

Manager's Report

2/14/2025

Administration

- 1 Joint Use Agreement Final draft provided to new Battalion Chief Dusty Gyves.
Being reviewed by County attorney. Will continue after fire season.
- 2 CC-CSD WTP Agreement Developing an information binder for the Ad Hoc Committee
- 3 Monthly Mailing Options Reviewing potential for outsourcing the monthly bills
- 4 Fire Flow Project Scheduling a meeting with Fire Marshal Jeff Powell.

Committee Meetings

R&P Committee Future Meeting: TBD
Fire Flow Program
Capacity Charge Adjustment

Personnel Committee Future Meeting: TBD
Indoor Heat & Illness Policy
COLA

Ordinance Committee Future Meeting: TBD

Finance Committee Future Meeting: TBD

Public Info. Committee Future Meeting: TBD

Operations

1. Leaks

	Current	FYTD
<u>Mainline Leaks - Repaired</u>	1	2
Irish Creek - 4-in AC		
Placer Rd - 10-in AC (previously in Dec)		
<u>Service Leaks - Repaired</u>	0	2
<u>Service Lines - Replaced</u>		12
<u>Service Lines - Planned</u>		
Melinda (1 line)		

2 New Meters - Installed

This past month:	0	Fiscal Year TOTAL:	0
sold to:		Annual Projection:	4
		WAC Total	0

3. Misc Activities

AV Program	This past month	6	Total Done	42	of	90
Tank Maintenance Program	A1 Tank is being planned. Site improvements are needed.					
Irish Creek Main Break	Used Sunrise Construction (\$4k) to help with repairing a break on the 4-in AC. Bottom failed following a direction change.					
Placer Road Main Leak	Used Zeis Construction (\$1.7k) to help with main leak on 10-in AC					
JPIA Infrared Imaging	Coordinating with JPIA for a free IR imaging of all our sites.					
Cross Control Update	Researching the impacts of the update to the Cross Control (CC) Handbook update. Will need to use a certified CC specialist to create a plan for the District and then provide annual updates.					
Meter & Vibration Testing	Completed in January.					
HAA5 & THHM Testing	Completed in January.					
Texas Springs PRV	Repaired leak					
2-Day RCAC Training	Ops attended a two-day training for mathmatics					



Regular Board Meeting of the Board of Directors
Wednesday, February 19, 2025

7:00 PM

AGENDA

TO ADDRESS THE BOARD DURING OPEN TIME OR NOTICED PUBLIC HEARINGS: pursuant to the Brown Act (Government Code Section 54950 et seq.) action or Board discussion cannot be taken on open time matters other than to receive the comments, and if deemed necessary, to refer the subject matter to the District Manager for follow up and/or to schedule the matter on a subsequent Board agenda.

ITEM

FUNCTION

PRELIMINARY BUSINESS:

- | | | |
|---|--|-------------|
| 1 | Call to Order | |
| 2 | Public Comment Period – Open Time – This time is set for members of the public to address the Board on matters not on the agenda. If your comments concern an item noted on the regular agenda, please address the Board after that item is open to public comments. By law, the Board of Directors cannot discuss or make decisions on matters that are not on the agenda. The Board will customarily refer these matters to the District Manager’s Office. Each speaker is allocated (5) minutes to speak for a maximum of 20 minutes on each subject. Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the District. After receiving recognition from the Board President, please state your name, residence, and comments. | |
| 3 | Approval of the minutes of:
January 15, 2025 Regular Board Meeting | Action |
| 4 | Authorize Payment of Bills for Current Expenses | Action |
| 5 | Status of the Budget Report | Information |

NEW BUSINESS:

- | | | |
|---|---|--------|
| 1 | Authorize a Professional Services Agreement with Horton, McNulty & Saeturn, LLP for Audit Services | Action |
| 2 | Authorize a New Master Services Agreement for Construction-Related Services from Zeis Construction and Agreement Renewals for Eddie Axner Construction, and SnL Group | Action |
| 3 | Award Tank A1 Improvements Required for the Tank Coating Program to Zeis Construction | Action |

OLD BUSINESS:

- | | | |
|---|---|-------------|
| 1 | Muletown Pump Station Generator Project Update | Information |
| 2 | Carr Fire Recovery Project Update | Information |
| 3 | PLC, Radio and Antenna Replacement Project Update | Information |

GENERAL BUSINESS:

- | | | |
|---|---|-------------|
| 1 | Correspondence | Information |
| 2 | Director's Report | Information |
| 3 | Manager's Report | Information |
| 4 | Committee Reports | Information |
| | Resource & Planning – Jan. 31 st | |
| | Finance – Feb. 4 th | |
| 5 | Announcements | |
| 6 | Adjournment | |

Next Scheduled Board Meeting
March 19, 2025 @ 7:00 P.M.

“This is an equal opportunity provider”

In compliance with the Americans with Disabilities Act, the Centerville Community Services District will make available to any member of the public who has a disability, a needed modification or accommodation, including an auxiliary aid or service, for that person to participate in the public meeting. A person needing assistance should contact the district office by telephone at (530) 246-0680, or in person or by mail at 8930 Placer Road, Redding, California 96001, or by e-mail at tteuscher@centervillecsd.com, at least two working days in advance. Accommodation may include, but are not limited to, interpreters, assistive listening devices, accessible seating, or documentation in an alternate format. If requested, this document and other agenda materials can be made available in an alternative format for persons with a disability who are covered by the Americans with Disabilities Act.

CENTERVILLE COMMUNITY SERVICES DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

Directors Present: President Hopson, Vice President Oliver, Director Woodstrom, Director Whitehead and Director Richison

Absent: None

Others Present: Tina Teuscher and Chris Muehlbacher

PRELIMINARY BUSINESS:

1. Call to Order: President Hopson called the meeting to order at 7:00 pm.
2. Public Comment Period: President Hopson opened the public comment period. No comments were received. The public comment period was closed. Director Richison was given a service award.
3. Approval of the December 18, 2024, minutes: Director Whitehead moved to approve the minutes. Director Richison seconded. The vote was unanimous. Motion carried.
4. Authorize Payment of Bills for Current Expenses: Vice President Oliver moved to pay the bills. Director Richison seconded. Mr. Muehlbacher stated that the payment to Big Time Pest Control is for a termite treatment. He mentioned that we are invoicing the fire department for half of the invoice. The NBS payment is for the quarterly admin fees for the TS Assessment. The SWRCB payment is our annual fees. The Zeis Construction payments are for the concrete work for the shop building and for helping with a leak repair. The vote was unanimous. Motion carried.
5. Status of the Budget Report: Mr. Muehlbacher stated that the O&M revenue thru December was \$834,202 versus expenses of \$782,756. He mentioned that line item 52100 – Repair and Maintenance included the payment to Zeis Construction which has now been corrected. He also mentioned that the SWRCB fees were much higher than what was budgeted. President Hopson asked why 52400 - General Plant Utilities was elevated. Mr. Muehlbacher stated that there was a Campora payment included that needed to be moved to 54150 – District Office Utilities. Director Woodstrom asked why 52425 – Muletown Pump Station was elevated. It was discovered that the cable pulling invoice was included which should be in 52100 - Repair and Maintenance. These items were corrected.

The Capital revenue was \$16,319 versus expenses of \$95,272. He stated that the capacity charge is shown here as well as a tax payment for Homeowners Exemptions from the County.

Reserve Fund Status Sheet: The total reserve is \$1,271,648. Mr. Muehlbacher mentioned that ARPA funds of \$31,706 were deposited into the Capital Improvement Reserve, and \$23k came out for capital expenses. The net gain for the Capital Improvement Reserve was \$13,243.71. He also mentioned that part of the \$110k transfer from the operating account to LAIF included the Consumption Surcharge the Water Treatment Plant Reserves, the Capacity Charge from Skiles and the Rate Stabilization Fee.

NEW BUSINESS

- 1 Annual Report of Active Will Serve Letters: Mr. Muehlbacher stated that one Will Serve Letter was issued this past year. There are currently 268 available lots for development. Sixteen of those are WAC customers. There are 86 lots that could potentially get a meter in a day. He also mentioned that there are adequate water supplies.
- 2 Annual Report on Discontinuations of Residential Services for Inability to Pay: Mr. Muehlbacher stated that this is a requirement by the State. There were a total of nine accounts that were shut off for non-payment. There are currently two that remain shut off.
- 3 Appointment of Two Directors of the Board to an Ad Hoc Committee to meet with Representatives of Clear Creek CSD to Exchange Information Regarding an Update to the Water Treatment Plant Dedicated-Capacity Contract for the Purpose of Reporting Back to the Board: President Hopson stated that the Resource & Planning Committee met and they recommend Director Woodstrom and Vice President Oliver to sit on this Ad Hoc committee.

Director Whitehead moved to appoint Director Woodstrom and Vice President Oliver to meet with representatives of Clear Creek CSD to exchange information regarding the Water Treatment Plant contract. Director Richison seconded. The vote was unanimous. Motion carried.

- 4 Authorize Submittal of a Scope of Work Change and Budget Amendment for the Muletown Pump Station Generator Project: Director Whitehead moved to authorize submittal of a scope of work change and committing to a cost share amendment. Director Woodstrom asked why we were not asking FEMA to cover the extra cost. Mr. Muehlbacher explained that FEMA will only cover 75% of the project. Director Woodstrom asked if the COR was going to give any additional funds. Mr. Muehlbacher stated no. They have committed \$125k for the project. Director Richison seconded the motion. Director Woodstrom voted no. The remaining directors voted yes. Motion carried.
- 5 Acceptance of the Shop Building Project: Mr. Muehlbacher stated that the landscaping, striping and walkway have all been completed and inspected. Director Richison moved to accept the completion of the Shop Building project. Vice President Oliver seconded. The vote was unanimous. Motion carried.

OLD BUSINESS:

- 1 Board of Director's Annual Re-organization Session for the 2025 Calendar Year: President Hopson stated that he had one request to change committees that was withdrawn. Vice President Oliver moved to keep the committees as they are. Director Richison seconded. Motion carried.
- 2 Carr Fire Recovery Project Update: Mr. Muehlbacher stated that there is no update.

- 3 PLC, Radio and Antenna Replacement Project Update: Mr. Muehlbacher stated that Wagner Electric continues to provide material submittals. Once all submittals are approved they can order the equipment and begin construction.

GENERAL BUSINESS

1. Correspondence: None
2. Director's Report: None.
3. Manager's Report: Mr. Muehlbacher stated that he sent out the Audit RFPs and they will close this Friday. The received proposals will be reviewed by the Finance Committee.

He also mentioned that Paul Reuter will be providing an estimate for services related to a fire flow project. This will be presented to the Resource and Planning Committee.

He stated that the operators installed new lines on Rutgers, and that the HAA5 and TTHM testing was completed today.

4. Committee Reports: None
5. Announcements: The next regular Board Meeting will be held February 19, 2025.
6. Adjournment: Meeting adjourned at 8:28 pm.

CENTERVILLE COMMUNITY SERVICES DISTRICT
RESOURCE & PLANNING COMMITTEE MEETING NOTES

Committee Present: Director Whitehead and President Hopson

Absent: None

Others Present: Paul Reuter, Dan Peters, and Chris Muehlbacher

RESOURCE & PLANNING COMMITTEE AGENDA

1 Open Session

No public comment was received.

2 Discussion of the Fire Flow Program Planning

The Committee discussed various elements of the Fire Flow Program. To confirm the fire flow requirements which will be used for the Fire Flow Program, it was determined that a meeting with County Fire/CalFire will be needed to confirm the fire flow requirements.

3 Adjournment

CENTERVILLE COMMUNITY SERVICES DISTRICT
FINANCE COMMITTEE MEETING NOTES

Committee Present: Director Woodstrom and Vice President Oliver
Absent: None
Others Present: Chris Muehlbacher

FINANCE COMMITTEE AGENDA

1 Open Session – No comments were received.

2 Review and Discussion of the Financial Audit Proposals

The Committee reviewed and discussed the proposals received from AGT (of Redding), Horton, McNulty & Saetern (of Chico) and RTN (of Roseville). The Committee concurred with the recommendation to the Board to award the audit to HMS.

3 Review and Discussion of the Processing Expense for Monthly Billing

The Committee reviewed and discussed this subject. The cost per unit for Centerville to produce a single monthly invoice is \$1.74 per unit. To promote customers to use eBills, the Committee prefers that credit be offered to customers receiving paperless invoices only in contrast to adding a new fee for customers choosing to receive paper bills.

The Manager also advised the Committee that proposals are being sought to outsource this effort. Preliminary research shows that this expense can be lowered considerably. The lease for both the postage machine and folder/insertor machine is expiring in September 2025 and the intent is not to continue this monthly expense of nearly \$500 following its expiration.

4 Confirm the Cost-of-Living Adjustment Calculation Used for Budgeting Purposes

The Committee reviewed and concurred with the COLA calculation of 2.6%. This will now be presented to the Personnel Committee for recommendation to the Board for budgeting purposes.

