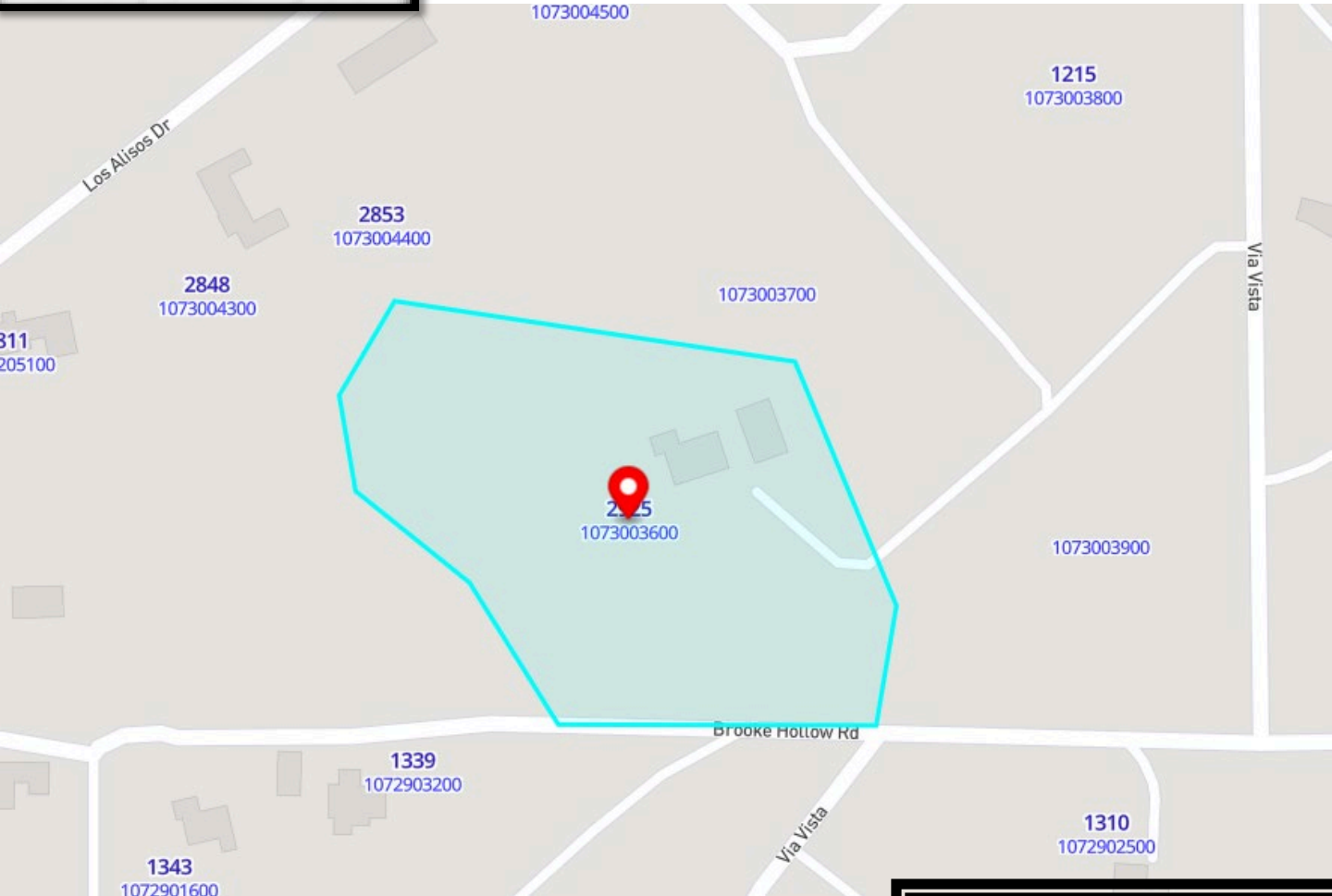
I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

March 24, 2026, Fallbrook, CA  
Date and Place

\_\_\_\_\_  
Jake Wiley, General Manager  
Rainbow Municipal Water District



# 1-INCH WATER SERVICES 2925 LOS ALISOS DISTRICT PROJECT NO. 610160



## CONSENT CALENDAR

### Item No. 9.A.6

#### BOARD OF DIRECTORS

March 24, 2026

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#### SUBJECT

CONSIDER APPROVAL OF CONSTRUCTION AGREEMENTS BETWEEN THE DISTRICT AND TH OCEAN BREEZE RANCH LLC (DIVISION 1)

#### BACKGROUND

The proposed Ocean Breeze Ranch development is located south of Pala Road (Highway 76), west of Interstate 15 and north of West Lilac Road, at 5820 West Lilac Road, Bonsall, CA. The 1,403-acre property includes 833 acres of permanent biological open space, an equestrian center of 203 acres, public and private park space of 9.35 acres (including two (2) public parks, four (4) private parks and a private recreation center), four miles of sidewalks and five miles of trails for pedestrian connectivity throughout, including a trail connection from the development through open space to Sullivan Middle School. 367 acres of the total 1,403 acres will be developed.

The Rainbow Municipal Water District (District) Board of Directors approved entering into a Sewer Service Agreement with TH Ocean Breeze Ranch, LLC. (Developer) at the February 4, 2026 meeting. The agreement reserves 520.5 sewer Equivalent Dwelling Units (EDUs) needed to serve the proposed development.

#### DESCRIPTION

The proposed plans and specifications for the development were prepared by Bowman Consulting Engineers and Dexter Wilson Engineering, Inc., have been approved by the District and are now ready to move into the construction phase. The Developer will contract directly with contractors holding a Class "A" license to construct water and sewer systems, that when completed and accepted by the District are added to the District's total valuation.

The six (6) Construction Agreements being discussed here are between the Developer and the District. The entire cost of the construction of the water systems, sewer systems and District services (plan checks, inspection, and administration) are to be paid by the Developer. Construction for the overall development will be broken down into phases:

1. Ocean Breeze Ranch Planning Area 1
2. Ocean Breeze Ranch Planning Area 2
3. Ocean Breeze Ranch Dulin Road Planning Area 3
4. Ocean Breeze Ranch High Pressure Waterline
5. Ocean Breeze Ranch Backbone
6. Ocean Breeze Ranch Sewer Lift Stations

Staff is requesting approval of an agreement for each phase with the Developer for a total of six (6) agreements. Issuing separate agreements per phase streamlines the management of the project by staff.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Two: Asset Management

### **ENVIRONMENTAL**

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In accordance with California Environmental Quality Act (CEQA) guidelines Section 15378, the action before the Board does not constitute a “project” as defined by CEQA and further environmental review is not required at this time.

### **BOARD OPTIONS/FISCAL IMPACTS**

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There is no direct fiscal impact to the District for the proposed action. The Developer covers the construction costs and District staff efforts via a Project Administrative Deposit.

Option 1:

- Approve the Construction Agreements with TH Ocean Breeze Ranch, LLC. and authorize the General Manager to execute the six (6) Construction Agreements.

Option 2:

- Provide other direction to staff.

### **STAFF RECOMMENDATION**

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Staff recommends Option 1.



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Chad Williams  
Engineering & CIP Program Manager

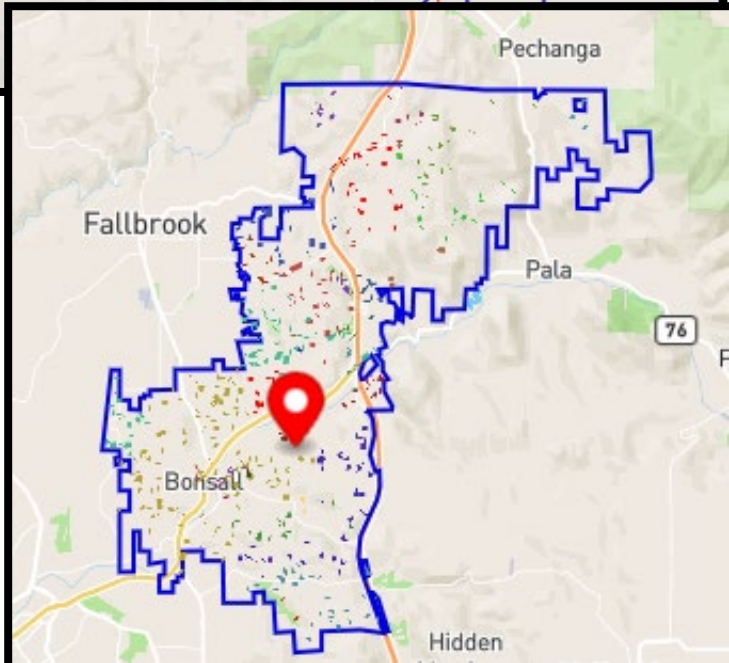
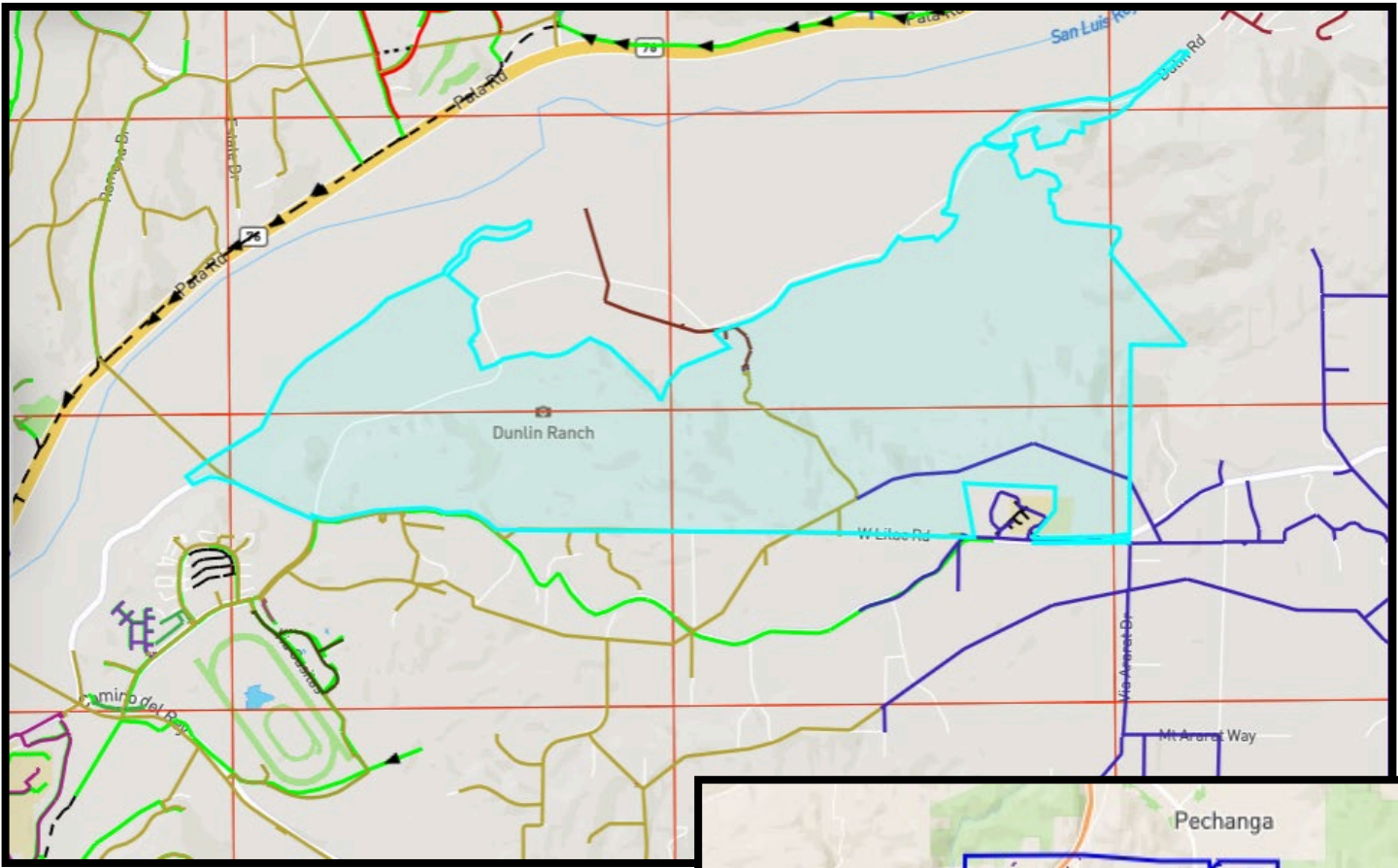
03/24/2026

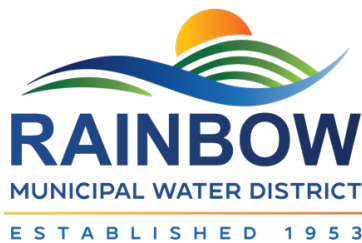
*Attachment(s):*

1. *Project Site Map*
2. *26-12 Draft Plan 1*
3. *26-13 Draft Plan 2*
4. *26-14 Draft Plan 3*
5. *26-15 Draft Backbone*
6. *26-16 Draft High Pressure Water Line*
7. *26-17 Draft Sewer Lift Station*



# OCEAN BREEZE RANCH DEVELOPMENT DISTRICT PROJECT NO. 700035





**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-12**

THIS AGREEMENT (“Agreement”) is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Planning Area 1 (“Project”), see Exhibit “A” for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all materials that are to be provided by the District as well as Capacity Fees are not included

in the Project Administration deposit. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high-water tables requiring

dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.

10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to

be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations

under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the other. No lawsuit or other remedy may be pursued until at least one informal meeting

session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**

**TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH PLANNING AREA 1

### Phase Details

Description: Planning Area 1 In-tract

Number of Lots: 127

Infrastructure:

Water and sewer improvements, including all appurtenances

Lots 1-126, Tract 5615-2

Public streets Palm Court, Lighthouse Lane, Starfish Lane, Harbor Court, Sandbar Lane

### Contractor Information

Name: Boudreau Pipeline Corporation

Address: 463 N. Smith Avenue, Corona, CA 92878

License Number: 791842

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

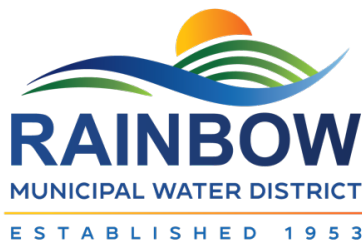
Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-13**

THIS AGREEMENT (“Agreement”) is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Planning Area 2 (“Project”), see Exhibit “A” for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all materials that are to be provided by the District as well as Capacity Fees are not included

in the Project Administration deposit. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high-water tables requiring

dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.

10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to

be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations

under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the other. No lawsuit or other remedy may be pursued until at least one informal meeting

session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**

**TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH PLANNING AREA 2

### Phase Details

Description: Planning Area 2 In-tract

Number of Lots: 183

Infrastructure:

Water and sewer improvements, including all appurtenances

Lots 196-379, Tract 5615-3

Public streets Tide Lane, Shore Lane, Pelican Drive, Turtle Drive

### Contractor Information

Name: Murrieta Development Company Inc.

Address: 42540 Rio Nedo, Temecula, CA 92590

License Number: 558592

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

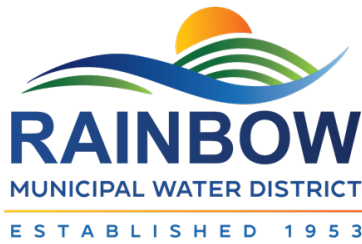
Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-14**

THIS AGREEMENT (“Agreement”) is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Planning Dulin Road Planning Area 3 (“Project”), see Exhibit “A” for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all

materials that are to be provided by the District as well as Capacity Fees are not included in the Project Administration deposit. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen

conditions such as rock excavation, unstable soil conditions, or high-water tables requiring dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.

10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the

District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the

other. No lawsuit or other remedy may be pursued until at least one informal meeting session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**

**TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH DULIN ROAD PLANNING AREA 3

### Phase Details

Description: Dulin Road

Number of Lots: 14

Infrastructure:

Water improvements, including all appurtenances

Lots 3-16, Tract 5615-1

Private Street Lot VV (Dulin Road, Seafoam Street)

### Contractor Information

Name: Boudreau Pipeline Corporation

Address: 463 N. Smith Avenue, Corona, CA 92878

License Number: 791842

### Phase Details

Description: Private Fire Access Road

Number of Lots: None

Infrastructure:

Water improvements, including all appurtenances

Fire access road for Equestrian Facility on Lot TT of Tract 5615-1

### Contractor Information

Name: Murrieta Development Company Inc.

Address: 42540 Rio Nedo, Temecula, CA 92590

License Number: 558592

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

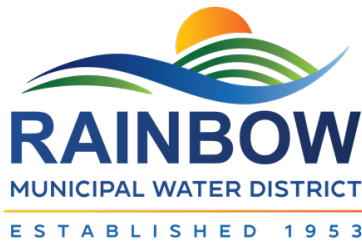
Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-16**

THIS AGREEMENT ("Agreement") is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Dulin Road and Highway 395 High Pressure Waterline ("Project"), see Exhibit "A" for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems ("Facilities") after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all

materials that are to be provided by the District as well as Capacity Fees are not included in the Project Administration deposit. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen

conditions such as rock excavation, unstable soil conditions, or high-water tables requiring dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.

10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the

District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the

other. No lawsuit or other remedy may be pursued until at least one informal meeting session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**      **TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH HIGH PRESSURE WATERLINE

### Phase Details

Description: Dulin Road/Highway 395 High Pressure Water Line

Number of Lots: 0

Infrastructure:

Water improvements, including all appurtenances

Public streets Old Highway 395, Dulin Road

Private street Lot VV Dulin Road

### Contractor Information

Name: La Strada Pipeline Inc.

Address: 26247 Enterprise Court, Lake Forest, CA 92630

License Number: 1018198

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

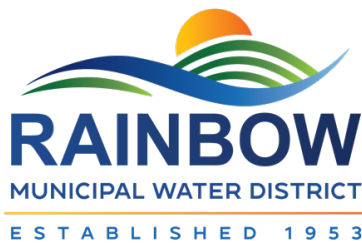
Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-15**

THIS AGREEMENT (“Agreement”) is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Backbone (“Project”), see Exhibit “A” for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all materials that are to be provided by the District as well as Capacity Fees are not included

in the Project Administration deposit. If at any time District notifies Developer that additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high-water tables requiring

dewatering. No changes, alterations or additions shall relieve any of Developer's security obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.

10. Developer agrees to pay all costs incurred by the District as may be necessary to complete construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.
11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to

be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations

under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the other. No lawsuit or other remedy may be pursued until at least one informal meeting

session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**

**TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH BACKBONE

### Phase Details

Description: Street A and West Lilac Road Frontage

Number of Lots: 51

Infrastructure:

Water and sewer improvements, including all appurtenances

Lots 145-195, Tract 5615-3

Public streets Seacliff Road, W. Lilac Road

### Contractor Information

Name: Murrieta Development Company Inc.

Address: 42540 Rio Nedo, Temecula, CA 92590

License Number: 558592

### Phase Details

Description: Street B

Number of Lots: 18

Infrastructure:

Water and sewer improvements, including all appurtenances

Lots 127-144, Tract 5615-2

Public street Seaglass Road

### Contractor Information

Name: Boudreau Pipeline Corporation

Address: 463 N. Smith Avenue, Corona, CA 92878

License Number: 791842

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

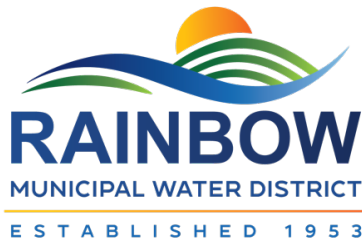
Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.



**AGREEMENT FOR CONSTRUCTION OF FACILITIES TO BE DEDICATED TO THE  
RAINBOW MUNICIPAL WATER DISTRICT**

**PROJECT NAME: OCEAN BREEZE RANCH DEVELOPMENT**

**PROJECT NO.:700035**

**CONTRACT NO. 26-17**

THIS AGREEMENT (“Agreement”) is made on \_\_\_\_\_, by and between **RAINBOW MUNICIPAL WATER DISTRICT**, a municipal water district established pursuant to California Water Code sections 71000 *et seq.*, with its headquarters at Fallbrook, California ("District") and TH Ocean Breeze Ranch, LLC., a California Limited Liability Company located at 450 Newport Center Drive, Suite 300, Newport Beach, CA 92660 referred to hereinafter as ("Developer").

WHEREAS, Developer is planning a development of 394 lot(s) located within the boundaries of the District, and is commonly described as: Ocean Breeze Ranch Development Sewer Lift Stations (“Project”), see Exhibit “A” for detailed phase and Contractor information.

Parcel Map/TPM/TM No.:5615

Assessor's Parcel No(s): 127-191-22-00

WHEREAS, the Project will require a water and/or sewer system to provide service to the lands referenced above; and

WHEREAS, Developer is desirous of having the District provide water and/or sewer service to the Project and is willing to develop and convey/dedicate to the District the water and/or sewer systems (“Facilities”) after the construction thereof; and contingent upon the District's acceptance of such conveyance and to provide water and/or sewer service to said lands on the terms and conditions set forth herein,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Developer will comply with the District's rules, regulations and Administrative Code, as amended from time to time. The provisions of said regulations are incorporated herein by reference.
2. Promptly following execution of this Agreement, Developer shall pay the Project Administration deposit with the District an amount sufficient to cover the District's estimated costs for engineering, permits, inspection, and administrative fees. Any and all materials that are to be provided by the District as well as Capacity Fees are not included in the Project Administration deposit. If at any time District notifies Developer that

additional amounts are required, Developer shall promptly deposit additional funds. Upon acceptance of the improvements by District, District shall refund any remaining amounts to Developer following the one-year warranty period from the date of recording with San Diego County of the Notice of Completion.

3. Developer shall contract for the design to be prepared by a licensed engineer in the State of California experienced in the design of similar systems and shall obtain District's written approval of said engineer prior to commencement of design work.
4. The system shall comply with the District's specifications. Developer shall provide plans and specifications to the District for review and obtain the District's written approval prior to the presentation thereof to contractors for bidding purposes.
5. Developer acknowledges that California law includes certain requirements applicable to public works contracts, including requirements to pay prevailing wages.
  - A. The definition of "public work" includes work performed under the direction and supervision of the District. The parties acknowledge and agree that Developer is fully responsible for directing and supervising design and construction of the system described in this Agreement, and that the District's role is limited to review, inspection and approval of said design and construction, and does not constitute direction or supervision of the work.
  - B. The definition of "public work" also includes work that is paid for in whole or in part out of public funds. If any portion of the Project is paid for in whole or in part out of public funds, Developer agrees to comply with, and require its contractors and subcontractors to comply with, the requirements set forth in Appendix 1 to this Agreement. To the maximum extent permitted by law, Developer shall defend, indemnify, and hold the District and each of its officials, officers, directors, employees, agents, and volunteers free and harmless from any claims, liabilities, costs, penalties or interest arising out of the failure or alleged failure of Developer, its contractors or subcontractors to comply with said requirements.
6. Developer will prequalify licensed and qualified contractors to submit bids to construct the system and shall obtain District's written approval of the list of prequalified firms. Each prequalified contractor shall be currently licensed by the State of California with a General Engineering Contractor, Class "A" license, and shall be experienced in the construction of domestic water supply systems and sewer systems. Developer shall notify District regarding the selected contractor prior to execution of a contract with such firm.
7. The entire cost of the construction of such water and/or sewer systems shall be paid by Developer. Such construction shall be inspected by District personnel for conformance with the approved plans and specifications. District, without liability to District, District's engineer and their consultants, and each of their directors, officers, employees, and agents, may require such changes, alterations, or additions to the plans and specifications which do not exceed ten percent (10%) of the original District estimated cost of the work as may be determined necessary or desirable by District in its sole discretion, including those necessary due to errors or omissions in the approved plans or specifications. Changes, alterations, or additions without said 10% limitation may be made for unforeseen conditions such as rock excavation, unstable soil conditions, or high-water tables requiring dewatering. No changes, alterations or additions shall relieve any of Developer's security

obligations given for the faithful performance of this Agreement.

Construction shall not begin until evidence of insurance and bonds are provided in accordance with Paragraphs 11 and 12 and Developer, or other authorized party, completes a "Certification of Streets to Final Grade" for the streets in which water and/or sewer pipelines are to be constructed. District inspection is for the purpose of conformance of construction with District requirements, and not for compliance by the contractor with safety requirements. Developer shall coordinate with District in setting the schedule for construction and establishing hold points for inspection by District. Inspection or final acceptance shall not constitute a waiver by the District of any claims against Developer and/or contractor for any defects in the work performed hereunder.

Developer's relationship to the District shall be that of an independent contractor in performing all services hereunder. The parties agree that no services, act, commission or omission of Developer or its employees, agents or subcontractors pursuant to this Agreement shall be construed to make Developer or its employees, agents or subcontractors the agent, employee or servant of the District. Developer shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. Developer represents and warrants that Developer customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

8. To the maximum extent permitted by law, Developer shall defend, indemnify and hold the District, its agents, directors, officers, and employees and each of them free and harmless from any liability from claims, demands, suits, loss, damage, costs and expenses including reasonable attorneys' fees and costs, and injury to persons or property including wrongful death, in any manner arising out of, related to or incident to, in whole or in part, any action or omission of Developer or its contractors or subcontractors, including any officers, employees or agents of the Developer or its contractors or subcontractors, in connection with the performance of this Agreement, the construction of the water and/or sewer system contemplated by this Agreement and any assertions that the materials, equipment or services, or the use thereof in the water and/or sewer system, infringes any patent, copyright or proprietary right of any third-party or violates any governmental law or regulation. All officers, agents, employees and subcontractors, and their agents, who are employed, contracted or otherwise utilized by Developer or its contractors or subcontractors to perform construction of the water and/or sewer system described herein shall be deemed officers, agents and employees of Developer or its contractors or subcontractors. The foregoing indemnity hold harmless and defense obligation shall apply except to the extent the loss, damage or injury is caused by the sole negligence or willful misconduct of an indemnified party. This indemnification hold harmless and defense obligation of Developer shall survive the termination or expiration of this Agreement.
9. This Agreement shall become effective on the date of mutual execution by the Parties, and Developer shall guarantee the completion of construction five (5) years from the date execution of this Agreement.
10. Developer agrees to pay all costs incurred by the District as may be necessary to complete

construction, including administrative costs, as well as costs of any insurance purchased by District if Developer's contractor fails to comply with the requirements of Paragraph 11.

11. Developer shall require its construction contractor(s) to procure and maintain, for the duration of the construction period and at least one-year from the date of the filing of the "Notice of Completion," insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the contractor, his agents, representatives, employees or subcontractors.
  - A. Coverage shall be at least as broad as:
    - (i) Insurance Services Office Commercial General Liability coverage ("occurrence" form CG0001).
    - (ii) Insurance Services Office form number CA 0001 (Ed. 1/78) covering Automobile Liability, code 1, "any auto" and endorsement CA 0025.
    - (iii) Workers' Compensation insurance as required by the California Labor Code sections 1861 and 3700 *et seq.* and Employers Liability Insurance.
    - (iv) Contractor's Pollution Liability
  - B. Limits of Insurance shall be:
    - (i) General Liability: One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
    - (ii) Automobile Liability: One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury and property damage.
    - (iii) Worker's Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.
    - (iv) Contractor's Pollution Legal Liability with limits no less than One Million Dollars (\$1,000,000) per occurrence or claim, and Two Million Dollars (\$2,000,000) policy aggregate.
  - C. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees, and volunteers; or the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

- D. The contractor's insurance policies shall contain or be endorsed to comply with the following provisions:
- (i) General Liability, Automobile Liability Coverages and Pollution Legal Liability:
    - (1) The District, its officers, officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the contractor, products and completed operations of the contractor, premises owned, occupied or used by the contractor, or automobiles owned, leased, hired or borrowed by the contractor. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, officials, employees or volunteers.
    - (2) The contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees or volunteers shall be excess of the contractor's insurance and shall not contribute with it.
    - (3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the District, its officers, officials, employees or volunteers.
    - (4) The contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
  - (ii) Workers' Compensation and Employers Liability Coverage:
    - (1) The insurer shall agree to waive all rights of subrogation against the District, its officers, officials, employees and volunteers for losses arising from work performed by the contractor.
  - (iii) All Coverages:
    - (1) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.
- E. Developer shall require the contractor to furnish the District with certificates of insurance and with original endorsements affecting coverage required by this clause. Insurers must be authorized to do business and have an agent for service of process in the state of California, have an "A" financial strength rating and a financial size rating of at least Class VI in accordance with the most current A.M. Best's Rating Guide. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms provided by the District. Where by statute, the District's workers' compensation-related forms cannot be used, equivalent forms approved by the Insurance Commissioner are to

be substituted. All certificates and endorsements are to be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

- F. The contractor's insurance shall include all subcontractors as insureds under its policies or it shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.
12. Developer shall provide the District with bonds in form acceptable to District, as follows:
- A. A performance bond with corporate surety or sureties satisfactory to the District's said performance bond being for not less than one hundred percent (100%) of the total price under the construction contract referenced in Paragraph 13(D).
  - B. A labor and materials payment bond being for not less than one hundred percent (100%) of the total contract price as referenced in Paragraph 13(D). Said bond shall be conform to requirements applicable to private works projects.
  - C. A bond in a form satisfactory to District to guarantee the performance of the installed domestic water and/or system against failures of any type for one (1) year from the date of the filing of the "Notice of Completion." Said bond shall be in the amount of ten percent (10%) of the total contract price as referenced in Paragraph 13(D) and shall provide for the payment of all costs incurred by the District for the repair of such failures within the one-year guarantee period.
13. The District's Inspector shall complete a "Notice of Final Inspection" when all work has been completed in accordance with District requirements and prior to the acceptance of the system by the District's Board of Directors. As a condition to such acceptance, the Developer shall furnish to the District any and all requested documents, including but not limited to, the following:
- A. Easement Deed or Grant Deed to any rights-of-way or other real property interests necessary for roads, ingress and egress, and for maintenance and operation of the domestic water and/or sewer system;
  - B. An unconditional waiver and release on final payment under Civil Code section 8138 from the Developer's contractor(s) and each subcontractor that provided labor, service, equipment or material for the system that is the subject of this Agreement;
  - C. A Notice of Completion under Civil Code sections 8180 et seq., covering the system, executed by the Developer, in form suitable for recordation by the District within 15 days after the District's acceptance of the system;
  - D. A copy of the contract between Developer and Developer's contractor or other documents which verify the actual cost of the domestic system as installed, and an assignment of Developer's rights against the contractor with respect to any defects in the system improvements and appurtenances.

The District will not commence water and/or sewer service until the completed system passes final inspection by the District, and Developer has fully complied with its obligations

under this Agreement required to be performed prior to acceptance, including delivery of documents required by Paragraph 13. Upon completion of the Facilities required by this Agreement to the satisfaction of the District, the Facilities which have been constructed shall be presented to the Board of Directors of the District for dedication and the filing of a Notice of Completion. The District shall have no obligation to accept the Facilities or file a Notice of Completion if the design and/or construction of the work is not satisfactory to the District in its sole discretion. Upon recordation of a Notice of Completion, the Developer then warrants the work free of defects for one-year following Board acceptance and filing of the Notice of Completion. The District becomes responsible for the daily operation and maintenance of the accepted facilities following the one-year warranty phase.

14. Following fulfillment of the terms and conditions herein and acceptance by the District of said system, the District will provide service to said lands in accordance with the District's Rules and Regulations governing the provisions of such service.
15. This Agreement comprises the entire integrated understanding between the parties concerning the matters addressed herein and supersedes all prior negotiations, representations, or agreements whether express or implied, oral or written. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms herein.
16. The interpretation, validity and enforcement (including, without limitation, provisions concerning limitation of actions) of this Agreement shall be governed by and construed under the laws of the State of California, notwithstanding any conflict-of-laws doctrines or rule requiring construction against the draftsman. This Agreement does not limit any other rights or remedies available to the District. Should any provision herein be found or deemed invalid, the Agreement shall be construed as not containing such provision and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are severable.
17. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
18. The proper jurisdiction, forum and venue for any claims, causes of action or other proceedings concerning this Agreement shall be in the state and federal courts located in the State of California, northern district of the County of San Diego. The District and Developer agree not to bring any action or proceeding arising out of or relating to this Agreement in any other jurisdiction, forum or venue. The District and Developer hereby submit to personal jurisdiction in the State of California for the enforcement of this Agreement and hereby waive any and all personal rights under the law of any state to object to jurisdiction within the State of California for purposes of any legal action or proceeding to enforce this Agreement whether on grounds of inconvenient forum or otherwise. Developer agrees to include this provision, modified as appropriate, in its contracts for performance of the work described in this Agreement.

19. Notices shall be in writing and (a) delivered personally, (b) sent by certified mail, return receipt requested, (c) sent by a recognized overnight mail or courier service, with delivery receipt requested, or (d) sent by email followed by a hard copy, to the addresses specified below (or to such other address as may from time to time be specified in writing by such Person):

**To District:**

**Rainbow Municipal Water District  
Jake Wiley, General Manager  
3707 Old Highway 395  
Fallbrook, CA 92028**

**With a Copy to:**

**Nossaman LLP  
Alfred E. Smith II, General Counsel  
777 South Figueroa Street, 34<sup>th</sup> Floor  
Los Angeles, CA 90017**

**To Developer:**

**TH Ocean Breeze Ranch, LLC. c/o  
Trumark Homes  
Guy Oliver  
450 Newport Center Drive, Suite 300  
Newport Beach, CA 92660**

**With a Copy to:**

**TH Ocean Breeze Ranch. LLC., c/o  
Trumark Homes  
Josh Taylor  
3001 Bishop Drive, Suite 100  
San Ramon, CA 94583**

Notices shall be deemed received when received in the office of the addressee (or by the addressee if personally delivered) or when delivery is refused, as shown on the receipt of the U.S. Postal Service, private carrier or other delivery service. Notwithstanding the foregoing, notices received after 5:00 p.m. shall be deemed received on the first business day following delivery. Each party may update its address for receipt of notices under this Agreement by providing a written change of address notification to the other parties.