5 Adjournment

Centerville Community Services District Profit & Loss Budget Performance January 2025

Ordinary Income/Expense	Jan 25	Budget	% of Budget	Jul '24 - Jan 25	YTD Budget	% of Budget
Income						
41000 · WATER SALES						
41100 · Base Rate	47,859.75	48,000.00	99.71%	335,458.75	333,000.00	100.74%
41200 · Consumption Rate	30,720.42	28,200.00	108.94%	499,314.49	457,500.00	109.14%
41210 · Late Fees	1,386.88	400.00	346.72%	11,716.82	6,600.00	177.53%
41220 · Miscellaneous Charges	0.00			-45.00	0.00	100.0%
41300 · Water Sales-Temp Const	147.00			365.29	0.00	100.0%
41400 · Pump Zone A (Base Rate)	1,410.00	1,500.00	94.0%	9,928.75	10,000.00	99.29%
41450 · Pump Zone A (Power Comp)	863.65	800.00	107.96%	16,860.30	14,400.00	117.09%
41500 · Pump Zone A-1 (Base Rate)	403.00	400.00	100.75%	2,898.50	2,800.00	103.52%
41550 · Pump Zone A-1(Power Comp)	366.51	400.00	91.63%	5,318.84	4,000.00	132.97%
Total 41000 · WATER SALES	83,157.21	79,700.00	104.34%	881,816.74	828,300.00	106.46%
41600 · RESERVE FUNDS						
41605 · Consumption Surcharge	1,078.80	900.00	119.87%	17,628.00	16,000.00	110.18%
41700 · Water Treatment Plant Fee	2,187.94	1,800.00	121.55%	34,914.98	32,000.00	109.11%
41800 · Rate Stabilization Fee	3,278.96	2,700.00	121.44%	52,355.34	48,000.00	109.07%
56250 · Transfer Reserve Funds	-6,545.70	-5,400.00	121.22%	-104,861.92	-96,000.00	109.23%
Total 41600 · RESERVE FUNDS	0.00	0.00	0.0%	36.40	0.00	100.0%
43000 · INTEREST						
43001 · LAIF	13,415.17	7,500.00	178.87%	38,974.77	22,500.00	173.22%
43002 · Other Interest	0.29			11.64	0.00	100.0%
Total 43000 · INTEREST	13,415.46	7,500.00	178.87%	38,986.41	22,500.00	173.27%
45000 · OTHER OPER. REVENUE						
45400 · Misc. Revenue	0.00			142.80	0.00	100.0%
45850 · Backflow Prevention Testing	247.00	250.00	98.8%	2,033.75	1,750.00	116.21%
Total 45000 · OTHER OPER. REVENUE	247.00	250.00	98.8%	2,176.55	1,750.00	124.37%
Total Income	96,819.67	87,450.00	110.71%	923,016.10	852,550.00	108.27%
Gross Profit	96,819.67	87,450.00	110.71%	923,016.10	852,550.00	108.27%

Centerville Community Services District Profit & Loss Budget Performance

January 2025

	Jan 25	Budget	% of Budget	Jul '24 - Jan 25	YTD Budget	% of Budget
Expense						
51000 · WATER COSTS						
51100 · Raw Water Charge	317.28	800.00	39.66%	16,207.72	8,600.00	188.46%
51300 · Oper. & Maint. - Clear Creek	11,830.43	13,400.00	88.29%	81,150.59	89,600.00	90.57%
51305 · Administration - Clear Creek	1,806.14	2,000.00	90.31%	31,253.69	33,100.00	94.42%
51315 · Restoration Fee	320.04	800.00	40.01%	16,191.63	8,600.00	188.28%
51317 · Water Right Fees	0.00			4,348.23	0.00	100.0%
51325 · WINN Act Lawsuit	0.00	250.00	0.0%	184.14	1,750.00	10.52%
Total 51000 · WATER COSTS	14,273.89	17,250.00	82.75%	149,336.00	141,650.00	105.43%
52000 · TRANSMISSION & DISTRIB.						
52100 · General Repair & Maint.	5,995.61	3,000.00	199.85%	44,856.90	25,000.00	179.43%
52130 · Zone A - Repair and Maintenance	0.00			1,388.47	0.00	100.0%
52140 · Zone A1 - Repair and Maintenc	0.00			1,642.41	0.00	100.0%
52200 · Operating Supplies & Expense	-3,565.87	1,700.00	-209.76%	16,385.65	12,500.00	131.09%
52300 · Lease Payment - BLM Tank Site	0.00			1,085.00		
52400 · Utilities - General Plant	164.75	100.00	164.75%	923.45	900.00	102.61%
52425 · Elect., Muletown Pump Station	186.58	300.00	62.19%	1,308.93	2,300.00	56.91%
52450 · Elect., Towerview Pump Station	171.62	200.00	85.81%	2,336.69	1,400.00	166.91%
52500 · Utilities Pump Zone A	1,414.92	1,700.00	83.23%	25,797.68	22,200.00	116.21%
52600 · Utilities Pump Zone A-1	547.79	300.00	182.6%	5,614.06	4,100.00	136.93%
52850 · Backflow Prevention Testing	0.00			3,600.00	3,900.00	92.31%
Total 52000 · TRANSMISSION & DISTRIB.	4,915.40	7,300.00	67.33%	104,939.24	72,300.00	145.14%
53000 · EQUIPMENT						
53100 · Equipment Repairs & Maint.	0.00	700.00	0.0%	3,676.32	4,900.00	75.03%
53200 · Gasoline	491.89	700.00	70.27%	3,803.65	5,000.00	76.07%
Total 53000 · EQUIPMENT	491.89	1,400.00	35.14%	7,479.97	9,900.00	75.56%

Centerville Community Services District Profit & Loss Budget Performance January 2025

	Jan 25	Budget	% of Budget	Jul '24 - Jan 25	YTD Budget	% of Budget
54000 · ADMINISTRATIVE						
54100 · Liability Insurance - District	0.00	0.00	0.0%	37,539.51	15,000.00	250.26%
54150 · Utilities-District Office	683.97	900.00	76.0%	5,910.89	6,500.00	90.94%
54200 · Telephone - District Office	1,018.73	700.00	145.53%	6,183.02	4,900.00	126.18%
54250 · SWRCB Fees	0.00			13,915.58	9,000.00	154.62%
54300 · Travel & Training	480.70	600.00	80.12%	2,011.60	1,300.00	154.74%
54325 · Employee Recognition	0.00			1,492.38	200.00	746.19%
54375 · LAFCO	0.00			3,081.47	4,000.00	77.04%
54400 · Miscellaneous	0.00			0.02	0.00	100.0%
54500 · Engineering - District Engineer	542.00	700.00	77.43%	7,153.42	4,900.00	145.99%
54550 · Legal-Dist. Attorney	580.00	800.00	72.5%	5,437.10	6,000.00	90.62%
54600 · Accounting-Audit & Consult	0.00			18,895.00	21,000.00	89.98%
54625 · Meals	0.00	50.00	0.0%	420.21	550.00	76.4%
54630 · Construction Meals	0.00	50.00	0.0%	314.28	550.00	57.14%
54650 · Office Supplies	320.26	700.00	45.75%	5,684.95	5,500.00	103.36%
54680 · Merchant Fees	160.45	100.00	160.45%	646.55	700.00	92.36%
54700 · Postage	1,000.00	800.00	125.0%	6,732.79	5,600.00	120.23%
54750 · Office Equipment (Small)	1,154.26	1,800.00	64.13%	8,958.08	13,000.00	68.91%
54800 · Office Building - R&M	537.17	400.00	134.29%	7,215.63	2,800.00	257.7%
54850 · Directors Compensation	1,245.59	500.00	249.12%	2,945.59	3,500.00	84.16%
54900 · Subscription & Licenses	675.94	2,700.00	25.04%	22,911.90	26,700.00	85.81%
Total 54000 · ADMINISTRATIVE	8,399.07	10,800.00	77.77%	157,449.97	131,700.00	119.55%

Centerville Community Services District Profit & Loss Budget Performance

January 2025

	Jan 25	Budget	% of Budget	Jul '24 - Jan 25	YTD Budget	% of Budget
55000 · WAGES & BENEFITS						
55100 · Salaries	34,284.91	34,500.00	99.38%	249,150.20	258,600.00	96.35%
55110 · Salaries - Standby	475.00	500.00	95.0%	3,200.00	3,500.00	91.43%
55120 · Overtime	253.25	500.00	50.65%	6,187.46	3,500.00	176.79%
55200 · Salaries - Part Time Employees	955.36	1,600.00	59.71%	11,624.04	12,000.00	96.87%
55300 · Pension - Retirement	2,785.08	3,200.00	87.03%	76,276.79	77,800.00	98.04%
55400 · Insurance - Emp. Health&Dental	21,707.45	10,000.00	217.08%	69,088.82	67,600.00	102.2%
55500 · Workman's Comp. Insurance	0.00	0.00	0.0%	9,975.60	14,500.00	68.8%
55600 · F.I.C.A.	2,195.18	2,300.00	95.44%	16,509.06	16,300.00	101.28%
55700 · Medicare Tax	513.39	500.00	102.68%	3,860.97	3,800.00	101.6%
Total 55000 · WAGES & BENEFITS	63,169.62	53,100.00	118.96%	445,872.94	457,600.00	97.44%
Total Expense	91,249.87	89,850.00	101.56%	865,078.12	813,150.00	106.39%
Net Ordinary Income	5,569.80	-2,400.00	-232.08%	57,937.98	39,400.00	147.05%
Net Income	5,569.80	-2,400.00	-232.08%	57,937.98	39,400.00	147.05%

Centerville Community Services District

Capital Profit & Loss Budget Performance

January 2025

2:52 PM
02/14/25
Accrual Basis

	Jan 25	Budget	Jul '24 - Jan 25	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
43000 · INTEREST					
43003 · Shasta Co 422 Interest	0.00		40.51	0.00	0.00
Total 43000 · INTEREST	0.00		40.51	0.00	0.00
44100 · General Property Tax-422					
44125 · Current Secured Taxes-0&M	127,529.11	128,000.00	127,529.11	128,000.00	128,000.00
44127 · Current Unitary Taxes	5,326.60	5,400.00	5,326.60	5,400.00	5,400.00
44135 · Supp Taxes Current	897.36	900.00	1,302.53	1,350.00	2,000.00
44140 · Curr Unsecured Taxes	837.10	850.00	11,647.03	10,850.00	10,850.00
44145 · Supp Taxes Prior	3.92	30.00	12.32	40.00	50.00
44150 · Prior Year Unsecured Taxes	56.06	25.00	126.30	100.00	100.00
44155 · Homeowner's Exemption - 422	866.25	900.00	1,237.50	900.00	900.00
Total 44100 · General Property Tax-422	135,516.40	136,105.00	147,181.39	146,640.00	147,300.00
46000 · CAPITAL FUNDS					
46100 · Capacity Charge	0.00	0.00	4,612.50	4,614.00	85,756.00
Total 46000 · CAPITAL FUNDS	0.00	0.00	4,612.50	4,614.00	85,756.00
49000 · TAXES & ASSESSMENTS					
49350 · Sp./Asst Texas Springs 2001-1	18,090.41	18,100.00	18,090.41	18,100.00	18,140.00
Total 49000 · TAXES & ASSESSMENTS	18,090.41	18,100.00	18,090.41	18,100.00	18,140.00
49500 · OTHER CAPITAL REVENUE					
49505 · Other Interest	0.20		1.65	0.00	0.00
Total 49500 · OTHER CAPITAL REVENUE	0.20		1.65	0.00	0.00
Total Income	153,607.01	154,205.00	169,926.46	169,354.00	251,196.00
Gross Profit	153,607.01	154,205.00	169,926.46	169,354.00	251,196.00
Expense					
57000 · DISTRIBUTION SYSTEM IMPROVE.					
57090 · Tank Coating Program	39,495.83	40,000.00	79,048.66	80,000.00	180,000.00
Total 57000 · DISTRIBUTION SYSTEM IMPROVE.	39,495.83	40,000.00	79,048.66	80,000.00	180,000.00
57400 · PRINCIPAL EXPENSE					
57406 · Sp./Asst. Txs Sprg 2001-1 Prin.	0.00		9,900.00	9,900.00	9,900.00
Total 57400 · PRINCIPAL EXPENSE	0.00		9,900.00	9,900.00	9,900.00
57500 · INTEREST EXPENSE					
57506 · Sp./Asst. Txs Sprg 2001-1 Int.	0.00	0.00	5,662.78	5,700.00	10,600.00

Centerville Community Services District Capital Profit & Loss Budget Performance January 2025

	Jan 25	Budget	Jul '24 - Jan 25	YTD Budget	Annual Budget
Total 57500 · INTEREST EXPENSE	0.00	0.00	5,662.78	5,700.00	10,600.00
57800 · BOND ADMIN. FEE					
57806 · NBS Admin. Fee TSWAD 2002-1	0.00	0.00	2,492.26	2,500.00	5,000.00
Total 57800 · BOND ADMIN. FEE	0.00	0.00	2,492.26	2,500.00	5,000.00
58000 · OTHER CAPITAL EXPENSES					
58070 · Muletown Pump - Generator	0.00	15,000.00	5,852.50	15,100.00	30,000.00
58080 · Telemetry Replacement Program	16,225.75	25,000.00	18,701.75	44,700.00	113,000.00
58515 · Shop Bldg Dev Improvements	0.00	0.00	22,378.21	25,000.00	25,000.00
Total 58000 · OTHER CAPITAL EXPENSES	16,225.75	40,000.00	46,932.46	84,800.00	168,000.00
Total Expense	55,721.58	80,000.00	144,036.16	182,900.00	373,500.00
Net Ordinary Income	97,885.43	74,205.00	25,890.30	-13,546.00	-122,304.00
Net Income	97,885.43	74,205.00	25,890.30	-13,546.00	-122,304.00

CENTERVILLE COMMUNITY SERVICES DISTRICT RESERVE FUND STATUS

January 31, 2025

DESCRIPTION	Balance as of 7-1-2023	Balance as of 7-1-2024	Balance as of Last Month	Current Balance	Projected Balance As of 7-1-2025	Goal Range
DESIGNATED RESERVES:						
Operation & Maintenance	\$204,925.15	\$202,305.90	\$449,495.24	\$362,036.99	\$335,000.00	\$546k - \$819k (2)
Water Treatment Plant	\$142,309.81	\$195,972.20	\$233,468.93	\$238,167.04	\$255,000.00	\$170k - \$250k (3)
Carr Fire Funds	\$144,040.80	\$149,460.79	\$152,944.72	\$154,589.12	\$152,000.00	
Pump Sta. Rep. & Rep. (Zones A & A1)	\$17,909.81	\$18,583.72	\$15,341.02	\$15,505.96	\$22,000.00	
Capital Improvement Reserve	\$434,276.16	\$395,481.74	\$269,701.49	\$362,704.34	\$346,000.00	
Subtotal	\$943,461.73	\$961,804.35	\$1,120,951.40	\$1,133,003.45	\$1,110,000.00	
OBLIGATED RESERVES:						
Capacity Charge	\$86,704.43	\$119,370.25	\$126,782.80	\$128,145.92	\$209,000.00	
Subtotal	\$86,704.43	\$119,370.25	\$126,782.80	\$128,145.92	\$209,000.00	
RESTRICTED RESERVES:						
						<u>Maturity Date</u>
1 1995-1 Redemption Fund	\$52,605.70	\$0.00	\$0.00	\$0.00	\$0.00	
2 Texas Springs Assessment	\$43,451.90	\$25,629.19	\$23,914.28	\$22,668.35	\$33,000.00	
Subtotal	\$96,057.60	\$25,629.19	\$23,914.28	\$22,668.35	\$33,000.00	
Total Reserve Balance	\$1,126,223.76	\$1,106,803.79	\$1,271,648.48	\$1,283,817.72	\$1,352,000.00	

- 1 Texas Springs Assessment This Assessment District was formed for the water distribution system within the Texas Springs area, matures in 2041.
- 2 O&M Goal Range Goal Range is projected to achieve the Reserve Policy range within 4 - 8 years using the Rate Stabilization Fee.
- 3 WTP Goal Range Goal Range is projected to achieve the Reserve Policy range within 1.5 - 3 years using the Water Treatment Plant Fee.



MEMORANDUM

DATE: February 14, 2025
TO: Board of Directors
FROM: Chris Muehlbacher
SUBJECT: **New Business 1 – Authorize a Professional Services Agreement with Horton, McNulty & Saeteurn, LLP for Audit Services**

Recommendation

ACTION – The Finance Committee concurs with the recommendation that the Board authorize a professional services agreement with Horton, McNulty & Saeteurn, LLP for audit services.

Item Explanation

Centerville issued a Request for Proposals (RFP) for independent audit services to six firms and received a total of three as summarized below:

Company	FYE 2025	FYE 2026	FYE 2027	TOTAL
AGT (Redding)	29,000	31,000	33,000	\$93,000
HM&S (Chico)	17,900	18,800	19,700	\$56,400
RTN (Roseville)	17,500	18,000	19,000	\$54,500

The agreement is for a three-year term. As indicated in the RFP, the proposals were evaluated by the committee based upon the following:

1. Expertise & Experience 45%
2. Audit Approach 35%
3. Price 20%

It is recommended that the audit services be awarded to Horton, McNulty & Saeteurn.

Attachment(s)

- Horton, McNulty & Saeteurn Proposal



Proposal for Independent Audit Services

Fiscal Years Ending June 30, 2025, 2026, and 2027

Prepared by Kalah M. Horton, CPA, CFE Partner
55 Independence Circle #102
Chico, CA 95973
530.588.7427 x307
Proposal Dated January 16, 2025





January 16, 2025

Chris Muehlbacher, District Manager
Centerville Community Services District
8930 Placer Road
Redding, CA 96001

Dear Chris:

We are pleased to respond to your request to submit our proposal to serve as independent auditors for Centerville Community Services District (the District), for the years ending June 30, 2025, 2026, and 2027.

We understand the requirements of your request for services to complete the annual financial audit and state controller's report. We are confident that we can provide the quality services you seek within the time period specified at a reasonable cost for the following reasons:

Horton McNulty & Saeteurn, LLP (HM&S) has expertise and depth of auditing experience to provide the highest level of competence in serving the District. Our two partners have a combined total of 30 years of experience in auditing local governments. This enables us to provide the highest level of service available to the District.

We are leaders in the California special district auditing and consulting industry and serve numerous types of governmental entities, including special districts, K-12 school districts, charter schools, community colleges, and auxiliary organizations. Our highly trained, diversified professionals provide depth of experience in all aspects of public accounting and financial reporting services.

We are committed to providing you with immediate, broad expertise needed to deliver all of the public accounting services you require in your required time frame.

I am authorized to represent HM&S and have included my name, title, address, and telephone number on the cover page.

The accompanying proposal contains our qualifications and a description of our plan for providing Centerville Community Services District with the finest quality professional services. This proposal is a firm and irrevocable offer for the period being bid upon. Any additional information you require will be provided at your request. Please do not hesitate to call me at our Chico office at 530.588.7427 x307.

Very truly yours,

Horton McNulty & Saeteurn, LLP

A handwritten signature in cursive script that reads 'Kalah Horton'.

Kalah M. Horton, CPA, CFE, Partner
Email: kalah.horton@hms-cpas.com



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APPENDIX A

PROPOSER GUARANTEES

The proposer certifies it can and will provide and make available, at a minimum all services set forth in Section II, Nature of Services Required

Signature of Official: Kalah Horton

Name (typed): Kalah Horton

Title: Partner

Firm: Horton McNulty & Saeteurn, LLP

Date: January 16, 2025



APPENDIX B

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with the State of California Laws.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees, or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Centerville Community Service District.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: *Kalah Horton*

Name (typed): Kalah Horton

Title: Partner

Firm: Horton McNulty & Saeteurn, LLP

Date: January 16, 2025

TECHNICAL PORTION

INDEPENDENCE

HM&S and all firm personnel are independent (as defined by generally accepted audited standards of the U.S. General Accounting Office's *Government Auditing Standards*) of the District and any of their affiliated entities, officials, and employees; and, we will provide the District with written notice of any professional relationships entered into during the period of these engagements. HM&S does not have any conflicts of interest relative to performing the proposed services of the District.

As a certified public accounting firm, HM&S has policies and procedures in place to provide reasonable assurance that all professional personnel maintain independence, integrity, and objectivity, as required by professional standards. A dedicated group within HM&S is responsible for managing and communicating independence and ethics guidance and is responsible for knowing and understanding this important firm protocol.

Independence includes relationships that may appear to impair objectivity in rendering attestation services. Integrity requires personnel to be honest and candid within the constraints of client confidentiality. Service and the public trust should not be subordinate to personal gain or advantage. Objectivity is a state of mind and a quality that lends value to a firm's services. The principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest.

Personnel must consciously refuse to subordinate their judgment to that of others, and avoid relationships which may impair objectivity or influence judgments. HM&S's policy is that all professional personnel must be, and appear to be, independent in attitude, in conduct of the work performed, and in relationships with clients.

All professional personnel shall follow the applicable rules and regulations of the AICPA *Code of Professional Conduct*, the California Board of Accountancy, the Government Accounting Office (GAO), the Independence Standards Board, and other independence requirements to help provide assurance that our personnel follow these rules.

Our success as an independent public accounting firm requires that the firm and its personnel comply with all applicable ethical and independence standards and rules. The firm views independence or ethics violations seriously. After ascertaining the circumstances, the firm may sanction an individual who violates applicable ethics or independence requirements or related firm policies and procedures. Sanctions may include, but are not limited to, entries in personnel records, reduction in responsibilities, reduction in compensation, termination, or other actions as the firm's management may deem appropriate.

LICENSE TO PRACTICE IN CALIFORNIA

HM&S is licensed with the California Board of Accountancy to practice public accountancy in the state of California, under licensure #PAR 8000. All key professional staff are licensed as Certified Public Accountants in the state of California. Please see staff resumes at pages 7 to 9 for more detailed information.



FIRM QUALIFICATIONS AND EXPERIENCE

Horton McNulty & Saeteurn's History and Philosophy

Horton McNulty & Saeteurn, LLP (HM&S) is a firm that is fully immersed in the issues that affect local governments, and provides special districts with the highest level of service and specialized knowledge related to their field. Our firm has a strong presence in the special district audit and consulting arena. Kalah and Joy have over 30 combined years of experience in the local government industry. They provide the audit and financial reporting, and consulting expertise that many special districts in the area rely upon. We have the experience and specialization to navigate the challenges and regulations unique to special district accounting and finance.

HM&S offers a unique service offering. With both of our founding partners, Kalah Horton and Joy McNulty, having experience working in a national firm prior to launching HM&S, our firm holds the knowledge and expertise of a large firm, while providing you with individualized and proactive service offerings of a smaller firm at a reasonable cost. Our office is located in Chico, and will service the audit of the District. HM&S is a team of seasoned professionals who share a passion for working with special districts. Our firm is staffed with approximately nine individuals, all with governmental specialization, including two partners, four senior associates, and three associates.

Our philosophy has always been to provide the finest auditing, accounting, tax, and management advisory services that are available in the communities we serve; to be associated with clients who wish to reach their maximum potential; and to be a firm that is enjoyable to work for and rewarding to work with. Our goals are to contribute to the community and the profession to which we belong and to grow, but never to lose the personal relationship with clients who are the foundation of our practice.

We are organized to provide a full range of accounting, auditing, tax, management consulting, and related services. We are committed to excellence of service; we take a constructive approach and maintain uniformly high standards of quality and responsibility in every area of our practice. We have industry experts within our firm available to deal with specific problems. Every engagement we undertake is under the personal direction of a partner of the firm. We continue to be concerned with the development of new approaches and techniques, all directed toward rendering the highest quality services at a reasonable cost.

Our clients include some of the leading organizations in many sectors of the economy, including special districts, not-for-profits and related agencies, local government, and education.



Our approach is management-oriented, and our engagements are professionally staffed. We concentrate on maintaining a close and constructive relationship with our clients at all times and on being responsive to their needs throughout the engagement. We also stress the importance of utilizing the client's personnel to the extent possible as a means of reducing costs and as a basis for transferring skills to the organization. Our staff is composed of many individuals who have helped train and supervise our entry-level staff so that our approach is technically competent, and at the same time responsive to clients' unique accounting and reporting situations.

As experts in traditional services to special districts, we provide:

- Worry-free financial reporting.
- Compliance for your peace of mind.
- Audit tools (such as an electronic portal), early planning, and open communication with your District to ensure the ease of audit completion and to minimize the interruption of your District's normal operations.

The other services offered by our firm are comprehensive. We provide proactive solutions to support your focus on the things that are important to your District's success such as:

- Mapping and assessing accounts payable and payroll processes for maximized efficiency and checks and balances.
- Proactively providing guidance on complex regulations.
- Training accounting personnel to streamline your processes.

Peer Review and Quality Control

Our quality control system meets the independent requirements of the *Standards for Audits of Governmental Organizations, Programs, Activities and Functions*, published by the United States General Accounting Office. We meet all specific requirements imposed by state or local law or rules and regulations. We follow the American Institute of Certified Public Accountants', *Interpretation 501-3, Failure to Follow Standards and/or Procedures or Other Requirements in Governmental Audits*.

A copy of our most recent peer review is attached as the last page in this proposal. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. HM&S received the highest level of quality designation of *pass*. The peer review included governmental engagements.

Our goal is to provide quality services to our clients in accordance with the highest standards of the profession. The engagement partner assumes responsibility for the overall quality of each audit engagement to which she is assigned and sets an appropriate example throughout all stages of the engagement for the other engagement team members to follow. Specific performance development and continuing education criteria must be met by all staff. All engagements are reviewed by a concurring partner prior to finalization. All firm staff is familiarized and continually trained on quality control procedures.



Engagement Staffing Overview

The District's audit would be served by one audit partner (full-time basis), one engagement quality control partner (part-time basis), and a senior associate (full-time basis). Please see additional details on the engagement team organization and experience at pages 7 to 9.

PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

Engagement Team Organization

Kalah M. Horton, CPA, is the partner primarily responsible for planning and coordinating our services. Kalah will be responsible for planning and supervising the audit. Kalah has been involved in hundreds of not-for-profit and governmental engagements during her 15-year career in public accounting. Kalah will be assigned to the audit on a full-time basis.

Joy L. McNulty, CPA, is the partner responsible for engagement quality review in accordance with our system of quality control. Joy is currently responsible for the supervision and management of numerous audits and has been involved in hundreds of large governmental and not-for-profit engagements over her 21-year career in public accounting. Joy will be assigned to the audit on a part-time basis.

Partner roles may reverse during years of partner rotation.

In order to complete the engagement on a timely basis, which we feel is essential in any audit, we will assign a senior associate to complete audit tasks. Francisco Langarica, a senior associate with seven years of government audit experience, will assist with the performance of the audit.

The profiles of the audit team are included on the following pages.