20. Each party represents that the individual executing this Agreement on its behalf has the right, power, legal capacity and authority to enter into and execute this Agreement on behalf of such party.
21. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement, and the signature or any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart. A signature on a copy of this Agreement received by either party by facsimile transmission or electronic signature is binding upon the other party as an original.
22. In the event of a dispute arising under the terms of this Agreement, it is agreed that the prevailing party may be awarded reasonable attorneys' fees and actual costs. Before any party to this Agreement may bring suit in any court concerning an issue relating to this Agreement, such party must first seek in good faith to resolve the issue through mediation or other form of non-binding alternative dispute resolution mutually acceptable to the parties. Either party may initiate informal dispute resolution by written demand on the other. No lawsuit or other remedy may be pursued until at least one informal meeting

session has occurred or until the passage of thirty (30) calendar days from the date of mailing of the demand for dispute resolution, whichever occurs first.

23. This Agreement is binding on the assigns of the District and on the assigns, successors and representatives of Developer.

**RAINBOW MUNICIPAL WATER DISTRICT:**

**TH OCEAN BREEZE RANCH, LLC.**

By \_\_\_\_\_  
**Jake Wiley**  
**General Manager**

By \_\_\_\_\_  
**Guy Oliver**  
**Authorized Signatory**

**APPROVED AS TO FORM**

By \_\_\_\_\_  
**Alfred E. Smith, II**  
**District's General Counsel**

## EXHIBIT "A"

Construction Phase Name: OCEAN BREEZE RANCH SEWER LIFT STATIONS

### Phase Details

Description: Two Sewer Lift Stations

Number of Lots: 0

Infrastructure:

Sewer lift station improvements, including all appurtenances

Lot SS of Tract 5615-1 and Lot DDD of Tract 5615-3

### Contractor Information

Name: Canyon Springs Enterprises

Address: 27476 Via Industria, Temecula, CA 92590

License Number: 806747

## APPENDIX 1

### LABOR CODE REQUIREMENTS

The following provisions are incorporated into this Agreement to the extent required by applicable law.

#### **A. Worker's Compensation**

Developer shall comply with the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code.

#### **B. Prevailing Wages**

Pursuant to the provisions of Section 1773 of the State Labor Code, the District has obtained the general prevailing rate of wages (which rate includes employer payments for health and welfare, pension, vacation, travel time and subsistence pay as provided for in Section 1773.1 of said Code, apprenticeship or other training programs authorized by Section 3093 of said Code, worker protection and assistance programs or committees established under the Federal Labor Management Cooperation Act of 1978, industry advancement and collective bargaining agreements administrative fees, provided that these payments are required under a collective bargaining agreement pertaining to the particular craft, classification, or type of work within the locality or the nearest labor market area at issue and other similar purposes applicable to the Work to be done, for straight time, overtime, Saturday, Sunday, and holiday work. The holiday wage rate listed shall be applicable to all holidays recognized in the collective bargaining agreement of the particular craft, classification or type of worker concerned; provided that if the prevailing wage rate is not based on a collectively bargained rate, the holidays upon which the prevailing rate shall be paid shall be as provided in Section 6700 of the California Government Code. Copies of the prevailing rates of wages are on file at the District's offices, and will be furnished to Developer and other interested parties on request. For crafts or classifications not shown on the prevailing wage determinations, Developer may be required to pay the wage rate of the most closely related craft or classification shown in such determinations for design-build work.

If the Division of Labor Standards Enforcement determines that employees of any contractor or subcontractor were not paid the general prevailing rate of per diem wages as required by law, Developer shall withhold an amount of moneys due to its contractor sufficient to pay those employees the general prevailing wage rate of per diem wages if requested by the Division of Labor Standards Enforcement. Developer shall pay any money retained from and owed such contractor upon receipt of notification by the Division of Labor Standards Enforcement that the wage complaint has been resolved. Pursuant to Section 1773.2 of the Labor Code, Developer shall post prevailing wage rates at a prominent place at the Site.

#### **C. Hours of Work**

Eight (8) hours labor constitutes a legal day's work. Any work in excess of eight (8) hours in one workday and any work in excess of 40 hours in any one workweek and the first eight (8) hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight (8) hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Workdays are Monday through Friday 7:00AM to 4:00PM. No work shall be conducted on weekends, District recognized holidays or outside normal business hours without written approval from the District.

## **D. Apprenticeship**

Developer shall comply with the provisions of Labor Code Sections 1777.5 and 1777.6, and Title 8, Code of Regulations, Sections 200 et seq., relating to apprentice employment and training. Developer shall assume full responsibility for compliance with said sections with respect to all apprenticed occupations on the Project. To ensure compliance and complete understanding of the law regarding apprentices, and specifically the required ratio thereunder, Developer should, where some question exists, contact the Division of Apprenticeship Standards, Los Angeles Office, 320 West 4th Street, Suite 830, Los Angeles, CA 90013, prior to commencement of the Work.

## **E. Specific Labor Code Provisions**

Developer's attention is directed to the following requirements of the Labor Code. A copy of each such Code section (except 1810, 1811 and 1812) shall be included in each contract for work described in this Agreement that is subject to prevailing wage requirements under applicable law:

### **Labor Code Section 1725.5**

1725.5. A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The director may establish and adjust annual registration and renewal fees of up to \$800 by publishing the fees on the department's internet website, and those actions shall not be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). Any action taken to establish or adjust annual registration and renewal fees in excess of \$800 shall be subject to the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) and the director shall thereafter publish those fees to the department's internet website. The initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment

of any amount eventually found due through a bond or other appropriate means

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier, and also has not been awarded a contract for, or engaged in the performance of, work on projects or developments without being lawfully registered in accordance with Section 1725.6, within the preceding 12 months. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.

(g) A contractor that has paid the registration or renewal fee and is registered under Section 1725.6 shall not pay the registration or renewal fee required under paragraph (1) of subdivision (a) to register as a contractor under this section.

(h) This section shall become operative on July 1, 2026.

#### **Labor Code Section 1771**

1771. Except for public works projects of one thousand dollars (\$1,000) or less, not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed as provided in this chapter, shall be paid to all workers employed on public works.

This section is applicable only to work performed under contract, and is not applicable to work carried out by a public agency with its own forces. This section is applicable to contracts let for maintenance work.

#### **Labor Code Section 1775**

1775. (a) (1) The contractor and any subcontractor under the contractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates as determined by the director for the work or craft in which the worker is employed for any public work done under the contract by the contractor or, except as provided in subdivision (b), by any subcontractor under the contractor.

(2) (A) The amount of the penalty shall be determined by the Labor Commissioner based on consideration of both of the following:

(i) Whether the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations.

(B) (i) The penalty may not be less than forty dollars (\$40) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, unless the failure of the contractor or subcontractor to pay the correct rate of per diem wages was a good faith mistake and, if so, the error was promptly and voluntarily corrected when brought to the attention of the contractor or subcontractor.

(ii) The penalty may not be less than eighty dollars (\$80) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the contractor or subcontractor has been assessed penalties within the previous three years for failing to meet its prevailing wage obligations on a separate contract, unless those penalties were subsequently withdrawn or overturned.

(iii) The penalty may not be less than one hundred twenty dollars (\$120) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rate, if the Labor Commissioner determines that the violation was willful, as defined in subdivision (c) of Section 1777.1.

(C) If the amount due under this section is collected from the contractor or subcontractor, any outstanding wage claim under Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 against that contractor or subcontractor shall be satisfied before applying that amount to the penalty imposed on that contractor or subcontractor pursuant to this section.

(D) The determination of the Labor Commissioner as to the amount of the penalty shall be reviewable only for abuse of discretion.

(E) The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate shall be paid to each worker by the contractor or subcontractor, and the body awarding the contract shall cause to be inserted in the contract a stipulation that this section will be complied with.

(b) If a worker employed by a subcontractor on a public works project is not paid the general prevailing rate of per diem wages by the subcontractor, the prime contractor of the project is not liable for any penalties under subdivision (a) unless the prime contractor had knowledge of that failure of the subcontractor to pay the specified prevailing rate of wages to those workers or unless the prime contractor fails to comply with all of the following requirements:

(1) The contract executed between the contractor and the subcontractor for the performance of work on the public works project shall include a copy of the provisions of Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

(2) The contractor shall monitor the payment of the specified general prevailing rate of per diem wages by the subcontractor to the employees, by periodic review of the certified payroll records of the subcontractor.

(3) Upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for work performed on the public works project.

(4) Prior to making final payment to the subcontractor for work performed on the public works project, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to his or her employees on the public works project and any amounts due pursuant to Section 1813.

(c) The Division of Labor Standards Enforcement shall notify the contractor on a public works project within 15 days of the receipt by the Division of Labor Standards Enforcement of a complaint of the failure of a subcontractor on that public works project to pay workers the general prevailing rate of per diem wages.

### **Labor Code Section 1776**

1776. (a) Each contractor and subcontractor shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:

(1) The information contained in the payroll record is true and correct.

(2) The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by his or her employees on the public works project.

(b) The payroll records enumerated under subdivision (a) shall be certified and shall be available for inspection at all reasonable hours at the principal office of the contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in subdivision (a) shall be made available for inspection or furnished upon request to a representative of the body awarding the contract, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in subdivision (a) shall be made available upon request by the public for inspection or for copies thereof. However, a request by the public shall be made through either the body awarding the contract, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to paragraph (2), the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the contractor, subcontractors, and the entity through which the request was made. The public may not be given access to the records at the principal office of the contractor.

(4) If an awarding body seeks to obtain payroll records pursuant to paragraph (3), the contractor shall have 10 days to comply following receipt of a written notice requesting the records described in subdivision (a). If the contractor or subcontractor fails to comply within the 10-day period, the awarding body shall notify the Division of Labor Standards Enforcement who may request penalties be withheld from progress payments then due as described in subdivision (h)

(c) Unless required to be furnished directly to the Labor Commissioner in accordance with paragraph (3) of subdivision (a) of Section 1771.4, the certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division. The payroll records may consist of printouts of payroll data that are maintained as computer records, if the printouts contain the same information as the forms provided by the division and the printouts are verified in the manner specified in subdivision (a).

(d) A contractor or subcontractor shall file a certified copy of the records enumerated in subdivision (a) with the entity that requested the records within 10 days after receipt of a written request.

(e) Except as provided in subdivision (f), any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the awarding body or the Division of Labor Standards Enforcement shall be marked or obliterated to prevent disclosure of an individual's name, address, and social security number. The name and address of the contractor awarded the contract or the subcontractor performing the contract shall not be marked or obliterated. Any copy of records made available for inspection by, or furnished to, a multiemployer Taft-Hartley trust fund (29 U.S.C. Sec. 186(c)(5)) that requests the records for the purposes of allocating contributions to participants shall be marked or obliterated only to prevent disclosure of an individual's full social security number, but shall provide the last four digits of the social security number. Any copy of records made available for inspection by, or furnished to, a joint labor-management committee established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. Sec. 175a) shall be marked or obliterated only to prevent disclosure of an individual's social security number.

(2) Copies of electronic certified payroll records shall not satisfy payroll records requests made by Taft-Hartley trust funds and joint labor-management committees. Any copy of records requested by, and made available for inspection by or furnished to, a Taft-Hartley trust fund or joint labor-management committee shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

(f)(1) Notwithstanding any other provision of law, agencies that are included in the Joint Enforcement Strike Force on the Underground Economy established pursuant to Section 329 of the Unemployment Insurance Code and other law enforcement agencies investigating violations of law shall, upon request, be provided nonredacted copies of certified payroll records. Any copies of records or certified payroll made available for inspection and furnished upon request to the public by an agency included in the Joint Enforcement Strike Force on the Underground Economy or to a law enforcement agency investigating a violation of law shall be marked or redacted to prevent disclosure of an individual's name, address, and social security number.

(2) An employer shall not be liable for damages in a civil action for any reasonable act or omission taken in good faith in compliance with this subdivision.

(g) The contractor shall inform the body awarding the contract of the location of the records enumerated under subdivision (a), including the street address, city, and county, and shall, within five working days, provide a notice of a change of location and address.

(h) The contractor or subcontractor has 10 days in which to comply subsequent to receipt of a written notice requesting the records enumerated in subdivision (a). In the event that the contractor or subcontractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit one hundred dollars (\$100) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. A contractor is not subject to a penalty assessment pursuant to this section due to the failure of a subcontractor to comply with this section.

(i) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section.

(j) The director shall adopt rules consistent with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) and the Information Practices Act of 1977 (Title 1.8 (commencing with Section 1798) of Part 4 of Division 3 of the Civil Code) governing the release of these records, including the establishment of reasonable fees to be charged for reproducing copies of records required by this section.

#### **Labor Code Section 1777.5**

1777.5. (a) (1) This chapter does not prevent the employment upon public works of properly registered apprentices who are active participants in an approved apprenticeship program.

(2) For purposes of this chapter, "apprenticeship program" means a program under the jurisdiction of the California Apprenticeship Council established pursuant to Section 3070.

(b) (1) Every apprentice employed upon public works shall be paid the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered and shall be employed only at the work of the craft or trade to which he or she is registered.

(2) Unless otherwise provided by a collective bargaining agreement, when a contractor requests the dispatch of an apprentice pursuant to this section to perform work on a public works project and requires the apprentice to fill out an application or undergo testing, training, an examination, or other preemployment process as a condition of employment, the apprentice shall be paid for the time spent on the required preemployment activity, including travel time to and from the required activity, if any, at the prevailing rate of per diem wages for apprentices in the trade to which he or she is registered. Unless otherwise provided by a collective bargaining agreement, a contractor is not required to

compensate an apprentice for the time spent on preemployment activities if the apprentice is required to take a preemployment drug or alcohol test and he or she fails to pass that test.

(c) Only apprentices, as defined in Section 3077, who are in training under apprenticeship standards that have been approved by the Chief of the Division of Apprenticeship Standards and who are parties to written apprentice agreements under Chapter 4 (commencing with Section 3070) of Division 3 are eligible to be employed at the apprentice wage rate on public works. The employment and training of each apprentice shall be in accordance with either of the following:

- (1) The apprenticeship standards and apprentice agreements under which he or she is training.
- (2) The rules and regulations of the California Apprenticeship Council.

(d) If the contractor to whom the contract is awarded by the state or any political subdivision, in performing any of the work under the contract, employs workers in any apprenticeable craft or trade, the contractor shall employ apprentices in at least the ratio set forth in this section and may apply to any apprenticeship program in the craft or trade that can provide apprentices to the site of the public work for a certificate approving the contractor under the apprenticeship standards for the employment and training of apprentices in the area or industry affected. However, the decision of the apprenticeship program to approve or deny a certificate shall be subject to review by the Administrator of Apprenticeship. The apprenticeship program or programs, upon approving the contractor, shall arrange for the dispatch of apprentices to the contractor. A contractor covered by an apprenticeship program's standards shall not be required to submit any additional application in order to include additional public works contracts under that program. "Apprenticeable craft or trade," as used in this section, means a craft or trade determined as an apprenticeable occupation in accordance with rules and regulations prescribed by the California Apprenticeship Council. As used in this section, "contractor" includes any subcontractor under a contractor who performs any public works not excluded by subdivision (o).

(e) Before commencing work on a contract for public works, every contractor shall submit contract award information to an applicable apprenticeship program that can supply apprentices to the site of the public work. The information submitted shall include an estimate of journeyman hours to be performed under the contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall also be submitted to the awarding body, if requested by the awarding body. Within 60 days after concluding work on the contract, each contractor and subcontractor shall submit to the awarding body, if requested, and to the apprenticeship program a verified statement of the journeyman and apprentice hours performed on the contract. The information under this subdivision shall be public. The apprenticeship programs shall retain this information for 12 months.

(f) The apprenticeship program that can supply apprentices to the area of the site of the public work shall ensure equal employment and affirmative action in apprenticeship for women and minorities.

(g) The ratio of work performed by apprentices to journeymen employed in a particular craft or trade on the public work may be no higher than the ratio stipulated in the apprenticeship standards under which the apprenticeship program operates where the contractor agrees to be bound by those standards, but, except as otherwise provided in this section, in no case shall the ratio be less than one hour of apprentice work for every five hours of journeyman work.

(h) This ratio of apprentice work to journeyman work shall apply during any day or portion of a day when any journeyman is employed at the jobsite and shall be computed on the basis of the hours worked during the day by journeymen so employed. Any work performed by a journeyman in excess of eight (8) hours per day or 40 hours per week shall not be used to calculate the ratio. The contractor shall employ

apprentices for the number of hours computed as above before the end of the contract or, in the case of a subcontractor, before the end of the subcontract. However, the contractor shall endeavor, to the greatest extent possible, to employ apprentices during the same time period that the journeymen in the same craft or trade are employed at the jobsite. Where an hourly apprenticeship ratio is not feasible for a particular craft or trade, the Chief of the Division of Apprenticeship Standards, upon application of an apprenticeship program, may order a minimum ratio of not less than one apprentice for each five (5) journeymen in a craft or trade classification.

(i) A contractor covered by this Section that has agreed to be covered by an apprenticeship program's standards upon the issuance of the approval certificate, or that has been previously approved for an apprenticeship program in the craft or trade, shall employ the number of apprentices or the ratio of apprentices to journeymen stipulated in the applicable apprenticeship standards, but in no event less than the 1-to-5 ratio required by subdivision (g).

(j) Upon proper showing by a contractor that he or she employs apprentices in a particular craft or trade in the state on all of his or her contracts on an annual average of not less than one hour of apprentice work for every five hours of labor performed by journeymen, the Chief of the Division of Apprenticeship Standards may grant a certificate exempting the contractor from the 1-to-5 hourly ratio, as set forth in this Section for that craft or trade.

(k) An apprenticeship program has the discretion to grant to a participating contractor or contractor association a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions is met:

(1) Unemployment for the previous three-month period in the area exceeds an average of 15 percent.

(2) The number of apprentices in training in the area exceeds a ratio of 1 to 5.

(3) There is a showing that the apprenticeable craft or trade is replacing at least one-thirtieth of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis.

(4) Assignment of an apprentice to any work performed under a public works contract would create a condition that would jeopardize his or her life or the life, safety, or property of fellow employees or the public at large, or the specific task to which the apprentice is to be assigned is of a nature that training cannot be provided by a journeyman.

(l) If an exemption is granted pursuant to subdivision (k) to an organization that represents contractors in a specific trade from the 1-to-5 ratio on a local or statewide basis, the member contractors shall not be required to submit individual applications for approval to local joint apprenticeship committees, if they are already covered by the local apprenticeship standards.

(m) (1) A contractor to whom a contract is awarded, who, in performing any of the work under the contract, employs journeymen or apprentices in any apprenticeable craft or trade shall contribute to the California Apprenticeship Council the same amount that the director determines is the prevailing amount of apprenticeship training contributions in the area of the public works site. A contractor may take as a credit for payments to the council any amounts paid by the contractor to an approved apprenticeship program that can supply apprentices to the site of the public works project. The contractor may add the amount of the contributions in computing his or her bid for the contract.

(2) At the conclusion of the 2002-03 fiscal year and each fiscal year thereafter, the California Apprenticeship Council shall distribute training contributions received by the council under this subdivision, less the expenses of the Division of Apprenticeship Standards for administering this

subdivision, by making grants to approved apprenticeship programs for the purpose of training apprentices. The funds shall be distributed as follows:

(i) If there is an approved multiemployer apprenticeship program serving the same craft or trade and geographic area for which the training contributions were made to the council, a grant to that program shall be made.

(ii) If there are two (2) or more approved multiemployer apprenticeship programs serving the same craft or trade and geographic area for which the training contributions were made to the council, the grant shall be divided among those programs based on the number of apprentices registered in each program.

(iii) All training contributions not distributed under subparagraphs (i) and (ii) shall be used to defray the future expenses of the Department of Industrial Relations for the administration and enforcement of apprenticeship standards and requirements under this code.

(B) An apprenticeship program shall only be eligible to receive grant funds pursuant to this subdivision if the apprenticeship program agrees, prior to the receipt of any grant funds, to keep adequate records that document the expenditure of grant funds and to make all records available to the Department of Industrial Relations so that the Department of Industrial Relations is able to verify that grant funds were used solely for training apprentices. For purposes of this subparagraph, adequate records include, but are not limited to, invoices, receipts, and canceled checks that account for the expenditure of grant funds. This subparagraph shall not be deemed to require an apprenticeship program to provide the Department of Industrial Relations with more documentation than is necessary to verify the appropriate expenditure of grant funds made pursuant to this subdivision.

(C) The Department of Industrial Relations shall verify that grants made pursuant to this subdivision are used solely to fund training apprentices. If an apprenticeship program is unable to demonstrate how grant funds are expended or if an apprenticeship program is found to be using grant funds for purposes other than training apprentices, then the apprenticeship program shall not be eligible to receive any future grant pursuant to this subdivision and the Department of Industrial Relations may initiate the process to rescind the registration of the apprenticeship program.

(3) All training contributions received pursuant to this subdivision shall be deposited in the Apprenticeship Training Contribution Fund, which is hereby created in the State Treasury. Upon appropriation by the Legislature, all moneys in the Apprenticeship Training Contribution Fund shall be used for the purpose of carrying out this subdivision and to pay the expenses of the Department of Industrial Relations.

(n) The body awarding the contract shall cause to be inserted in the contract stipulations to effectuate this section. The stipulations shall fix the responsibility of compliance with this section for all apprenticeable occupations with the prime contractor.

(o) This Section does not apply to contracts of general contractors or to contracts of specialty contractors not bidding for work through a general or prime contractor when the contracts of general contractors or those specialty contractors involve less than thirty thousand dollars (\$30,000).

(p) An awarding body that implements an approved labor compliance program in accordance with subdivision (b) of Section 1771.5 may, with the approval of the director, assist in the enforcement of this section under the terms and conditions prescribed by the director.

### **Labor Code Section 1810**

1810. Eight (8) hours labor constitutes a legal day's work in all cases where the same is performed under the authority of any law of this State, or under the direction, or control, or by the authority of any officer of this State acting in his official capacity, or under the direction, or control or by the authority of any municipal corporation, or of any officer thereof. A stipulation to that effect shall be made a part of all contracts to which the State or any municipal corporation therein is a party.

### **Labor Code Section 1811**

1811. The time of service of any workman employed upon public work is limited and restricted to eight (8) hours during any one (1) calendar day, and 40 hours during any one (1) calendar week, except as hereinafter provided for under Section 1815.

### **Labor Code Section 1812**

1812. Every contractor and subcontractor shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the public work. The record shall be kept open at all reasonable hours to the inspection of the awarding body and to the Division of Labor Standards Enforcement.

### **Labor Code Section 1813**

1813. The contractor or subcontractor shall, as a penalty to the state or political subdivision on whose behalf the contract is made or awarded, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the respective contractor or subcontractor for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one (1) calendar day and 40 hours in any one (1) calendar week in violation of the provisions of this article. In awarding any contract for public work, the awarding body shall cause to be inserted in the contract a stipulation to this effect. The awarding body shall take cognizance of all violations of this article committed in the course of the execution of the contract, and shall report them to the Division of Labor Standards Enforcement.

### **Labor Code Section 1815**

1815. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of this code, and notwithstanding any stipulation inserted in any contract pursuant to the requirements of said sections, work performed by employees of contractors in excess of eight (8) hours per day, and 40 hours during any one week, shall be permitted upon public work upon compensation for all hours worked in excess of eight (8) hours per day at not less than 1 1/2 times the basic rate of pay.

### **F. Labor Nondiscrimination**

Developer's attention is directed to Section 1735 of the Labor Code, which reads as follows:

"A contractor shall not discriminate in the employment of persons upon public works on any basis listed in subdivision (a) of Section 12940 of the Government Code, as those bases are defined in Sections 12926 and 12926.1 of the Government Code, except as otherwise provided in Section 12940 of the Government Code. Every contractor for public works who violates this section is subject to all the penalties imposed for a violation of this chapter."

Developer's attention is directed to the following "Nondiscrimination Clause" that is required by Chapter 5 of Division 4 of Title 2, California Code of Regulations.

Nondiscrimination Clause

1. Contractor and its subcontractors shall comply with the employment and state contractor provisions of the Fair Employment and Housing Act (Gov. Code, §§ 12900 et seq.) and applicable regulations (Cal. Code Regs., tit. 2, § 11000 et seq.), which are incorporated into and part of this contract.
2. During the performance of this contract, contractor and its subcontractors shall not unlawfully discriminate against or harass any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, reproductive health decision-making, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status. Contractor and its subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment. Contractor and its subcontractor shall implement a non-discrimination program that complies with Government Code section 12990, take all reasonable steps necessary to prevent discrimination and harassment from occurring, take immediate and appropriate action to correct known harassment, train employees on sexual harassment prevention, comply with family and medical leave requirements, provide reasonable accommodations for disabilities, comply with applicable limitations on consideration of an applicant's criminal history, and not retaliate against employees asserting their rights, as required by law.
3. Upon reasonable notice of at least 24 hours, contractor and its subcontractors shall permit representatives of the Civil Rights Department and the awarding state agency to access, at any time during normal business hours, its books, records, accounts, and all other sources of information and its facilities as the Department or Agency shall require to ascertain compliance with this clause.
4. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.
5. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

# CONSENT CALENDAR

## Item No. 9.A.7

### BOARD OF DIRECTORS

March 24, 2026

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### SUBJECT

CONSIDER APPROVAL OF A CONTRACT WITH FLUME, INC., FOR PARTICIPATION IN THE FLUME DEVICE CUSTOMER WATER CONSUMPTION MONITORING PROGRAM

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### BACKGROUND

In 2018, the District launched a successful pilot and subsequent rebate program for the Flume real-time water monitoring system, which provided customers with instant water-use data and leak alerts directly on their phones. The program proved far more cost-effective than traditional AMI systems and delivered measurable customer benefits.

Given the strong customer response and pilot program success, a total appropriation of \$125,000 was approved to cover device subsidy costs and program administration. The District entered into a contract with Flume, Inc. in 2019, for the implementation of a Customer Water Consumption Monitoring Program with the following terms:

- The District funded an instant rebate program of \$99 per device plus tax and shipping (approx \$115 per device), for a net customer price of \$50 after a \$25 instant rebate.
- Customers purchased devices through a District-branded landing page on Flume's website using a unique code.
- Optional installation services were offered by a local contractor at additional cost. The installation service was later removed, impacting the installation rate.
- Customers agreed to terms stating that the devices could only be used within the District, monthly meter reads would determine billing, and customers were responsible for Wi-Fi operation and device ownership. The District provided no technical support and did not guarantee reduced water use.
- The contract covered up to 1,000 devices; the District paid for the first 250 upfront, with monthly invoices for additional rebates as devices were distributed.

The District was the first water agency to onboard with Flume and is among the 30 California utilities participating in the rebate program. A total of 950 devices have been sold as of March 2026. Of the devices purchased, 258 are installed with notifications sent regularly to customers, 293 are offline, and 20 customer devices are online after moving out of the service area. The Flume installation rate has been consistent over the past three years at 72%, due in large part to the District's newsletter articles on water monitoring and to Flume's installation reminder emails sent biweekly and six-months after purchase. Staff have consistently requested that Flume follow up with customers to install devices and offer replacement options for the first-generation Flume 1 device to a new Flume 2 device. As a result, Flume has provided reminder emails for the past six months, installation and battery replacement videos. All videos and device information are available to customers on the District website and information shared in community newsletters.

## **DESCRIPTION**

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Over the past six years, the accessibility and performance of the Flume device have resulted in positive outcomes and customer feedback. The District is now proposing a new contract to extend the Flume rebate program, continuing to offer customers access to real-time water monitoring technology that promotes conservation and leak prevention. Terms of the proposed contract include:

1. The District and Flume will jointly market the rebate program to District customers.
2. Customers will be directed to [flumewater.com/rmwd](http://flumewater.com/rmwd) to purchase their discounted Flume Smart Water Systems.
3. District customers will pay \$125 plus tax and shipping (normally \$249) for each Flume system at checkout (unsubsidized price would be \$249 plus shipping).
4. A portion of the device cost will be subsidized by RMWD, \$130 + tax.
5. Flume will ship the systems directly to the customers at the address they provide.
6. Customers will install their own devices upon receipt.
7. If customers have any questions or problems with their systems, they will contact Flume for support.
8. Once the customer installs their device, Flume will refund \$50 back to the customer's credit card, making the net customer price \$75.
9. Flume to provide a 10-day installation reminder upon purchase of the device and emails to ensure customers adhere to the installation guidelines and receive the \$50 rebate.
10. Monthly installation reports with customer contact information will be provided by Flume to allow District staff to follow up with customers for installation.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area One: Water Resources

Strategic Focus Area Five: Customer Service

Strategic Focus Area Six: Communication

## **ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

## **BOARD OPTIONS/FISCAL IMPACTS**

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1. Approve the Contract with Flume, Inc., for participation in the Flume Device Customer Water Consumption Monitoring Program
2. Approve the Contract with Flume, Inc., for participation in the Flume Device Customer Water Consumption Monitoring Program as amended
3. Do not approve the Contract with Flume, Inc.

## **STAFF RECOMMENDATION**

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Staff supports option 1 to approve the contract with Flume, Inc.

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Karleen Harp,  
Administrative Services Manager

March 24, 2026

**RAINBOW MUNICIPAL WATER DISTRICT**  
**FLUME WATER MONITORING PARTICIPATION AGREEMENT**

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This Water Monitoring Program Participation Agreement (the "Agreement") is entered into effective on July 1, 2026 or once RMWD has sold out of the 1,000 flume devices in the previously agreed upon contract ("Effective Date"), by and between Rainbow Municipal Water District ("RMWD") and Flume, Inc., a vendor of a smart water system utilizing a smartphone application for real-time water monitoring ("Flume") each individually a "Party" and collectively, the "Parties").

**WHEREAS**, Flume has developed the Flume™ Smart Water System that allows the consumers of water to monitor water use in real time and to detect leaks; and

**WHEREAS**, RMWD has developed a Water Monitoring Program (the "Program"), whereby its eligible customers receive a coupon or rebate that can be redeemed at Flume for certain selected products or services, thereby monitoring and reducing overall water use; and

**WHEREAS**, RMWD customers will authorize RMWD to receive data to assess overall customer use of water.

**NOW THEREFORE**, for good and valuable consideration, including but not limited to the mutual covenants contained herein, the Parties agree as follows:

**1. TERM**

Subject to the early termination provisions provided for herein, the term of this Agreement shall commence on the Effective Date hereof and continue until terminated by either Party.

**2. PROGRAM TERMS**

RMWD will offer to its qualified customers a coupon or a rebate for the purchase of qualified Flume products. RMWD and Flume hereby agree that the product described in **Exhibit A** attached hereto, shall be offered as part of the product program set forth in **Exhibit B** attached hereto.

**3. DESIGNATED REPRESENTATIVES**

RMWD's initial representative for this Agreement is \_\_\_\_\_, Flume's initial representative for this Agreement is Joe Fazio – GM, Utility & Business Solutions. Flume will be expected to have a contact person available during regular business hours to facilitate communication between RMWD and Flume. Regular business hours are Monday through Friday from 8:00 am to 5:00 pm Pacific Time. Flume support can be reached via E-Mail at [support@flumewater.com](mailto:support@flumewater.com) or via chat from within the Flume app or at [flumewater.com](http://flumewater.com).

**4. RELEASE OF RMWD**

Flume hereby expressly releases RMWD from any and all liability to Flume resulting from any damages, including punitive, special, indirect, or consequential damages, arising from Flume's performance of its obligations under this Agreement, including but not limited to: (a) claims for damages because of bodily injury, sickness, or disease of Flume's employees and agents or by those of any supplier or by anyone indirectly employed by any of them; (b) claims for damages to or destruction of tangible property of others, including loss of use thereof; (c) claims for damages regarding defects or repairs of any Flume product;

and (d) actions of any RMWD customer, including without limitation, failure to pay or damage to any Flume products.

**5. INDEMNIFICATION AND INSURANCE**

FLUME AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS RMWD, AND EACH OF THEIR DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS FROM ANY AND ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS OR LIABILITY, PENALTIES AND COSTS OR DAMAGES INCLUDING WITHOUT LIMITATION, ALL EXPENSES OF LITIGATION, COURT COSTS, ATTORNEYS FEES, EXPERT WITNESS FEES, AND DAMAGES FOR INJURY, DEATH OR PROPERTY DAMAGE SUSTAINED BY ANY ENTITY, PERSON OR PERSONS ARISING DIRECTLY OUT OF THE PERFORMANCE UNDER THIS AGREEMENT BY FLUME, ITS OFFICERS, AGENTS, EMPLOYEES OR REPRESENTATIVES OR FLUME'S BREACH OF THIS CONTRACT. PRIOR TO EXECUTION OF THIS AGREEMENT, FLUME SHALL PROVIDE INSURANCE COVERAGE DOCUMENTATION IN AMOUNT AND SCOPE SATISFACTORY TO RMWD IN WRITING AS DETERMINED BY RMWD IN ITS SOLE DISCRETION. FLUME SHALL ADD RMWD AS AN ADDITIONAL INSURED UNDER SUCH INSURANCE POLICIES, AND FLUME SHALL PROVIDE RMWD WITH CERTIFICATES OF INSURANCE AND INSURANCE ENDORSEMENTS IN A FORM ACCEPTABLE TO RMWD.

**6. NOTICES**

Notices to the Parties under this Agreement shall be given in writing (except a Party may provide notice solely by telephone in the case of an emergency) via certified mail, or email to the following addresses, and notices shall be effective pursuant to Section 17:

Rainbow Municipal Water District

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

Title: \_\_\_\_\_

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

City, State, Zip: \_\_\_\_\_

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

Phone: \_\_\_\_\_

Flume

Joe Fazio

GM, Utility & Business Solutions

75 Higuera Street, Suite 120

San Luis Obispo, CA 93401

Email: [joe@flumewater.com](mailto:joe@flumewater.com)

Phone: (805) 705-2590

**7. NOTICE OF TERMINATION**

This Agreement may be terminated at any time by either Party, provided that written notice of termination is given at least thirty (30) days in advance of the intended date of termination. Flume must submit all outstanding invoices for Water Monitoring Coupons or rebates within sixty (60) days following the effective date of termination.

**8. RIGHT TO AUDIT**

RMWD has the right to audit, at RMWD's expense, Flume records and all supporting documentation upon reasonable advance notice and during regular business hours for the purposes of compliance with this Agreement for three (3) years following the expiration or earlier termination of this Agreement.

**9. ASSIGNMENT**

Flume shall not assign or transfer this Agreement, in whole or in part, without the prior written consent of RMWD, which may be withheld or conditioned in RMWD's sole discretion.

**10. NO JOINT VENTURE, AGENCY**

In no event will Flume hold itself out as, act as or be an agent of RMWD. This Agreement is not intended to and shall not result in a partnership or joint venture between the Parties. RMWD and Flume are entering into this Agreement solely for the benefit of themselves and agree that nothing herein shall be construed to confer any right, privilege or benefit on any person or entity other than the Parties hereto and their permitted assigns. Flume represents and warrants that Flume customarily engages in the independently established trade and business of the same nature as the work to be performed under this Agreement.

**11. COMPLIANCE WITH LAWS**

Flume will fully comply with all appropriate local, state and federal laws, regulations and ordinances governing the acquisition of materials and performance of contractual Services required hereunder, in accordance with the highest standards of professional care expected by a

vendor with expertise in the subject matter of this Agreement.

**12. DISPUTE RESOLUTION**

In the event a dispute arises between the Parties regarding the application or interpretation of any provision of this Agreement or any matter pertaining to transactions contemplated by this Agreement, the aggrieved Party shall notify the other Party in writing of the nature of the dispute within 30 (30) days after such dispute arises. If the matter cannot be resolved informally within thirty (30) days, the dispute shall be referred to a meeting between a designated officer of each Party not otherwise involved in the administration of this Agreement. This meeting shall occur within thirty (30) days of the referral. If the Parties are unable to resolve the dispute within fifteen (15) days after the meeting has occurred or if the meeting does not occur, then, without waiving any defenses or immunities that may be available to a Party, each Party shall have the right to pursue any and all remedies available at law or in equity.

**13. GOVERNING LAW**

This Agreement shall be governed by, construed and enforced under the laws of the United States and the State of California as applicable without giving effect to the principles of conflicts of law thereof, and shall, to the maximum extent practicable, be deemed to call for performance in San Luis Obispo County, California. RMWD and Flume expressly consent to the court of competent jurisdiction in the state and federal courts of California, San Luis Obispo County.

**14. FURTHER ACTIONS**

The Parties hereto agree to execute, acknowledge and deliver such further documents as may be necessary or proper to carry out the purpose and intent of this Agreement.

**15. ENTIRE CONTRACT**

This Agreement, including the schedules, exhibits and addenda referred to in this Agreement, which are incorporated in and constitute a part of this Agreement, contains the entire Agreement of the Parties hereto and supersedes all prior oral or written agreements, negotiations, representations and understandings with respect to the subject matter. This Agreement may not be amended or modified except by a writing signed by the Parties.

**16. WAIVER**

Any waiver at any time by either Party with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

**17. NOTICES/APPROVALS**

All notices and approvals by either Party that are required under this Agreement, including invoices, must be in

writing unless other means are specifically permitted, and must be signed by the person authorized to give such approvals and make such contracts for that Party. The persons authorized to give such notices and approvals and to make such contracts for the Parties shall, until changed as hereinafter provided, be as set forth in section 7 above. Each Party shall have the right at any time to change the person authorized to give such approvals and make such contracts by giving at least fifteen (15) days written notice

to the other Party. When notice is given by mail, it shall be deemed served three (3) business days following deposit, postage prepaid in the United States mail. When notice is given by e-mail transmission, it shall be deemed served upon receipt of confirmation of transmission if transmitted during normal business hours or, if not transmitted during normal business hours, on the next business day following the e-mail transmission.

### **18. FORCE MAJEURE**

This Agreement shall be subject to all applicable federal, state and county and municipal laws, executive orders, ordinances, rules, regulations and acts, and this Agreement shall not be terminated, in whole or in part, nor shall the Parties hereto be held liable in damages, for failure to comply therewith, if compliance is prevented due to force majeure. The term "force majeure" as used herein shall mean: any act of God, including but not limited to, storms, floods, washouts, earthquakes, landslides, fires and lightning; acts of the public enemy; wars, blockage, insurrections, riots or other public disorders; lockouts, strikes or other labor disturbances, epidemics or quarantine regulations, freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, fuel, service or material not the fault of the Parties; breakdown or failure of Parties' equipment; interference by a governmental entity; or any other event or condition beyond the reasonable control of the Parties. Flume will provide notice to RMWD immediately upon becoming aware of any condition that adversely affects the ability of Flume to perform its obligations under this Agreement.

### **19. SEVERABILITY**

Should any part, paragraph, sentence, phrase, clause, or word of this Agreement for any reason be held illegal, inoperative, or invalid or if any exception to or limitation upon any general provision herein contained be held to be

invalid or ineffective, the remainder shall nevertheless stand effective and valid as if this Agreement had been executed without the portion held to be invalid or ineffective.

### **20. JOINT PREPARATION**

The Parties shall be deemed to have jointly prepared this Agreement and no ambiguity herein shall be construed by or for or against any Party based on the identity of the author of this Agreement or any portion herein.

### **21. HEADINGS**

The headings appearing in this Agreement are inserted merely to facilitate reference and are not to be considered a part of this Agreement and in no way shall they affect the interpretation of any of the provisions of this Agreement.

### **22. COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which will be deemed an original. Faxed signatures and countersignatures shall be deemed originals for all purposes and proper evidence of assent to this Agreement. The individuals executing this Agreement each represent and warrant to the other Party that he/she has full authority to execute this Agreement on behalf of his/her respective Party.

### **23. EXHIBITS**

The following exhibits are hereby incorporated in this Agreement and any changes made thereto shall be in a new updated Exhibit signed by authorized representatives of the Parties with a reference stating that the exhibit is subject to the terms and conditions of this Agreement:

Exhibit A – Flume Product

Exhibit B – The RMWD Program

IN WITNESS WHEREOF the Parties hereto have respectively caused this Agreement to be duly executed by the undersigned duly authorized representatives.

**Rainbow Municipal Water District**

By \_\_\_\_\_  
(Signature)  
\_\_\_\_\_  
(Print/Type Name)  
Title \_\_\_\_\_

**FLUME, INC.**

By \_\_\_\_\_  
(Signature)  
Joe Fazio  
(Print/Type Name)  
Title: GM, Utility & Business Solutions

**EXHIBIT A: FLUME PRODUCT**

**Description of Flume™ Products and Flume™ Services for Water Monitoring:**

The Flume™ Smart Water System enables homeowners to detect leaks and monitor water usage in real time across their entire property, both indoors and out. With Flume, homeowners gain unprecedented understanding of their water use, helping them conserve water, save money and protect their home from costly leaks.

**The Flume Smart Water System includes:**

- The **Flume Water Sensor** simply straps onto an existing meter and measures flow rate to a tested accuracy of 99.9%.
- The **Flume WiFi Bridge** plugs into a power outlet and connects to a home WiFi network. It receives the signal from the Flume Water Sensor and sends this data securely into the cloud.
- The **Flume App** runs on an iOS or Android smartphone and accesses real-time water usage data from the cloud. It shows usage in real time right down to the minute, notifies users of existing leaks, and sends alerts when abnormal usage is detected.

**How It Works**

When water flows through a water meter, a magnetic disc spins inside of the meter. The rate at which this disc spins correlates directly to a water flow rate. The Flume Water Sensor measures this magnetic field from the meter and sends this information using Radio Frequency (RF) to the Flume Bridge.

**The Flume Application**

Water usage information is securely processed by the Flume Platform which delivers entire-property insights about customer's water usage via the Flume App. Machine learning is employed to detect abnormal water usage and leaks, even when users are away from their homes.

Flume application features:

- Basic Historical Usage Data (Month, Year)
- Monthly Budgets
- Last 24 hour usage viewing
- Flume Smart Leak Alerts
- Current Water Status (Whether water is running or not)

- Emergency Contacts (Set up leak notifications to go to friends/family when you are gone)
- Comparison Metrics for similar homes/properties
- Dedicated Support (Real time chat with help and leak assistance)
- Daily & Weekly Budgets
- Custom Leak Alerts (Set up any leak rules to match your specific home)
- Detailed Historical Usage Data (Hour, Minute)
- Real Time GPM
- Shared Access (Share access with friends, family, gardeners, plumbers)
- 15% off of Angi Plumbing Services
- Indoor v Outdoor Usage
- Integrations: Personal API Access, Orbit Integration, Alexa, Google

### **Support**

The Flume Customer Support Team offers best-in-class service and support which is available between 7AM and 5PM Pacific 7 days a week. Customers may contact the Flume Support Team at [support@flumewater.com](mailto:support@flumewater.com) or through the chat feature built into the Flume App.

## **EXHIBIT B: RMWD PROGRAM**

- RMWD and Flume will jointly market this rebate program to RMWD's customer base.
- Customers will be directed to [flumewater.com/rmwd](http://flumewater.com/rmwd) to purchase their discounted Flume Smart Water Systems.
- RMWD Customers will pay \$125+tax+shipping (normally \$249) for each Flume system at checkout.
- A portion of the device cost will be subsidized by RMWD.
- Flume will ship the systems directly to the customers to the address they provide.
- Customers will install their own devices when they are received.
- If customers have any questions or problems with their systems, they will contact Flume for support.
- Once the customer installs their device, Flume will refund \$50 back to the customer's credit card.

### **RMWD's Responsibilities**

- RMWD agrees to market this program to its customer base. Emails are the most effective way to market this program. Flume can provide sample content for these emails, and will share best practices for maximizing the effectiveness of this email campaign. Expect to sell 25 Flume systems for each 1000 emails sent.
- RMWD may also market the Flume system to its customer base using other means, such as: traditional mail, social media, RMWD's website, newspaper articles, press releases, bill inserts, newsletters, etc.
- RMWD is hereby licensed to use Flume trademarks in association with such advertising provided trademarks are acknowledged in fine print as follows: "Flume and FlumeWater are registered trademarks of Flume, Inc. in the United States." Flume may review such advertising and make suggestions for minor changes. If Flume determines that advertising will adversely impact its trademarks, Flume may retract RMWD's right to use such trademarks.
- RMWD will direct their customers to [flumewater.com/rmwd](http://flumewater.com/rmwd) to purchase discounted Flume systems.
- RMWD will reimburse Flume for each system sold through the above site (see schedule below).

### **Flume Responsibilities**

- Flume will set up and administer a co-branded website at [flumewater.com/rmwd](http://flumewater.com/rmwd). RMWD customers will be directed to this site where they can purchase their discounted Flume systems.
- Flume shall notify customers that installation of the device is required within ten (10) days of delivery.
- Flume shall send follow-up communications reminding customers of the installation requirement and the ten (10)-day installation deadline.
- Before the launch of this program, Flume will host periodic meetings with RMWD regarding the design of the site and any other program related details.
- Flume will provide all customer support for the end-user customers between 7AM and 5PM Pacific 7 days a week. Customers may contact Flume Support at [support@flumewater.com](mailto:support@flumewater.com) or through the chat feature built into the Flume app.
- Flume will do its best to verify any suspicious orders with RMWD before they are fulfilled. This will help prevent non-RMWD customers from ordering systems through this special site.
- Once verified, Flume will ship systems directly to the customers.
- Flume will provide a no-cost return option for customers that are not able to install their systems after contacting Flume support.
- Flume will provide RMWD with a complete list of their customers that have a Flume system upon request.
- Flume shall notify RMWD in advance of any events held by Flume concerning the Program and will allow participation by RMWD when appropriate.
- Flume will invoice RMWD as defined below in the "Program Pricing" section.
- Once the customer installs their device, Flume will refund \$50 back to the customer's credit card.

### **Customer Responsibilities**

- During the purchase of their Flume system, customers will agree to a Participant Agreement that RMWD will approve in writing.
- Customers shall be responsible for installing their Flume systems within ten (10) days of delivery. Flume shall provide customer support to address any questions or issues related to installation.
- The customer will agree to the Flume End User License Agreement (EULA) when they install the Flume app. This EULA can be found at: <https://flumewater.com/eula/>
- The customer will agree to the Flume Privacy Policy when they install the Flume app. This Privacy Policy can be found at: <https://flumewater.com/privacy-policy/>

### **Scope and Timing**

- This initial pilot program will only be available for RMWD customers.
- This program will be launched on a mutually agreeable date (tentatively in July 2026).

### **Program Pricing**

#### **Setup Costs**

There is normally a \$2,500 setup fee for this program. This covers our expenses for project management, custom landing page ([flumewater.com/rmwd](http://flumewater.com/rmwd)), marketing support, etc. However, Flume will waive this fee for RMWD.

#### **Rebate Program**

RMWD will provide a \$130 + tax subsidy for each Flume sold. The customer will pay \$125 + tax + shipping at checkout. Once installed, Flume will refund \$50 to the customer's credit card as an added incentive. After all rebates, the customer's out-of-pocket cost will be \$75 + tax + shipping.

	<b>RMWD Subsidy</b>	<b>Customer Pays</b>	<b>Flume refunds Customer after Install</b>
<b>Flume Device</b>	\$130 + tax	\$125 + tax + shipping	\$50

Flume will invoice RMWD at the end of each month for any devices sold during that month. So, for instance, if 50 devices are sold during the month, Flume will invoice RMWD for 50 subsidies at the end of that month.

\*This pricing is only valid from July 1, 2026 through December 31, 2027.

### **Detailed Water Use Analysis**

Flume can provide reports that analyze any (or all) of the following:

- Average indoor/outdoor GPCD
- Irrigation trends (and how they relate to weather)
- How these key consumption metrics compare with neighboring metro areas
- How home value, home size, home age and lot size affect water consumption
- Demographics of Flume users (based on home value, home age and lot size)
- Analysis of Leakage (flow rate, duration, and frequency)

In addition, Flume can provide RMWD with a comprehensive End Use Analysis report that details water consumption by fixture. These reports can be tailored to RMWD's needs and can be quoted separately.

This data can include all Flume devices installed throughout RMWD, not just those that were purchased through the Flume landing page.

### **Contact Information**

Katie Frick

[Katie@flumewater.com](mailto:Katie@flumewater.com)

(810) 845-2826

Joe Fazio

[joe@flumewater.com](mailto:joe@flumewater.com)

(805) 705-2590

March 24, 2026

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**SUBJECT**

REVIEW OF FY 2026/27 WATER SALES PROJECTIONS

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**BACKGROUND**

The water sales projection for the upcoming fiscal year is a key assumption in the district's annual budget process. Water sales from outdoor demands/irrigation comprise the majority of District use and, therefore, vary due to local hydrologic conditions, namely precipitation totals. This can be unpredictable and volatile, so careful consideration of the projection is warranted. Additionally, regional and statewide drought conditions can suppress demand through mandated curtailments.

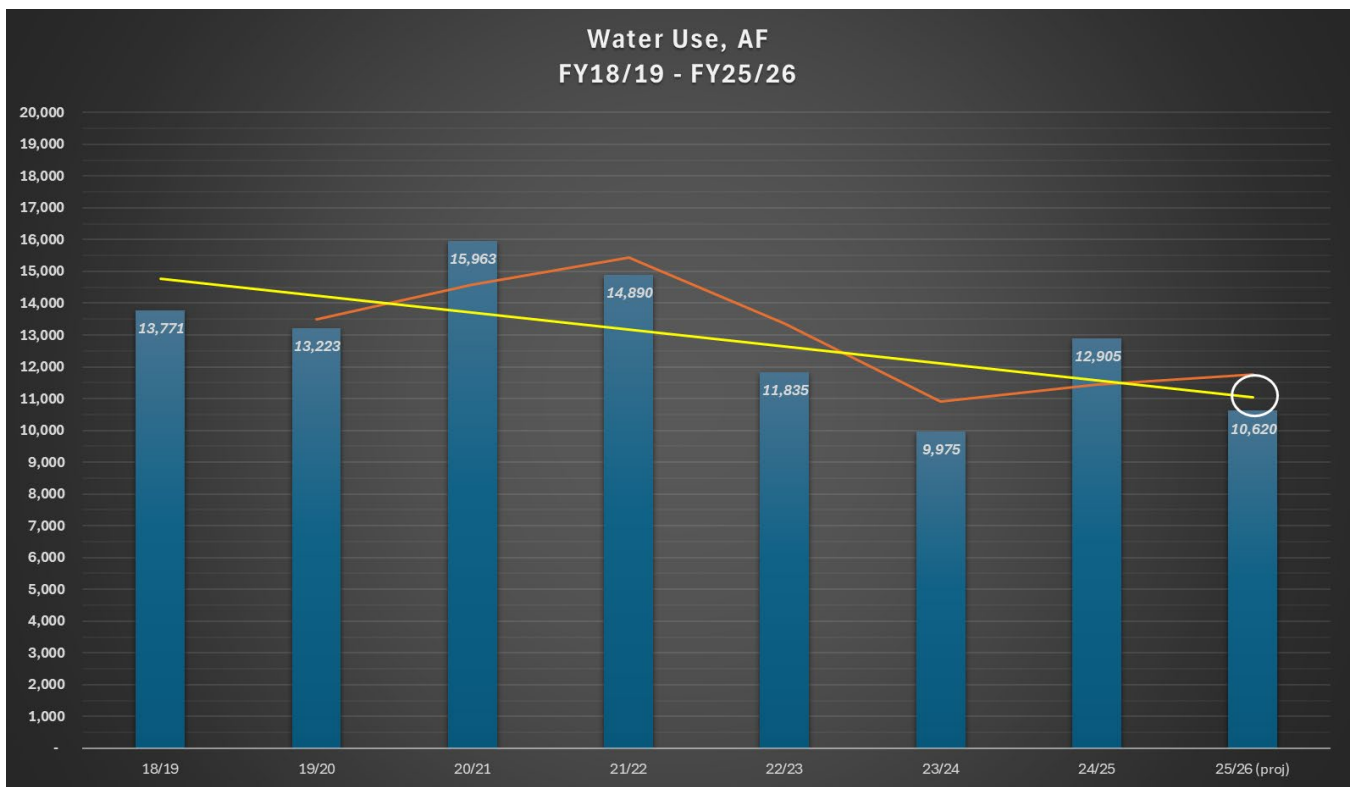
**DESCRIPTION**

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Staff has reviewed the FY 2018/19 through FY 2025/26 trend in water sales, as shown in Exhibit A below, including both historical actuals and the current year projection. Over this period, total water demand has demonstrated an overall downward trend, primarily attributable to agricultural volatility, conservation impacts, and gradual customer class shifts.

Based on this analysis, staff recommends establishing a water sales target of 10,750 acre-feet for FY 2026/27. This represents approximately a 2 percent decrease from the prior year projection, which had been adjusted upward by 10% from the prior fiscal year due to stabilizing demand pattern between 10,000 and 13,000 acre-feet per year.

The recommended 10,750 acre-foot target is intended to reflect typical sales under average hydrologic conditions. It provides a balanced and defensible planning assumption for purposes of revenue forecasting, purchased water expense budgeting, and overall financial stability, while avoiding over-reliance on higher sales levels that are not supported by recent multi-year trends.



Based on the most recent Water Supply Conditions Report issued by the Metropolitan Water District of Southern California, imported water supplies entering FY 2026/27 are projected to remain stable under current operating conditions.

While hydrologic indicators reflect variability across source regions, Metropolitan maintains adequate system storage and supply management capacity to support normal delivery levels. Although Colorado River system reservoirs remain structurally constrained, existing operating guidelines and regional storage reserves mitigate near-term risk of allocation reductions affecting deliveries to member agencies.

Accordingly, for FY 2026/27 planning purposes, staff does not recommend incorporating mandatory drought curtailments or allocation-based demand reductions into baseline demand or revenue projections. Imported supply conditions support planning under average hydrologic assumptions.

The attached Water Supply Conditions Report provides additional detail regarding current system conditions and outlook.

## **ATTACHMENTS**

MWD Water Supply Conditions Report (02/22/26)

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Four: Fiscal Responsibility

## **ENVIRONMENTAL**

In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA and further environmental review is not required at this time.

**BOARD OPTIONS/FISCAL IMPACTS**

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The water sales projection sets a key parameter within the District budget for anticipated revenues from water sales and expenses from imported water purchases. Fiscal impacts from the sales projection will be analyzed as part of the overall review of the draft Fiscal Year 26/27 budget scheduled for April.

**STAFF RECOMMENDATION**

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Staff recommends that the Board of Directors accept 10,750 AF as the water sales projection for FY 26/27 for incorporation by staff into the District operating budget.



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Konstantin Shilkov, CPA  
Chief Financial Officer

March 24, 2026



# The Metropolitan Water District of Southern California

## Water Supply Conditions Report - <https://www.mwdh2o.com/WSCR>

Questions? Reach out via the form: <https://forms.office.com/g/Gj3aReAuCm>

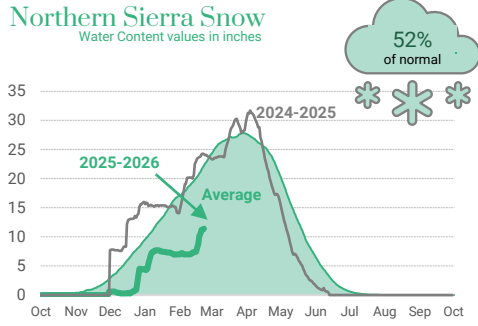
Water Year 2025-2026

As of: 02/22/2026

### State Water Project

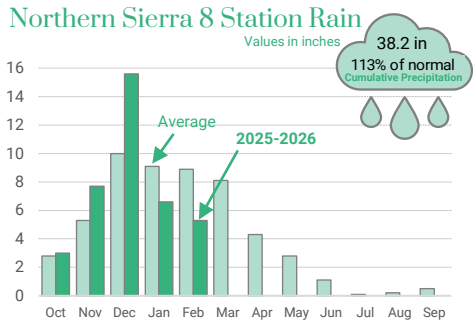
#### Northern Sierra Snow

Water Content values in inches



#### Northern Sierra 8 Station Rain

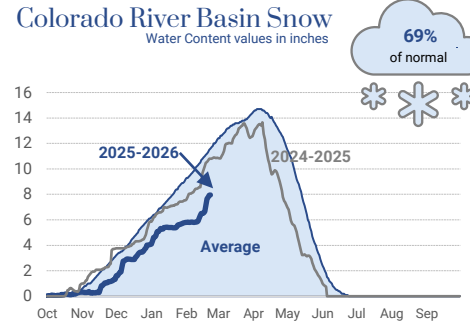
Values in inches



### Colorado River

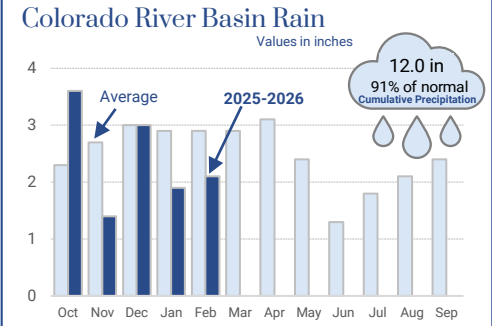
#### Colorado River Basin Snow

Water Content values in inches



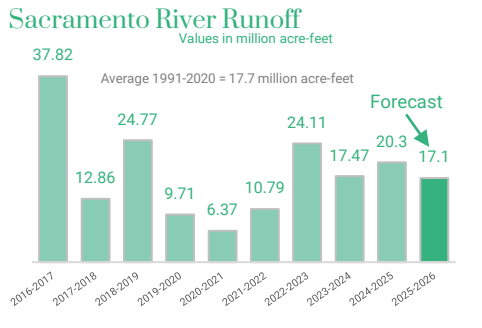
#### Colorado River Basin Rain

Values in inches



#### Sacramento River Runoff

Values in million acre-feet



#### 2026 State Water Project Allocation

**30%**

Updated as of January 29, 2026  
Increased from 10% initial allocation

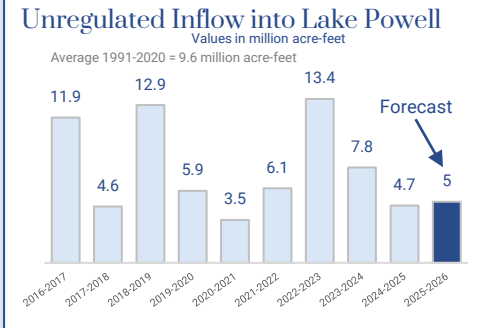
#### Lake Mead Chance of Operating Condition

	2026	2027*	2028*	2029*
Surplus (above 1,145 ft)	0%	0%	0%	0%
Normal Year (between 1,075 and 1,145 ft)	0%	7%	3%	10%
Shortage	1st Level (between 1,050 and 1,075 ft)	100%	50%	30%
	2nd Level (between 1,025 and 1,050 ft)	0%	40%	53%
	3rd Level (below 1,025 ft)	0%	3%	13%

\* Years beyond 2026 assume continuation of current operating guidelines

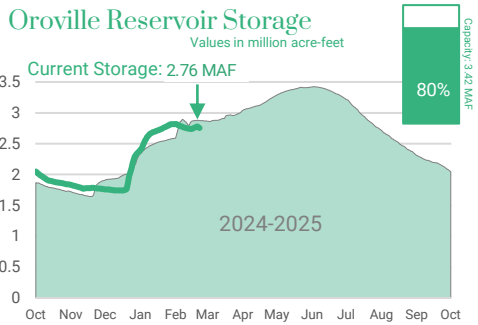
#### Unregulated Inflow into Lake Powell

Values in million acre-feet



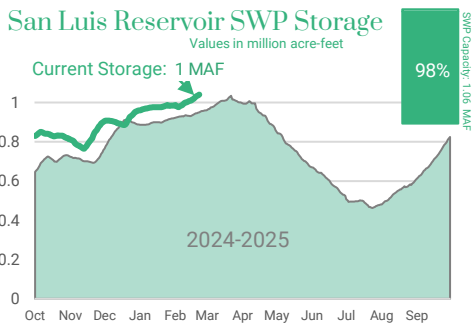
#### Oroville Reservoir Storage

Values in million acre-feet



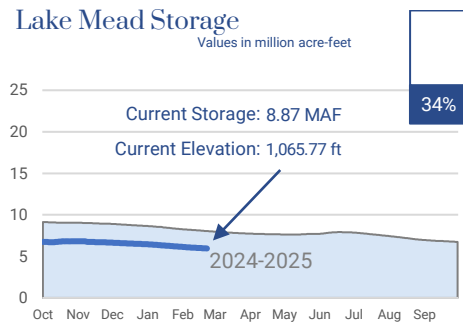
#### San Luis Reservoir SWP Storage

Values in million acre-feet



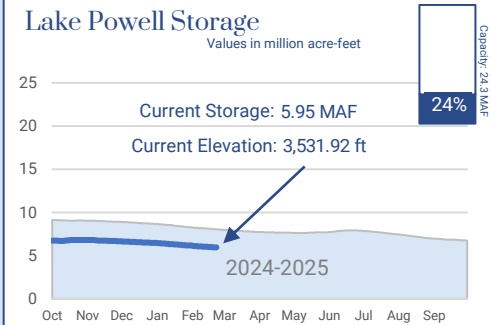
#### Lake Mead Storage

Values in million acre-feet



#### Lake Powell Storage

Values in million acre-feet



**Item No. 10.B**

**BOARD OF DIRECTORS**

3/24/2026

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**SUBJECT**

DISCUSSION AND POSSIBLE ACTION TO APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH SILVERSKY INC. FOR CYBERSECURITY RISK ASSESSMENT, CONTROLS REVIEW, POLICY DEVELOPMENT, AND INCIDENT RESPONSE EXERCISE

**BACKGROUND**

The District continues to prioritize cybersecurity and regulatory compliance as part of its strategic initiative to strengthen critical infrastructure resilience and protect operational technology, information systems, and customer data. In recent years, the District has made significant investments in technical cybersecurity capabilities, including network segmentation, endpoint security, monitoring, and vulnerability management.

While technical controls have improved, the District has identified gaps in cybersecurity governance, documentation, and compliance readiness. These gaps include the need for a formalized cybersecurity framework aligned with recognized standards such as the National Institute of Standards and Technology (NIST), comprehensive risk and control documentation, and improved incident response planning and testing. Addressing these areas will improve audit readiness, strengthen regulatory defensibility, and support State and Federal cybersecurity grant requirements.

To address these needs, staff evaluated multiple cybersecurity vendors, and proposals focused on governance, compliance, and risk management maturity. Based on this evaluation, SilverSky Inc. was determined to be the most fiscally responsible and strategically aligned solution.

As part of the vendor selection process, staff conducted a due diligence review of alternative cybersecurity proposals, including Renaissance Systems, Inc. (RSI) and Cipher. RSI proposed a continuous cybersecurity program with technical validation, monitoring, and virtual Chief Information Security Officer (vCISO) services; however, the recurring cost structure would result in an estimated total of approximately \$675,000 over 5 years. Cipher proposed a strategic governance and resilience-focused engagement at a one-time cost of approximately \$143,000, which exceeded the District's current funding needs and grant alignment priorities.

In comparison, SilverSky provides the foundational governance, compliance, and policy development services needed to address the District's identified cybersecurity gaps at a significantly lower one-time cost of \$53,957.98. This approach allows the District to establish a strong cybersecurity framework while maintaining long-term fiscal responsibility and preserving flexibility for future investments in technical or operational cybersecurity capabilities.

## **DESCRIPTION**

---

SilverSky will provide the District with foundational cybersecurity services, including an IT Risk Assessment, IT Controls Review, cybersecurity policy development, and a facilitated incident response tabletop exercise. These services will establish a formal governance structure, align the District with industry standards, and provide a roadmap for long-term cybersecurity maturity. SilverSky will also develop and customize up to thirty cybersecurity policies aligned with NIST control families, providing a structured framework for governance, compliance, and regulatory reporting.

The IT Risk Assessment will identify and prioritize information assets, threats, and vulnerabilities across the District's environment, using industry best practices and the CIA (confidentiality, integrity, and availability) model. The IT Controls Review will evaluate the effectiveness of existing security controls across management, operations, contingency planning, network security, and system access, ensuring alignment with recognized cybersecurity frameworks and best practices. In addition, SilverSky will facilitate a tabletop incident response exercise to improve coordination, communication, and executive decision-making during cybersecurity events.

The District has been awarded funding through the **State and Local Cybersecurity Grant Program (SLCGP)** administered by the California Governor's Office of Emergency Services (Cal OES). This project aligns directly with the District's approved cybersecurity implementation plan and eligible grant categories, including governance, risk management, policy development, and incident response planning. The District will initially fund the project and submit reimbursement requests to the grant program upon completion of milestones and required documentation.

The proposed agreement with SilverSky includes the following professional cybersecurity services:

- IT Risk Assessment
- IT Controls Review
- Cybersecurity Policy Review and Development (up to 30 policies)
- Incident Response Tabletop Exercise
- Executive and detailed cybersecurity reporting
- Alignment with NIST and industry cybersecurity standards

These services will provide the District with a formal cybersecurity governance framework, enhance audit and compliance readiness, and support ongoing cybersecurity grant and regulatory initiatives.

The total one-time cost for these services is \$53,957.98, with no recurring fees. The project is expected to be completed within approximately 2–3 months, depending on staff availability and participation.

This agreement is structured as a one-time engagement to establish a cybersecurity foundation, allowing the District to maintain long-term cost control while continuing to leverage internal technical cybersecurity capabilities.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

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Strategic Focus Area Three: Organizational Excellence and Risk Management. This project will enhance cybersecurity governance, improve compliance readiness, strengthen operational resilience, and support the protection of critical water and wastewater infrastructure. The development of formal policies and procedures will support organizational consistency, accountability, and regulatory alignment.

## **ENVIRONMENTAL**

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In accordance with CEQA guidelines Section 15378, the action before the Board does not constitute a "project" as defined by CEQA, and further environmental review is not required at this time.

## **BOARD OPTIONS/FISCAL IMPACTS**

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The agreement is included in the District's Administration and Information Systems budget under cybersecurity and information technology services. The District will initially fund the project and seek reimbursement through the State and Local Cybersecurity Grant Program (SLCGP), subject to grant eligibility and compliance requirements.

1. Authorize the General Manager to execute a professional services agreement with SilverSky Inc. in the amount of \$53,957.98, with reimbursement anticipated through the State and Local Cybersecurity Grant Program.
2. Provide other directions to staff.

## **STAFF RECOMMENDATION**

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Staff recommends Option 1.

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Ahmed Khattab  
Information Technology Manager

3/26/2026



**SILVERSKY™**  
Change the Rules of Engagement

Contract Number:2025-04 149

**SERVICES ORDER FORM**

**COVER PAGE**

<b>Customer Legal Name:</b>	<b>SilverSky Inc.</b>
Name: Rainbow Municipal Water District Entity Type: State of Formation:	SilverSky Inc. a Delaware corporation
<b>Customer Address:</b>	<b>SilverSky Address:</b>
Address: City, State, Zip: , Fax:	3015 Carrington Mill Boulevard Suite 400 Morrisville, NC 27560
<b>Customer Business Contact:</b>	
Name: Ahmed Khattab Phone: Email:akhattab@rainbowmwd.ca.gov	
<b>Customer Billing Contact:</b>	
Name: Ahmed Khattab Phone: Email: akhattab@rainbowmwd.ca.gov	
<b>Notices Attn:</b> Accounts Payable	<b>Notices Attn:</b> Legal Department

This Order is between SilverSky Inc. (“SilverSky” and also referred to as “we”, “us”, or “our”) and the customer named above, on behalf of itself and those of its Affiliates who receive Services (collectively “Customer”, and also collectively referred to as “you” and “your”). This is a legal and enforceable contract between you and SilverSky. By executing this Order, you will be deemed to accept the terms and conditions set forth in the MSA and the applicable Service Descriptions (defined below). You may make the Services available to your Affiliates under these terms, provided that you will be liable for any breach of this Agreement by any of its Affiliates. For purposes of this Order, “Affiliate” means any entity that a party directly or indirectly controls, is controlled by, or is under common control with, and “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise.