TEAM PROFILE



KALAH M. HORTON, CPA, CFE
Audit Partner

EXPERIENCE

Ms. Horton is a founding partner of HM&S. She is passionate about working in the governmental industry, and develops long-term relationships with her clients who, in return, express a high level of confidence and trust in her work. Kalah started her career with Matson and Isom in 2010. Continuing on into K·Coe Isom, Kalah led the government service team, planning and coordinating services for the firm's governmental clients. Continuing in her role of leading the service team with HM&S, she works directly with business officials and other key directors to help them reach their goals. She specializes in the application of the Single Audit Act and Uniform Guidance. For the last several years, led the audits of Richvale Irrigation District, Western Canal Water District, and numerous other special district and governmental entities within Butte, Shasta, and Tehama Counties. Kalah views her work as a huge puzzle; she sees her role as finding all the pieces and matching them together to present a true financial picture.

CONTINUING EDUCATION

Kalah focuses her continuing education in the governmental arena. She attends programs offered by the CalCPA and AICPA. Kalah also provides trainings to clients and our internal staff. All staff far surpass the minimum continuing education requirements for maintaining CPA licensure, including compliance with Yellow Book standards for governmental auditing.

PROFESSIONAL ACTIVITIES

California CPA #114026
Certified Fraud Examiner
Advanced Single Audit Certificate
Member of the American Institute of Certified Public Accountants
Member of the California Society of Certified Public Accountants



EDUCATION

Bachelor of Science Degree –California State University, Chico
Summa Cum Laude
President's Award for Outstanding Academic Achievement
Outstanding Academic Achievement Award 2008, 2009, 2010

TEAM PROFILE



JOY L. MCNULTY, CPA
EQCR Partner

EXPERIENCE

Ms. McNulty is a founding partner of HM&S. Joy joined Matson and Isom in 2004 and has extensive experience in auditing and financial reporting in a variety of industries, including special districts, school districts, charter schools, and not-for-profit organizations. She has experience in the application of the Single Audit Act, Uniform Guidance, and specializes in internal control evaluations and state compliance testing. She has 21 years of experience auditing California agencies and has managed many audits of special districts, nonprofits, community colleges, auxiliary organizations, and school districts. Joy values the relationships she has built with clients in the government and nonprofit sector and enjoys being a part of a team that helps bring success and solutions to these agencies.

CONTINUING EDUCATION

Joy focuses her continuing education in the governmental and nonprofit arenas. She attends programs offered by the CalCPA and AICPA. Joy also provides trainings to clients and our internal staff. All staff far surpass the minimum continuing education requirements for maintaining CPA licensure, including compliance with Yellow Book standards for governmental auditing.

PROFESSIONAL ACTIVITIES

California CPA #105733
Member of the American Institute of Certified Public Accountants
Member of the California Society of Certified Public Accountants
Former treasurer of Habitat for Humanity of Butte County

EDUCATION

Bachelor of Science Degree, Magna cum Laude – Accounting, California State University, Chico

TEAM PROFILE



FRANCISCO LANGARICA
Senior Associate

EXPERIENCE

Mr. Langarica joined HM&S in 2020 with prior audit experience. He enjoys working with special districts and the unique challenges they face. He has assisted with numerous special districts including Richvale Irrigation District, Ramirez Water District, and Bella Vista Water District.

CONTINUING EDUCATION

Francisco focuses his continuing education in the governmental arena. He attends numerous California Society of CPAs (CalCPA) and American Institute of Certified Public Accountants (AICPA) conferences annually, including governmental accounting updates. All staff far surpass the minimum continuing education requirements for maintaining CPA licensure, including compliance with Yellow Book standards for governmental auditing.

PROFESSIONAL ACTIVITIES

Member of the California Society of Certified Public Accountants

EDUCATION

Bachelor of Science Degree - California State University, Chico



Commitment to Engagement Staffing

Each member of the engagement team has been carefully selected based upon his or her qualifications. All of the team members have previously served California special districts. Over the past years, we have developed a network of individuals, all of whom can supervise the audits effectively. This provides extra assurance of continuity.

Our audit team attends continuing education courses in governmental accounting and auditing as required by the *Government Auditing Standards*, issued by the Comptroller General of the United States. We are uniquely positioned in the public accounting arena with the competitive fees of a local firm yet with the expertise of a national firm, given the background of our partners and key staff. This position allows us to provide experienced staff at a competitive price.

Rotation of Auditors – California Government Code, Section 12410.6(B)

Our size allows for a rotation of auditors periodically so that the audits are continually evaluated by accountants with fresh and skeptical eyes. HM&S's governmental auditing team includes two partners with extensive experience auditing governmental entities. This provides for the rotation of auditors in accordance with *California Government Code, Section 12410.6(b)*, whereby the lead audit partner having primary responsibility for the audits can be rotated within our firm at least once every six years.



SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

At HM&S, we strive to build long-term relationships with our clients. This continuity is extremely valuable to organizations that have volunteer boards whose tenure is subject to turnover. The continued growth of our team's governmental and non-profit audit and consultation practice can be attributed to our commitment to the agencies that we serve and to the reputation that we have earned in the governmental and non-profit arena. Listed below are selected agencies which we currently serve, and have served, and the related data.

SELECT WATER DISTRICT CLIENTS

FOR GENERAL FINANCIAL STATEMENT AUDITS AND STATE CONTROLLER'S REPORT (ranked on the basis of staff hours, largest of 125 to smallest of 50)

Bella Vista Water District
Last Year Audited: June 30, 2024
Ms. Christy Sartori
Office Manager
11368 E. Stillwater Way
Redding, CA 96003
530.241-1085 x107

Orland Unit Water Users' Association (Non-profit)
Last Year Audited: December 31, 2023
Ms. Stacey Leach
Office Manager
828 8th Street
Orland, CA 95963
530.865.4126

Western Canal Water District
Last Year Audited: December 31, 2023
Ms. Rochelle Ravert
Finance Manager
P.O. Box 190
Richvale, CA 95974
530.342.5083

Richvale Irrigation District
Last Year Audited: December 31, 2023
Mr. Sean Earley
General Manager
1193 W Richvale Hwy
Richvale, CA 95974
530.882.4243



SPECIFIC AUDIT APPROACH

HM&S is highly qualified to serve the District in carrying out its audit responsibilities. We have the flexibility for prompt, responsive service; we have depth of expertise and experience in all areas of auditing; and we are located in the close proximity of the District, which enables us to provide year-round service capability with our local professional staff.

The professional staff of HM&S has served as auditors for governmental agencies for generations. HM&S staff has also provided consulting services to governmental agencies, which has resulted in an in-depth understanding of their activities, and the environment in which they operate. Our staff is experienced in meeting important deadlines and strives to provide the highest quality product in a timely manner.

Audit Work to Be Completed

The audits will be conducted in accordance with generally accepted accounting standards as set forth by the *American Institute of Certified Public Accountants; Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's *Minimum Audit Requirements for California Special Districts*. Should the District require a Single Audit in the future, we are experts on the requirements of the Single Audit Act, as amended, and the requirements of Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

We will express an opinion on the fair presentation of the District's general purpose financial statements in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and state regulations governing special districts. We will issue all items listed in Part II.D. of the District's request for proposal.

Unique Audit Tools

Our firm uses a secure portal to simplify the document request process. Some of the key features are:

- **Summary Dashboard:** The summary dashboard displays each audit section ie: cash, accounts receivable, etc., with the number of items outstanding, received, and verified using color coding. This makes it very easy to see the audit progress.
- **Digest Emails:** Receive summary emails, based on your preferred timing (daily, weekly, etc.), to see an overview of audit status, and upcoming requests and due dates.
- **Secure Portal:** Our portal is hosted by Microsoft Azure—the best platform in security. The portal uses 256-bit AES encryption for all data stored and transmitted within the portal.
- **Drag and Drop:** To upload a document to a request list item, simply drag the file and drop it onto the item you would like to attach to.
- **Add Client Users:** HM&S will invite the main audit contact to the portal, and then the main contact can add any other client users they would like to have upload information.
- **Privacy:** Documents can be set to "private." For example, a payroll document can be set to only be seen by one specific client user.
- **Organization:** All documents will be in one place; no need to search through emails to see what you have sent us.

Audit Performance

Our firm policy is to always do a thorough job with highly trained staff and a low level of assessed risk. Our audits will be of the highest quality in terms of efficiency, technical competence, reliability, and independence. Our professional standards require, and our firm quality control policies dictate, that we maintain a uniformly high standard of professionalism and independence. We understand the engagement requirements and will take a constructive approach in our auditing work. As a result of our knowledge of accounting and administrative systems, we expect to raise questions and develop constructive suggestions to improve organizational internal controls and minimize risk.

Planning and Documenting Internal Controls

An entrance conference will be held with designated representatives prior to commencement of audit work. The scope of the audits, time lines, schedule of preparation, and any concerns will be discussed. The planning part of our audit begins with obtaining an understanding of your organizational structure, accounting and data processing capabilities, key personnel, financial reporting system, and a study and evaluation of the systems of internal accounting and administrative control for all significant internal control systems. We understand that the District uses Quickbooks for financial reporting and has 5.5 FTE currently, consisting of a manager, an executive assistant, an office employee, and three water operations personnel. The Board of Directors reviews information continually to oversee operations and ensure strong governance.

We have reviewed the District's June 30, 2024, financial statements, noting the District is funded primarily through \$1.4 million in charges for services and \$300,000 in property taxes. Key expenses relate primarily to salaries and benefits, with other expenses spread through various administrative and operational categories. We also reviewed the statement of net position, noting several key areas including cash, receivables, capital assets, pension liability and related balances, and long-term debt. Each area will be assessed in accordance with the plan below. We expect that the District will provide an actuarial valuation on the pension liabilities, which will be used to draft financial statement reporting.

We will interview key personnel to gain an understanding of the flow of information in the following accounting systems:

- Cash and Investments
- Revenue and Receivables
- Expenditures, Accounts Payable, and Inventories
- Debt and Debt Service
- Payroll
- Federal and State Programs



Using flow charts and questionnaires, we will document our understanding of internal controls for those accounting systems using the guidance provided by AU-C 315, *Understanding the Entity and its Environment and Assessing the Risk of Material Misstatement*. Accordingly, we will document our understanding of each of the following internal control components:

- Control Environment
- Risk Assessment
- Information and Communication Systems
- Control Activities
- Monitoring of Controls

We will use our understanding of these five components of internal control to plan the audit and to design tests of controls and tests of compliance with laws and regulations.

From this base of information, our audit plan will also incorporate the State Controller's *Minimum Audit Requirements for California Special Districts*; and the AICPA Industry Guide, *Audits of State and Local Governments*. Based upon the results of these tests, we will then design our substantive audit steps.

Our integrated audit programs are then developed using the statistical sampling approaches dictated by the uniqueness of your accounting system to allow us to test the recorded transactions both efficiently and effectively. Our audit approach encompasses the philosophy that auditing should be viewed as a factor contributing to better business and administrative practices. We believe that audits, when properly conducted, should evaluate financial practices and identify inefficiencies and potential problem areas. Our audit programs are designed to accomplish these objectives.

District Responsibilities

Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We understand that you will provide us with all financial records and related information required for our audit and that you are responsible for the accuracy and completeness of that information. We are available year round to advise the District on general finance and accounting issues during the course of the contract.

Your employees will be responsible for the following items:

1. All audit documentation and evidential matter requested will be pulled and assembled for the auditors by your personnel and, upon completion, refiled by them.
2. All required correspondence will be scheduled and typed by your personnel prior to our independent mailing.

Management Comments

During the audit process, which is essentially a compliance function, we are constantly on the alert for suggestions or comments that would strengthen or enhance your accounting and financial reporting systems. These suggestions and comments will be discussed with your appropriate personnel as they occur.



Exit Conference

An exit conference will be held to communicate to management any observations or recommendations, including any internal control and program compliance observations, noted during the engagement. The exit conference will be held at the conclusion of the field work. We will provide the preliminary draft of findings and recommendations, the status of prior year's findings and recommendations, material weaknesses identified as a result of the evaluation of internal control systems, and a summary of all instances of noncompliance identified, if any.

Working Papers

Working papers will be retained for eight years and will be available to regulatory agencies pursuant to authority given to them by law or regulation.



Audit Timeline

The following table illustrates the number of on-site staff members, the major audit areas, and the projected audit dates. The dates are intended to be in agreement with your requirements and can be modified if those requirements change.

Audit Schedule	Proposed Timing	Staff
<p>YEAR-END FIELDWORK Internal control understanding Permanent file information Test internal control systems Board minutes Complete account analysis: Cash Accounts receivable Prepaid expenses Inventories Capital assets Accounts payable Long-term debt and pension liabilities Advances from grantors Revenue and other Finalize analytical review Review</p>	<p>September</p>	<p>Audit Partner Audit Senior (On-site)</p>
<p>AUDIT COMPLETION PHASE Report preparation Submit draft for management review Deliver final report</p>	<p>November- December</p>	<p>Audit Partner Audit Senior (Work completed from Chico Office)</p>



Firm Dollar Cost Bid

ALL-INCLUSIVE MAXIMUM PRICE

The professional fees of HM&S are based upon the time spent on an engagement at hourly rates related to the levels of experience of the individuals assigned to the audit. We believe our rates are comparable to those of other accounting firms. However, we believe that our service approach and techniques provide a unique capability to achieve cost savings while maintaining the highest quality standards.