This Services Order Form consists of this Cover Page and the attached Term and Pricing page. This Order is one component of the Master Services Agreement (MSA) between SilverSky and you. The other components of the MSA are the General Terms and Conditions, and all relevant Service Descriptions (“Services”) as set forth on the SilverSky website ([www.silversky.com](http://www.silversky.com)), and any other ordering documents that may be signed or submitted to SilverSky by Customer and approved by SilverSky. All Services provided under this MSA will be governed by the terms and conditions of this MSA. In the event of a conflict between the General Terms and Conditions and any terms specified in the Service Description, the terms included in the Service Description shall take precedence.

This MSA and all components are effective on the date specified below as the “Effective Date”. By signing and delivering this Services Order Form, you represent and warrant to SilverSky that you have read the terms and conditions set forth at <https://www.silversky.com/terms-conditions/> and agrees to such terms and conditions and to be legally bound thereby.

**Rainbow Municipal Water District:**

By: \_\_\_\_\_  
(Authorized Signature)

Printed Name:

\_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SilverSky Inc.:**

By: \_\_\_\_\_  
(Authorized Signature)

Printed Name:

\_\_\_\_\_  
Title: \_\_\_\_\_

“Effective Date”: \_\_\_\_\_



Contract Number:2025-04 149

## TERM AND PRICING:

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### 1. Initial Term:

Commences on the Effective Date and expires on the 12-month anniversary of the Operational Service Date. The “Operational Service Date” means the date all of the Services listed in the fee schedule below are deployed or 30 days from the Effective Date, whichever date is earlier. Deployment is considered complete based on the criteria below, or, in the case of licenses, the licenses have been provided to the Customer. For deployments beyond 30 days, the deployment complete criteria remain the same. If the Customer delays communication with our Deployment team for over 10 business days, SilverSky will consider the deployment complete.

### 2. Fees:

You agree to pay the fees stated below for each Service. The billing type is listed in the table(s) below.

**Annual Billing**—SilverSky’s standard billing terms for subscription Service call for annual billing; as such, you will be billed for the first full year of service and any one-time installation fees as of the Operational Service Date and any additional years included within the term of this agreement will be billed at each respective anniversary date of the Operational Service Date. If you increase the quantity of services purchased, SilverSky will bill for any incremental fees associated with a change in quantities every month, beginning in the month of the quantity change and through the end of the Initial Term. Note: All quantities purchased will be confirmed before each renewal data, if applicable.

**Monthly Billing**—You will be billed monthly and any one-time installation fees as of the Operational Service Date. In the event you increase the quantity of services purchased, SilverSky will bill for any incremental fees associated with a change in quantities every month, beginning in the month of the quantity change and through the end of the Initial Term. Note: All quantities purchased will be confirmed before each renewal data, if applicable.

**Professional Consulting Services**—For Services that are not subscription-based, 50% of the fees will be billed as of the Effective Date of the Agreement, and the project will not commence until the initial payment is received. The remaining 50% will be billed upon the project start date, and the customer will only receive a draft report until the final payment is received.

### 3. Installation Fees:

Any applicable pre-deployment installation and set-up fees we invoice before the Operational Service Date must be paid in full before we deploy the Services.

### 4. Renewal Term:

The Services listed below will automatically renew upon the expiration of the Initial Term for a period equal to the Initial Term listed above, except for one-time Consulting Services. Either party may opt out of the renewal if they provide the other party with written notice of the intention not to renew at least 60 days before the beginning of the renewal term. The fee schedule hereon, including all related pricing, will remain in place during the Initial Term; all fees and related pricing will be subject to a standard annual price adjustment of a maximum of 5% or the percentage increase in the CPI for the preceding year as publicly reported as of the renewal date. Note: No later than 120 days before your renewal date, SilverSky may request that you complete a self-attestation document to confirm the quantities of services purchased. SilverSky may adjust the quantities within the Rate and Fee schedule based on the results of this self-attestation.

### 5. Cancellation Fees:

If the Services are terminated before the end of the Initial Term or any renewal term for any reason other than our material breach of the MSA, you will pay us a cancellation fee. The cancellation fee will be equal to 100% of your average monthly invoices for the six months before the date of termination multiplied by the number of months remaining in the then-current term of the Service. The cancellation fee constitutes liquidated damages and is not a penalty. You acknowledge that if the Services are canceled before the completion of the Initial Term or any renewal term, SilverSky’s damages will be difficult or impossible to ascertain. Your obligation to pay the cancellation fee is in addition to, and not exclusive of, your obligation to pay all fees accrued and unpaid at the time of termination for any reason.



**SILVERSKY**  
Change the Rules of Engagement

Contract Number:2025-04 149

<b>Installation, Equipment and One-Time Fees</b>				
<u>Qty</u>	<u>Part Number</u>	<u>Description</u>	<u>Unit Price</u>	<u>Ext Sell</u>
1	S-266-2030	IT Risk Assessment - Tier 1	\$13,124.91	\$13,124.91
1	S-266-2278 - Tier 1	IT Controls Reviews - Tier 1	\$8,749.95	\$8,749.95
1	S-266-2717 - Tier 2	Policy Review & Development (template/framework) - Tier 2	\$22,360.96	\$22,360.96
1	S-266-2737	Incident Response Table Top Testing Work hours not to exceed 40	\$9,722.16	\$9,722.16
		<i>Sub-Total for Installation, Equipment and One-Time Fees</i>		<b>\$53,957.98</b>

*Note: Component Provisioning Commitments: We have not performed an onsite audit of your infrastructure. If different or additional hardware or software is determined during the deployment process to be necessary, we may assess additional charges so long as said charges do not materially alter Customer's obligations under this MSA, in which case prior approval from You will be obtained.*

*Pricing excludes taxes and is valid until 3/29/2026*

*Software licenses included in the Services are provided by SilverSky and will be revoked upon expiration or termination of this Services Order.*



**SILVERSKY™**  
*Change the Rules of Engagement*

Contract Number:2025-04 149

SilverSky Inc.

440 Wheelers Farms Road, Suite 202

Milford, CT 06461

Phone (800) 234-2175

FAX (203) 878-1284

**Install Invoice**

Date	Invoice #
2/27/2026	

**BILL TO:**

Rainbow Municipal Water District

,

Attn: Accounts Payable

**\* NOTE: Deployment of Services will begin upon receipt**

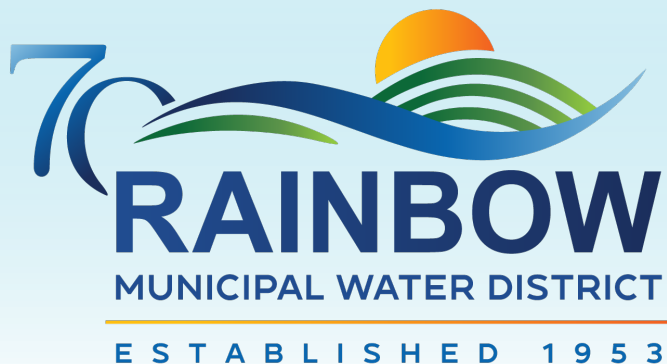
SKU	Description	Amount
S-266-2030	IT Risk Assessment - Tier 1	\$13,124.91
S-266-2278 - Tier 1	IT Controls Reviews - Tier 1	\$8,749.95
S-266-2717 - Tier 2	Policy Review & Development (template/framework) - Tier 2	\$22,360.96
S-266-2737	Incident Response Table Top Testing Work hours not to exceed 40	\$9,722.16
	<b>TOTAL</b>	<b>\$53,957.98</b>

# Cybersecurity Services Professional Service Agreement

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Board of Directors Meeting, March 24, 2026

Ahmed Khattab, Information Technology Manager



# Background

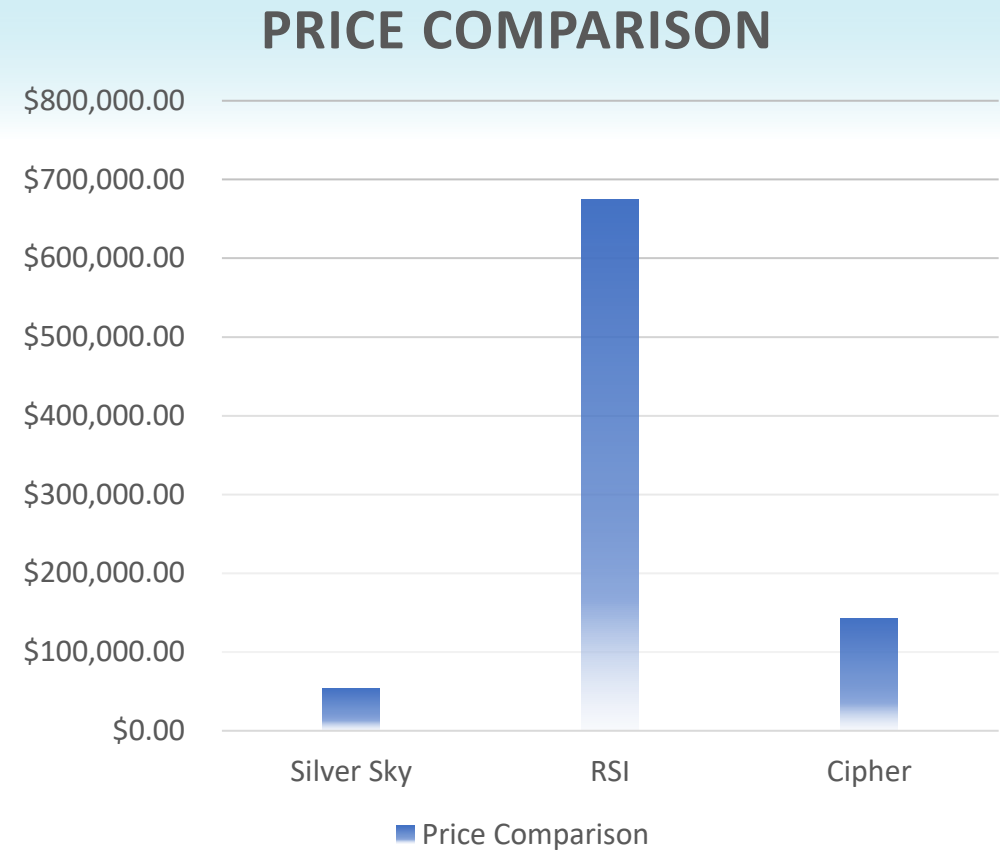
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- The District prioritizes cybersecurity and regulatory compliance
- Technical controls improved, but governance, documentation, and compliance gaps remain
- District Staff evaluated 3 vendors



# Background

- SilverSky was the most cost-effective
- SilverSky's proposal was strategically aligned.



# Description of Services

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- SilverSky will perform:
  - IT Risk Assessment
  - IT Controls Review
  - Cybersecurity Policy Development
  - Incident Response Tabletop Exercise
- Up to 30 NIST-aligned policies will be developed.

# Cost & Timeline

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- Total one-time cost: \$53,957.98
- Project duration: 2-3 months
- Funding via SLCGP grant reimbursement.

# Cost Paid via SLCGP Grant

Total SLCGP Grant	Amount Dedicated for Cyber Security Assessment	SilverSky Proposal
\$179,791.13	\$54,000	\$53,957.98



# Board Options

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1. Authorize the General Manager to execute a professional services agreement with SilverSky Inc.
2. Provide alternative direction to staff.

Staff recommends Option 1: Authorize the General Manager to execute a professional services agreement.



Questions ?

## BOARD ACTION Item No. 10.C

### BOARD OF DIRECTORS

March 24, 2026

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### SUBJECT

CONSIDER APPROVAL OF ADDITIONAL FUNDING AND AWARD OF A CONSTRUCTION CONTRACT TO VADNAIS MICROTUNNELING FOR THE LINE NN EMERGENCY REPLACEMENT PROJECT (DIVISION 1)

### BACKGROUND

Rainbow Municipal Water District (District) owns and operates a 16-inch diameter Fusible PVC pipeline (aka NN pipeline) which spans Highway 76 (Hwy 76) and the San Luis Rey River from North to South near the intersection of Via Montellano towards Old River Road (see location exhibit, attached). On June 11, 2025, operations staff were alerted via the District's Supervisory Control and Data Acquisition (SCADA) system that there was a high flow of water discharging from the Morro Reservoir. District staff located the main break just north of Hwy 76 along the Line NN pipeline. The section of the pipeline break was isolated, and the District's repair crew was dispatched to the scene. Upon excavation, the 16-inch PVC pipeline was severely damaged, and a crack was observed running horizontally along the pipeline under Hwy 76. Upon discovery of the catastrophic damage to the pipeline, the General Manager made a declaration of an emergency on Thursday June 12, 2025 per the Administrative Code Section 1.04.010 Emergency Policy, 1.04.010.01 Authority.

On June 24, 2025, the District's Board of Directors (Board) ratified the General Manager's Declaration of Emergency for the NN Pipeline Replacement Project and authorized expenditures up to \$500,000 to facilitate planning, design, and environmental/regulatory clearances. Following the Declaration of Emergency, in-house construction crews started working on installing a highline using 18-inch PVC pipe from the District's inventory. The highline was successfully energized on August 7, 2025, and is currently conveying water to the suction side of the Dentro de Lomas pump station, which provides water to an area of significant population and demand in the District's South Pressure Zone. On July 2, 2025, the District entered into a professional services agreement with Hazen and Sawyer (Hazen) to assist with the emergency replacement of the pipeline. Hazen was tasked with the initial evaluation of trenchless replacement methods and concepts for the Line NN pipeline across Highway 76. As part of the scope, Hazen prepared a technical memorandum evaluating the alternatives. On September 23, 2025, the Board approved another agreement to Hazen to develop design plans and provide support services during construction for the Line NN replacement project, which was planned to be replaced via Microtunneling.

### DESCRIPTION

Staff and Hazen completed design and development of the contract documents in February 2026. Due to the specialized nature of the selected construction method, very few local Contractors have the expertise and equipment to complete the project. Vadnais Microtunneling was the selected based on their directional drilling qualifications and experience with similar projects. A summary of Vadnais Microtunneling's bid is presented in the table below:

Description	Vadnais Construction Cost
Mobilization / Erosion & Sediment Control	\$475,000
Shaft Construction	\$1,155,000
Tunnel Casing and Grouting	\$1,102,450
16-inch Carrier Pipe	\$261,340
Open Cut Construction	\$368,800
Abandonment of PVC Pipe	\$27,200
Cleanup and Site Restoration	\$110,000
<b>Total (rounded):</b>	<b>\$3,499,790</b>
Environmental Noise Control Allowance	\$50,000
<b>Total + Contingency (rounded):</b>	<b>\$3,549,790</b>

In addition to Vadnais Microtunneling bid, there are other costs associated with the project that include consultant support to conduct biological, archaeological, and tribal monitoring during construction as well as site restoration activities. The following table summarizes the total costs anticipated to complete this project.

#	Description	Amount
1.	Planning, Design (Encumbered) and Construction Management	\$893,245
2.	Vadnais Construction Bid	\$3,549,790
3.	Construction Contract Contingency @5%	\$177,490
4.	Consultant Support During Construction (Archaeo, Bio, Tribal)	\$225,000
6.	Post Construction Environmental Restoration	\$100,000
7.	Operations Highline Removal	\$25,000
8.	Total Project Cost	\$4,955,525
9.	FY 25-26 Midyear Adjustment	\$2,600,000
10.	Board Award Request	\$1,477,280

Based on the aforementioned table, a total of \$1,477,280 is being requested to augment the current approved budget of \$3,493,245. This would increase the total project budget to \$4,970,525.

## **POLICY/STRATEGIC PLAN KEY FOCUS AREA**

Strategic Focus Area Two: Asset Management

### **ENVIRONMENTAL**

The pipeline replacement project is an emergency repair, which is statutorily exempt from California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15269: Emergency Projects. The project consists of repairs to publicly or privately owned service facilities necessary to maintain service essential to the public health, safety or welfare, therefore, a Notice of Exemption was filed on January 9, 2026.

## BOARD OPTIONS/FISCAL IMPACTS

- Option1: Authorize an increase in expenditures for the Line NN Emergency Pipeline Replacement Project in the amount of \$1,477,280 a total authorized expenditure of \$4,970,525 and authorize the General Manager to execute a construction agreement with Vadnais Microtunneling.
- Option 2: Reject this bid and re-bid the project.

## STAFF RECOMMENDATION

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Staff recommends Option 1 as the bid price is in line with the final Engineer's estimate and presents a fair and reasonable cost for the Project with a reputable Contractor in this unique space. Rebidding of the project is unlikely to produce significant savings and delays the project well past the upcoming summer months and high water demand periods, which presents risk to water service to a significant portion of the District's service area.



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Chad Williams  
Engineering & CIP Program Manager

03/24/2026

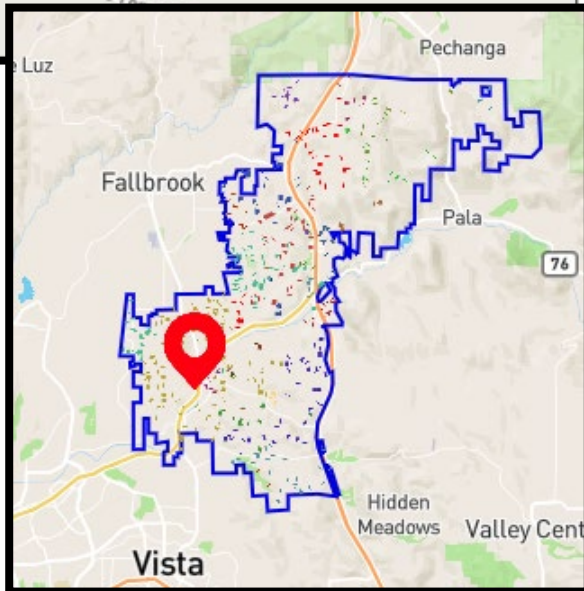
*Attachment(s):*

1. *Project Site Map*



# LINE NN EMERGENCY PIPELINE REPLACEMENT DISTRICT PROJECT NO. 800061

PROJECT SITE





# BOARD INFORMATION

## Item No. 11.A

### BOARD OF DIRECTORS

March 24, 2026

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#### **SUBJECT**

Operations Report for February 2026

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#### **DESCRIPTION**

Activities for Operations & Maintenance Division

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#### **CONSTRUCTION & MAINTENANCE DEPARTMENT:**

November/December	Repairs(R)	Installations(I)(LF)	Leaks(L)
Mainline		1650LF	
Service		5	
Hydrants		2	
Valves	1	8	1
Meters			
Blow-Offs			
Air Vacs		1	
<b>Annual Totals</b>		<b>1650LF of Mainline Installations, Valves &amp; 1 Appurtenances</b>	<b>7</b>

- 332 utility locates were completed in the month of February- an Annual Total of 1082.
- Installed 1650LF of 8" DR-14 C900 at La Canada.
- Installed two hydrants, one at 4240 La Canada and one at 4320 La Canada
- Removed one obsolete 6-inch gate valve at Dulin Rd
- Installed five 8-inch gate valves La Canada and three 6-inch gate valves La Canada
- Installed one Air-vac on La Canada

#### **WATER OPERATIONS AND VALVE MAINTENANCE DEPARTMENT**

##### **Water Operations:**

- Assessed 1 Water Quality Complaints. **Annual total 6**
- Performed 0 fire flow tests. **Annual total 2**
- Performed routine maintenance and rebuilt 7 pressure stations (CLA VALs). **Annual total 18**
- Collected all system tank and reservoir nitrification samples.
- Completed all reservoir cover inspections.
- Started 2025 Electronic Annual Report

**Valve Maintenance:**

Monthly Totals	Valves (Distribution)	Appurtenance Valves	Annual Totals
Exercised	70	85	305
Inoperable	2	1	9
Repaired			
Replaced	0	0	0
Installed	0	0	0

Valve Maintenance completed and oversaw the following:

- Performed 3 shutdowns - **Annual total 11.**
- Replaced 3 air vents - **Annual total 7.**
- Painted 95 appurtenances - **Annual total 193.**
- Replaced 2 Fire Hydrants - **Annual total 3**

**METERS DEPARTMENT:**

- **131** Service Requests were resolved in **FEBRUARY 2026**, for a total of **287 YTD**. (Previous Year Month Comparison: **FEBRUARY 2025: 147** Service Requests: **DOWN 11%**).
- **155** Check Bills were completed in **FEBRUARY 2026**. **YTD total 321**. (Previous Year Month Comparison: **FEBRUARY 2025: 149** Check Bills: **UP 4%**).
- **YTD** Service Requests and Check Bills combined: **608** (Previous YTD 2025 Comparison: **599** combined Service Requests & Check Bills: **UP 1%**)

**Backflows:**

- **397** backflows were tested in February 2026 – **799 YTD**.

**WASTEWATER:**

- California Integrated Water Quality System (CIWQS):
- Monthly No Spill Report for February 2026 #2709671

**Lift Stations:**

- N/A

**Collection System:**

FEBRUARY	Monthly Totals	YTD Totals
Sewer Main Cleaning in ft	5,911	16,438
Inspected Manholes	56	120
Completed ft of CCTV inspections	9,867	10,793

- February 2026 Cleaned a total of 5,911 feet of sewer main.
- February 2026 Inspected a total of 56 manholes.
- February 2026 Completed 9,867 feet of CCTV inspections

**Customer service:**

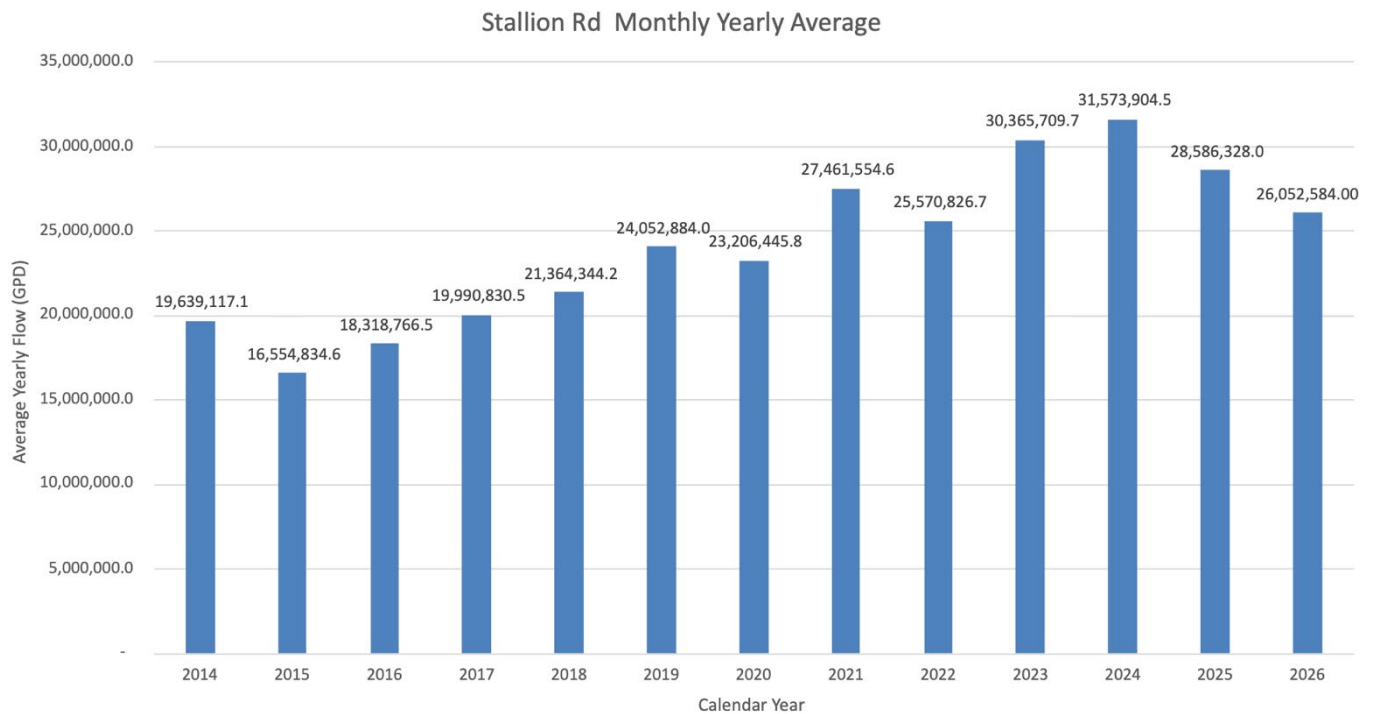
- N/A

**Projects:**

- July 2025 - July 2026 1<sup>st</sup> annual contract Evoqua sewer odor control treatment (Horse Creek wet wells & Thoroughbred wet wells).
- The Farm - Temporary flow meter at manhole P-0\_16 to measure sewer flow sent to Oceanside.
- January 26-29, 2026, Wastewater Crew came in from 6pm to 4am to clean the sewer outfall line on N. River Road.

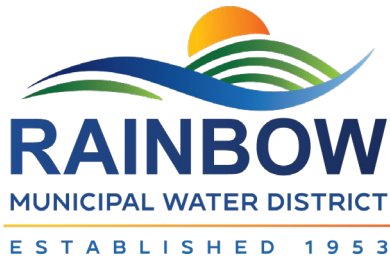
**Mutual Aid:**

- Fallbrook Equipment Rental - Water truck.
- Evoqua - Sewage odor treatment (2025-2026).
- Haaker Equipment - Vactor Rental, CCTV unit



Robert Gutierrez  
Chief Operating Officer

03/24/2026



## BOARD INFORMATION

### Item No. 11.B

### BOARD OF DIRECTORS

March 24, 2026

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#### SUBJECT

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Engineering Report for February 2026

#### DESCRIPTION

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#### **CAPITAL IMPROVEMENT PROJECTS:**

**Eagles Perch Water Pipeline, Division 1:** (PN: 600043) This project is for the installation of new segments of pipelines at Eagles Perch Lane and includes several private driveways/roadways. The proposed segments of pipeline to be added are 8-inch steel pipe as well as new appurtenances and relocating water service lateral connections. The proposed pipelines will eliminate existing pipelines running behind homes. The original design was completed in 2020. District staff reviewed those plans and, in September 2025, conducted a site visit to field-verify the planned improvements and prepared additional comments. The plan markups have been provided to the design engineer. The design plans have not been finalized due to the determination that the District is not a party to the existing roadway and utility easements. District staff have been meeting with the design engineer (Omnis), Dokken Engineering, and the Surveyor (KDM) to discuss the project alignment and easement acquisition, and logistics. An assignment letter was issued to KDM to order title reports and to provide support in developing legal and plat maps as part of the easement acquisition. KDM has already ordered the title reports. Once the title reports have been received, the team will review the existing proposed pipe alignment and determine the easements needed for the project. Once easement documents have been prepared, District staff will engage the affected property owners on the project and coordinate the easement acquisition requests. It is worth noting that the engineer's estimate in 2020 was \$1.6 million dollars. It is anticipated that escalation over the past 6 years will likely be in the \$2.0 million range. An updated engineer's estimate is part of Omnis' scope of work in finalizing/updating the plans.

**La Canada Pipeline Replacement & PRS, Division 3:** (PN: 600093) This project is to replace 4,000 LF of pipeline along La Canada from Hillrise Road to Via Monserate. The County Encroachment Permit was issued in early January 2026, and the Environmental CEQA documentation was also filed in early January 2026. A project kickoff meeting occurred in late January and construction commenced in February with almost half of the 4,000 LF of pipe installed.

**Gopher Pump Station, Division 1:** (PN: 600094) This project involves replacing the temporary Pump Skid with a permanent pump station. The District entered into an agreement with Dexter Wilson to provide project design services in April. Additional potholing was conducted at the proposed project site during this

period. Additional survey work was completed after the potholing was completed. The design engineer submitted the 30% design for staff's review. Staff requested a field meeting in January to discuss the 30% design and provided comments while in the field. A new conceptual drawing was presented and staff provided direction to proceed with the 60% design. During this period, the design engineer continued working on the 60% design and anticipates having the 60% design submitted to the District by mid-March for review.

**Camino Del Rey Waterline Relocation Project, Division 1:** (PN: 600026) The County of San Diego (County) is proposing the Camino Del Rey Drainage and Roadway Improvements Project, which will improve a portion of Camino Del Rey by raising the roadway, incorporating culvert crossings under the road, improving intersections, and installing Green Street Best Management Practices (BMPs) for water quality treatment. As a result of the County's project, existing District infrastructure will be impacted. There is currently a 14-inch water main that runs down Camino Del Rey, a 20-inch water main at Camino Del Cielo, a 6-inch main for the San Luis Rey Downs Racetrack, and a sewer gravity main crossing that conflicts with the County's proposed improvements. The County and District are working together to determine the extent of prior rights along Camino Del Rey and each agency's scope of work for utility relocations. Coordination between the District and the County is ongoing. District staff also reached out to the County's Design Engineer to request a proposal to assist with design plans for the District's portion of the proposed work. District staff executed a design proposal with Nasland Engineering. The design agreement is for limited design services to generate a schematic for the District. Nasland Engineering submitted a draft schematic design. District staff has provided some comments on the conceptual design to the consultant. Also the consultant informed staff that the County may be reducing the scope of their project. The project is currently on-hold while the County of SD coordinates right-of-way conflicts with adjacent property owners.

**Electrical Panel Switches (Manual Transfer Switch), Districtwide:** (PN: 600058) This project is for the installation of manual transfer switches at three pump stations that include (1) Morro Hills, (2) Vallecitos, and (3) Rainbow Hills Pump Station. Harris & Associates (H&A) submitted updated plans and specifications. Staff has been working with the contractor on receiving submittals for the project. The contractor has been working on procurement of materials. and potential value engineering for the Morro Pump Station site. Change Order 1, considered value engineering at Morro Pump Station site, was executed during this period. The change order included the deletion of the meter main and manual transfer switch adding a double pole double throw switch. Also added a 400 amp fused switch. This was a credit back to the District of \$2,889. The work at the Morro Pump station has been successfully completed. During this period, the installation of the manual transfer switch at Rainbow Hills Pump Station was completed. Vallecitos Pump Station is the third and last site remaining. Work on Vallecitos Pump Station is anticipated in April.

**Morro Tank Rehabilitation, Division 2:** (PN: 600097): This project is for the ongoing assessment of tank movement/settlement and needed rehabilitation. Two (2) inclinometers were installed along the southern slope and registered ¼-inch movement. The Board approved creating a CIP project and adding a project budget at the February 2025 meeting. A Notice to Proceed was issued to Peterson Structural Engineers (structural assessment) and KDM Meridian (survey) in March 2025. A site visit was conducted with District staff, Geotech, structural engineer, and survey team on October 31<sup>st</sup>. The multidisciplinary team has been meeting regularly and are preparing a technical report based on monitoring results and analysis. District entered into a professional services agreement with Lee & Ro during this period to assist with engineer estimates for different rehabilitation or replacement options for the tank. Lee & Ro has been working on developing cost estimates for different rehabilitation or replacement of the tank. A draft cost estimate is anticipated in early March. The team has also started working on a project presentation.

**Rancho Monserate, Rancho Viejo, and HQ B-Plant Emergency Generators, Division 4:** (PN: 530023) This project entails procuring emergency generators for each of the sewer lift station sites via grant funding. Staff expanded the project scope to include replacement generators at Fallbrook Oaks Lift Station and Lift Station-1. The grant application was finalized and submitted to the United States Environmental Protection

Agency in June of 2025. Multiple comments were received during this period by US EPA on the grant application. District staff continues to address comments and work with the EPA representative.

**Water and Wastewater Master Plans, Districtwide:** (PN: 400001) This project includes the development of updated water and wastewater masterplans. The updated masterplans will help guide the District's future CIP planning. The Board awarded an agreement to Engineering Resources of Southern California. Staff worked on processing the agreement with the added Urban Water Management Plan scope of services. The amended agreement was approved at the September Board meeting. Staff has been gathering data requested by ERSC and met in January 2026.

**Line NN Pipeline Replacement Project, Division 1:** (PN: 800061) This project is to replace a segment of 16-inch Fusible PVC pipe located on both sides of Hwy 76. On June 11, 2025, District staff responded to a main line break. The 16-inch Fusible PVC pipe on the north side of Hwy 76 was severely damaged. On June 24, 2025, the District's Board of Directors approved the General Managers declaration of emergency and approved \$500,000 to facilitate planning, design and regulatory clearance. District staff entered into an agreement with Hazen and Sawyer for engineering design support, Helix Environmental for environmental support, and KDM Meridian for survey support. District staff entered into an agreement with Verdantas for Geotech support. Several trenchless technologies were presented to the District in a workshop by Hazen and Sawyer, including cost. District staff has been meeting weekly with Hazen and Sawyer. The current design services agreement with Hazen and Sawyer is in the amount of \$393,245 and assumes a 28-week schedule. During this period, Hazen and Sawyer completed the front-end documents and released it for bidding to prequalified contractor(s). The bid schedule is anticipated to be received in early March. Staff continues to work with the County of San Diego to acquire a right of entry permit and Caltrans to acquire an encroachment permit.

#### **MAJOR DEVELOPER PROJECTS:**

**Citro (FKA Meadowood) by Tri Pointe Homes (FKA Pardee Homes), Division 4:** (PN: 700027) Approximately 844 Units off of Pala Road/Horse Ranch Creek Road. The Contractor is working on punch list items throughout the development. Once all work is complete, a Notice of Completion (NOC) will be brought before the Board for consideration.

**Havens (FKA Bonsall Oaks), Division 1:** (PN: 700014) 164 SFR / 205.8 EDUs—District staff continues coordinating with the Developer on plan reviews for future phases (Phases 1B, 2A and 2B). The District completed plan check No. 3 for those phases. Previous issues with new sewer manholes being more than 20-feet deep and extremely flat slopes along the gravity main have been resolved by adding a sewer lift station. Plans for Phase 1B-2B have been approved. There are many outstanding items that the Developer is working on. Once these items are addressed to the satisfaction of the District, a Pre-Construction meeting will be held and work to install water and sewer facilities will begin. An updated sewer service agreement, including a required payment by the developer of additional sewer capacity fees, and construction agreement are slated for the April Board meeting for consideration of approval.

**North River Farms Development, Division 2:** (PN: 700064) Relocation and construction of the sewer flow meter station, which monitors flow from the District to the City of Oceanside. Draft agreements are being reviewed by the District and the City.

**Ocean Breeze Ranch, Division 1:** (PN: 700035) The Developer has joined the CFD/SCIP Program, and as part of this program, the District and Developer negotiated to enter into an Acquisition Agreement. The Acquisition Agreement was executed in September 2023. The District received the Water and Sewer Plans for all phases of the development on February 25, 2025. The project includes two (2) sewer lift stations and various sewer mains, two (2) pressure reducing stations, and a high-pressure transmission main and various distribution mains. Staff has received improvement plans for PA 1 and PA 2 (residential) and is waiting for PA 3 plans for the larger estates lots. The equestrian area is not a part of the project. The developer requested a temporary water connection at West Lilac Road to the suction line for the West Lilac Pump Station for their model homes. A memorandum of understanding was executed in November

2025 to include terms such as duration, water supply limitations, and liabilities to ensure due diligence. A Joint Use Agreement and Water/Sewer Capacity agreement were presented at the February Special Board meeting for consideration of approval. The Board approved these actions. Staff is working with Developer to finalize/approve the remaining plans and issue construction agreements at the March 2026 meeting.

**Pala Ranch (FKA Campus Park West) (Pappas Investments), Division 4:** (PN: 700029) Residential and Commercial development. The District has approved the proposed water and sewer improvement plans; however, the Developer informed the District that construction has been delayed to September 2026. These delays are because of CalTrans and County of San Diego requirements in Highway 76.

**Pala Mesa Market Development Plan, Division 4:** (PN: 700047) District staff met with the Developer in July 2024 to restart the project. Construction plans and submittals comments have been returned for corrections to the Developer in October 2025.

**San Luis Rey Racetrack Improvement Plan, Division 1:** (PN: 700054) The Developer paid a deposit for Sewer and Water Analysis. Dexter Wilson Engineering, Inc. produced a memorandum discussing the expected impacts on sewer infrastructure related to one of two expansion scenarios proposed by the Developer. Staff are waiting on data from the Developer related to the second expansion scenario to complete a second memorandum. The Developer stated that they are not ready to expand nor add horses. Instead, this new effort is solely related to their Federal process water discharge permit. This new regulation requires that process water from horses be discharged into the sewer system instead of the storm drain system. Staff is scheduled to meet with the Developer in March 2026. The Developer would like to move forward with expansion. Discussions are on-going with the exchange of data and options.

**Havens Country Club Pool fka Vista Valley, Division 1:** (PN: 700069). In April, staff reviewed the plans, submittals and applications for a new water service, fire hydrant, and expansion of sewer facilities. Construction is now underway for the new and expanded facilities. The proposed sewer facilities have been installed. District staff returned the proposed water and fire hydrant plans with comments to the Contractor in December 2025. The District is waiting for a response from the Contractor.

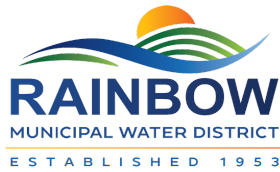
ITEMS	NO#
Water Meters Purchased	1



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Chad Williams  
Engineering and CIP Program Manager

03/24/2026



**SEWER EQUIVALENT DWELLING UNITS (EDUs) STATUS REPORT  
February 2026**

<b>STATUS SUMMARY</b>	<b>EDUs</b>
Total Treatment Capacity Purchased from Oceanside	8,333
Less 5% Contractual Allowance	417
EDUs Set Aside by Board for Emergencies	60
EDUs Connected	6,301 *
EDUs Unconnected/Committed	678
<b>Total EDUs Available for Purchase:</b>	<b>878</b>

<b>DEVELOPMENTS WITH UNCONNECTED/COMMITTED EDUs</b>	<b>EDUs</b>	<b>CAPACITY FEES / CFD Bonds</b>
Bonsall Oaks (Polo Club) - 164 (SF/Other)	131	\$ 1,453,560
Citro (fka Meadowood) - 947 (SF/MF/Other)	25	\$ -
Ocean Breeze Ranch-520.5	521	\$ 7,723,509
Other Development w/5 or less EDUs - (SF & Other)	1	\$ -
<b>TOTAL UNCONNECTED:</b>	<b>678</b>	<b>\$ 9,177,069</b>

**Notes:**

\*There is a delay between connections and new account activations.



# BOARD INFORMATION

## Item No. 11.C

### BOARD OF DIRECTORS

March 24, 2026

### SUBJECT

ADMINISTRATIVE SERVICES REPORT FOR MARCH 2026

### DESCRIPTION

Human resources, safety, risk management, and communications report for March 2026

### HUMAN RESOURCES:

#### STAFF UPDATES:

- Congratulations to Freddy Espino on earning all 5 Excellence coins! The *Excellence Five-Coin Recipient Award* is a very special recognition RMWD gives employees who have earned all five Core Value Coin Awards: Teamwork, Professionalism, Responsibility, Innovation, and Integrity. Employees are nominated by their peers when they demonstrate one of these values, and once approved by the Coin Nomination Committee, they receive a coin. Receiving all five is a big achievement and a sign of consistent dedication to RMWD's values. Earning all five coins is a remarkable accomplishment that reflects consistent excellence, character, and dedication to our District.

#### RECRUITMENT:

- Heloise Buntin started her new position as SCADA technician on Monday, March 9<sup>th</sup>. She is currently training and getting acquainted with her new role.

#### EVENTS:

- Employee Appreciation Burrito Day: In honor of Employee Appreciation Day in March, the Management team will be celebrating our staff members' service and contributions to the District by hosting a Burrito Day! Members of management will serve burritos to all employees on Tuesday, March 31.

#### EMPLOYEE ANNIVERSARIES:

March 17	Kenny Diaz	Meter Services	18 years
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#### WORKFORCE ANALYTICS:

Current headcount: 59

FYTD new hires: 4

FYTD separations: 3

Average tenure: 8 yrs 4 mos

FYTD turnover: 3.44%

Projected annual turnover: 9.17%

Retention rate: 96.56%

Projected retirements this year: 1

**RISK MANAGEMENT:**

**Injuries**

- Employee injured lower back unloading pipes off a vehicle rack on La Canada project. He was able to continue to work and rest and recover without missing any time.

**Program Management**

- Annual Review and update of Safety Policies and Procedures:
  - Vehicle Policy going to April E&O for review prior to the April Board Meeting.
- Submitted Grant Funding through CalOES Hazard Mitigation Grant for 4 Pump Station Generators. It is now in CalOES Review.
- Now that SCADA position is filled, we plan to test out the Becklar Lone Worker App.
- Eight staff members will be attending NFPA 70E Training at FPUd at the end of March and another group in April.

**Environmental Programs**

- Herbicide use reported through CalAgPermits was reviewed. No report necessary since none was used.
- Department of Environmental Health and Quality (DEHQ) visited the District headquarters on March 11<sup>th</sup> and found no issues.
- Working with APCD and CARB to establish the Whisperwatt Generator as a low-use to remain compliant. The engine phases out on December 31<sup>st</sup>, 2026, and may require replacement if Low-Use isn't established.
- CARB sent out a notice about a new bill effective January 2026 that begins to phase out all non-zero-emission forklifts. Safety is attending a discussion in July 2026 to review changes. Phase-out for small fleets is required by January 1<sup>st</sup>, 2029.

**Emergency Response Programs**

- Operations and safety are working together to schedule a training exercise and a mock EOC setup.
- The Emergency Response Plan is being updated, and ERP folders are being added to the EOC SharePoint and are available in SiteDocs.

**Safety Training / Tailgate Talks**

- Safety tailgates this month have included trenching & shoring, hot work, and workplace violence.

**Claims in Progress/Completed**

	Claims Received	Open Claims at JPIA	Value of Open Claims at JPIA	Small Claims Pending	Small Claims Rejected	Small Claims Approved	Value of Small Claim Settlements
Fiscal YTD	8	0	\$0	2	2	4	\$3,530.47
New Claims in Current Month	0	0	\$0	0	0	0	\$0

**COMMUNICATIONS:**

**Community Events**

- Upcoming events were reviewed:
  - Read Across America at Bonsall Elementary School, Thurs, March 5
  - Agriculture Workshop, Thurs, March 5

- 65 Attendees, over 80% were Rainbow Water customers.
- Avocado Festival, Sun, April 19 in Fallbrook
- Plant Giveaway Program, Sat, April 25 at District Headquarters
- Planning in progress for Blood Drive

### **Newsletter Features**

March Community Newsletter articles included:

- Small Leaks Lead to Water Waste: Tips to check for leaks during Fix-A-Leak Week
- Around the District GM Highlights: Agriculture Workshop recap and State Water Supply update
- Avocado Festival, Sun, April 19 in Fallbrook
- Local Free DIY Landscape Workshops on Sun, March 29 at Vallecitos Water District
- High School Volunteer Program: High school students can earn community service hours by signing up to volunteer for the District's booth at the Avocado Festival or Plant Giveaway Program
- New! Rainbow Water Rundown: Monthly board meeting summary with key information



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Karleen Harp  
Administrative Services Manager

March 24, 2026



## BOARD OF DIRECTORS

March 24, 2026

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### SUBJECT

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FINANCE REPORT FOR JANUARY 2026

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### DESCRIPTION

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Summary:

#### Water Sales:

FY 25/26 Budget - 11,000 AF

Actual January FYTD 25/26 7,489 AF

Actual January FYTD 24/25 9,068 AF

Actual January FYTD 23/24 7,464 AF

Actual January FYTD 22/23 9,269 AF

#### January FYTD 2025/2026 Budget vs Actual:

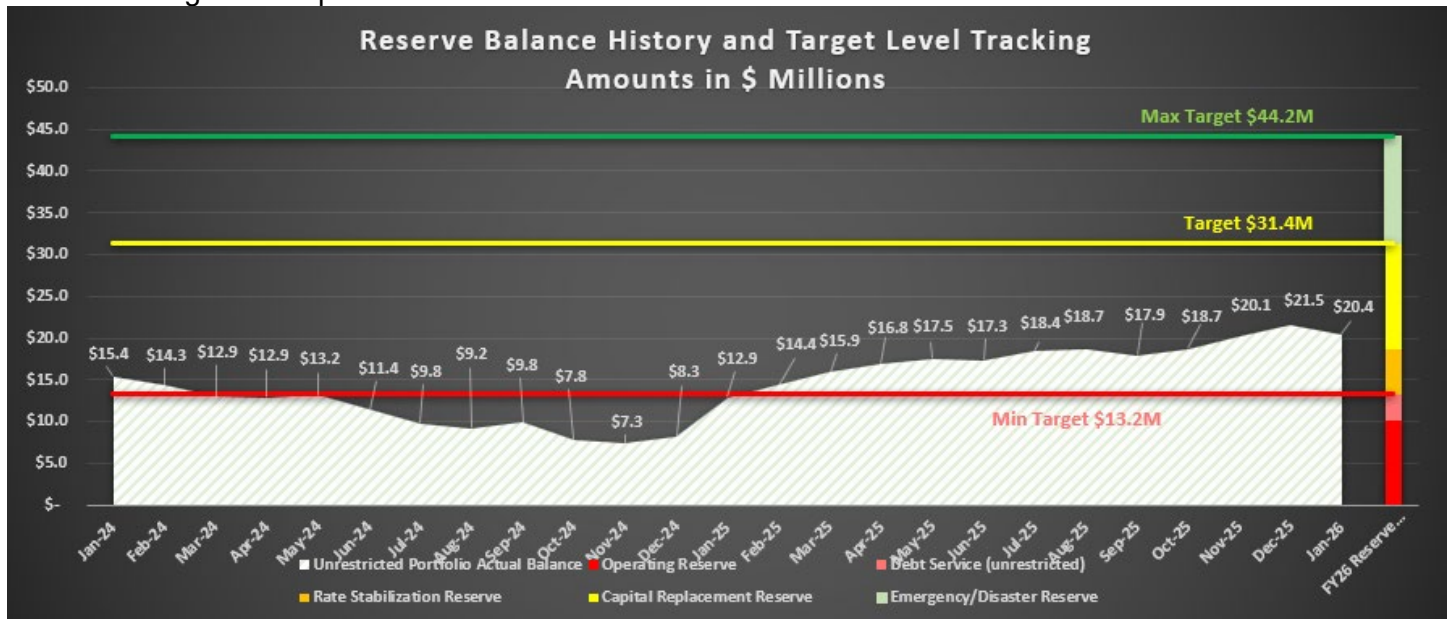
Water Operating Revenues through January 2026 came in at \$30.9M or 9% below the budgeted amount for this time of year, mostly due to the lower-than-average water demands for January as noted in the “Water Purchases” section below. The revenue from water sales is offset slightly by a timing variance due to RTS charges placed on property taxes by the District not being received until mostly in the December through May time period. Water Operating Expenses are at \$20.2M and 16% below the budgeted amount for this time of year due to the decreased volume of imported water purchases stemming from lower sales. Net Operating Water Revenue was \$10.8M or 7% above the budgeted amount through the seventh month of operating activity. The District spent \$1.7M on capital projects, or 25% of the annual budget over the same period. Water Net Non-Operating Revenues are negative \$3.9M or 75% of the current year budget, driven by debt service payments.

Wastewater Operating Revenues through January 2026 came in at \$3.7M or 6.6% above the budgeted amount for this time of year. Wastewater Operating Expenses are \$2.8M or 3.2% above the budgeted amount due to City of Oceanside invoices coming in higher than expected. Net Operating Wastewater Revenue was \$944 thousand or 18% above the budgeted amount through the seventh month of operating activity. The District spent \$140 thousand on capital projects, or 8.2% of the annual budget through January. The District started work on Rancho Monserate, Rancho Viejo LS & HQ B-Plant Emergency Generators. Most of the Wastewater CIP budget stems from amounts approved in previous years that have been carried forward.

#### Treasury Report:

The District’s total portfolio at the end of January 2026 was \$25M with the unrestricted portion totaling \$20.4M, and \$1.7M in remaining restricted proceeds from US Bank \$10M loan dedicated to covering CIP expenses for FY26 budgeted projects. This is a decrease from the unrestricted portfolio balance of \$21.5M in December 2025 due to debt payments paid in January 2026. The graph below depicts the historical unrestricted portfolio balances compared to the new reserve targets adopted in June 2024.

The District received interest revenue in the amount of \$520 thousand through January, compared to \$481 thousand for the same period last year. The CAMP investment yield is currently 3.83% and LAIF is 3.86%. As liquidity is of primary concern over the next year due to higher debt service amounts, no funds will be reinvested beyond the District's most liquid and safe options (CAMP, Money Market, LAIF) until reserves amounts have substantially increased. Fortunately, these immediately available investment options still have higher interest rates than longer term options.



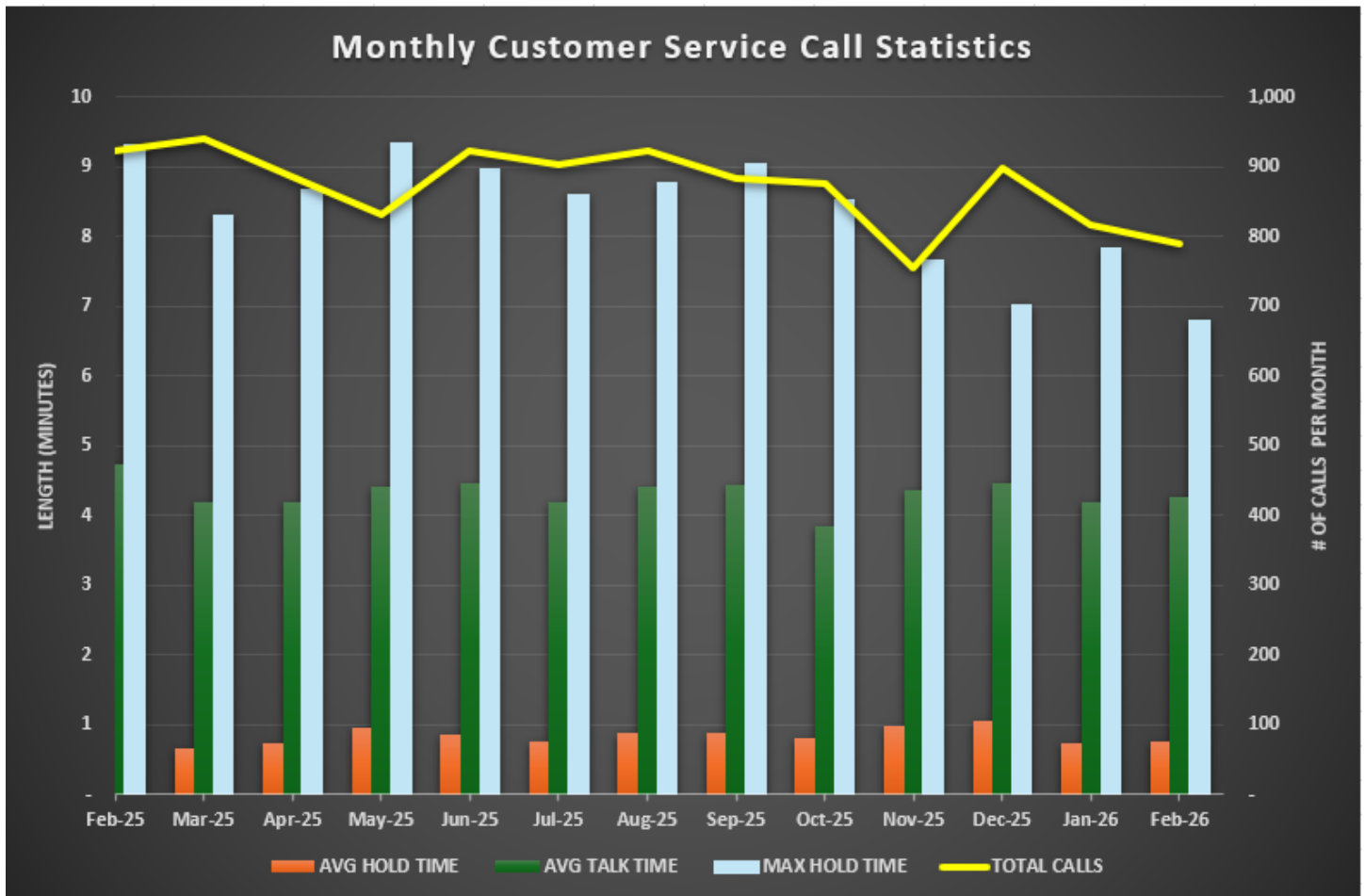
**Water Purchases & Water Sales:**

The Five-Year Water Purchases Demand Chart (Attachment D) reports imported water purchases; this data is available in real time. System demand for the current fiscal year totaled 7,384 AF through January, or 24% below the system demand at the same time last year, and 6% below budget for this time of year based on the average 5-year demand trend through January.

The District recorded 7,489 AF in water sales through January for FY26 compared to 9,068 AF in sales for FY25 for the same period, or 17% lower than prior year due to a little less hot and less dry weather this year compared to last year. The Water Sales Summary Report (Attachment E) represents water that was billed to customers, so the data is time delayed in comparison to the Five-Year Water Purchases Demand Chart. These two reports will not correlate unless they are both presented for the same date; we provide the purchases report in real time to provide the board with the most current demand information available.

**Monthly Call Volume:**

The call volume for February 2026 was 789 calls to customer service with an average hold time of 45 seconds and an average talk time of 4 minutes and 16 seconds. The max time in queue in February was 6 minutes and 48 seconds. See the chart below for the comparison of call statistics over the last 12 months.



**Attachments:**

- A. Budget vs Actuals (January FY26)
- B. CIP Budget to Actuals (January FY26)
- C. Treasury Report (January FY26)
- D. Five-Year Water Purchases Demand Chart (through 02/01/2026)
- E. Water Sales Summary (January FY26)
- F. Check Register (January FY26)
- G. Directors' Expense Report (January FY26)
- H. Credit Card Breakdown (January FY26)

Konstantin Shilkov, CPA  
Chief Financial Officer/Treasurer

March 24, 2026

Rainbow Municipal Water District  
 Operating Budget Summary by Fund  
NET OPERATING INCOME

Description	FY 2025 Adopted Budget	FY 2025 Actuals YTD 6/30/2025	FY 2026 Actuals YTD 01/31/2026	Current \$ (Under)/Over Full Year Budget	Current % of Full Year Budget	FY 2026 Adopted Budget
<b><u>Water Operating &amp; Non-Operating Fund</u></b>						
Water Operating Revenues	\$ 47,169,042	\$ 53,151,613	\$ 30,947,246	\$ (18,492,972)	63%	\$ 49,440,217
Water Operating Expenses	36,353,734	37,831,683	\$ 20,174,043	(15,623,003)	56%	35,797,046
<b>Water Fund Net Operating Revenue</b>	<b>\$ 10,815,308</b>	<b>\$ 15,319,930</b>	<b>\$ 10,773,203</b>	<b>\$ (2,869,968)</b>	<b>79%</b>	<b>\$ 13,643,171</b>
<b><u>Water Non-Operating Fund</u></b>						
Water Non-Operating Revenues	\$ 1,364,577	\$ 1,230,726	\$ 792,339	\$ (303,947)	72%	\$ 1,096,286
Water Non-Operating Expenses	4,140,069	2,884,496	4,721,832	(1,618,798)	74%	6,340,630
<b>Water Fund Net Non-Operating Revenue</b>	<b>\$ (2,775,492)</b>	<b>\$ (1,653,770)</b>	<b>\$ (3,929,493)</b>	<b>\$ 1,314,851</b>	<b>75%</b>	<b>\$ (5,244,344)</b>
<b>WATER NET REVENUE</b>	<b>\$ 8,039,816</b>	<b>\$ 13,666,159</b>	<b>\$ 6,843,709</b>	<b>\$ (1,555,118)</b>	<b>81%</b>	<b>\$ 8,398,827</b>
<b><u>Wastewater Operating &amp; Non-Operating Fund</u></b>						
Wastewater Operating Revenues	5,326,981	5,581,798	3,741,687	(2,277,601)	62%	6,019,288
Wastewater Operating Expenses	4,777,396	4,596,894	2,797,688	(1,849,496)	60%	4,647,183
<b>Wastewater Fund Net Operating Revenue</b>	<b>\$ 549,585</b>	<b>\$ 984,903</b>	<b>\$ 943,999</b>	<b>\$ (428,106)</b>	<b>69%</b>	<b>\$ 1,372,105</b>
<b><u>Wastewater Non-Operating Fund</u></b>						
Wastewater Non-Operating Revenues	715,935	202,154	128,297	(73,003)	64%	201,300
Wastewater Non-Operating Expenses	3,030,380	2,589,827	663,021	(407,704)	62%	1,070,724
<b>Wastewater Fund Net Non-Operating Revenue</b>	<b>\$ (2,314,445)</b>	<b>\$ (2,387,673)</b>	<b>\$ (534,724)</b>	<b>\$ 334,701</b>	<b>62%</b>	<b>\$ (869,424)</b>
<b>WASTEWATER NET REVENUE</b>	<b>\$ (1,764,859)</b>	<b>\$ (1,402,770)</b>	<b>\$ 409,275</b>	<b>\$ (93,405)</b>	<b>81%</b>	<b>\$ 502,681</b>
<b>WATER &amp; WASTEWATER NET REVENUE</b>	<b>\$ 6,274,956</b>	<b>\$ 12,263,389</b>	<b>\$ 7,252,985</b>	<b>\$ (1,648,523)</b>	<b>81%</b>	<b>\$ 8,901,508</b>

% of Annual Budget

- 72% Water Purchases/Sales based on historical average
- 58% Fixed Fee Revenue & Expenses are based on time

Rainbow Muncipal Water District  
Water Fund Operating Budget Summary

Water Operating

Description	FY 2025 Adopted Budget	FY 2025 Actuals YTD 6/30/2025	FY 2026 Actuals YTD 01/31/2026	Current \$ (Under)/Over Full Year Budget	Current % of Full Year Budget	FY 2026 Adopted Budget
<b>Operating Revenues</b>						
Water Sales	\$ 46,849,876	\$ 52,863,637	\$ 30,774,550	\$ (18,336,929)	63%	\$ 49,111,478
Other Water Services	319,166	287,976	\$ 172,696	(156,043)	53%	328,739
<b>Total Operating Revenues</b>	<b>\$ 47,169,042</b>	<b>\$ 53,151,613</b>	<b>\$ 30,947,246</b>	<b>\$ (18,492,972)</b>	<b>63%</b>	<b>\$ 49,440,217</b>
<b>Operating Expenses</b>						
Purchased Water	19,737,602	22,397,190	10,489,964	(7,783,314)	57%	18,273,278
Pumping	1,540,170	1,479,846	1,206,613	(581,062)	67%	1,787,675
Operations	3,434,169	3,054,995	1,610,474	(1,155,302)	58%	2,765,776
Valve Maintenance	437,545	449,973	233,589	(203,733)	53%	437,322
Construction	3,274,064	3,278,478	1,524,370	(1,924,769)	44%	3,449,139
Meters	989,009	951,705	570,142	(448,957)	56%	1,019,099
General Fund Transfer	6,941,176	6,219,496	4,464,785	(3,599,972)	55%	8,064,757
Water Conservation Program	0	0	74,106	(75,894)	49%	150,000
<b>Total Operating Expenses</b>	<b>\$ 36,353,734</b>	<b>\$ 37,831,683</b>	<b>\$ 20,174,043</b>	<b>\$ (15,623,003)</b>	<b>56%</b>	<b>\$ 35,797,046</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 10,815,308</b>	<b>\$ 15,319,930</b>	<b>\$ 10,773,203</b>	<b>\$ (2,869,968)</b>	<b>79%</b>	<b>\$ 13,643,171</b>
<b>Non-Operating Revenues</b>						
Investment Income	460,734	596,913	450,693	(15,413)	97%	466,106
Property Tax Revenue	588,924	578,333	339,212	(273,269)	55%	612,481
Other Non-Operating Revenue	314,919	55,480	2,433	(15,266)	14%	17,699
<b>Total Non-Operating Revenues</b>	<b>\$ 1,364,577</b>	<b>\$ 1,230,726</b>	<b>\$ 792,339</b>	<b>\$ (303,947)</b>	<b>72%</b>	<b>\$ 1,096,286</b>
<b>Non-Operating Expenses</b>						
Debt Service (Principal & Interest)	4,140,069	2,884,496	4,721,832	(1,618,798)	74%	6,340,630
<b>Total Non-Operating Expenses</b>	<b>\$ 4,140,069</b>	<b>\$ 2,884,496</b>	<b>\$ 4,721,832</b>	<b>\$ (1,618,798)</b>	<b>74%</b>	<b>\$ 6,340,630</b>
<b>NET NON-OPERATING REVENUE</b>	<b>\$ (2,775,492)</b>	<b>\$ (1,653,770)</b>	<b>\$ (3,929,493)</b>	<b>\$ 1,314,851</b>	<b>75%</b>	<b>\$ (5,244,344)</b>
<b>NET REVENUE</b>	<b>\$ 8,039,816</b>	<b>\$ 13,666,159</b>	<b>\$ 6,843,709</b>	<b>\$ (1,555,118)</b>	<b>81%</b>	<b>\$ 8,398,827</b>
	10,000 AF					11,000AF

**Rainbow Municipal Water District  
Wastewater Fund Operating Budget Summary**

Description	FY 2025 Adopted Budget	FY 2025 Actuals YTD 6/30/2025	FY 2026 Actuals YTD 01/31/2026	Current \$ (Under)/Over Full Year Budget	Current % of Full Year Budget	FY 2026 Adopted Budget
<b>Operating Revenues</b>						
Wastewater Revenues	\$ 5,325,381	\$ 5,580,448	\$ 3,741,437	\$ (2,276,251)	62%	\$ 6,017,688
Other Revenues	1,600	1,350	250	(1,350)	16%	1,600
<b>Total Operating Revenues</b>	<b>\$ 5,326,981</b>	<b>\$ 5,581,798</b>	<b>\$ 3,741,687</b>	<b>\$ (2,277,601)</b>	<b>62%</b>	<b>\$ 6,019,288</b>
<b>Operating Expenses</b>						
Total Payroll Expenses	868,679	821,084	483,296	(348,251)	58%	831,547
Total Maintenance & Supply	2,280,540	2,316,917	1,629,482	(949,000)	63%	2,578,482
General Fund Transfer	1,628,177	1,458,894	684,909	(552,245)	55%	1,237,154
<b>Total Operating Expenses</b>	<b>\$ 4,777,396</b>	<b>\$ 4,596,894</b>	<b>\$ 2,797,688</b>	<b>\$ (1,849,496)</b>	<b>60%</b>	<b>\$ 4,647,183</b>
<b>NET OPERATING REVENUE</b>	<b>549,585</b>	<b>984,903</b>	<b>943,999</b>	<b>(428,106)</b>	<b>69%</b>	<b>1,372,105</b>
<b>Non-Operating Revenues</b>						
Investment Income	104,885	108,680	69,146	(40,854)	63%	110,000
Property Tax Revenue	86,050	83,716	49,721	(41,579)	54%	91,300
Grants Revenue	525,000	6,186	-	-	0%	-
Other Non-Operating Revenue	-	3,572	9,430	9,430	0%	-
<b>Total Non-Operating Revenues</b>	<b>715,935</b>	<b>202,154</b>	<b>128,297</b>	<b>(73,003)</b>	<b>64%</b>	<b>201,300</b>
<b>Non-Operating Expenses</b>						
Oceanside- Prior Period Wastewater Treatment	1,926,806	1,926,806	-	-	0%	-
Oceanside - Contribution to Repl. Reserve	440,553	-	-	(407,703)	0%	407,703
Debt Service (Principal & Interest)	663,021	663,021	663,021	(0)	100%	663,021
<b>Total Non-Operating Expenses</b>	<b>3,030,380</b>	<b>2,589,827</b>	<b>663,021</b>	<b>(407,704)</b>	<b>62%</b>	<b>1,070,724</b>
<b>NET NON-OPERATING REVENUE</b>	<b>\$ (2,314,445)</b>	<b>\$ (2,387,673)</b>	<b>\$ (534,724)</b>	<b>\$ 334,701</b>	<b>62%</b>	<b>\$ (869,424)</b>
<b>NET REVENUE</b>	<b>\$ (1,764,859)</b>	<b>\$ (1,402,770)</b>	<b>\$ 409,275</b>	<b>\$ (93,405)</b>	<b>81%</b>	<b>\$ 502,681</b>

**Rainbow Muncipal Water District  
General Fund Operating Budget Summary**

**General Operating**

Description	FY 2025 Adopted Budget	FY 2025 Actuals YTD 6/30/2025	FY 2026 Actuals YTD 01/31/2026	Current \$ (Under)/Over Full Year Budget	Current % of Full Year Budget	FY 2026 Adopted Budget
<b>Operating Revenues</b>						
Water Overhead Transfer	\$ 6,941,176	\$ 6,219,496	\$ 4,464,785	\$ (3,599,972)	55%	\$ 8,064,757
Wastewater Overhead Transfer	1,628,177	1,458,894	\$ 684,909	(552,245)	55%	1,237,154
Other General Fund Revenue	901,360	789,398	397,672	(428,474)	48%	826,146
<b>Total Operating Revenues</b>	<b>\$ 9,470,713</b>	<b>\$ 8,467,788</b>	<b>\$ 5,547,366</b>	<b>\$ (4,580,692)</b>	<b>55%</b>	<b>\$ 10,128,058</b>
<b>Operating Expenses</b>						
Board of Directors	\$ 63,843	\$ 44,668	\$ 36,291	\$ (23,834)	60%	\$ 60,125
Garage	637,432	668,265	397,759	(307,061)	56%	704,820
Administration	1,582,264	1,357,765	820,618	(747,632)	52%	1,568,250
Human Resources	569,692	553,081	290,338	(261,994)	53%	552,332
Risk Management	780,380	728,819	705,437	(224,053)	76%	929,490
IT Services	1,656,902	1,355,629	976,001	(604,522)	62%	1,580,523
Public Relations	186,865	136,174	101,267	(112,992)	47%	214,259
Finance	1,332,670	1,132,603	692,603	(431,976)	62%	1,124,579
Customer Service	738,937	765,940	464,001	(425,595)	52%	889,596
Engineering	896,730	880,449	473,453	(505,631)	48%	979,084
CalPERS UAL Payment	1,025,000	829,828	576,951	(948,049)	38%	1,525,000
Other Post Employment Benefits	0	14,567	12,649	12,649	0%	0
<b>Total Operating Expenses</b>	<b>\$ 9,470,713</b>	<b>\$ 8,467,788</b>	<b>\$ 5,547,366</b>	<b>\$ (4,580,692)</b>	<b>55%</b>	<b>\$ 10,128,058</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>