We seek to reward client loyalty and pass on the savings gained from the continuity of long-term relationships with our clients. The following worry-free reporting fees reflect a discount for the District's commitment to a three-year agreement. The fee stated below includes all out-of-pocket expenses. The maximum fees for services furnished in connection with the following services will not exceed the amounts specified below:

		(Optional)	(Optional)
Service	06/30/2025	06/30/2026	06/30/2027
Audit of financial statements, Report to the Board of Directors, and recommendations to management	\$ 17,200	\$ 18,100*	\$ 19,000*
Preparation of Annual Report of Financial Transactions for Special Districts	\$ 700	\$ 700	\$ 700

**While we understand that guaranteed fees are important to the District's budgeting decisions. In considering inflation uncertainty, in the event that annual inflation should exceed 5% (as measured by the U.S. Bureau of Labor Statistics 12-month—all items November reading), we reserve the option to notify the District of an inflation-adjusted contract fee prior to January 31 of the fiscal year under audit.*

RATES FOR ADDITIONAL PROFESSIONAL SERVICES

We provide a value proposition that brings a quality audit with certainty in price. In addition, HM&S provides unlimited access to the intellectual capital of our firm. This access enables you to regularly exchange ideas—by phone, email, or in meetings, at no additional cost to you. However, should such consultation require additional work or research, you would be obligated to compensate us at our standard hourly rates. We will be sure to discuss additional fees with you before performing the additional work or research. Our standard hourly rates, which are adjusted annually in January, are currently as follows:

Partner	\$315
Manager	\$230
Senior	\$215

MANNER OF PAYMENT

Payments will be made in accordance with the District's requested payment schedule as follows:

- 75% - Billed upon beginning of Field Work subsequent to the Initial Audit Opening Conference with the General Manager;
- 15% - Billed subsequent to delivery of the Draft Financial Statements and Recommendations to Management; and
- 10% - To be paid upon receipt of final paper/electronic copies of the reports, but no sooner than 30 days after acceptance of Final Statements and Recommendations to Management by the District's Board of Directors.



Report on the Firm's System of Quality Control

To the Partners of
Horton McNulty & Saeteurn, LLP
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Horton McNulty & Saeteurn, LLP (the firm) in effect for the year ended March 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, and compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Horton McNulty & Saeteurn, LLP in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Horton McNulty & Saeteurn, LLP has received a peer review rating of *pass*.

The RBH Group, LLC

June 19, 2023



MEMORANDUM

DATE: February 14, 2025

TO: Board of Directors

FROM: Chris Muehlbacher

SUBJECT: **New Business 2 – Authorize a New Master Services Agreement for Construction-Related Services from Zeis Construction and Agreement Renewals for Eddie Axner Construction and SnL Group**

Recommendation

ACTION – It is recommended that the Board authorize a new Master Services Agreement for Construction-Related Services from Zeis Construction and authorize Agreement Renewals for Eddie Axner Construction and SnL Group.

Item Explanation

This agenda item introduces a new Master Services Agreement (MSA) with Zeis Construction as well as renews MSAs with Eddie Axner Construction and SnL Group. MSAs are beneficial to the District since they establish a contractual relationship with a contractor before the need arises. In preparation of the MSA a review of the contractor's license, experience and insurance are completed.

As a result of the excellent experience with Zeis Construction for the Path of Travel project as well as assistance with a main leak repair, an MSA is being requested. It is intended that the Operators will utilize their skills for smaller projects at this time.

Additionally, renewals with Eddie Axner Construction and SnL Group are being sought. Eddie Axner Construction is a resource used for significant leak repairs since it owns a large truck-mounted vac-trailer and has a large staff. SnL Group is also an excellent resource that has been used for smaller projects and AC pavement repairs.

Fiscal Impact

There is no immediate fiscal impact. This action simply establishes a contractual relationship for future work.

Attachment(s)

- Zeis Construction MSA

MASTER SERVICES AGREEMENT

This Master Services Agreement ("Agreement") is made and entered into this 20th day of February 2025 (the "Effective Date") by and between Centerville Community Service District ("CCSD"), a California community services district located at 8930 Placer Rd, Redding, California, 96001 ("CCSD") and Zeis Construction, a California licensed contractor located at 9472 Kena Lane, Redding, California, 96003 ("Contractor"). CCSD and Contractor are collectively referred to herein as the "Parties" and sometimes individually referred to herein as a "Party."

For and in consideration of the mutual covenants and agreements contained herein, Contractor and CCSD agree as follows:

1. NATURE OF BASE AGREEMENT/STATEMENT OF WORK/DEFINITIONS

- 1.1 **Base Agreement:** This Agreement shall act as a base agreement under which the Parties can enter into multiple specific transactions by executing a Purchase Order made by CCSD, or another form previously approved or accepted by an authorized representative of CCSD. At any time and for any reason, CCSD may submit to Contractor proposed changes or additions to and/or deletions from the Work covered by any Purchase Order, and no such changes, additions or deletions shall become effective or paid for by CCSD unless via a Change Order authorized by CCSD in advance in writing. This Agreement, the individual Purchase Order(s) and any related Change Order shall form a single integrated agreement between the Parties. Any conflict or inconsistency between the terms and conditions of this Agreement, a particular Purchase Order and/or a Change Order shall be resolved in favor of the terms and conditions of the documents in the following order: this Agreement first, the Change Order second, and the Purchase Order third. The Parties agree that the sole purpose of any such Purchase Order and/or Change Order or any other instrument furnished or utilized by Contractor or CCSD in connection with the Work is limited to describing specific Work to be performed and/or provided (including the applicable rate/compensation for such Work), and any other language or provision in any such instrument that purports to expand, limit, modify, waive or otherwise define the rights or duties of the Parties shall be null and void *ab initio*, and shall not be binding on CCSD or Contractor.
- 1.2 **Acceptance of Purchase Order:** Contractor's acceptance of CCSD's Purchase Order shall be accomplished by the earlier of execution of the Purchase Order or commencement of Services or shipment of any Product specified in the Purchase Order.
- 1.3 **Definitions:** The following capitalized terms, whether in the singular or the plural or in the present or past tense, shall have the meanings set forth below whenever such terms appear in the Agreement.

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the specified Person.

"**Agreement**" means this Master Services Agreement.

"**Applicable Laws**" means all applicable laws, regulations, ordinances, and other rules of the federal, state, municipality, territory, county, local government or political subdivision thereof or any other duly constituted public authority having jurisdiction over Contractor, the CCSD Site or the activities being performed.

"**Change Order**" means a revision to a Purchase Order that is agreed to in writing according to Section I.1.

"**Claims**" means any and all liabilities, judgments, costs (including court costs, reasonable attorney's fees and costs of investigation), fines, penalties, expenses, damages, claims, causes of action, suits and demands, whether based in tort, contract, strict liability, or otherwise, and whether or not there be any basis in law or in fact.

"**Contractor Group**" means Contractor, its parent and subsidiary companies as defined by the term "Affiliate," and its and their respective Subcontractors and contractors of whatever tier and the officers, directors, employees, agents and representatives of all of the foregoing.

"**Dispute**" means any dispute arising out of or relating to this Agreement or a breach thereof.

"**Effective Date**" has the meaning ascribed to it in the first paragraph of the Agreement.

"**Facilities**" and "**Site**" are used interchangeably to mean the facilities and/or location where Work is provided by Contractor and/or its Subcontractors.

"**Hazardous Substances**" means any and all hazardous wastes, toxic substances, radioactive wastes or hazardous substances (as such terms may be defined in any statute or ordinance or regulations enacted or promulgated by any federal, state or local governmental authority of the United States).

"**IRCA**" means the Immigration Reform and Control Act.

"**OSHA**" means the U.S. Occupational Safety and Health Administration.

"**Person**" means an individual, corporation, limited liability company, partnership, joint venture, unincorporated organization or any other legal entity.

"**Representatives**" means Contractor's officers, employees, agents and Subcontractors.

"**Services**" means services to be performed by Contractor or any of its Subcontractors under this Agreement, including all materials, equipment, and personnel required to provide such services.

"**Site**" and "**Facilities**" are used interchangeably to mean the facilities and/or location where the Services are performed.

"**Subcontractors**" means any entity(ies) or person(s) hired by Contractor and necessary to perform work required to assist Contractor in performance of the Work.

"Work" shall mean Products, Services, and/or Rentals.

2. TERM

The term of this Agreement shall begin upon the Effective Date, and will continue for five (5) years, or unless otherwise terminated, as provided herein, by either Party. Purchase Orders shall be for a term or for specific Work as specified therein and shall continue in effect until completion of the Work or termination by CCSD pursuant to Sections 13.3, 13.4 and/or 13.5.

3. COMPENSATION, INVOICING AND PAYMENT

3.1 Compensation: Contractor shall receive the compensation agreed to in the applicable Purchase Order.

3.2 Invoicing: Contractor shall invoice CCSD on or before the fifteenth (15th) day of each month for Work performed by Contractor during the prior month. All invoices must: (a) be in accordance with the Rate Schedules included in Exhibit A and incorporated herein, (b) refer to the applicable Purchase Order number, and (c) shall include sufficient line item detail and supporting documents for CCSD to reasonably verify the basis of the charges, including quantities and pricing.

3.3 Payment: Payment terms are net 30 days from the date the invoice is received unless otherwise specified in the Purchase Order.

3.4 Dispute: In the event of a dispute or question regarding any invoice submitted by Contractor: (a) all amounts not disputed or in question shall be promptly paid as and when required by this section; (b) CCSD shall promptly transmit to Contractor an explanation of the dispute or question; (c) CCSD and Contractor shall immediately seek to resolve the dispute or question; and (d) payment of any remaining amount shall be made within thirty (30) days of when the dispute or question is resolved according to Section 16. During the term of the dispute, in no event shall Contractor stop or suspend the Work as long as CCSD is paying undisputed invoice amounts in accordance with this Section 3.

3.5 Return of invoice: Return of any invoice to Contractor for any reason not attributable to CCSD's fault including, without limitation, improper invoicing by Contractor, will extend the discount period (if applicable) and the payment period so that it commences on the date CCSD subsequently receives a proper invoice.

4. INDEPENDENT CONTRACTOR

This Agreement is made with the express understanding that Contractor is an independent contractor. This Agreement is a contractual relationship, and nothing contained herein shall be construed or applied to create the relationship of employer and employee or principal and agent or master and servant between CCSD and Contractor or any of Contractor's Subcontractors, their employees or other personnel. Neither Contractor, its Subcontractors nor any of their employees or other personnel are authorized to act or appear to act as agents

or representatives of CCSD, whether in performing the Work or otherwise. Any provisions of this Agreement or any Purchase Order which may appear to give CCSD the right to direct Contractor as to details of performing any Work, or to exercise a measure of control over Contractor's performance of the Work, shall be interpreted to mean that Contractor will follow the instructions of CCSD with respect to the results of the Work achieved only and not in the means whereby the Work are to be accomplished. Contractor shall have complete and authoritative control as to the details of performing the Work. All Work contemplated hereunder, however, shall meet the approval of CCSD and shall be subject to the general right of inspection. Nothing in this Agreement shall be construed or interpreted to create a partnership or joint venture between CCSD and Contractor.

5. PERFORMANCE OF WORK

- 5.1 Conditions of CCSD's property:** Contractor will make a reasonable inspection of the surface and subsurface at each Site and shall notify CCSD in writing of any hazardous or unusual conditions identified prior to commencement of any particular Work. CCSD will notify Contractor of any known surface or subsurface hazardous or unusual conditions at each Site prior to commencement of any particular Work. CCSD makes no representation as to any conditions at any CCSD Site, and Contractor agrees to rely solely on Contractor's own examination and investigation of the surface and subsurface conditions at such Sites.
- 5.2 Applicable Laws:** Contractor shall observe and abide by all Applicable Laws. **CONTRACTOR FURTHER AGREES TO INDEMNIFY, DEFEND AND HOLD CCSD HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM AN ASSERTED OR ESTABLISHED VIOLATION OF SUCH APPLICABLE LAWS BY THE CONTRACTOR AND ITS SUBCONTRACTORS.**
- 5.3 Contractor's responsibility for materials, personnel, etc.:** Contractor shall furnish all materials, labor, supplies, tools, equipment, facilities, services and transportation necessary to perform the Work. All personnel furnished by Contractor shall be duly qualified and experienced in their respective capacities. All tools and equipment provided by Contractor shall be repaired and maintained by Contractor at its cost. Contractor shall examine all equipment, machinery, tools, or other items furnished by CCSD that are employed in the Work or that would reasonably come to Contractor's attention during the course of the Work performed hereunder. If apparent defects are found therein sufficient to make the use of such items unsuitable or unsafe, Contractor shall immediately notify CCSD. All CCSD tools and equipment provided by CCSD shall be repaired and maintained by Contractor at its cost.
- 5.4 Contractor shall not encumber the Site:** Contractor shall confine its materials and equipment and the operations of its workers to the limits indicated by CCSD, and shall not unreasonably encumber the Site. Contractor shall keep stored material in good order, the Site free of rubbish and surplus material, and shall, in accordance with Applicable Laws, remove all rubbish and waste material caused by an operation under its charge.