**Water Capital Projects - FY26 Budget to Actuals through January 2026**

Project #	Project Name	PY Adjusted Budget -	Prior Year Actual (FY25)	PY Remaining Budget -	Carryforward Remaining Budget Balance from PY ?	Carryforward Amount of Remaining Budget From PY	CY Adopted Budget	CY Budget Adjustments	Amended Budget w/ PY	Year-to-Date	Remaining Budget
		FY25		FY25					FY25	Carryforward	
		FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 25/26	FY 25/26	FY 25/26	FY 25/26	FY 25/26
600003	San Luis Rey Imported Return Flow Recovery	\$ 152,328	\$ 10,121	\$ 142,207	Yes	\$ 142,207	\$ -	\$ -	\$ 142,207	\$ 10,933	\$ 131,275
600007	Pressure Reducing Stations	\$ 150,000	\$ -	\$ 150,000	Yes	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ 182,902	\$ (32,902)
600009	Isolation Valve Installation Program	\$ 150,000	\$ 157,803	\$ (7,803)	Yes	\$ (7,803)	\$ 250,000	\$ -	\$ 242,197	\$ 11,267	\$ 230,930
600013	Hutton/Rancho Amigos (Turner)/Dentro Pump Stations	\$ 4,532,689	\$ 4,400,057	\$ 132,632	Yes	\$ 132,632	\$ -	\$ -	\$ 132,632	\$ -	\$ 132,632
600026	Camino Del Rey Waterline Relocation	\$ 100,000	\$ 34,118	\$ 65,882	Yes	\$ 65,882	\$ 25,000	\$ -	\$ 90,882	\$ 11,548	\$ 79,334
600030	Corrosion Prevention Program Development and Implementation	\$ -	\$ 4,044	\$ (4,044)	Yes	\$ (4,044)	\$ -	\$ -	\$ -	\$ -	\$ -
600043	Eagles Perch Water Pipeline Improvements	\$ -	\$ -	\$ -	No	\$ -	\$ 150,000	\$ -	\$ 150,000	\$ 11,192	\$ 138,808
600047	Generator at Sumac	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
600058	Electrical Panel Switches	\$ 200,000	\$ 43,408	\$ 156,592	Yes	\$ 156,592	\$ 400,000	\$ -	\$ 556,592	\$ 36,423	\$ 520,169
600088	SDCWA Connections 1, 8, 9 & 10 Acquisition	\$ 750,000	\$ 728,501	\$ 21,499	Yes	\$ 21,499	\$ -	\$ -	\$ 21,499	\$ -	\$ 21,499
600089	SDCWA Connections 3, 6, 7, 11, & 12 Interim Decommissioning	\$ -	\$ 14,240	\$ (14,240)	Yes	\$ (14,240)	\$ -	\$ -	\$ -	\$ -	\$ -
600091	FPUD Maravilla to RMWD Maravilla (Morro Tank) (750 LF, in-house construction)	\$ 209,125	\$ 24,966	\$ 184,159	Yes	\$ 184,159	\$ -	\$ -	\$ 184,159	\$ -	\$ 184,159
600092	FPUD Olive Hill to RMWD Olive Hill (Morro Reservoir) (840 LF, in-house construction)	\$ 235,000	\$ 100,894	\$ 134,106	Yes	\$ 134,106	\$ -	\$ -	\$ 134,106	\$ -	\$ 134,106
600093	La Canada Pipeline Replacement and Pressure Reduction from Hillrise Rd. to Via Monserate (4,000 LF, in-house construction)	\$ 100,000	\$ 60,666	\$ 39,334	Yes	\$ 39,334	\$ 1,150,000	\$ -	\$ 1,189,334	\$ 198,029	\$ 991,305
600094	Gopher Skid Pump Station	\$ 710,000	\$ 25,322	\$ 684,678	Yes	\$ 684,678	\$ -	\$ -	\$ 684,678	\$ 37,550	\$ 647,128
600096	Gopher Canyon Pipeline Extension (FY25)	\$ 275,000	\$ 258,544	\$ 16,456	Yes	\$ 16,456	\$ -	\$ -	\$ 16,456	\$ -	\$ 16,456
600098	Lookout Mtn Pump Replacement	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 27,933	\$ (27,933)
800061	Line NN Emergency Repair (add construction cost)	\$ -	\$ -	\$ -		\$ -	\$ 893,245	\$ 2,600,000	\$ 3,493,245	\$ 539,849	\$ 2,953,396
600105	Morro Tank Rehabilitation	\$ 100,000	\$ -	\$ 100,000	Yes	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 209	\$ 99,791
600106	Pala Mesa Tank	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
600112	Huntley Rd Pump Station Soft Start Motor	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ 84,517	\$ (84,517)
600114	Turner Tank Interior/Exterior Coating (4M Gallons) Transfer from Operating Budget	\$ -	\$ -	\$ -		\$ -	\$ 375,000	\$ -	\$ 375,000	\$ 184,236	\$ 190,764
600115	Gopher Canyon Tank Interior/Exterior Coating (4M Gallons) Transfer from Operating Budget	\$ -	\$ -	\$ -		\$ -	\$ 375,000	\$ -	\$ 375,000	\$ 184,236	\$ 190,764
600116	Fall Protection Replacement @ Morro Tank and Out-of-Service Concrete Tank	\$ -	\$ -	\$ -		\$ -	\$ 75,000	\$ -	\$ 75,000	\$ 10,770	\$ 64,230
600117	Turner Tank Injection System Upgrades	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 152,714	\$ 152,714	\$ 183,123	\$ (30,409)
600118	Hutton Tank Injection System Upgrades	\$ -	\$ -	\$ -		\$ -	\$ 125,000	\$ 90,000	\$ 215,000	\$ 2,111	\$ 212,889
600119	Rainbow Heights Tank Injection System Upgrades	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
600120	Gopher Tank Injection System Upgrades	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 90,000	\$ 90,000	\$ -	\$ 90,000
N/A	Vehicle/Equipment Acquisition	\$ 150,000	\$ 192,909	\$ (42,909)	Yes	\$ (42,909)	\$ 450,000	\$ -	\$ 407,091	\$ 377,488	\$ 29,603
<b>Total</b>		\$ 7,814,142	\$ 6,055,595	\$ 1,758,547	\$ -	\$ 1,758,547	\$ 4,268,245	\$ 2,932,714	\$ 8,977,791	\$ 2,094,315	\$ 6,883,476
		97,165	7,891.31	89,274					1,805,203	211,828	3,304,375
	= Financed in part or whole by the \$10M US Bank Loan (dated 5-1-24)	\$ 7,911,307	\$ 6,063,486	\$ 1,847,821					\$ 10,782,994	\$ 2,306,143	

**Wastewater Capital Projects - FY26 Budget to Actuals through January 2026**

		PY Adjusted Budget - FY25	Prior Year Actual (FY25)	PY Remaining Budget - FY25	Carryforward Remaining Budget Balance from PY ?	Carryforward Amount of Remaining Budget From PY	CY Adopted Budget	CY Budget Adjustments	Amended Budget w/ PY Carryforward	Year-to-Date Expended 01-31-26	Remaining Budget
Project #	Project Name	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 25/26	FY 25/26	FY 25/26	FY 25/26	FY 25/26
530001	Thoroughbred Lane Lift Station and Pipeline Repair (LS1 Replacement)	\$ 4,039,499	\$ 5,966,976	\$ (1,927,477)	No	\$ -	\$ -	\$ -	\$ -	\$ 122,324	\$ (122,324)
TBD	North River Road Sewer Replacement						\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
530023	Rancho Monserate, Rancho Viejo LS & HQ B-Plant Emergency Generators	\$ 525,000	\$ 11,324	\$ 513,676	Yes	\$ 513,676	\$ 1,075,000	\$ -	\$ 1,588,676	\$ 17,451	\$ 1,571,225
530029	LS-1 Rehabilitation/School House LS						\$ 75,000	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
<b>Total</b>		<b>\$ 4,564,499</b>	<b>\$ 5,978,300</b>	<b>\$ (1,413,801)</b>	<b>\$ -</b>	<b>\$ 513,676</b>	<b>\$ 1,125,000</b>	<b>\$ 75,000</b>	<b>\$ 1,713,676</b>	<b>\$ 139,775</b>	<b>\$ 1,573,901</b>


**General Capital Projects - FY26 Budget to Actuals through January 2026**

Project #	Project Name	PY Adjusted Budget -	Prior Year Actual (FY25)	PY Remaining Budget -	Carryforward	Carryforward Amount of	CY Adopted	CY Budget	Amended Budget w/ PY	Year-to-Date Expended	Remaining Budget
		FY25	FY 24/25	FY25	Remaining Budget Balance from PY ?	Remaining Budget From PY	Budget	Adjustments	Carryforward	01-31-26	
		FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 25/26	FY 25/26	FY 25/26	FY 25/26	FY 25/26
300036	EV Charging Stations at HQ	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ (90,000)	\$ 10,000	\$ 980	\$ 9,020
300008	New District Headquarters	\$ 500,000	\$ 44,071	\$ 455,929	Yes	\$ 455,929	\$ 500,000		\$ 955,929	\$ 54,048	\$ 901,881
<b>Total</b>		<b>\$ 500,000</b>	<b>\$ 44,071</b>	<b>\$ 455,929</b>	<b>\$ -</b>	<b>\$ 455,929</b>	<b>\$ 600,000</b>	<b>\$ (90,000)</b>	<b>\$ 965,929</b>	<b>\$ 55,029</b>	<b>\$ 910,900</b>

= Financed in part or whole by the \$10M US Bank Loan (dated 5-1-24)

**General Capital Projects - FY26 Budget to Actuals through January 2026**

Project #	Project Name	PY Adjusted Budget - FY25	Prior Year Actual (FY25)	PY Remaining Budget - FY25	Carryforward Remaining Budget Balance from PY ?	Carryforward Amount of Remaining Budget From PY	CY Adopted Budget	CY Budget Adjustments	Amended Budget w/ PY Carryforward	Year-to-Date Expended 01-31-26	Remaining Budget
		FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 25/26	FY 25/26	FY 25/26	FY 25/26	FY 25/26
400001	Master Plans (Water & Waste Water)	\$ 97,165	\$ 7,891	\$ 89,274	Yes	\$ 89,274	\$ 750,000		\$ 839,274	\$ 17,025	\$ 822,249
<b>Total</b>		<b>\$ 97,165</b>	<b>\$ 7,891</b>	<b>\$ 89,274</b>	<b>\$ -</b>	<b>\$ 89,274</b>	<b>\$ 750,000</b>	<b>\$ -</b>	<b>\$ 839,274</b>	<b>\$ 17,025</b>	<b>\$ 822,249</b>

 = Financed in part or whole by the \$10M US Bank Loan (dated 5-1-24)

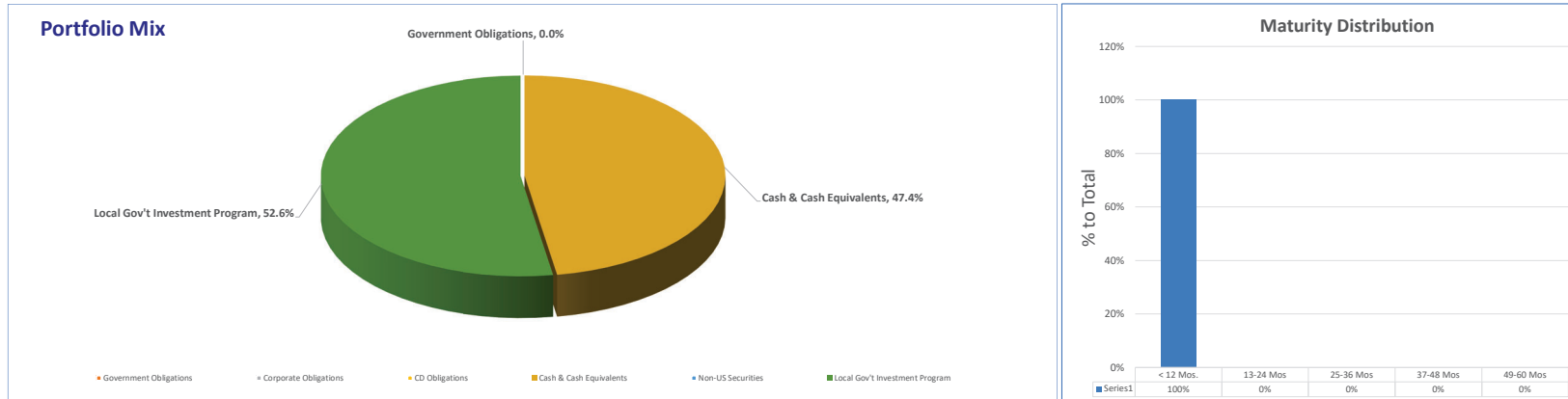
**Non-Cap CIP Projects - FY26 Budget to Actuals through January 2026**

		PY Adjusted Budget - FY25	Prior Year Actual (FY25)	PY Remaining Budget - FY25	Carryforward Remaining Budget Balance from PY ?	Carryforward Amount of Remaining Budget From PY	CY Adopted Budget	CY Budget Adjustments	Amended Budget w/ PY Carryforward	Year-to-Date Expended 01-31-26	Remaining Budget
Project #	Project Name	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 24/25	FY 25/26	FY 25/26	FY 25/26	FY 25/26	FY 25/26
600097	Morro Reservoir Tank Monitoring	\$ 100,000	\$ 17,985	\$ 82,015	Yes	\$ 82,015	\$ -	\$ -	\$ 82,015	\$ 66,663	\$ 15,353
							\$ -		\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 100,000</b>	<b>\$ 17,985</b>	<b>\$ 82,015</b>	<b>\$ -</b>	<b>\$ 82,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 82,015</b>	<b>\$ 66,663</b>	<b>\$ 15,353</b>

RAINBOW MUNICIPAL WATER DISTRICT  
 TREASURER'S MONTHLY REPORT OF INVESTMENTS  
 PORTFOLIO SUMMARY  
 1/31/2026



TYPE	ISSUER	RESTRICTION LEVEL	CUSIP	Bond Rating	Date of Maturity	Par Value	Cost Basis	Market Value*	Interest Rate	Yield to Maturity	Semi-Annual Interest	Days to Maturity
Cash-Operating	US Bank x139	Unrestricted				\$ 230,008	\$ 230,008	\$ 230,008				0
Cash-Oceanside Plant Construction	US Bank x352	Restricted				\$ -	\$ -	\$ -				0
Money Market Funds	First American Government, US Bank	Unrestricted	31846V567			\$ 9,774,837	\$ 9,774,837	\$ 9,774,837				0
Money Market Funds (Debt Reserve)	Western Alliance	Restricted				\$ -	\$ -	\$ -				0
Money Market Funds-Beek Restr (Debt Reserve)	Computershare Corporate Trust 201	Restricted				\$ 506,943	\$ 506,943	\$ 506,943				0
Money Market Funds-Morro Restr (Debt Reserve)	Computershare Corporate Trust 301	Restricted				\$ 671,666	\$ 671,666	\$ 671,666				0
Money Market Funds (Debt Reserve)	39170200 Trust 200	Restricted				\$ 131	\$ 131	\$ 131				0
Money Market Funds (Debt Reserve)	39170300 Trust 300	Restricted				\$ 152	\$ 152	\$ 152				0
Money Market Funds (Debt Reserve)	Zions Bank-D	Restricted				\$ 657,412	\$ 657,412	\$ 657,412				0
Money Market Funds (Debt Reserve)	Zions Bank-E	Restricted				\$ 50	\$ 50	\$ 50				0
<b>Total Cash &amp; Cash Equivalents</b>						\$ 11,841,197	\$ 11,841,197	\$ 11,841,197				
<b>Local Gov't Investment Program</b>												
	California Asset Management Program (CAMP)	Unrestricted	4039-001			\$ 11,350,471	\$ 11,350,471	\$ 11,350,471				
	CAMP - US Bank Loan Proceeds for CIP	Restricted	4039-002			\$ 1,740,124	\$ 1,740,124	\$ 1,740,124				
	Local Agency Investment Fund (LAIF)	Unrestricted				\$ 47,423	\$ 47,423	\$ 47,423				0
<b>Total Local Gov't Investment Program</b>						\$ 13,138,018	\$ 13,138,018	\$ 13,138,018				
<b>US Bank Government Obligations</b>												
<b>Total Government Obligations</b>						\$ -	\$ -	\$ -			\$ -	0
<b>US Bank Corporate Issues</b>												
<b>Total Corporate Issues</b>						\$ -	\$ -	\$ -				
<b>Investment Portfolio Totals</b>						\$ 24,979,215	\$ 24,979,215	\$ 24,979,215				
Less Restricted Cash for Oceanside Replacement Reserve						\$ (974,540)	\$ (974,540)	\$ (974,540)				
Less Restricted Portfolio						\$ (3,576,476)	\$ (3,576,476)	\$ (3,576,476)				
<b>Total Unrestricted Portfolio</b>						\$ 20,428,198	\$ 20,428,198	\$ 20,428,198				



This monthly report accurately reflects all District pooled investments. It is in conformity with the investment Administrative code section 5.03.080. The District has sufficient cash flow to meet six months of obligations. The District is in compliance with the current Investment Policy and California Government Code.

*Cathy Lundell*  
 Cathy Lundell - Accounting Specialist

2/12/2026

\*Source of Market Value - US Bank monthly statements

# System Demands Comparison Chart

20000

Variance to Prior Year: -24%  
Variance to Budget: -6%  
YTD - System Demands - 7,384 AF  
Updated: 02-01-26

15000

- 5 Year Average
- FY 25 Purchases
- FY 26 Budgeted Purchases
- FY 26 Purchases

Acre Feet

10000

5000

0

July

August

September

October

November

December

January

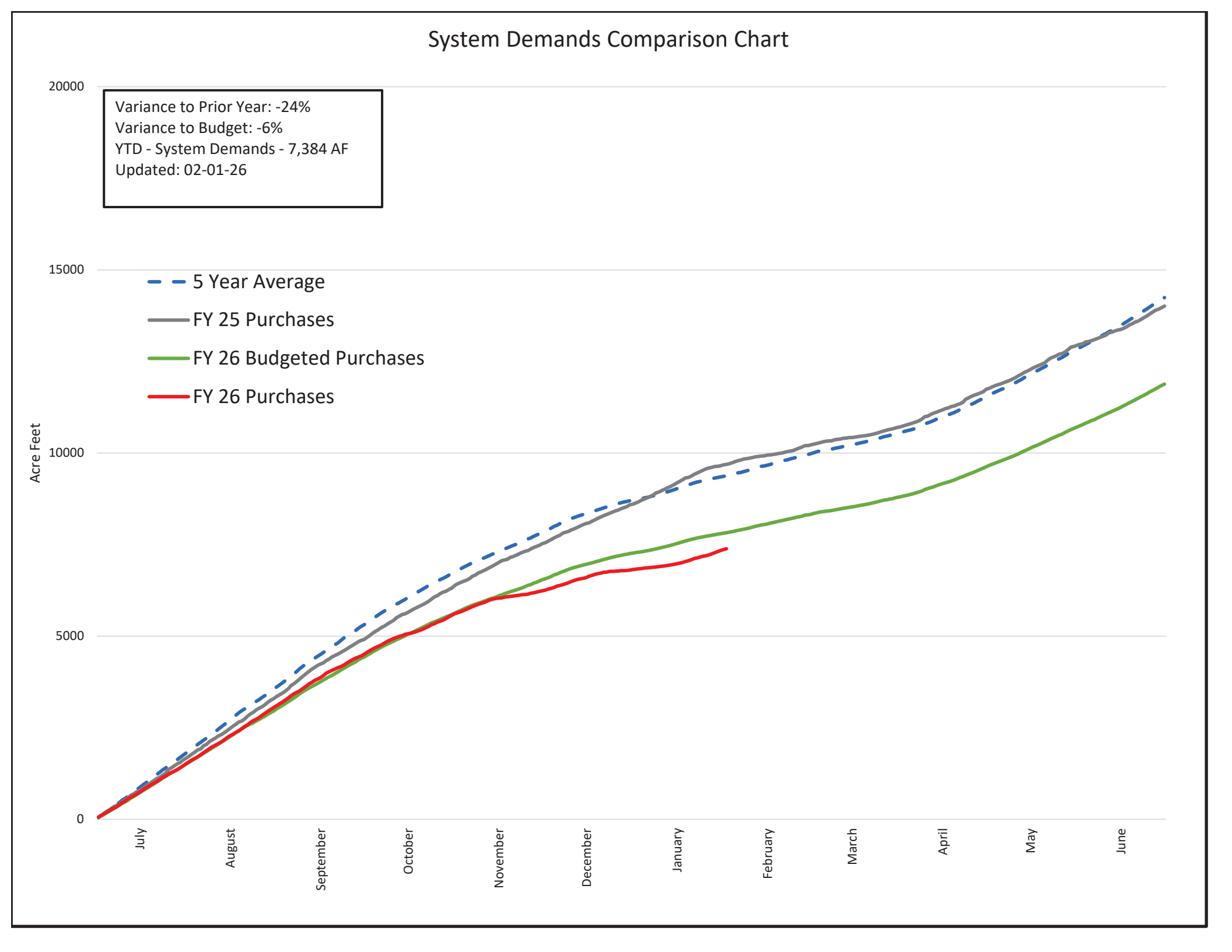
February

March

April

May

June



## Comparative Water Sales YTD from Prior Years

### FISCAL YEAR 2025-2026

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
1,302	AD	310	402	410	357	306	137	172	-	-	-	-	-	2,093
609	AG	346	484	480	406	331	141	178	-	-	-	-	-	2,367
279	CM	75	104	97	75	69	26	36	-	-	-	-	-	482
20	CN	8	8	9	7	5	1	3	-	-	-	-	-	41
21	IS	5	8	6	5	6	2	3	-	-	-	-	-	36
126	MF	30	39	42	39	38	26	30	-	-	-	-	-	245
-	PC	-	-	-	-	-	-	-	-	-	-	-	-	-
-	PD	-	-	-	-	-	-	-	-	-	-	-	-	-
6,770	SF	320	409	404	348	333	190	221	-	-	-	-	-	2,225
9,127	Total	1,095	1,454	1,447	1,238	1,090	523	642	-	-	-	-	-	7,489

### FISCAL YEAR 2024-2025

Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,186	AD	193	251	269	231	407	267	288	-	-	-	-	-	1,907
513	AG	246	344	374	307	453	290	315	-	-	-	-	-	2,331
275	CM	85	111	123	83	81	51	52	-	-	-	-	-	585
37	CN	6	10	7	11	7	6	5	-	-	-	-	-	52
21	IS	5	7	7	6	6	4	5	-	-	-	-	-	41
124	MF	33	38	37	33	37	30	32	-	-	-	-	-	240
139	PC	140	184	197	171	-	-	-	-	-	-	-	-	692
300	PD	157	202	218	192	-	-	-	-	-	-	-	-	768
6,234	SF	327	405	441	364	379	261	276	-	-	-	-	-	2,452
8,829	Total	1,192	1,553	1,672	1,398	1,370	910	973	-	-	-	-	-	9,068

### FISCAL YEAR 2023-2024

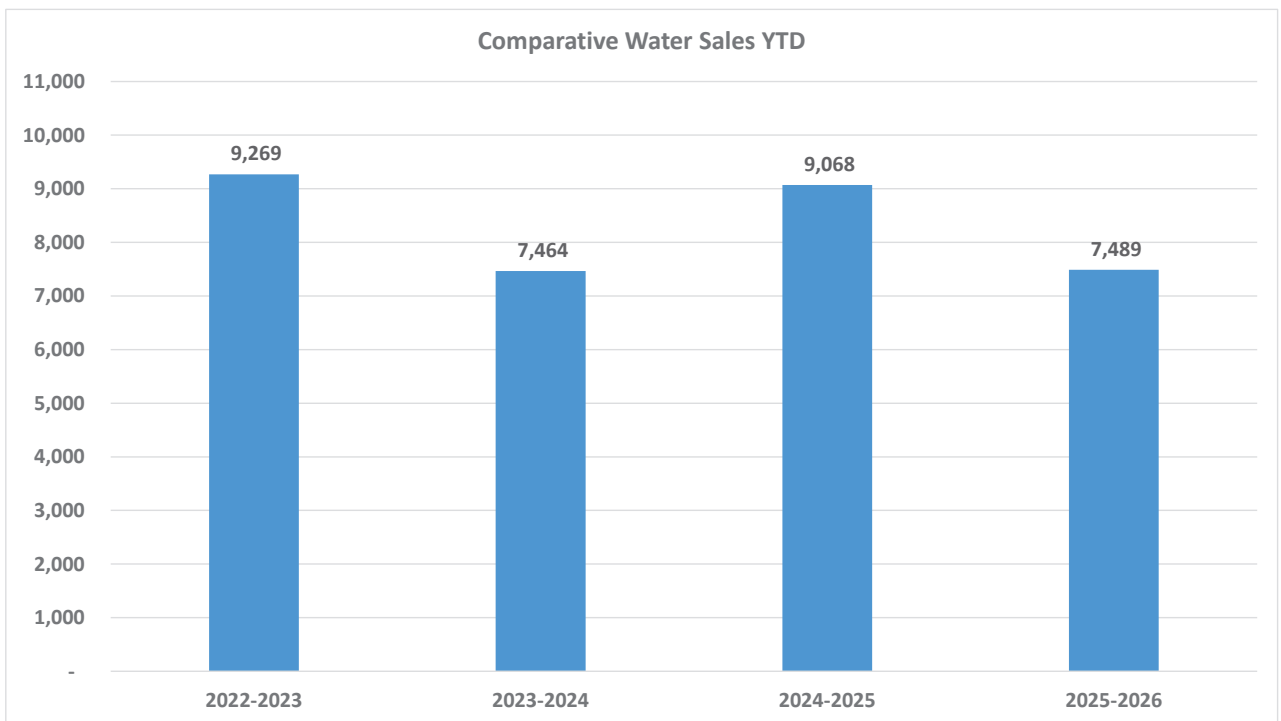
Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
1,227	AD	168	225	211	178	190	147	114	-	-	-	-	-	1,234
531	AG	203	317	311	221	252	170	120	-	-	-	-	-	1,594
276	CM	66	98	88	65	62	43	32	-	-	-	-	-	454
26	CN	6	6	7	5	4	3	6	-	-	-	-	-	38
21	IS	4	6	5	5	5	5	4	-	-	-	-	-	35
121	MF	26	31	37	31	30	31	28	-	-	-	-	-	213
148	PC	100	150	132	120	139	85	62	-	-	-	-	-	789
313	PD	138	200	176	148	156	106	82	-	-	-	-	-	1,007
-	SC	-	-	-	-	-	-	-	-	-	-	-	-	-
-	SD	-	-	-	-	-	-	-	-	-	-	-	-	-
6,012	SF	287	363	365	311	304	254	216	-	-	-	-	-	2,099
8675	Total	998	1,398	1,332	1,085	1,143	844	664	-	-	-	-	-	7,464

### FISCAL YEAR 2022-2023

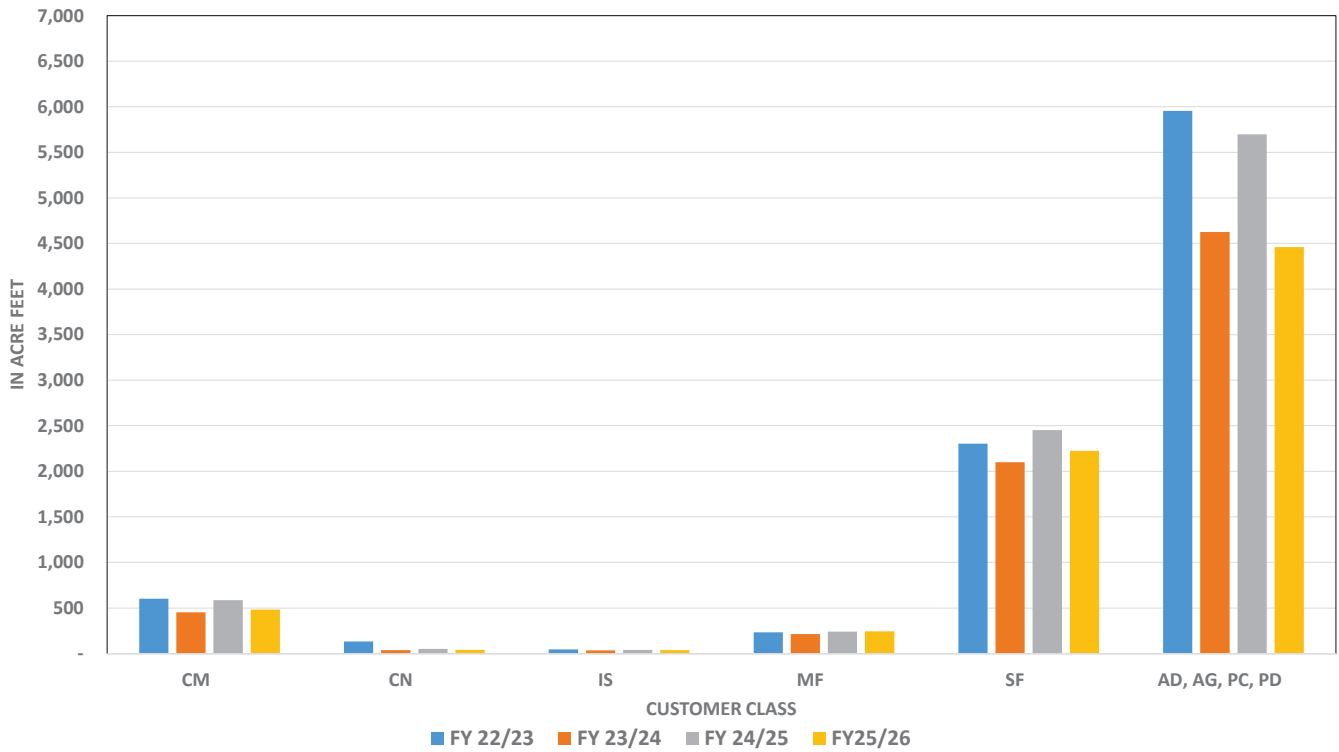
Quantity of Meters	User Code	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Acre Feet
549	AD	291	249	318	242	184	135	76	-	-	-	-	-	1,495
402	AG	438	400	540	356	235	158	82	-	-	-	-	-	2,210
271	CM	119	110	144	98	70	41	18	-	-	-	-	-	601
24	CN	32	20	37	19	12	7	5	-	-	-	-	-	132
21	IS	10	8	10	6	5	4	3	-	-	-	-	-	46
114	MF	32	29	38	31	27	26	50	-	-	-	-	-	232
	PC	199	177	229	179	128	82	31	-	-	-	-	-	1,025
	PD	235	217	279	202	149	101	43	-	-	-	-	-	1,224
319	SC	-	-	-	-	-	-	-	-	-	-	-	-	-
1,012	SD	-	-	-	-	-	-	-	-	-	-	-	-	-
5,851	SF	417	368	457	363	284	235	178	-	-	-	-	-	2,302
8,563	Total	1,774	1,579	2,053	1,495	1,094	789	486	-	-	-	-	-	9,269



## Comparative Water Sales YTD from Prior Years



### YTD USAGE BY CUSTOMER CLASS





**Check Register**  
**Fiscal Year 2025-2026**

January 2025						
Payments above 50K						
Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
26102	WIRE	702788	U.S. BANK	LOAN - EXIT FEE	01/02/2026	1,654,325.67
162123321	WIRE	703027	EASTERN MUNICIPAL WATER DISTRICT	EMWD WATER PURCHASE - OCTOBER 2025	01/12/2026	1,107,731.10
30044	CHECK	700659	CITY OF OCEANSIDE	RAINBOW WASTEWATER AGREEMENT, FY26 7 OF 12, O&M NOV	01/16/2026	164,562.43
3516	ACH	700618	INFOR PUBLIC SECTOR, INC.	INFOR BILLING -ANNUAL RENEWAL	01/16/2026	156,969.15
30083	CHECK	701872	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS & ELECTRIC, #1065 087 935 1	01/16/2026	122,512.40
202501010001	ACH	702788	U.S. NATIONAL ASSOCIATION	COMMERCIAL LOAN	01/01/2026	104,699.89
3517	ACH	701718	PARADISE CHEVROLET CADILLAC	2026 CHEVROLET SILVERADO 3500 DOUBLE CAB 4X4 W/ HARBOR SVC B	01/16/2026	85,996.80
30058	CHECK	700860	FERGUSON WATERWORKS #1083	8 C900 DR14 PVC GJ BLUE PIPE	01/16/2026	61,417.50
Payments below 50K						
Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
3492	ACH	700958	AIRGAS USA, LLC	ACETYLENE IND #4 CGA 510	01/07/2026	328.37
162804230	WIRE	701034	AMERICAN EXPRESS	AMERICAN EXPRESS (DECEMBER STATEMENT)	01/07/2026	984.31
29997	CHECK	702559	APPLEONE EMPLOYMENT SERVICES	EMPLOYMENT SERVICES-ASI, TLUNETTA	01/07/2026	2,080.80
29998	CHECK	701266	AT&T	MONTHLY PHONE SERVICE	01/07/2026	489.84
29998	CHECK	701266	AT&T	MONTHLY PHONE SERVICE	01/07/2026	31.88
29998	CHECK	701266	AT&T	MONTHLY PHONE SERVICE	01/07/2026	210.58
29998	CHECK	701266	AT&T	MONTHLY PHONE SERVICE	01/07/2026	31.88
29999	CHECK	701269	AT&T LONG DISTANCE	MONTHLY PHONE SERVICE - TOLL FREE	01/07/2026	73.31
3493	ACH	701187	BP BATTERY INC.	GROUP 48 AGM BP BRAND	01/07/2026	475.28
3494	ACH	700638	CECILIA 'S SAFETY SERVICE	TRAFFIC CONTROL - 4300 RAMONA DR 12/11/25	01/07/2026	2,210.00
30001	CHECK	702447	CLAUDIA RAMIREZ	TRAVEL EXP REIMB - ACWA/JPIA	01/07/2026	742.00
30002	CHECK	700650	COLONIAL LIFE & ACCIDENT INS.	PR BATCH 2526_HEALTH AND ACCIDENTAL INSURANCE	01/07/2026	27.88
30003	CHECK	701977	CORE & MAIN LP	D26TPNS03LP 3" MIP COMBO AIR VALVE NYLON BODY	01/07/2026	4,998.53
30003	CHECK	701977	CORE & MAIN LP	1 GAL BITUMASTIC COATING #50 HT50	01/07/2026	68.41
30003	CHECK	701977	CORE & MAIN LP	18 STAR 4018 PVC REST, 18 MJ REGULAR ACC SET L/GLAND	01/07/2026	1,714.23
30003	CHECK	701977	CORE & MAIN LP	16" SOW FLG 150# BORED (8)	01/07/2026	4,551.36
30003	CHECK	701977	CORE & MAIN LP	16" SOW FLG 150# BORED	01/07/2026	2,275.68
30003	CHECK	701977	CORE & MAIN LP	18"X20" BUTT STRAP 1/8 THICK, HYMAX GRIP, 8X12 20 GA GALV	01/07/2026	4,311.82
30003	CHECK	701977	CORE & MAIN LP	HYMAX CPLG 19.20-21.30	01/07/2026	3,012.17
30005	CHECK	703187	DO SUPPLY, LLC	MICRO 850 PLC	01/07/2026	3,124.75
30006	CHECK	700833	ELECTRICAL SALES, INC.	FUSES FOR STATIONS - ATQR5 600V CC (10)	01/07/2026	226.43
30006	CHECK	700833	ELECTRICAL SALES, INC.	FUSES FOR STATIONS - TRM1 250V MIDGET (2)	01/07/2026	9.26
30006	CHECK	700833	ELECTRICAL SALES, INC.	FUSES FOR STATIONS - ATQ8, TR4R, ATQR30	01/07/2026	552.29
30007	CHECK	702718	FALLBROOK ACE HARDWARE	HILLMAN FASTENERS	01/07/2026	1.19
30007	CHECK	702718	FALLBROOK ACE HARDWARE	CLOROX BLEACH, HILLMAN FASTENERS	01/07/2026	28.55
30008	CHECK	700845	FALLBROOK AUTO PARTS	HOSE CLAMP, SOCKET DP IMP, GR HOSE, ROTELLA GREASE	01/07/2026	92.55
30009	CHECK	700860	FERGUSON WATERWORKS #1083	HYMAX 18" REP COUP 19.20-21.30	01/07/2026	2,293.63
3495	ACH	701930	FLYERS ENERGY LLC	ORDER #4334341-25, DSL 250 UNITS/ETH 390 UNITS	01/07/2026	2,580.75
3495	ACH	701930	FLYERS ENERGY LLC	ORDER #4326724-25, DSL 250 UNITS/ETH 450 UNITS	01/07/2026	2,791.82
30010	CHECK	703022	GARDA CL WEST, INC	ARMORED TRANSPORTATION SERVICE	01/07/2026	323.33
3496	ACH	700959	HAAKER EQUIPMENT CO.	FRONT HOUSING, BEARING DISC, CAMERA HOUSING	01/07/2026	4,947.43
3496	ACH	700959	HAAKER EQUIPMENT CO.	ALIGNMENT KIT CAM	01/07/2026	4,956.50
30011	CHECK	702571	HASA INC.	HASACHLOR, 53GAL DRUM, 10 SHIPPED	01/07/2026	4,281.08
30013	CHECK	701520	HAYDEN HAMILTON	PARKING REIMBURSEMENT 12/03/25-12/04/25	01/07/2026	60.00
30014	CHECK	701549	HAZEN AND SAWYER	DESIGN SERVICES FOR EMERGENCY NN PIPELINE REPLACEMENT	01/07/2026	45,195.00

Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
3497	ACH	701400	HELIX ENVIRONMENTAL PLANNING INC	ENVIRONMENTAL CONSULTING FOR THE EMERGENCY NN PIPELINE	01/07/2026	5,214.55
30015	CHECK	703216	HOWARD KLEIN	TCM DEPOSIT REFUND ON CLOSED ACCOUNT	01/07/2026	1,674.10
3498	ACH	700663	ICONIX WATERWORKS (US) INC	10 JM EAGLE DR14 C900-16 BLUE PVC PIPE	01/07/2026	1,662.37
3498	ACH	700663	ICONIX WATERWORKS (US) INC	8" CMLC PIPE 10 GUAGE, 8 STAR 1000C C900/905 FITTING, 8 JM E	01/07/2026	1,726.70
30017	CHECK	701759	KDM MERIDIAN	AS NEEDED SURVEYING SERVICES - MORRO TANK	01/07/2026	5,965.00
30017	CHECK	701759	KDM MERIDIAN	AS NEEDED SURVEYING SERVICES - GOPHER PUMP STATION	01/07/2026	2,413.50
30018	CHECK	703174	LISA HOFFMANN	MILEAGE REIMBURSEMENT - ACWA SD	01/07/2026	112.56
30019	CHECK	702452	MICHAEL MACK	MEAL EXPENSE REIMBURSEMENT - ACWA FALL CONFERENCE	01/07/2026	42.55
30019	CHECK	702452	MICHAEL MACK	MILEAGE REIMBURSEMENT - ACWA SD	01/07/2026	82.60
30020	CHECK	702825	MOTION & FLOW CONTROL PRODUCTS, INC.	471TC-JS-JS-4-4-4-4	01/07/2026	113.84
30021	CHECK	703218	NIKKI'S TRANSPORT/MCDONALD CONSTRUCTION	TCM DEPOSIT REFUND	01/07/2026	968.07
30022	CHECK	701257	ONESOURCE DISTRIBUTORS, LLC	BELDEN 88760 18AWG 1 PR RED, TINNED COPPER, TWISTED PAIR	01/07/2026	2,110.61
30022	CHECK	701257	ONESOURCE DISTRIBUTORS, LLC	AB DC-CCP298 DISTRIBUTOR CHOICE	01/07/2026	3,760.00
30023	CHECK	701320	PACIFIC PIPELINE SUPPLY	WAX TAPE TRENTON #1 ROLL 6"X9'	01/07/2026	439.62
30023	CHECK	701320	PACIFIC PIPELINE SUPPLY	WELD FLANGE SLIP-ON FF 300# 8"	01/07/2026	508.58
30023	CHECK	701320	PACIFIC PIPELINE SUPPLY	PO X FLG TEE 8" X 6", BRASS 90 DEG ELL 1", FLANGE TEE 8" X 8	01/07/2026	3,902.71
30023	CHECK	701320	PACIFIC PIPELINE SUPPLY	HYDRANT GUARD BREAKOFF CHECK SS 6H, FREIGHT CHARGE	01/07/2026	5,119.43
3499	ACH	701312	PARKHOUSE TIRE, INC.	FLEET SERVICE #73	01/07/2026	600.37
30024	CHECK	702967	PATRICIA TOWNSEND-SMITH	MILEAGE REIMBURSEMENT - ACWA EVENT	01/07/2026	93.80
30024	CHECK	702967	PATRICIA TOWNSEND-SMITH	ACWA EVENT - MEALS & PARKING	01/07/2026	90.73
3500	ACH	703152	QUALITY CHEVROLET	2026 CHEVROLET SILVERADO 1500 4WD DC Z71 WT	01/07/2026	46,994.81
3500	ACH	703152	QUALITY CHEVROLET	2026 CHEVROLET SILVERADO 1500 4WD DC Z71 WT	01/07/2026	46,994.81
30025	CHECK	701854	RHO MONSERATE C.C.H.A.	ELECTRIC CHARGE	01/07/2026	703.02
30016	CHECK	702391	ROBCAR CORPORATION	SIGN, CONE RENTAL AND MAN LABOR	01/07/2026	3,838.00
3501	ACH	701619	RT LAWRENCE CORPORATION	LOCKBOX PROCESSING FEES - NOV 2025	01/07/2026	603.24
30026	CHECK	703164	RUST LOGISTICS	WHITE 110 YARD BIN RENTAL - 12/06/25 - 01/05/26	01/07/2026	250.00
30027	CHECK	702022	T S INDUSTRIAL SUPPLY	TOOLS - HD DIGGING, EXTENDABLE GAT VALVE KEY, SHOVELS	01/07/2026	1,284.29
30027	CHECK	702022	T S INDUSTRIAL SUPPLY	WACKER 2IN SUBMERSIBLE PUMP, 2" X 50' LINEMAN	01/07/2026	1,749.08
3502	ACH	702107	THE WELD SHOP, INC	ALUM LIGHT BAR - UNITS 12, 15, 16 & 20	01/07/2026	1,500.00
3502	ACH	702107	THE WELD SHOP, INC	LABOR & POWDER COATING - TRUCK STEPS/RUNNING BOARDS UNIT #6	01/07/2026	2,000.00
30028	CHECK	701059	TIME WARNER CABLE/SPECTRUM	MONTHLY INTERNET SERVICE	01/07/2026	1,400.00
30029	CHECK	701773	TRAFFIC SUPPLY, INC.	28" ORANGE SLIM-LINE 7 LB REFLECTIVE CONE (50)	01/07/2026	1,408.86
30029	CHECK	701773	TRAFFIC SUPPLY, INC.	36" x 36" B/O HIP REFL SIGN, PLASTICADE BARRICADE	01/07/2026	494.94
30030	CHECK	703034	UNDERGROUND CONSTRUCTION	TCM DEPOSIT REFUND ON CLOSED ACCOUNT	01/07/2026	747.44
30031	CHECK	702067	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/07/2026	5,377.22
30032	CHECK	702123	WESTERN WATER WORKS SUPPLY	1X1/8 SOLID RUBBER MTR GSMT (500)	01/07/2026	161.63
3503	ACH	702648	ZION BANCORPORATION, NATIONAL ASSOCIATION	ESCROW SERVICES, ANNUAL ADMIN FEE 11/2025 - 10/2026	01/07/2026	1,000.00
475223126	EFT	702788	US BANK CALCARD CREDIT CARD	US BANK CALCARD CC - CENTRAL BILL (DECEMBER STATEMENT)	01/09/2026	33,128.84
30033	CHECK	702629	ATLAS ENGINEERING WEST, INC.	AS NEEDED GEOTECHNICAL SERVICES - MORRO TANK	01/13/2026	1,866.25
30034	CHECK	703219	DAVID AGUIRRE	VEHICLE REPAIR, PARTS & SERVICE	01/13/2026	2,550.00
30034	CHECK	703219	DAVID AGUIRRE	VEHICLE REPAIR, PARTS & SERVICE	01/13/2026	1,082.89
30035	CHECK	700974	HAWTHORNE MACHINERY COMPANY	PIN AS (1), PIN (4)	01/13/2026	394.95
30035	CHECK	700974	HAWTHORNE MACHINERY COMPANY	COMPACT TRACK LOADER, SKID STEER 72"-74" RENTAL	01/13/2026	4,068.13
3504	ACH	701628	A PERFECT SHADE	VEHICLE WINDOW TINTING	01/16/2026	475.00
3504	ACH	701628	A PERFECT SHADE	VEHICLE WINDOW TINTING	01/16/2026	475.00
30036	CHECK	702438	AHMED KHATTAB	EDUCATION ASSISTANCE REIMBURSEMENT	01/16/2026	5,250.00
3505	ACH	700958	AIRGAS USA, LLC	HLMT, TRCH, HDLR, GLVS, TIP CTNG	01/16/2026	1,004.63
3505	ACH	700958	AIRGAS USA, LLC	CYLINDER RENTAL-ACETYLENE, OXYGEN, CARBON DIOXIDE, OXYGEN	01/16/2026	132.56
3505	ACH	700958	AIRGAS USA, LLC	CYLINDER RENTAL-ACETYLENE, OXYGEN, CARBON DIOXIDE, OXYGEN	01/16/2026	344.90
30037	CHECK	702723	ALPHA DOG TOWING LLC.	VEHICLE TOWING	01/16/2026	900.00
30038	CHECK	702559	APPLEONE EMPLOYMENT SERVICES	EMPLOYMENT SERVICES-ASI, TLUNETTA	01/16/2026	850.68
30038	CHECK	702559	APPLEONE EMPLOYMENT SERVICES	EMPLOYMENT SERVICES-ASI, TLUNETTA	01/16/2026	1,469.20
30038	CHECK	702559	APPLEONE EMPLOYMENT SERVICES	EMPLOYMENT SERVICES-ASI, TLUNETTA	01/16/2026	847.52
30038	CHECK	702559	APPLEONE EMPLOYMENT SERVICES	EMPLOYMENT SERVICES-ASI, TLUNETTA	01/16/2026	1,490.72

Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
30039	CHECK	702896	ARDURRA GROUP, INC.	ENGINEERING & DEVELOPMENT PLAN CHECKING SERVICES	01/16/2026	11,903.00
30039	CHECK	702896	ARDURRA GROUP, INC.	ENGINEERING & DEVELOPMENT PLAN CHECKING SERVICES	01/16/2026	16,664.00
30039	CHECK	702896	ARDURRA GROUP, INC.	ENGINEERING & DEVELOPMENT PLAN CHECKING SERVICES	01/16/2026	4,214.00
30040	CHECK	701722	ASPIRE FINANCIAL SERVICES, LLC	ADMINISTRATION FEES	01/16/2026	300.00
30041	CHECK	702629	ATLAS ENGINEERING WEST, INC.	AS-NEEDED GEOTECHNICAL SERVICES	01/16/2026	940.00
30041	CHECK	702629	ATLAS ENGINEERING WEST, INC.	AS-NEEDED GEOTECHNICAL SERVICES	01/16/2026	4,707.50
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,995.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
30042	CHECK	702103	AYALA ENGINEERING, INC.	SEWER MANHOLE REHABILITATION	01/16/2026	4,975.00
3506	ACH	700830	BABCOCK LABORATORIES, INC	MONTHLY WATER ANALYSIS	01/16/2026	137.48
3507	ACH	702525	BADGER METER INC.	ORION CELLULAR LTE SERV UNIT - DEC 2025	01/16/2026	525.30
3508	ACH	701510	BOOT BARN INC	SAFETY BOOTS - RODRIGUEZ	01/16/2026	200.00
3508	ACH	701510	BOOT BARN INC	SAFETY BOOTS - DEMARY	01/16/2026	200.00
3509	ACH	700868	BOOT WORLD, INC	SAFETY BOOTS - GONZALEZ, R & ZUNIGA, D	01/16/2026	365.52
3510	ACH	700638	CECILIA'S SAFETY SERVICE	TRAFFIC CONTROL - RECHE RD/WILT RD, FALLBROOK	01/16/2026	1,775.00
30043	CHECK	702437	CHRIS DAUGHERTY	D-2 CERT RENEWAL	01/16/2026	80.00
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - OCT 2025	01/16/2026	30.41
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - JUN 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - MAY 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - APR 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - MAR 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - FEB 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - JAN 2024	01/16/2026	29.66
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - DEC 2023	01/16/2026	28.75
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - NOV 2023	01/16/2026	28.75
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - OCT 2023	01/16/2026	28.75
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - SEP 2023	01/16/2026	28.75
3511	ACH	702470	CHRIS WAITE	REIMB RETIRED EMPLOYEE MEDICAL HEALTH INS - AUG 2023	01/16/2026	28.75
3512	ACH	701634	CIVILITY PARTNERS	COACHING SERVICES	01/16/2026	3,500.00
30045	CHECK	700650	COLONIAL LIFE & ACCIDENT INS.	PR BATCH 2601_HEALTH AND ACCIDENTAL INSURANCE	01/16/2026	27.88
30046	CHECK	700874	CORELOGIC INFORMATION	RQ2 NATIONWIDE COMMITMENT PACKAGE	01/16/2026	232.50
30047	CHECK	700681	COUNTY OF SAN DIEGO DEPT OF PUBLIC WORKS	EXCAVATION, B-PERMIT & B-PLAN PROCESSING	01/16/2026	845.76
30048	CHECK	702652	COUNTY OF SAN DIEGO, RCS	WATER RADIOS ON THE 800 MHZ NETWORK	01/16/2026	2,925.59
3513	ACH	701731	CUSTOM TRUCK BODY & EQUIPMENT, INC.	VMAC PART #4800663 UPPER RADIATOR HOSE	01/16/2026	1,726.13
30049	CHECK	700793	DEXTER WILSON ENGINEERING	AS NEEDED CIVIL CONTRACT	01/16/2026	1,177.50
30049	CHECK	700793	DEXTER WILSON ENGINEERING	DESIGN GOPHER PS PROJECT	01/16/2026	495.00
30050	CHECK	700797	DIAMOND ENVIRONMENTAL SERVICES	PORTA POTTY RENTAL	01/16/2026	76.62
30050	CHECK	700797	DIAMOND ENVIRONMENTAL SERVICES	PORTA POTTY RENTAL	01/16/2026	76.62
30052	CHECK	702718	FALLBROOK ACE HARDWARE	*LGT3"X10'PERF PVC SEWER DRAIN P, PIPE CORR PERF 3" X10 BK	01/16/2026	(49.13)
30052	CHECK	702718	FALLBROOK ACE HARDWARE	*LGT3"X10'PERF PVC SEWER DRAIN P	01/16/2026	128.91
30052	CHECK	702718	FALLBROOK ACE HARDWARE	MISC HILLMAN FASTENERS	01/16/2026	3.57
30053	CHECK	700845	FALLBROOK AUTO PARTS	MOBIL DEVALC1 ATF GAL	01/16/2026	251.81
30053	CHECK	700845	FALLBROOK AUTO PARTS	22IN EXACTFIT-BEAM, 20IN EXACTFITBLADE, ENGINE OIL	01/16/2026	169.45
30053	CHECK	700845	FALLBROOK AUTO PARTS	JB KWIK PLASTIC EPOXY, JB WELD - JB STIK	01/16/2026	17.29
30053	CHECK	700845	FALLBROOK AUTO PARTS	BLISTER PACK CAPSULES	01/16/2026	55.12
30053	CHECK	700845	FALLBROOK AUTO PARTS	BLISTER PACK CAPSULES	01/16/2026	(80.81)
30053	CHECK	700845	FALLBROOK AUTO PARTS	BLISTER PACK CAPSULES, MOTOR TUNE-UP, ENGINE FLUSH, AIR FILT	01/16/2026	172.14
30053	CHECK	700845	FALLBROOK AUTO PARTS	DISC BRAKE PAD	01/16/2026	75.58
3514	ACH	700853	FALLBROOK EQUIPMENT RENTAL	WATER TRUCK 2000 GAL	01/16/2026	2,700.00
30054	CHECK	700884	FALLBROOK IRRIGATION SUPPLIES	BUSH PVC80 TT, BULKHEAD FTG, COUP, SWEEP	01/16/2026	379.08

Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
30054	CHECK	700884	FALLBROOK IRRIGATION SUPPLIES	ELL90 PVC80 1/2" ST, NIPPLE PVC80 TBE 1/2X2	01/16/2026	47.86
30055	CHECK	702551	FALLBROOK PROPANE GAS CO.	PROPANE 272.1	01/16/2026	1,271.82
30055	CHECK	702551	FALLBROOK PROPANE GAS CO.	PROPANE 129.5	01/16/2026	613.15
30056	CHECK	701169	FALLBROOK WASTE AND RECYCLING	HAULING SERVICE - DECEMBER 2025	01/16/2026	3,988.08
30056	CHECK	701169	FALLBROOK WASTE AND RECYCLING	WASTE SERVICE - DECEMBER 2025	01/16/2026	211.80
30056	CHECK	701169	FALLBROOK WASTE AND RECYCLING	WASTE SERVICE - DECEMBER 2025	01/16/2026	371.57
30057	CHECK	700855	FEDEX	DELIVERY SERVICE	01/16/2026	413.98
30057	CHECK	700855	FEDEX	DELIVERY SERVICE	01/16/2026	10.96
30058	CHECK	700860	FERGUSON WATERWORKS #1083	8 C900 DR14 PVC GJ BLUE PIPE	01/16/2026	36,850.50
30059	CHECK	701711	FLUME TECH	FLUME SMART WATER SYSTEMS	01/16/2026	700.04
3515	ACH	700914	FREEWAY TRAILER SALES	LOCKING PIN, ZIP CABLE, CABLE, BREAK AWAY LAYNARD	01/16/2026	114.65
30060	CHECK	701010	HOCH CONSULTING, APC	SAN LUIS REY VALLEY GROUND WATER RECOVERY	01/16/2026	4,152.50
30060	CHECK	701010	HOCH CONSULTING, APC	SAN LUIS REY VALLEY GROUND WATER RECOVERY	01/16/2026	6,780.00
30061	CHECK	703203	HUNSAKER & ASSOCIATES SAN DIEGO, INC.	SURVEYING & MAPPING SERVICES FOR LS-1 EXPANSION	01/16/2026	18.40
30061	CHECK	703203	HUNSAKER & ASSOCIATES SAN DIEGO, INC.	SURVEYING & MAPPING SERVICES FOR LS-1 EXPANSION	01/16/2026	4,418.00
30062	CHECK	702745	ICON UTILITY SERVICES	TCM DEPOSIT REFUND ON CLOSED ACCOUNT	01/16/2026	1,825.00
30063	CHECK	701570	INFOSEND, INC.	MONTHLY SUPPORT FEE - DECEMBER 2025	01/16/2026	2,235.77
30063	CHECK	701570	INFOSEND, INC.	MONTHLY MAILING OF WATER BILLS AND NEWSLETTER	01/16/2026	4,141.78
30064	CHECK	702138	JAUREGUI & CULVER, INC.	LABOR TO REPLACE #2 & #4 DIESEL FUEL PUMPS	01/16/2026	6,450.14
30065	CHECK	701759	KDM MERIDIAN	ON-CALL LAND SURVEYING SERVICES	01/16/2026	892.50
30066	CHECK	701409	KNOCKOUT PEST CONTROL& TERMITES, INC.	ONE TIME METER BEE REMOVAL	01/16/2026	100.00
30067	CHECK	701656	LINCOLN NATIONAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - FEB 2026	01/16/2026	6,991.75
30068	CHECK	703174	LISA HOFFMANN	TRAVEL EXP REIMB - ACWA FALL CONFERENCE	01/16/2026	93.62
30068	CHECK	703174	LISA HOFFMANN	TRAVEL EXP REIMB - MWD/RMWD COLORADO RIVER/HOOVER DAM TOUR	01/16/2026	190.91
30069	CHECK	702731	MODULAR BUILDING CONCEPTS, INC	OFFICE SPACE RENTAL, 1/3/2026 to 2/1/2026	01/16/2026	3,782.72
30070	CHECK	701180	MODULAR BUILDING CONCEPTS, INC	LEASE AGREEMENT	01/16/2026	492.42
30070	CHECK	701180	MODULAR BUILDING CONCEPTS, INC	LEASE AGREEMENT	01/16/2026	951.43
30070	CHECK	701180	MODULAR BUILDING CONCEPTS, INC	LEASE AGREEMENT	01/16/2026	540.90
3518	ACH	701312	PARKHOUSE TIRE, INC.	12.5/80X18 F SOLIDEAL SLA, FLEET SERVICE	01/16/2026	1,156.74
3518	ACH	701312	PARKHOUSE TIRE, INC.	LT245/75R17 FST DEST X/T OWL	01/16/2026	1,610.94
30071	CHECK	702967	PATRICIA TOWNSEND-SMITH	MILEAGE REIMBURSEMENT	01/16/2026	109.20
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - PALA DEL NORTE, PALA	01/16/2026	4,200.00
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - 12421 RANCHO HEIGHTS RD, PALA	01/16/2026	3,300.00
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - 2244 HUFFSTATLER ST, FALLBROOK	01/16/2026	4,750.00
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - 9109 HUNTLEY, FALLBROOK	01/16/2026	4,850.00
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - 1746 BURNS RD, VISTA	01/16/2026	4,600.00
3519	ACH	701296	PETERS PAVING & GRADING, INC	PAVING & GRADING - 35775 RICE CANYON RD, FALLBROOK	01/16/2026	4,975.00
30072	CHECK	702856	PETERSON STRUCTURAL ENGINEERS, INC.	AS-NEEDED CONSTRUCTION MANAGEMENT & INSPECTION SERVICES	01/16/2026	1,079.20
30072	CHECK	702856	PETERSON STRUCTURAL ENGINEERS, INC.	MORRO TANK REHABILITATION PROJECT	01/16/2026	8,209.00
30073	CHECK	701302	PITNEY BOWES BANK INC PURCHASE POWER	POSTAGE	01/16/2026	900.00
3520	ACH	701310	POWER PLUS	GOPHER SKID PUMP TEMPORARY POWER RENTAL	01/16/2026	405.00
3521	ACH	701684	PRECISION MOBILE DETAILING	RMWD VEHICLE WASH	01/16/2026	357.56
3521	ACH	701684	PRECISION MOBILE DETAILING	RMWD VEHICLE WASH	01/16/2026	512.56
3521	ACH	701684	PRECISION MOBILE DETAILING	RMWD VEHICLE WASH	01/16/2026	536.56
3521	ACH	701684	PRECISION MOBILE DETAILING	RMWD VEHICLE WASH	01/16/2026	353.56
3522	ACH	701348	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - JAN 2026	01/16/2026	10,003.22
30074	CHECK	702396	QTX MOBILE ACCESSORIES, INC.	FRONT CAMERA	01/16/2026	284.69
3523	ACH	703152	QUALITY CHEVROLET	STARTER	01/16/2026	184.63
30075	CHECK	703222	RAFAEL RESENDIZ	NOTARY OATH FILING FEE	01/16/2026	118.00
30076	CHECK	702278	RANCHO HEIGHTS ROAD & MGMT COMMITTEE	2026 ROAD ASSESSMENTS, PARCEL 109-391-24	01/16/2026	800.00
30076	CHECK	702278	RANCHO HEIGHTS ROAD & MGMT COMMITTEE	2026 ROAD ASSESSMENTS, PARCEL 109-382-28	01/16/2026	800.00
30076	CHECK	702278	RANCHO HEIGHTS ROAD & MGMT COMMITTEE	2025 ROAD ASSESSMENTS, PARCEL 109-391-24	01/16/2026	800.00
30076	CHECK	702278	RANCHO HEIGHTS ROAD & MGMT COMMITTEE	2025 ROAD ASSESSMENTS, PARCEL 109-382-28	01/16/2026	800.00
30077	CHECK	701836	RINCON DEL DIABLO MWD	CALENDARS	01/16/2026	155.79

Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
30078	CHECK	703096	ROCKWELL CONSTRUCTION SERVICES, LLC	ELECTRICAL INSPECTION AT MANUAL TRANSFER SWITCHES PROJECT	01/16/2026	3,510.00
30079	CHECK	701481	ROTARY CLUB OF BONSALL	ANNUAL MEMBERSHIP DUES	01/16/2026	1,200.00
3524	ACH	701619	RT LAWRENCE CORPORATION	LOCKBOX PROCESSING FEES - DEC 2025	01/16/2026	612.96
30080	CHECK	700680	S.D. COUNTY ASSESSOR/RECORDER/COUNTY CLERK	NOTARY OATH FILING & RECORDING FEE	01/16/2026	78.00
30081	CHECK	701902	SAN DIEGO COUNTY ASSESSOR/RECORDER/CLERK	RELEASE OF LIEN FOR TWO PARCELS	01/16/2026	40.00
30082	CHECK	701590	SAN DIEGO FRICTION PRODUCTS, INC.	HITCH, WITH SPRING CLIP, ZINC	01/16/2026	187.18
30083	CHECK	701872	SAN DIEGO GAS & ELECTRIC	MONTHLY GAS & ELECTRIC, #2100 0139 2527 8	01/16/2026	16,928.19
30084	CHECK	703198	SAN DIEGUITO ENGINEERING, INC	PROFESSIONAL SURVEYING FOR EMERGENCY LINE NN PROJECT	01/16/2026	5,741.00
30085	CHECK	702940	SLUDGEBOOSTERS INC	LIFT STATION - TRUCK 4 HRS, DUMP FEE	01/16/2026	2,330.00
30086	CHECK	701982	SOUTHWEST ANSWERING SERVICE, INC.	MONTHLY ANSWERING SERVICE	01/16/2026	1,401.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	7,172.61
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	13,740.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,312.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,402.50
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	4,037.50
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	7,444.80
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	120.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,599.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	686.90
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,500.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	3,386.55
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,232.85
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	1,750.00
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	7,648.41
3525	ACH	702490	SPECIALTY MOWING SERVICES, INC.	WEED ABATEMENT & BRUSH CLEANING DISTRICTWIDE	01/16/2026	7,444.80
30087	CHECK	701928	STERICYCLE, INC.	REGULAR SERVICES, 12/1/25-12/31/25	01/16/2026	791.60
30088	CHECK	701972	STREAMLINE	MONTHLY WEB MANAGEMENT FEE	01/16/2026	676.20
30089	CHECK	701984	TCN, INC	MONTHLY 48 HOUR NOTICE	01/16/2026	15.51
30090	CHECK	703217	TECALU CONSTRUCTION MANAGEMENT	TCM DEPOSIT REFUND ON CLOSED ACCOUNT	01/16/2026	1,128.82
30091	CHECK	702762	THE LLOYD PEST CONTROL, INC	MONTHLY PEST CONTROL	01/16/2026	124.00
30091	CHECK	702762	THE LLOYD PEST CONTROL, INC	MONTHLY PEST CONTROL	01/16/2026	32.00
3526	ACH	702107	THE WELD SHOP, INC	STAKE HOLDER FOR UNIT 13	01/16/2026	375.00
3526	ACH	702107	THE WELD SHOP, INC	LIGHT BAR FOR UNIT #38	01/16/2026	582.78
30051	CHECK	703145	TOTAL QUALITY CORPORATION	MONTHLY MAINTENANCE	01/16/2026	532.51
3527	ACH	702042	UNDERGROUND SERVICE ALRT	RAI88 NEW TICKET CHARGES	01/16/2026	310.00
3527	ACH	702042	UNDERGROUND SERVICE ALRT	CA STATE FEE FOR REGULATORY COSTS	01/16/2026	99.57
30092	CHECK	703072	VESTIS SERVICES, LLC	MONTHLY UNIFORMS/MATS & MISC	01/16/2026	499.91
30092	CHECK	703072	VESTIS SERVICES, LLC	MONTHLY UNIFORMS/MATS & MISC	01/16/2026	496.91
30092	CHECK	703072	VESTIS SERVICES, LLC	MONTHLY UNIFORMS/MATS & MISC	01/16/2026	492.91
30093	CHECK	702406	VICTOR VEENSTRA	REIMBURSE RETIRED EMPLOYEE HEALTH INS - NOV 2025	01/16/2026	231.84
30094	CHECK	702882	WATER WISE PRO TRAINING LLC	DISTRIBUTION EXAM PREP COURSE	01/16/2026	10,925.00
30095	CHECK	702487	WILLIAMS SCOTSMAN, INC.	STORAGE CONTAINER RENTAL	01/16/2026	321.07
30095	CHECK	702487	WILLIAMS SCOTSMAN, INC.	STORAGE CONTAINER RENTAL	01/16/2026	330.59
30095	CHECK	702487	WILLIAMS SCOTSMAN, INC.	STORAGE CONTAINER RENTAL	01/16/2026	302.53
30095	CHECK	702487	WILLIAMS SCOTSMAN, INC.	STORAGE CONTAINER RENTAL	01/16/2026	302.53
30095	CHECK	702487	WILLIAMS SCOTSMAN, INC.	STORAGE CONTAINER RENTAL	01/16/2026	302.53
3528	ACH	701187	BP BATTERY INC.	GROUP 48 AGM BP BRAND	01/30/2026	237.64
30096	CHECK	700624	CONSOLIDATED ELECTRICAL DISTRIBUTORS	SIEM 7ML11150EA30 (2)	01/30/2026	3,298.59
30097	CHECK	701977	CORE & MAIN LP	6 10GA STL PIPE CML&C	01/30/2026	835.07
30097	CHECK	701977	CORE & MAIN LP	HACH CHEMKEY REAGENTS NITRITE, CHLORINE ANALYZER, AMMONIA	01/30/2026	2,360.27
30097	CHECK	701977	CORE & MAIN LP	1/2 PVC S80 90 HXH 806-005	01/30/2026	23.15
30097	CHECK	701977	CORE & MAIN LP	300M BITUMASTIC PART A&B	01/30/2026	273.64
30097	CHECK	701977	CORE & MAIN LP	202BS-1950-IP7 18X2IP BRS SAD DBL WIDE - HWY 76 REPAIR	01/30/2026	533.69
30098	CHECK	700799	D & H WATER SYSTEMS INC	CHLORAMINE BOOSTING SYSTEM, SYSTEM INTEGRATION SERVICES	01/30/2026	9,000.00