- 5.5 Timely and workmanlike performance of Work:** Contractor shall immediately notify CCSD, in writing, of any event or circumstance that may, immediately or in the future, impede the proper and timely execution of any Work so that remedial action, as is appropriate under the circumstances, may be taken. If at any time, Contractor fails to perform the Work: (a) in the manner set forth in this Agreement and/or the applicable Purchase Order; (b) in a good and workmanlike manner and in accordance with accepted industry practices for such Work prevailing at the time and place where the Work is being furnished; or (c) at the specific times as may be subsequently agreed to, then Contractor shall, immediately upon the request of CCSD and at no additional cost to CCSD, take all necessary steps, including: (i) the replacement of defective equipment; (ii) the provision of additional equipment and/or labor; (iii) the institution of changes in method and manner of performance; and (iv) other measures as required so to perform. The request by CCSD of such measures shall be without prejudice to any other rights or remedies CCSD may have under this Agreement or at law.
- 5.6 Monitoring of Contractor's Work:** Contractor shall provide to CCSD the ability to monitor Contractor's Work under this Agreement. Contractor shall provide CCSD the right to inspect, at any reasonable time, Contractor's operations and facilities including tools, equipment, materials, services and inventory thereof. Inspections or failure to report any deficiency noted therein shall not diminish Contractor's obligations hereunder or constitute a waiver of any CCSD rights hereunder.
- 5.7 Monthly Reports:** If the Work being performed under a Purchase Order takes longer than thirty (30) days to complete, Contractor shall, upon CCSD's request, furnish written monthly reports to CCSD on or before the first day of every month concerning the status of the Work and the results of the activities of Contractor under the applicable Purchase Order(s). The form and format of said report shall be as directed by CCSD.
- 5.8 Smoke-free Site:** CCSD has banned smoking in all its buildings and vehicles. Smoking is permitted out-of-doors in designated smoking areas only. All Contractors and their Subcontractors are required to comply with this policy.

6. SUBCONTRACTORS

Contractor shall be entitled to retain Subcontractors necessary to assist Contractor in performance of the Work, upon CCSD's prior written approval. The creation of any Subcontractor relationship shall not relieve Contractor of any of its obligations under this Agreement. Contractor shall be fully responsible to CCSD for the acts and/or omissions of any Subcontractor it hires, or any subcontractor hired by its Subcontractors, as if Contractor itself had acted or failed to act. **CONTRACTOR SHALL FULLY RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OF THE SERVICES OR ANY OTHER ACTIVITIES OF SUCH SUBCONTRACTOR AND ITS SUBCONTRACTORS.**

7. SAFETY REQUIREMENTS

7.1 Compliance: In performing all Work under the Agreement, Contractor shall (i) fully

comply with all Applicable Laws pertaining to safety, health, and the environment, (ii) provide its employees with appropriate safety, health, and environmental training, (iii) provide its employees with appropriate, functioning safety equipment, (iv) ensure that its employees use the provided safety equipment at all times in a proper and safe manner, and (v) ensure that its Subcontractors comply with the requirements of this Section 7.1. Contractor represents and warrants that it has established, and shall continue to maintain, an appropriate safety and environmental program in compliance with industry standards and Applicable Law which shall include the training of personnel in operational aspects of their functions and the establishment of a program to instill in each individual at the Site a conscious desire to conduct safe and pollution-free operations. Contractor warrants that each of its employees and other personnel brought to the Site have received or shall receive immediately upon arrival sufficient training to be able to utilize and operate properly all safety equipment at the Site. Contractor also warrants that it has trained all of its employees and other personnel brought to the Site to perform their assigned work in a safe and competent manner. When Contractor's employees and other personnel report to the Site, they shall immediately familiarize themselves with any posted safety and environmental rules of CCSD, emergency procedures and other safety and environmental requirements. Should Contractor engage any Subcontractor to perform Work at any Site, Contractor warrants that the Subcontractor has complied or shall comply immediately upon arrival with the safety and environmental requirements set forth in the Agreement.

7.2 Safety Requirements: Contractor represents and warrants that it has fully read the Minimum Contractor Safety Requirements and fully understands them. If at any time during the term of this Agreement CCSD changes or modifies the Minimum Contractor Safety Requirements, CCSD may insist that Contractor execute the revised Minimum Contractor Safety Requirements for the continuation by Contractor of the Work. If Contractor refuses to execute such revised Minimum Contractor Safety Requirements, then CCSD may treat Contractor as if it has failed to comply with the Minimum Contractor Safety Requirements and CCSD shall have the right to immediately terminate this Agreement and/or any outstanding Work for cause upon notice to Contractor. **CONTRACTOR SHALL FULLY RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM CONTRACTOR'S (AND ITS SUBCONTRACTORS') BREACHES OF CCSD'S MINIMUM CONTRACTOR SAFETY REQUIREMENTS.**

7.3 Substance Abuse Testing and Background Testing Requirements: Contractor represents and warrants that it has established, and shall continue to maintain, a substance abuse and testing policy in compliance with industry standards and Applicable Law. CCSD shall have the right to immediately terminate this Agreement and/or any outstanding Work for cause in the event CCSD determines, in its sole discretion that Contractor's substance abuse and testing policy is not in compliance with industry standards and Applicable Law. Contractor agrees further that any of Contractor employees or any other staff assigned by Contractor to provide Services at a CCSD Site shall be subject to a background check to be conducted by and at the expense of Contractor, the results of which must confirm, prior to placement, previous

education and work experience as well as an absence of prior criminal convictions.

7.4 Prohibited Articles: Contractor and any of its employees or other personnel brought to the Site or any CCSD location shall not possess or bring onto the Site or any CCSD location any illegal drugs, prescription drugs for which the individual has no prescription, legal drugs in excessive amounts, drug paraphernalia, alcoholic beverages, firearms and other weapons, contraband, or stolen property. If any of the above articles are brought onto the Site or any CCSD location, the individual possessing the prohibited articles will be ordered off the premises and may not, in CCSD's sole discretion, be permitted to re-enter. CCSD's personnel may conduct inspections and searches of any individual or property on the Site or any CCSD location without prior announcement at such times and at such locations as CCSD considers appropriate. Contractor shall inform its employees, Subcontractors and other personnel of the provisions of this Section 7.6 to ensure compliance. If, in CCSD's sole judgment it is desirable, the Contractor at CCSD's request shall remove any of Contractor's employees, Subcontractors or other personnel from the Work and/or CCSD's Site. **CCSD SHALL HAVE NO LIABILITY TO CONTRACTOR AND CONTRACTOR AGREES, WITHOUT LIMIT AND AT ITS OWN COST, TO RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD HARMLESS FOR, FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM ANY SUCH REMOVAL.**

7.5 Occurrence of damage or injury: Contractor shall orally report to CCSD, as soon as possible, followed by an appropriate written report within 48 hours of the event, all accidents or occurrences resulting in death or injuries to any person, or damage to property of CCSD, Contractor or third parties, arising out of or during the course of Work to be performed hereunder. Contractor shall furnish CCSD with a copy of all documents and reports prepared by Contractor and submitted to Contractor's management, insurer, governmental authorities or any other party regarding such accidents and occurrences.

8. INDEMNITY AND LIMITATION OF LIABILITY

8.1 Indemnification for Bodily Injury, Illness or Death: **CONTRACTOR SHALL FULLY RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD, ITS BOARD, MANAGERS, EMPLOYEES, ETC., HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF, RELATING TO, OR CONNECTED WITH THIS AGREEMENT OR THE PERFORMANCE THEREOF AND BROUGHT BY OR ON BEHALF OF ANY MEMBER OF CONTRACTOR ALLEGING BODILY INJURY, PERSONAL INJURY, ILLNESS, OR DEATH OF ANY MEMBER OF CONTRACTOR OR THEIR INVITEES.**

8.2 Indemnification for Property Damage: **CONTRACTOR SHALL FULLY RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD, ITS BOARD, MANAGERS, EMPLOYEES, ETC., HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF, RELATING TO, OR CONNECTED WITH THIS AGREEMENT OR THE PERFORMANCE THEREOF AND BROUGHT BY OR ON BEHALF OF ANY MEMBER OF CONTRACTOR**

GROUP ALLEGING DAMAGE TO, LOSS OF, OR LOSS OF USE OF ANY PROPERTY OF ANY MEMBER OF ANY MEMBER OF CONTRACTOR GROUP OR THEIR INVITEES.

- 8.3 Pollution: NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, CONTRACTOR SHALL FULLY RELEASE, DEFEND, INDEMNIFY AND HOLD CCSD, ITS BOARD, MANAGERS, EMPLOYEES, ETC., HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS ARISING OUT OF, RELATING TO, OR CONNECTED WITH THIS AGREEMENT OR THE PERFORMANCE THEREOF FOR POLLUTION OR CONTAMINATION (INCLUDING CONTROL AND REMOVAL THEREOF) WHICH ORIGINATES OR EMANATES FROM ANY CONTRACTOR GROUP PROPERTY OR ANY OTHER PROPERTY WHICH IS IN THE POSSESSION, CARE, CUSTODY, OR CONTROL OF CONTRACTOR GROUP.**
- 8.4 Third-party Claims: With regard to the Claims of third parties for injury to, illness or death of any person or loss of or damage to any third party property, arising out of or resulting from the performance or nonperformance of this Agreement or the Work, EACH PARTY SHALL, AT ITS OWN COST, FULLY INDEMNIFY, DEFEND AND HOLD THE OTHER PARTY'S INDEMNIFIED HARMLESS FOR, FROM AND AGAINST ALL SUCH THIRD PARTY CLAIMS TO THE EXTENT OF THE NEGLIGENCE OR LIABILITY WITHOUT FAULT OF THAT PARTY OR ITS AFFILIATES, OR ANY OF THEIR RESPECTIVE EMPLOYEES OR AGENTS, OR IN THE CASE OF THE CONTRACTOR, ITS SUBCONTRACTORS.**
- 8.5 Compliance with Applicable Laws: The indemnities in this Agreement are limited to the extent necessary to comply with all Applicable Laws and each indemnity provision is deemed to be amended so as to comply with Applicable Laws but shall be interpreted to give the fullest effect not inconsistent with Applicable Laws.**

9. INSURANCE

During the performance of the Work under this Agreement and/or any Purchase Order, Contractor, at its sole cost and expense, shall obtain and maintain, and shall require its agents, representatives, contractors and Subcontractors performing any portion of the Work to procure and maintain insurance coverage at the minimum coverages, levels, limits and conditions set forth below. Liability of Contractor under this Agreement, including the indemnity and hold harmless provisions of this Agreement, or otherwise at law, shall not be limited to or by the insurance Contractor is required to provide as set forth below.

Contractor will file with CCSD before beginning work, certificates of insurance and policy endorsements satisfactory to CCSD evidencing the following:

General liability for the entire Project of not less than \$1,000,000 per occurrence for bodily injury (\$2,000,000 general and products-completed operations aggregate (if used)), personal

injury and property damage. The general liability coverage will include as additional insureds CCSD's directors, officers, employees, and authorized volunteers.

Auto liability of at least \$1,000,000 for bodily injury and property damage each accident.

Workers' compensation of not less than the statutory limits and employer's liability coverage of not less than \$1,000,000. Contractor will maintain insurance against liability for workers' compensation or will undertake self-insurance in accordance with State mandated requirements for the duration of the work covered by this Agreement.

10. COMPLIANCE WITH SPECIFIC APPLICABLE LAWS

While Contractor has the general duty under Section 5.2 to comply with all Applicable Laws, Contractor represents and warrants that it will fully comply, and it will cause its Subcontractors to fully comply, with all Applicable Laws, including but not limited to the following specific Applicable Laws:

10.1 Employment-related Laws: Contractor shall comply with (a) all laws pertaining to the employment and/or separation from employment of Contractor's employees, including payment of all federal, state and local taxes or contributions and making all required withholdings.; (b) all laws relating to the training, health and safety of the Contractor's employees including all regulations and standards promulgated under the Occupational Safety and Health Act of 1970, as amended; and (c) all laws relating to compliance with U.S. Department of Labor and California labor requirements relative to required treatment of and notices to employees of Contractor and its Subcontractors.

10.2 Equal Opportunity Employer:

10.2.1 CCSD. CCSD is an equal opportunity employer. CCSD will not discriminate against any contractor, vendor or customer because of race, color, creed, religion, gender, age, veteran status, disability, citizenship, national origin or any other trait protected by federal, state or local law, regulation or ordinance. The cooperation and commitment of contractors, vendors and customers is necessary to achieve effective and meaningful equal employment opportunity.

10.2.2 Contractor. As a material condition of this Agreement, Contractor expressly agrees not to discriminate against anyone in the conduct of its business with respect to race, color, creed, religion, gender, age, veteran status, disability, citizenship, national origin or any other trait protected by federal, state or local law, regulation or ordinance.

10.2.3 IRCA: Contractor certifies that its employees and the employees of its Subcontractors who perform Work under this Agreement are legally authorized to work in the United States as required by IRCA. Contractor further agrees to obtain a certification from its Subcontractors performing

Work that all of their employees are legally authorized to work in the United States as required by the RCA and that such Subcontractors comply with IRCA.

11. WARRANTIES

11.1 Warranties for Services and Products: Contractor represents and warrants that (a) the Services will be performed in a good and workmanlike manner, in accordance with all specifications for the Services set forth in this Agreement and all applicable Purchase Order(s), and in accordance with accepted industry practices prevailing at the time and place where the Services are being rendered; (b) that, if any Services require certifications or licenses, that the workers performing such Services shall be so certified and/or licensed; and (c) that the product of any Services performed under this Agreement will be free from defects in design, workmanship and materials. Contractor further represents and warrants that any Products furnished under this Agreement are free from defects in design, workmanship and materials, are in compliance with all specifications for Products set forth in this Agreement and all applicable Purchase Order(s), are not counterfeit, and that unless otherwise specified are new and have not been previously used. If prior to completion of any Work or within one (1) year following the completion of such Work (or longer if so specified in the Purchase Order) CCSD shall reasonably determine that: (x) Contractor has not performed the Services or supplied Products that are in accordance with the standards set forth in this section; or (y) Contractor has made a material error or omission in the performance of the Services or the provision of Products, then Contractor, at its own expense, shall promptly undertake and complete such corrective action as is necessary to remedy the error, omission, defect, or nonconformance. If Contractor does not complete such required corrective action within the deadline established by CCSD following receipt of written notice from CCSD that such corrective action is required, then CCSD may either perform such corrective action itself or hire one or more third parties to perform such corrective action and Contractor shall be liable to CCSD for the cost of such corrective action. No acceptance or payment by CCSD shall constitute a waiver of any of the foregoing warranties or Contractor's obligations hereunder.

11.2 Manufacturer's warranties: All manufacturer's warranties and remedies applicable to Products shall be assigned and transferred to CCSD and Contractor agrees to fully assist and cooperate with CCSD in the enforcement of such warranties; provided, however, no such warranty shall in any way relieve Contractor from its obligations to CCSD with regard to any warranty under this Section 11.

12. STOP NOTICES/MECHANIC'S LIENS

12.1 Duties and obligations: Contractor shall keep the Facilities, Site, premises of CCSD, Products and work free of all mechanic's, supplier's and materialmen's liens, claims, encumbrances and stop notices, which results from Contractor's Work. Contractor will furnish, upon request, receipts and releases with respect to Work, showing that all cost and expenses of the Work have been paid and that no third party claims, liens, or rights of liens exist by reason thereof against CCSD or its property. In the event that any lien,

encumbrance or stop notice is made or filed against the Facilities, Site, premises of CCSD, Products or work related to Contractor's provision of the Work, which does not result from CCSD's failure to pay Contractor, Contractor shall immediately pay and discharge such lien, encumbrance or stop notice or provide CCSD with a bond over such claim in an amount sufficient to fully discharge such lien, encumbrance or stop notice and pay any and all costs, expenses and fees (including a reasonable attorney's fee) which may be incurred by CCSD.

12.2 Indemnity: Final payment to Contractor shall not relieve Contractor of its obligation to discharge and release any lien filed before or after Contractor is paid for the Work and **CONTRACTOR AGREES THAT IT IS STRICTLY LIABLE FOR AND SHALL, WITHOUT LIMIT AND AT ITS OWN COST, FULLY INDEMNIFY, DEFEND AND HOLD CCSD, ITS BOARD, MANAGERS, EMPLOYEES, ETC., HARMLESS FOR, FROM AND AGAINST ALL CLAIMS FOR LIENS OR DAMAGES RESULTING FROM THE FILING, PROSECUTION OR EXECUTION OF SUCH LIENS ARISING OUT OF OR RELATED TO THE PERFORMANCE OF THE WORK.**

12.3 Notice: Contractor shall immediately provide written notice to CCSD of any and all notices of lien or notices of intent to file a lien that it may receive from any materialmen, mechanic or supplier in relation to the provision of the Work at or upon the Facilities, Site or premises of CCSD. Contractor agrees to provide CCSD with any and all relevant information and documentation related to any such notice of lien or notice of intent to file lien.

13. DEFAULTS, REMEDIES AND TERMINATION

13.1 Events of Default: Each of the following shall constitute an Event of Default under this Agreement:

13.2 Material Breach. Either CCSD or Contractor shall fail in any material respect to comply with, observe, or perform, or shall default in any material respect in the performance of, the terms and conditions of this Agreement.

13.3 Material Misrepresentation. Any representation made by either CCSD or Contractor hereunder shall be false or incorrect in any material respect when made, or is false in any material respect at any point in time if the representation is one to which Contractor has a continuing duty to make.

13.4 Bankruptcy. If Contractor shall: (a) apply for or consent to the appointment of a trustee, receiver, liquidator, custodian, or the like for itself or its properties, or same is sought without Contractor's consent in any case or proceeding; (b) be unable, or admit in writing the inability, to pay its debts as they mature, or liquidation, reorganization of its debts, dissolution, or winding-up, or the composition or readjustment of its debts, is sought without Contractor's consent in any case or proceeding; (c) make a general assignment for the benefit of its creditors; (d) commence a voluntary case, or have an involuntary case commenced against it, under the chapter of the Bankruptcy Reform

Act of 1978 or other applicable legal requirement, or file a petition, answer, or consent seeking reorganization; or (e) take any action for the purpose of effecting, or acquiescing in or to, any of the foregoing.

13.5 Remedies for Default: Except to the extent more limited rights are provided elsewhere in this Agreement, if an Event of Default occurs as defined in Section 13.1, the non-defaulting Party shall provide the defaulting Party with notice of the Event of Default. Following receipt of a notice of an Event of Default, the defaulting Party shall have ten (10) days to cure such Event of Default after receipt of notice thereof from the other Party, provided that if such failure is not capable of being cured within such ten (10) day period with the exercise of reasonable diligence, then such cure period shall be extended for an additional reasonable period of time, not to exceed thirty (30) days, so long as the defaulting Party is exercising reasonable diligence to cure such failure.

13.6 Termination: Either Party shall have the right to immediately terminate this Agreement for an Event of Default as defined in Section 13.1.3. If the required notice under Section 13.2 was given for an Event of Default as defined in Section 13.1.1 or 13.1.2 and the Event of Default is not cured by the expiration of the corresponding period for cure provided above, the Party not in default, by notice in writing to the defaulting Party, may, in addition to any other rights and remedies available to it under this Agreement, terminate this Agreement and/or any Purchase Order upon at least thirty (30) days prior written notice to the defaulting Party. Upon termination or expiration of this Agreement, Contractor shall render a final invoice to CCSD reflecting all outstanding fees and any outstanding reimbursable expenses incurred prior to termination or expiration. Upon termination of this Agreement and/or any Purchase Order, all rights and obligations hereunder shall terminate, and neither Party shall have any further obligation or liability hereunder to the other Party, except for liabilities that are incurred prior to or upon termination and any other rights, obligations, or liabilities that which, by their nature, are intended to survive termination of the Agreement and/or any Purchase Order.

13.7 Termination of Agreement for Convenience of CCSD: CCSD may terminate the Agreement, or any part thereof, at any time and from time to time, for its sole convenience by giving to Contractor, in any manner prescribed in the Agreement for the giving of notices, prior written notice to such effect, stating that it is a notice of termination pursuant to the section entitled "Termination for convenience of CCSD" and stating the portion or portions (which may include the entire Agreement) so terminated. In the event of any such termination, Contractor shall immediately stop all Work within the allotted time and, unless notified by CCSD to the contrary, shall immediately cancel orders and commitments to its suppliers and Subcontractors, and cause all of its suppliers or Subcontractors to cease all work related to the Agreement. In the event of such termination for convenience, CCSD shall pay Contractor as a termination charge that portion of the contract price (or, if there is no contract price, that portion of the total consideration specified in the Agreement) equal to the portion of the Work completed to CCSD's satisfaction prior to such termination, together with Contractor's actual, reasonable, verifiable direct costs, if any, incurred in closing-out such Work, less any payments made prior to such termination. Contractor shall not be

paid for any Work performed after receipt of any such notice of termination relating to such Work, nor for any costs incurred by Contractor's suppliers or Subcontractors that Contractor could reasonably have avoided. Contractor shall have no further claim against CCSD on account of such termination.

13.8 Termination of Purchase Order for Convenience of CCSD: CCSD may terminate any Purchase Order, or any part thereof, at any time and from time to time, for its sole convenience by giving to Contractor, in any manner prescribed in the Agreement for the giving of notices, prior written notice to such effect. In the event of any such termination, Contractor shall immediately stop all Work pertaining to the applicable Purchase Order within the allotted time and, unless notified by CCSD to the contrary, shall immediately cancel all applicable orders and commitments to its suppliers and Subcontractors, and cause all of its suppliers or Subcontractors to cease all work related to the Purchase Order. In the event of such termination for convenience, CCSD shall pay Contractor as a termination charge that portion of the Purchase Order price (or, if there is no Purchase Order price, that portion of the total consideration specified in the Purchase Order) equal to the portion of the Work completed to CCSD's satisfaction prior to such termination, together with Contractor's actual, reasonable, verifiable direct costs, if any, incurred in closing-out such Work, less any payments made prior to such termination. Contractor shall not be paid for any Work performed after receipt of any such notice of termination relating to such Work, nor for any costs incurred by Contractor's suppliers or Subcontractors that Contractor could reasonably have avoided. Contractor shall have no further claim against CCSD on account of such termination.

14. FORCE MAJEURE

14.1 Force Majeure: In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than to make payments then or thereafter due hereunder, it is agreed that on such Party giving notice and full particulars of such Force Majeure in writing to the other Party as soon as possible after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable and diligent dispatch by the Party claiming such in order to put itself in a position to carry out its obligations under this Agreement. The term "Force Majeure" shall mean any causes, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension and which by the exercise of due diligence such Party could not have prevented, including any act of God, any act or omission of any government authority, explosions, fire, riot, war, and in CCSD's case, its need for the Work being reduced. Specifically excluded from the definition of Force Majeure is: (a) any labor strike, labor dispute, work stoppages, boycotts, walkouts and other labor difficulties or shortages resulting therefrom; (b) the inability to obtain labor, equipment or other materials or supplies for the Work; (c) changes in market conditions; (d) failure to timely apply for permits or approvals; or (e) any act or event to the extent resulting from the fault or negligence of any person claiming Force Majeure, or the financial inability of any person to perform its obligations under this Agreement.

14.2 No Damages for Delay: In no event shall CCSD be liable to Contractor for any damages or increased compensation of any kind for any delay or disruption to Contractor's performance of Work regardless of whether such delay is caused by CCSD, or by other parties under CCSD's control, or by Force Majeure, or by any other cause.

15. NOTICES

Any notice provided for in this Agreement shall be sent to the address of either party as indicated above. Any notice or correspondence provided for in this Agreement shall be duly given if delivered by: (a) hand; (b) registered or certified mail, return receipt requested, postage pre-paid; or (c) facsimile to the Party for which it is intended. The Parties may change their respective addresses hereunder upon reasonable advance notice to the other. Any notice, consent, endorsement, election, certification, report, request, demand, tender, authorization, or approval given by: (i) hand delivery or registered mail shall be deemed given at the time of delivery, and (ii) facsimile transmission shall be deemed to be given at the time transmission has been confirmed; provided, however, that where the time of transmission falls outside the normal business hours of the recipient, delivery shall be deemed to be given at 0900 hours (recipient's local time) on the next business day at the location of receipt.

16. DISPUTE RESOLUTION PROCEDURES

The Parties shall endeavor to resolve amicably any Dispute in the ordinary course of business between the Parties' representatives. If the Party's representatives are unable to resolve the Dispute in the ordinary course of business, then either Party may initiate litigation. Pending resolution of any Dispute, under this Section 16, Contractor and CCSD shall proceed with the performance of its undisputed obligations consistent with its respective position in the Dispute, including but not limited to payment of undisputed amounts.

17. CUMULATIVE, BUT EXCLUSIVE REMEDIES

The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any Party shall not preclude or waive its right to use any or all other remedies provided for in this Agreement.

18. GOVERNING LAW, JURISDICTION, AND VENUE

This Agreement shall be governed and construed in accordance with the laws of the State of California, and any and all disputes hereunder shall be resolved in accordance with the laws of the State of California, except for any such law that would direct the application of the law of a different jurisdiction. The Parties consent to personal jurisdiction in any action brought in any court, federal or state, within Shasta County, California, having personal and subject matter jurisdiction arising under this Agreement and with respect to any such claim the Parties irrevocably waive, to the fullest extent permitted by law, any claim, or any objection they may now or hereafter have, that venue is not proper with respect to any such suit, action, or proceeding brought in such a court in Shasta County, California, including any claim that

such suit, action, or proceeding brought in such court has been brought in an inconvenient forum and any claim that a Party is not subject to personal jurisdiction or service of process in such Shasta County forum.

19. SEVERABILITY

If any provision of this Agreement is held to be illegal, invalid, or unenforceable and such invalidity or unenforceability does not have a material and substantial negative impact on the rights, duties and obligations of either Party hereto: (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore: (i) in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and as may be legal, valid, and enforceable; and (ii) such illegality, invalidity or unenforceability shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement nor the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

20. NON-WAIVER

No waiver by either Party of the performance of any provision, condition or requirement of this Agreement shall be deemed to be a waiver of, or in any manner release the other Party from, performance of any other provision, condition or requirement of this Agreement; nor shall it be deemed to be a waiver of, or in any manner release the other Party from future performance of the same provision, condition, or requirement; nor shall any delay or omission of a Party in exercising any right hereunder in any manner impair the exercise of any such right or any like right accruing to it thereafter. No waiver shall be effective unless made in writing and signed by the Party to be charged with such waiver.

21. AUTHORITY

Contractor represents and warrants to CCSD that it has the power, authority and right to enter into this Agreement and to carry out and perform the terms hereof.