Transaction No	Type	Vendor	Name	Description	Issue Date	Amount
30099	CHECK	700839	ESCONDIDO METAL SUPPLY, INC.	3/4" X #13HOT ROLLED STEEL EXPANDED, PRE-CUT 1" X 1" X 1/8" H	01/30/2026	113.22
30100	CHECK	703095	EVOQUA WATER TECHNOLOGIES LLC	BIOXIDE CN9-ORANGE	01/30/2026	12,993.43
30101	CHECK	700860	FERGUSON WATERWORKS #1083	8 CS 150# RF SO FLG, 4 CS 300# RF SO FLG, 4 DI 125# C110 FLG	01/30/2026	2,285.33
3529	ACH	701930	FLYERS ENERGY LLC	ORDER #4356107-26, ETH 250 UNITS/DSL 200 UNITS	01/30/2026	1,818.73
3529	ACH	701930	FLYERS ENERGY LLC	ORDER #4351553-26, DSL 100 UNITS/ETH 340 UNITS	01/30/2026	1,712.10
3529	ACH	701930	FLYERS ENERGY LLC	ORDER #4344522-25, DSL 250 UNITS/ETH 250 UNITS	01/30/2026	2,109.65
30102	CHECK	703223	JOHN AND SHERYL HAILEY	OVERPAYMENT ON FINAL BILL, REFUND CREDIT ON CLOSED ACCT	01/30/2026	1,092.00
30103	CHECK	703224	JULI MCCRARY	REFUND REMAINING BALANCE FROM DOWNSIZE DEPOSIT	01/30/2026	26.60
30104	CHECK	702443	MICHAEL GONZALEZ	REIMBURSEMENT FOR HOME DEPOT PURCHASE	01/30/2026	117.35
3530	ACH	701229	NOSSAMAN, LLP	LEGAL SERVICES, THROUGH 11/30/2025	01/30/2026	13,516.00
30105	CHECK	701320	PACIFIC PIPELINE SUPPLY	VALVE AFC RW GATE FLGXFLG 250# AWWA 4"	01/30/2026	2,453.95
30106	CHECK	703099	PAUL GASSMANN	EDUCATION ASSISTANCE REIMBURSEMENT	01/30/2026	446.00
30107	CHECK	701307	POLLARDWATER	4X5 15 WIRE FLAG BLUE CUST 1000 CT	01/30/2026	646.91
3531	ACH	701348	PRINCIPAL LIFE INSURANCE COMPANY	MONTHLY INSURANCE - FEB 2026	01/30/2026	10,409.34
30108	CHECK	702412	STEPHEN COFFEY	D-5 CERT RENEWAL	01/30/2026	105.00
30109	CHECK	702022	T S INDUSTRIAL SUPPLY	IMPACT SOC, VARIOUS SIZES	01/30/2026	3,155.88
30110	CHECK	702065	ULINE	STANDARD WHITE TSHIRT, SPRAY PAINT, YETI	01/30/2026	1,214.91
30111	CHECK	702067	VERIZON WIRELESS	MONTHLY CELLULAR SERVICE	01/30/2026	5,143.32
30112	CHECK	701755	WATERLINE TECHNOLOGIES INC.	HYPOCHLORITE SOLUTIONS, 2000 UNITS	01/30/2026	8,460.00
30112	CHECK	701755	WATERLINE TECHNOLOGIES INC.	HYPOCHLORITE SOLUTIONS, 1650 UNITS	01/30/2026	6,979.50
30112	CHECK	701755	WATERLINE TECHNOLOGIES INC.	HYPOCHLORITE SOLUTIONS, 1,100 UNITS	01/30/2026	4,653.00
30113	CHECK	702126	WHITE CAP CONSTRUCTION SUPPLY	BLUE STAKE CHASER 25/SET	01/30/2026	426.69
30114	CHECK	700902	XYLEM INC	SENSOR, ENM-10 0.95-1.1	01/30/2026	2,146.84
<b>Net Distribution</b>						<b>4,214,325.42</b>



## Director's Expense Report Fiscal Year 2025-2026

### July 2025

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton		\$ -				\$ -	\$ -
Lisa Hoffman		\$ -	\$ 890.00			\$ -	\$ 890.00
Michael Mack		\$ -	\$ 890.00	\$ 391.60		\$ -	\$ 1,281.60
Greg Irvine		\$ -				\$ -	\$ -
Patti Townsend-Smith		\$ -	\$ 75.00			\$ -	\$ 75.00
<b>Monthly Totals</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 1,855.00</b>	<b>\$ 391.60</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 2,246.60</b>

### August 2025

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	2	\$ 300.00	\$ 80.00			\$ -	\$ 380.00
Lisa Hoffman	10	\$ 1,500.00				\$ -	\$ 1,500.00
Michael Mack	1	\$ 150.00	\$ 80.00	\$ 884.40		\$ -	\$ 1,114.40
Greg Irvine	2	\$ 300.00				\$ -	\$ 300.00
Patti Townsend-Smith	4	\$ 600.00	\$ 80.00			\$ -	\$ 680.00
<b>Monthly Totals</b>	<b>19</b>	<b>\$ 2,850.00</b>	<b>\$ 240.00</b>	<b>\$ 884.40</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 3,974.40</b>

### September 2025

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	3	\$ 450.00				\$ -	\$ 450.00
Lisa Hoffman		\$ -				\$ -	\$ -
Michael Mack	7	\$ 1,050.00		\$ 214.14	198	\$ 138.60	\$ 1,402.74
Greg Irvine	4	\$ 600.00				\$ -	\$ 600.00
Patti Townsend-Smith	3	\$ 450.00				\$ -	\$ 450.00
<b>Monthly Totals</b>	<b>17</b>	<b>\$ 2,550.00</b>	<b>\$ -</b>	<b>\$ 214.14</b>	<b>198</b>	<b>\$ 138.60</b>	<b>\$ 2,902.74</b>

**October 2025**

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	3	\$ 450.00				\$ -	\$ 450.00
Lisa Hoffman	9	\$ 1,350.00				\$ -	\$ 1,350.00
Michael Mack	3	\$ 450.00				\$ -	\$ 450.00
Greg Irvine	4	\$ 600.00				\$ -	\$ 600.00
Patti Townsend-Smith	3	\$ 450.00				\$ -	\$ 450.00
<b>Monthly Totals</b>	<b>22</b>	<b>\$ 3,300.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>	<b>\$ 3,300.00</b>

**November 2025**

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	3	\$ 450.00				\$ -	\$ 450.00
Lisa Hoffman		\$ -				\$ -	\$ -
Michael Mack	2	\$ 300.00			152	\$ 106.40	\$ 406.40
Greg Irvine	3	\$ 450.00				\$ -	\$ 450.00
Patti Townsend-Smith		\$ -				\$ -	\$ -
<b>Monthly Totals</b>	<b>8</b>	<b>\$ 1,200.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>152</b>	<b>\$ 106.40</b>	<b>\$ 1,306.40</b>

**December 2025**

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	3	\$ 450.00			300	\$ 210.00	\$ 660.00
Lisa Hoffman	17	\$ 2,550.00	\$ 612.85	\$ 1,217.54	346	\$ 242.20	\$ 4,622.59
Michael Mack	5	\$ 750.00		\$ 817.47		\$ -	\$ 1,567.47
Greg Irvine	5	\$ 750.00		\$ 599.62	106	\$ 74.20	\$ 1,423.82
Patti Townsend-Smith	8	\$ 1,200.00		\$ 365.98		\$ -	\$ 1,565.98
<b>Monthly Totals</b>	<b>38</b>	<b>\$ 5,700.00</b>	<b>\$ 612.85</b>	<b>\$ 3,000.61</b>	<b>752</b>	<b>\$ 526.40</b>	<b>\$ 9,839.86</b>

January 2026

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton		\$ -		\$ 26.50		\$ -	\$ 26.50
Lisa Hoffman	6	\$ 900.00		\$ 284.53	156	\$ 109.20	\$ 1,293.73
Michael Mack		\$ -		\$ 63.00		\$ -	\$ 63.00
Greg Irvine		\$ -				\$ -	\$ -
Patti Townsend-Smith		\$ -			156	\$ 109.20	\$ 109.20
<b>Monthly Totals</b>	<b>6</b>	<b>\$ 900.00</b>	<b>\$ -</b>	<b>\$ 374.03</b>	<b>312</b>	<b>\$ 218.40</b>	<b>\$ 1,492.43</b>

## Fiscal Year 2025-2026 Total

Board Member	# Of Mtgs	Per Diem	Registration Fee	Travel Expense	Mileage Reimb		Total
					# Miles	Amount	
Claude Hamilton	14	\$ 2,100.00	\$ 80.00	\$ 26.50	300	\$ 210.00	\$ 2,416.50
Lisa Hoffman	42	\$ 6,300.00	\$ 1,502.85	\$ 1,502.07	502	\$ 351.40	\$ 9,656.32
Michael Mack	18	\$ 2,700.00	\$ 970.00	\$ 2,370.61	350	\$ 245.00	\$ 6,285.61
Greg Irvine	18	\$ 2,700.00	\$ -	\$ 599.62	106	\$ 74.20	\$ 3,373.82
Patti Townsend-Smith	18	\$ 2,700.00	\$ 155.00	\$ 365.98	156	\$ 109.20	\$ 3,330.18
<b>FY25-26 Total</b>	<b>110</b>	<b>\$ 16,500.00</b>	<b>\$ 2,707.85</b>	<b>\$ 4,864.78</b>	<b>1414</b>	<b>\$ 989.80</b>	<b>\$ 25,062.43</b>





## Conference/Seminar and Expense Summary

### Fiscal Year 2025-2026

**Lisa Hoffman**

Date Paid	Description	Event Date(s)	# of		Registration Fee	Travel Expense	Mileage Reimb		Total
			Meetings	Per Diem			# Miles	Amount	
7/1/2025	CSDA Annual Conference & Exhibitor Showcase	8/25/25-8/28/25			\$ 890.00			\$ -	\$ 890.00
8/7/2025	Farm Bureau Meeting	6/10/2025	1	\$ 150.00				\$ -	\$ 150.00
8/7/2025	CSDA Butcher shop Meeting	6/18/2025	1	\$ 150.00				\$ -	\$ 150.00
8/7/2025	EMWD Luncheon	6/19/2025	1	\$ 150.00				\$ -	\$ 150.00
8/7/2025	Board Meeting	6/24/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	Communication/Customer Service Meeting	7/15/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	General Manager Meeting	7/20/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	Special Board Meeting	7/21/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	AC Pala	7/31/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	CSDA Webinar	7/28/2025	1	\$ 150.00				\$ -	\$ 150.00
8/21/2025	Transparency Brown Act Webinar	7/29/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	Farm Bureau Meeting	8/12/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	Board Meeting	8/19/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	GM Evaluation Meeting	8/20/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	Avocados Growers of California Meeting	8/28/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	Farm Bureau Meeting	9/4/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	LAFCO-CSDA Class	9/11/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	Special Board Meeting	9/14/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	General Manager Meeting	9/22/2025	1	\$ 150.00				\$ -	\$ 150.00
10/2/2025	District Meeting	9/23/2025	1	\$ 150.00				\$ -	\$ 150.00
12/4/2025	ACWA Fall Conference 2025	12/2/25-12/4/25	3	\$ 450.00		\$ 597.10	156	\$ 109.20	\$ 1,156.30
12/9/2025	Urban Water Institute Conference 2026	2/25/27-2/27/25			\$ 612.85	\$ 714.06		\$ -	\$ 1,326.91
12/23/2025	Farm Bureau Meeting	10/2/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	EMWD GM Birthday	10/16/2025	1	\$ 150.00			80	\$ 56.00	\$ 206.00
12/23/2025	Pre-Board Meeting Review - GM	10/20/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	Board Meeting	10/21/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	Santa Luz Tour	10/24/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	AGC Meeting	10/24/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	Farm Bureau Meeting	11/6/2025	1	\$ 150.00				\$ -	\$ 150.00
12/23/2025	Colorado Aquaduct Tour	11/7/25-11/8/25	2	\$ 300.00		\$ 190.91	142	\$ 99.40	\$ 590.31
12/23/2025	ACWA Region 9 & 10	11/14/2025	1	\$ 150.00			124	\$ 86.80	\$ 236.80
12/23/2025	CSDA Butcher shop Meeting	11/20/2025	1	\$ 150.00				\$ -	\$ 150.00

12/23/2025	Pre-Board Meeting Review - GM	12/8/2025	1	\$	150.00				\$ -	\$ 150.00		
12/23/2025	Board Meeting	12/9/2025	1	\$	150.00				\$ -	\$ 150.00		
12/23/2025	Social Media Training at Rancho Water	12/10/2025	1	\$	150.00				\$ -	\$ 150.00		
1/22/2026	ACWA Fall Conference 2025 (Requested in Error)	12/2/25-12/4/25	3	\$	450.00					\$ 450.00		
1/22/2026	Pre-Board Meeting Review - GM (Requested in Error)	12/8/2025	1	\$	150.00					\$ 150.00		
1/22/2026	Board Meeting (Requested in Error)	12/9/2025	1	\$	150.00					\$ 150.00		
1/22/2026	Social Media Training at Rancho Water (Requested in Error)	12/10/2025	1	\$	150.00					\$ 150.00		
									\$ -	\$ -		
<b>FY25-26 Total</b>			<b>42</b>	<b>\$</b>	<b>6,300.00</b>	<b>\$</b>	<b>1,502.85</b>	<b>\$</b>	<b>1,502.07</b>	<b>502</b>	<b>\$ 351.40</b>	<b>\$ 9,656.32</b>









**Credit Card Transactions**  
**Fiscal Year 2025-2026**

**January 2026 Charges**

**US Bank CalCard Credit Card**

Vendor Name	Description	Transaction Amount
FLOWTESTSUMMARY.COM	FIRE FLOW TESTING SOFTWARE RENEWAL	269.00
TICKETS*CVU-101 2	CLA VAL COURSE	350.00
AMAZON	NOTARY BAG LOCKING BAG	25.85
TICKETS*CVU-101 2	CLA VAL COURSE	700.00
TICKETS*CVU-101 2	CLA VAL COURSE	350.00
TICKETS*CVU-101 2	CLA VAL COURSE	350.00
AMAZON	HQ VACUUM - RETURNED	(214.42)
CULLIGAN	HQ WATER SOFTENER SERVICE	122.05
COSTCO	EMPLOYEE SNACKS	359.92
NORTHGATE MARKET	EMPLOYEE SNACKS	36.93
HOME DEPOT	CUSTODIAN SUPPLIES	38.77
HOME DEPOT	OPERATION TOOLS	83.16
AMAZON	CUSTODIAN SUPPLIES	59.48
COSTCO	EMPLOYEE SNACKS	213.45
COSTCO	EMPLOYEE SNACKS	315.06
AMAZON	HQ JANITORIAL SUPPLIES	38.07
GRAINGER	SMALL ENGINE	1,432.47
GRAINGER	OPERATION TOOLS	41.38
GRAINGER	OPERATION TOOLS	380.72
HOME DEPOT	PAVER STONES (LA CANADA)/PO# 14877	3.54
HOME DEPOT	PAVER STONES (LA CANADA)/PO# 14877	556.79
GRAINGER	PPE/PO# 14884	567.00
GRAINGER	PPE/PO# 14884	1,929.36
NORTHGATE MARKET	EMPLOYEE SNACKS	36.11
GRAINGER	INSULATED SAFETY GLOVES - PGASSMANN	123.91
GRAINGER	HQ SIGNS	68.91
AMAZON	CARDSTOCK	29.82
AMAZON	REPLACEMENT SIGN AT HQ	65.74
HOME DEPOT	WIRE FOR HANGING HQ SIGN	16.44
GRAINGER	REPLACEMENT SIGN AT HQ	18.36
HARBOR FREIGHT	FLUSH CUTTER, EXT ADJ WRE, HEAD RATC	60.08

Vendor Name	Description	Transaction Amount
HOME DEPOT	MICROFIBER TOWEL, ROLL,AEROSOL CLNR	64.05
STAPLES	EXPO BUS ASST STAR, STPLS STR SHIP TAG	61.94
HOME DEPOT	CAMJAM W/ WEAR PAD, CAMBUCKLE	70.61
SP VYPER INDUSTRIAL	FOAM CREEPER	97.51
HOME DEPOT	LITHIUM GREASE, SPRAY BOTTLE, TOWEL	125.70
WHIP AROUND	VEHICLE PRETRIP SOFTWARE	559.00
ZOHO	ZOHO FORMS FOR METERS	40.25
PAYPAL *CWEA	TRAINING	748.00
LINKEDIN	MONTHLY SUBSCRIPTION	169.99
LINKEDIN	JOB POSTING	163.00
AMAZON	NOCO BOOST GB40	107.70
FSP*BCSP BOARD OF CERT SA	MEMBERSHIP FEE	145.00
AMERICAN SOCIETY OF SAFE	TRAINING	809.00
WASABI	BACKUP SOLUTION	303.74
AMAZON WEB SERVICES	CLOUD STORAGE	2.75
TWILIO	SMS SERVICE	21.18
AMAZON	LAPTOP ADAPTER	93.54
TWILIO INC	SMS SERVICE	20.25
AMAZON	UPS FOR SCADA	893.25
AMAZON	PHONE CASES	34.73
TWILIO	SMS SERVICE	20.16
MICROSOFT	CLOUD SERVICE	131.59
GOTOCONNECT	MONTHLY PHONE SERVICE	1,192.26
AMAZON	SQL BOOK	32.20
DIRECT TV	EOC CABLE	206.23
HOME DEPOT	MULTI-NUT DRIVER FOR SCADA	53.81
ZOOM	ZOOM SUBSCRIPTION	149.94
AMAZON	UPS BATTERY	538.76
STARLINK INTERNET	STARLINK EQUIPMENT	320.00
APPLE.COM/BILL	MONTHLY SUBSCRIPTION	2.99
AMAZON	VEHICLE LAPTOP ADAPTER	99.65
RING	RING MONITORING SERVICE	9.99
AMERICAN WATER WORKS ASSO	MEMBERSHIP FEE - ELAN	347.00
AWWA	WATER AUDIT VALIDATOR CERT-ELAN	2,300.00
THE RESTAURANT AT THE RAI	AFTER HOUR MEALS FOR CREW	145.63
CORTES MEXICAN FOOD	AFTER HOUR MEALS FOR CREW	59.21
THE RESTAURANT AT THE RAI	AFTER HOUR MEALS FOR CREW	222.36
THE RESTAURANT AT THE RAI	AFTER HOUR MEALS FOR CREW	42.07
HOME DEPOT	BRIGHTON WALL BLOCK	240.06

Vendor Name	Description	Transaction Amount
SHERATON MARINA	ACWA FALL CONF HOTEL - WILEY	(228.75)
HOME DEPOT	PURSE/COAT HOOK FOR LOBBY RESTROOM	7.55
SD CHAPTER OF CSDA	COWU LUNCHEON - MACK	63.00
SD CHAPTER OF CSDA	COWU LUNCHEON - HARP	63.00
BCWJ* SINGLE-JOB-PACKA	SCADA POSITION JOB ADD	200.00
BCWJ* FEATURED-JOB	JOB AD BOOST	99.00
1-800-FLOWERS.COM,INC.	EMPLOYEE SYMPATHY ARRANGEMENT (C BARROW)	122.80
PAYPAL *MACCASIUSD	2026 EE BANQUET CASINO GAMES RENTALS (REFUND)	(975.00)
PAYPAL *MACCASIUSD	2026 EE BANQUET _ CASINO GAMES RENTALS (WRONG CHARGE)	975.00
VILLAGE PIZZA	CS LEAD - PANEL LUNCH	75.03
PSHRA SAN DIEGO	PSHRA LEGAL UPDATE	60.00
HOME DEPOT	2026 EE BANQUET- TOTE BOX (DIFFERENCE AFTER GIFT CARD)	18.42
AMAZON	2026 EE BANQUET - AWARD FRAMES	65.72
GFOA	CERT OF ACHIEVEMENT REVIEW FEE	505.00
PANERA BREAD	FPUD MEETING LUNCH	378.49
VILLAGE NEWS	ANNUAL SUBSCRIPTION	89.95
Z SOUTH	MANAGERS LUNCH	130.00
TEMECULA PIZZA	RMWD RCWD COORDINATION LUNCH	117.10
BACKDRAFT	LUNCH WITH GM - HHAMILTON	26.50
BACKDRAFT	LUNCH WITH BM - WILEY	26.50
THE RESTAURANT AT THE RAI	GM LUNCH	22.10
<b>TOTAL CHARGES</b>		<b>20,914.46</b>



**TO:** Rainbow Municipal Water District

**FROM:** Alfred Smith

**DATE:** March 24, 2026

**RE:** Attorney Report: Water Rates and Proposition 218  
501668-0003

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**I. INTRODUCTION.**

This attorney report provides an update on a recent California Court of Appeal decision involving water rates and Proposition 218. In the case of *Dreher v. Los Angeles Department of Water and Power*, the appellate court held upheld the Los Angeles Department of Water and Power's budget-based tiered water rates for single-dwelling unit customers. Departing from two very strict recent decisions of the Fourth District Court of Appeal, the Dreher court's decision provides a more practical and reasonable cost of service analysis that does not require water agencies to determine the exact cost of service in real time for each individual parcel. The *Dreher* court stated "agencies are not required to rely on 'perfect' data, so long as the fee or charge reasonably represents the cost of providing service."

**II. BACKGROUND.**

Proposition 218, approved by voters in 1996, added Articles XIII C and XIII D to the California Constitution. Proposition 218 imposes distinct procedural and substantive limitations. An agency seeking to impose or increase a property-related fee, including water rates, must hold a hearing and send written notice of the hearing to the owner of each affected parcel. The notice must specify the amount of the proposed fee, the basis of calculation, and the reason for the fee. It must note the date, time, and location of the public hearing. At that hearing, the agency must consider protests against the proposed fee or charge. In addition to mandating that the agency consider protests, Proposition 218 establishes a majority protest remedy. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency cannot impose the fee or charge.

Proposition 218 also places substantive limitations on property-related fees. Under these limitations: (1) revenues derived from the fee may not exceed the cost of providing the property-related service; (2) those revenues may not be used for any purpose other than the one for which the fee was imposed; (3) the amount of the fee cannot exceed the proportional cost of the service attributable to the parcel; (4) a fee may not be imposed for a service unless that service is available to the property

owner; and (5) a fee may not be imposed upon property owners for a general governmental service, if the service is available to the general public in substantially the same manner as it is to property owners.

### III. RECENT CASE LAW

#### A. Coziahr v. Otay Water District – Court of Appeal, Fourth District

In July 2024, the California Court of Appeal, Fourth District, issued a ruling in *Coziahr v. Otay Water District*. The Court affirmed that Prop 218 requires water rates to strictly adhere to the proportionality requirement in developing and adopting water rates, including tiered water rate structures. Mark Coziahr, who was a customer of the Otay Water District (“OWD”), challenged OWD’s tiered water rate structure for residential customers on the grounds that the rate structure violated Prop 218’s requirement that a property-related fee or charge “shall not exceed the proportional cost of the service attributable to the parcel.”

The Court determined that OWD’s rate structure was not compliant with Prop 218 because it promoted water conservation efforts, rather than reflecting the actual cost of service. The Court noted that while promoting water use conservation is an important state goal, it cannot be the basis for setting rates that exceed the proportional cost of service. This aligns with legal precedent in the *Capistrano* case and *City of Palmdale v. Palmdale Water District*, which generally held state conservation objectives do not allow water districts to charge disproportionate fees.

The Court also rejected equity arguments, such as the ability to pay, in formulating water rates. The *Coziahr* decision articulated that water rates must be strictly proportional to the cost of service, regardless of a customer’s financial status, reaffirming the principle established in *Palmdale*, where it was determined that financial considerations unrelated to the cost of service cannot be factored into rates or rate structures.

The Court further noted that OWD’s justification for its tiered rates based on “peaking costs” was flawed. OWD’s tiered rates were based on the “peaking factor method” that was derived from a commonly used industry standard manual by the American Water Works Association (“AWWA”) titled, “M1 Manual, Principles of Water Rates, Fees and Charges” (“AWWA M1 Manual”). The Court found that the data from the manual was not proportional to the customers’ usage and therefore OWD could not rely upon it for the establishment of a tiered rate structure that would satisfy Prop 218. The Court noted the analysis for peaking costs was based upon assumptions rather than actual data, and there was no evidence showing cost differentials between peak and non-peak service hours because OWD did not have the ability to collect actual peaking use from residential customers during peaking events.

The *Coziahr* decision highlighted the necessity for water agencies to base their rates on the actual cost (i.e., accurate and verifiable data) of providing service to each parcel,

rather than utilizing assumptions, conservation goals, peaking factors, or other non-cost-based factors as part of setting water rate structures.

**B. Patz v. City of San Diego – Court of Appeal, Fourth District**

On July 30, 2025, a divided California Court of Appeal, Fourth District issued its opinion in *Patz v. City of San Diego*. The decision in the *Patz* case affirms the trial court’s decision that the City of San Diego’s (“City”) tiered water service rate structure violates Proposition 218’s proportionality requirement. Daniel Patz and Joan Mann Chester, as representatives of a class of single-family residential customers (“SFR”), filed a class action alleging that the City’s tiered water rates, imposed between 2014 and 2022, violated Proposition 218 by charging them more than the proportional cost of providing water service to their properties.

The City of San Diego owns and operates the local water utility system, which provides potable water to its over one million residents. In 2014, the City imposed a tiered rate structure for SFR customers, arguing that it encourages conservation, while it charged other customer classes (multi-family residential, commercial, construction, irrigation) uniform flat rates for water regardless of their consumption levels.

The tiered rate structure required SFR customers to pay higher rates per unit of water based on “peaking factors.” “Peaking factors” are multipliers used to estimate the additional costs a water system incurs to meet higher levels of demand during peak usage periods. The City justified its use of peaking factors due to conservation efforts and the general assumption that higher costs were associated with greater water consumption. Such assumptions were gleaned from the industry-accepted AWWA MI Manual. The City did not collect time-of-use data or conduct parcel-specific studies to support its allocation of costs to each usage tier.

The Court of Appeal, Fourth District, affirmed the trial court’s decision that the City’s tiered rate structure violated Proposition 218 because the City failed to prove that the higher rates charged for increased usage by residential customers reflected the actual, proportional cost of providing water service at those usage levels. The determinative question was whether California Constitution, Article XIII D provides that a public agency can rely solely on generalized assumptions or conservation goals to establish tiered rates. Ultimately, the Court found that the City’s reliance on industry standards from the AWWA MI Manual to develop the tiered rates was insufficient to satisfy Article XIII D because the data was not specific to the City’s system and customers.

The Court rejected the City’s argument that its methodology justified the tiered water rate structure. The Court concluded that the City failed to collect necessary time-of-use data and did not show which customers contributed to peak system demands, undermining its justification for imposing higher rates on some users rather than others.

The City's argument that its lowest tiered rates reflected cheaper local water sources was unpersuasive because the City commingled all water supplies before delivery and failed to demonstrate which customers received water from which source. The Court reasoned that the City based its tier breakpoints on average usage estimates rather than cost-based thresholds; it noted that the City's Tier 4 rate was exactly 2.25 times the Tier 1 rate, and that this mathematical precision was evidence that the City designed its rate structure around assumed peaking factors instead of actual cost data. Building on these findings, the Court reaffirmed that Proposition 218 imposes a clear and substantive constraint: agencies must justify each rate tier with concrete cost-of-service evidence, not just modeling assumptions or policy goals.

The *Patz* court's ruling reinforces the strict interpretation of cost-of-service requirements previously articulated in the *Coziahr* case. Justice Menetrez authored a dissent criticizing both the majority opinion in *Patz* and the Court's prior ruling in *Coziahr*. Justice Menetrez rejected the interpretation that Proposition 218 imposes a rigid and impractical standard that demands a precise level of cost-allocation precision because this threshold is unrealistic for most agencies to meet. The dissent highlights the majority's decision to not follow case precedent, which holds that tiered rates are constitutional when they reflect a reasonable relationship to cost. According to Justice Menetrez, the exacting standard that the majority seeks to implement undermines the practicalities of water system management, and public agencies should not be penalized for relying on reasonably industry-wide accepted methodologies. Justice Menetrez further warned that the majority's approach risks invalidating well-justified rate models and could discourage agencies from implementing rate structures that promote conservation and equity.

#### **IV. DREHER V. CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER.**

Most recently, the California Court of Appeal, Second Appellate District, issued its decision in *Dreher v. City of Los Angeles Department of Water and Power*, upholding the Los Angeles Department of Water and Power's ("LADWP") budget-based tiered water rates for single-dwelling unit customers. The Second District Court of Appeal rejected the strict interpretation of Proposition 218 articulated by the Fourth District Court of Appeal in the *Patz* and *Coziahr* cases.

The tiered rate structure adopted by LADWP was budget-based and included four tiers, with rates increasing with each tier. All customers started at the lowest tier rate, but as a customer's water usage increased, higher tier rates would apply. The higher tiers included progressively more expensive water supply costs and additional marginal costs for infrastructure, operations and maintenance driven by higher-volume water use. Each tier included several common components, such as infrastructure costs to meet base demands. Tier 1 covers basic indoor water needs and includes eight units of water. Tiers 2 and 3 meet parcel-specific outdoor irrigation needs, and tier widths vary based on parcel size, season and temperature zone. Tier 4 captures all usage beyond Tier 3. Additionally,

LADWP applied a cost to fund low-income subsidies to all tiers, except for customers who received the subsidy.

After LADWP denied their claim, the Dreheres sued for declaratory relief and a class-wide refund. The Dreheres argued that both the low-income subsidy and the tiered rate structure violated Proposition 218. The lower court upheld the tiered rate structure, finding that LADWP's allocation of source of supply and peaking costs complied with Proposition 218's proportionality requirements. The court also found that creating water-use budgets for each customer to set parcel-specific tier widths was consistent with those requirements. The lower court invalidated the low-income subsidy because it required some customers to bear a cost for the benefit of others, in violation of Proposition 218. However, the court rejected the Dreheres' claim for a refund because the Dreheres failed to satisfy the payment under protest requirements outlined in State law.

The Second District Court of Appeal affirmed the lower court judgment and stated the following: (1) agencies do not have to rely on a cost-based justification when determining the break points between tiers, but may instead set tiers to achieve conservation standards, so long as the rate within each tier reflects the proportional cost of service for that level of usage; (2) agencies may allocate more expensive water supply sources to higher tiers even when the sources are commingled within the various tiers; (3) peak infrastructure costs (i.e., pumping and storage costs) may be allocated to the upper tiers when that level of usage drives the need for additional infrastructure capacity (and does not require time-of-use metering); and (4) refunds for violating Proposition 218 are not presumed; instead, a claimant must satisfy statutory prerequisites, including paying under protest and submission of an administrative claim.

The Second District Court of Appeal expressly rejected the findings and reasoning announced by the Fourth District Court of Appeal in *Patz v. City of San Diego* and *Coziahr v. Otay Water District*. The court cited the reasoning in the *Capistrano* case that an agency may (and likely should) "pass on the incrementally higher costs of expensive water to incrementally higher users" through tiered rates, so long as the agency can establish the cost to deliver water in each tier. This approach protects lower-use customers from subsidizing higher-use customers through supply or infrastructure costs that their levels of usage do not require. The court also stated Proposition 218 "does not require the City to trace the flow of water from each source of supply to each parcel, molecule by molecule."

## **V. LEGISLATION.**

The Association of California Water Agencies ("ACWA") is sponsoring Assembly Bill 2180 to clarify how water agencies comply with Proposition 218 when setting water rates. AB 2180 would codify the reasoning of the appellate court decision in the *Dreher* case. The stated intent of AB 2180 is to clarify how water agencies calculate proportionality when setting water rates, provide predictability for water agencies and ratepayers in the adoption and administration of water rates, and minimize the potential

for legal disputes over water rates moving forward. ACWA is urging members to support this legislation because it provides much needed predictability for water agencies, supports California's water-use conservation goals, and reduces litigation exposure over water rates. In a letter to the Assembly Committee on Local Government, ACWA states:

“AB 2180 would create clear, consistent standards for water agencies statewide, thereby helping them to confidently develop constitutionally-sound rates and continue to deliver safe and reliable water services to their communities. Recent appellate court decisions, like those in *Coziahr v. Otay Water District* (2024) and *Patz v. City of San Diego* (2025), impose rigid interpretations of Proposition 218 that require unfeasible levels of precision at the expense of practical administration of water rates. For example, under these court decisions, water agencies could be forced to trace the flow of water from each source of supply to each parcel, molecule by molecule, even when water supplies are commingled in the distribution system.

Conversely, the court's December 8, 2025 decision in *Dreher v. City of Los Angeles Department of Water and Power* (2025) supports a framework that is not only consistent with Proposition 218 but also aligns with longstanding industry practice. AB 2180 respects the wishes of voters by maintaining a rigorous standard of justifying water rates while giving water agencies the flexibility to set rates in a way that reflects the true cost of service and ensures that high-volume water users pay for the infrastructure necessary to provide reliable water supplies during droughts and times of high demand.”

## **VI. CONCLUSION.**

The decision by the Second District Court of Appeal in *Dreher* diverges from recent decisions by the Fourth District Court of Appeal in *Patz* and *Coziahr*, creating a split in law regarding Proposition 218's cost-justification requirements for water rates. The Second District Court of Appeal holds a more practical view with respect to the setting of water rates, allowing for consideration of water conservation goals in setting water rates and breakpoints, with a more reasonable cost of service analysis that does not require water agencies to determine the exact cost of service in real time for each individual parcel. The *Dreher* court stated “agencies are not required to rely on ‘perfect’ data, so long as the fee or charge reasonably represents the cost of providing service.

However, the Fourth District Court of Appeal, as exemplified in *Patz* and *Coziahr*, holds a more strict view with respect to tiered water rates and rate justification requiring more concrete cost-of-service evidence (not just modeling assumptions or policy goals). The Fourth District Court of Appeal requires water agencies to show, with detailed and customer-specific data, that higher usage incurs higher costs of service. These decisions

further hold that agencies cannot rely solely on industry-accepted methodologies, generalized peaking factors, or conservation rationales. Courts will independently scrutinize whether rate structures comply with Proposition 218's cost-of-service requirement and whether tiered service rate structures are supported with evidence of proportionate costs of service.

Assembly Bill 2180, sponsored by ACWA and authored by Assemblymember Chris Ward (D-San Diego), proposes to codify the framework established in *Dreher v. LADWP*. AB 2180 seeks to streamline and clarify Proposition 218 requirements by affirming that:

- Costs related to water supplies, infrastructure, and system-wide peak demand may be allocated using reasonable methodologies without tracing specific water sources to individual parcels.
- Agencies may use any reasonable method, supported by existing or projected data, to allocate service costs.
- Agencies are not required to determine the exact cost of service for each parcel.
- Uniform and tiered rate structures are permissible when based on reasonable cost allocation principles.

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