22. ASSIGNMENT

Contractor shall not assign this Agreement or any of Contractor's rights or obligations under this Agreement without the prior written approval of CCSD. Subject to the foregoing, this Agreement and the covenants, obligations, undertakings, rights and benefits set forth herein shall be binding on and inure to the benefit of the Parties and their respective successors and assigns.

23. REQUIRED CONSENTS

Contractor will not reveal any information concerning details of this Agreement to the press or a news-disseminating agency without the other Party's prior written approval. No

photographs are to be taken without prior written approval by an authorized representative of the other Party.

24. RULES OF CONSTRUCTION

In construing this Agreement, no consideration shall be given to the fact or presumption that one Party had a greater or lesser hand in drafting this Agreement

25. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties in relation to the Work and supersedes all prior agreements, understandings and commitments, whether oral or in writing, between the Parties. This Agreement may not be amended or modified in any manner except by a written document signed by authorized representatives of both Parties.

26. COUNTERPARTS

This Agreement may be executed and delivered in one or more counterparts, each of which when executed and delivered shall be an original, and all of which when executed shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or by electronic image scan transmission in .pdf format shall constitute effective execution and delivery of this Agreement.

IN WITNESS WHEREOF, by execution of this Agreement in the space provided below, the Parties acknowledge and agree with the foregoing terms and conditions as of the Effective Date first written above.

Accepted and Agreed to:

CCSD

Contractor

Contractor's License No. 1074777

Zeis Construction

By: _____
Chris Muehlbacher

By: Zack Zeis

Title: District Manager

Title: President

Zack Zeis

**EXHIBIT A - MASTER SERVICES AGREEMENT
RATE SCHEDULE**

The parties agree that the following described price lists, rate schedules and/or Services descriptions are agreed to qualify as “Rate Schedules” under the Agreement to which this Exhibit A is affixed and that same were attached and approved at the time of the execution of the Agreement:

Description	No. of Pages
Zeis Construction - Fee Schedule	1

The Parties have initialed each page of the above Rate Schedules for identification purposes.

Unless otherwise agreed by the parties, the above described and attached Rate Schedules shall be applicable to any Purchase Orders placed by CCSD under the Agreement and accepted by Contractor until new Rate Schedules are mutually agreed to by the Parties, regardless of any effective dates, expiration dates or other date limitations set forth in the Rate Schedules.

Parties initials:

CCSD

Zack Zeis

Contractor



RATE SHEET

QUOTE TO:
 Chris Muehlbacher
 Centerville CSD - Rate Sheet
 8930 Placer Rd.
 Redding, CA 96001

DATE: February 3rd, 2025
MAILING: Zeis Construction
 9472 Kena Lane,
 Redding, CA 96003
DIR NUMBER: 1000870037
LICENSE NUMBER: 1074777
LICENSE TYPE: A - General Engineering
 Contractor

ITEM	LABOR / EQUIPMENT RATES	RATE / HR
NON-PREVAILING WAGE FACTOR (1-8)		
1	EXCAVATOR - CAT 306: • 15,766 Pound Excavator w/ Operator	\$155.00
2	EXCAVATOR - KOBELCO SK35SR: • 8,500 Pound Excavator w/ Operator.	\$145.00
3	TRACTOR LOADER - CASE 570N EP: • 11,134 Pound Tractor Loader w/ Operator.	\$150.00
4	LABORER W/ WORK TRUCK: • Laborer w/ Work Truck Equipped w/ Tools.	\$90.00
5	LABORER W/ WORK TRUCK & DUMP TRAILER: • Laborer w/ Work Truck and Dump Trailer	\$100.00
6	LABORER W/ WORK TRUCK & WATER WAGON TRAILER: • Laborer w/ Work Truck and 500 Gallon Water Wagon Trailer	\$100.00
7	LABORER: • Laborer	\$50.00
8	PARTS & MATERIAL MARKUP: • Mark up on Required Parts and Material to Perform Job, if not provided.	20%
PREVAILING WAGE FACTOR (PW1-PW8)		
PW1	EXCAVATOR - CAT 306: • 15,766 Pound Excavator w/ Operator	\$215.00
PW2	EXCAVATOR - KOBELCO SK35SR: • 8,500 Pound Excavator w/ Operator.	\$205.00
PW3	TRACTOR LOADER - CASE 570N EP: • 11,134 Pound Tractor Loader w/ Operator.	\$210.00
PW3	LABORER W/ WORK TRUCK: • Laborer w/ Work Truck Equipped w/ Tools.	\$130.00
PW5	LABORER W/ WORK TRUCK & DUMP TRAILER: • Laborer w/ Work Truck and Dump Trailer	\$140.00
PW6	LABORER W/ WORK TRUCK & WATER WAGON TRAILER: • Laborer w/ Work Truck and 500 Gallon Water Wagon Trailer	\$140.00
PW7	LABORER: • Laborer	\$90.00
PW8	PARTS & MATERIAL MARKUP: • Mark up on Required Parts and Material to Perform Job, if not provided.	20%



QUOTE TO:
 Chris Muehlbacher
 Centerville CSD - Rate Sheet
 8930 Placer Rd.
 Redding, CA 96001

DATE: February 3rd, 2025
MAILING: Zeis Construction
 9472 Kena Lane,
 Redding, CA 96003

DIR NUMBER: 1000870037
LICENSE NUMBER: 1074777
LICENSE TYPE: A - General Engineering Contractor

ITEM	LABOR / EQUIPMENT RATES	RATE / HR
PREVAILING WAGE OVERTIME FACTOR (OT1-OT8)		
OT1	EXCAVATOR - CAT 306: • 15,766 Pound Excavator w/ Operator	\$255.00
OT2	EXCAVATOR - KOBELCO SK35SR: • 8,500 Pound Excavator w/ Operator	\$245.00
OT3	TRACTOR LOADER - CASE 570N EP: • 11,134 Pound Tractor Loader w/ Operator	\$250.00
OT4	LABORER W/ WORK TRUCK: • Laborer w/ Work Truck Equipped w/ Tools	\$155.00
OT5	LABORER W/ WORK TRUCK & DUMP TRAILER: • Laborer w/ Work Truck and Dump Trailer	\$165.00
OT6	LABORER W/ WORK TRUCK & WATER WAGON TRAILER: • Laborer w/ Work Truck and 500 Gallon Water Wagon Trailer	\$165.00
OT7	LABORER: • Laborer	\$115.00
OT8	PARTS & MATERIAL MARKUP: • Mark up on Required Parts and Material to Perform Job, if not provided.	20%
EMERGENCY FACTOR [HOLIDAY / WEEKEND / DOUBLE TIME / MON-FRI 6PM TO 6AM]		
E1	EXCAVATOR - CAT 306: • 15,766 Pound Excavator w/ Operator	\$295.00
E2	EXCAVATOR - KOBELCO SK35SR: • 8,500 Pound Excavator w/ Operator	\$285.00
E3	TRACTOR LOADER - CASE 570N EP: • 11,134 Pound Tractor Loader w/ Operator	\$290.00
E4	LABORER W/ WORK TRUCK: • Laborer w/ Work Truck Equipped w/ Tools	\$180.00
E5	LABORER W/ WORK TRUCK & DUMP TRAILER: • Laborer w/ Work Truck and Dump Trailer	\$190.00
E6	LABORER W/ WORK TRUCK & WATER WAGON TRAILER: • Laborer w/ Work Truck and 500 Gallon Water Wagon Trailer	\$190.00
E7	LABORER: • Laborer	\$140.00
E8	PARTS & MATERIAL MARKUP: • Mark up on Required Parts and Material to Perform Job, if not provided.	20%

Obsidian Specialty Insurance Company

1330 Avenue of the Americas, Suite 23A • New York, NY 10019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OBSIDIAN SPECIALTY INSURANCE COMPANY

COMMERCIAL GENERAL LIABILITY POLICY

ADDITIONAL INSURED-OWNERS, LESSEES OR CONTRACTORS

SCHEDULED PERSON OR ORGANIZATION INCLUDING WAIVER OF SUBROGATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

Name of Additional Insured:

As required by a legally enforceable written agreement entered into prior to commencement of the Named Insured's work.

Designated Project/Location to which this endorsement applies:

All Projects and Locations

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. **Section III - Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations performed during the policy period for the additional insured(s) at the location(s) designated above.

B. This insurance does not apply to "bodily injury" or "property damage" that takes place after, and the Additional Insured's status as an additional insured terminates, upon the earlier of when:

1. All work, including materials, parts or equipment furnished by the Named Insured in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed;
or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor engaged in performing operations for a principal as part of the same project.

C. If expressly required by a written and legally enforceable contract entered into by the Named Insured prior to commencement of work by the **Named Insured** for the **Additional Insured**, then we waive any right of subrogation we may have against an entity that is an **Additional Insured** per the terms of this endorsement because of payments we make for injury or damage arising out of "your work" performed under such written and legally enforceable contract with that **Additional Insured**.

Coverage for any additional insured is governed by the terms, conditions, and exclusions of this policy and all endorsements, including the Insuring Agreement.

The coverage provided for any additional insured is only to the extent of and in the proportion the additional Insured is held liable for the negligence or strict liability/conduct/acts of the Named Insured. No coverage is provided for liability based upon the acts, errors or omissions of the Additional Insured.

Except as set forth above, all of the terms, conditions and exclusions of this policy apply and remain in effect.

Policy No.: SCB-GL-000052711

Obsidian Specialty Insurance Company

Date: 04/25/2024

By:

Time: **12:01 a.m.**



President



Secretary

Obsidian Specialty Insurance Company

1330 Avenue of the Americas, Suite 23A • New York, NY 10019

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OBSIDIAN SPECIALTY INSURANCE COMPANY

COMMERCIAL GENERAL LIABILITY POLICY

ADDITIONAL INSURED-OWNERS, LESSEES OR CONTRACTORS

SCHEDULED PERSON ORGANIZATION ONGOING OPERATIONS ONLY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

Name of Additional Insured:

As required by a legally enforceable written agreement entered into prior to commencement of the Named Insured's work.

Designated Project/Location to which this endorsement applies:

All Projects and Locations

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. Section III - Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions; or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations performed during the policy period for the additional insured(s) at the location(s) designated above.

B. This insurance does not apply to "bodily injury" or "property damage" that takes place after, and the Additional Insured's status as an additional insured hereunder terminates, upon the earlier of:

1. All work, including materials, parts or equipment furnished by the Named Insured in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor engaged in performing operations for a principal as part of the same project.

Coverage for any additional insured is governed by the terms, conditions, and exclusions of this policy and all endorsements, including the Insuring Agreement.

The coverage provided for any additional insured is only to the extent of and in the proportion the additional Insured is held liable for the negligence or strict liability/conduct/acts of the Named Insured. No coverage is provided for liability based upon the acts, errors or omissions of the Additional Insured.

Except as set forth above, all of the terms, conditions and exclusions of this policy apply and remain in effect.

Policy No.: SCB-GL-000052711

Obsidian Specialty Insurance Company


Date: 04/25/2024

By:

Time: 12:01 a.m.



President



Secretary

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT - BLANKET

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. (This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us).

The additional premium for this endorsement shall be **2 %** of the total California Workers' Compensation premium otherwise due.

Schedule

Person or Organization	Job Description
<p>ANY PERSON OR ORGANIZATION FOR WHOM THE NAMED INSURED IS REQUIRED UNDER WRITTEN CONTRACT TO FURNISH THIS WAIVER.</p>	<p>CALIFORNIA OPERATIONS ONLY.</p>

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated. (The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective **05/13/2024** Policy No. **WSA 5077772 00** Endorsement No.

Insured **ZEIS, ZACHARY DAVID (INDV)** Premium \$ **INCL.**

Insurance Company **INSURANCE COMPANY OF THE WEST**

Countersigned By _____



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/26/2024

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

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

PRODUCER Thomas Storer(952633X) 3681 Eureka Way Redding CA 96001-0177		CONTACT NAME: PHONE (A/C, NO, EXT): 530-223-2195 FAX (A/C, NO): 530-768-2233 E-MAIL ADDRESS: tstor@farmersagent.com															
INSURED ZEIS, ZACHARY 9472 KENA LN REDDING CA 96003		<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: Truck Insurance Exchange</td> <td>21709</td> </tr> <tr> <td>INSURER B: Farmers Insurance Exchange</td> <td>21652</td> </tr> <tr> <td>INSURER C: Mid Century Insurance Company</td> <td>21687</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Truck Insurance Exchange	21709	INSURER B: Farmers Insurance Exchange	21652	INSURER C: Mid Century Insurance Company	21687	INSURER D:		INSURER E:		INSURER F:	
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INSURER E:																	
INSURER F:																	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDTL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE	\$
							DAMAGE TO RENTED PREMISES (Ea Occurrence)	\$
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$
							GENERAL AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$
								\$
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y	N	607044958	07/17/2024	07/17/2025	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
							BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE	\$
							AGGREGATE	\$
								\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/ EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					PER STATUTE	OTHER \$
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER CENTERVILLE CSD 8930 PLACER RD REDDING CA 96001	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: February 14, 2025
TO: Board of Directors
FROM: Chris Muehlbacher
SUBJECT: **New Business 3 – Award Tank A1 Improvements Required for the Tank Coating Program to Zeis Construction**

Recommendation

ACTION – It is recommended that the Board award this project to Zeis Construction.

Item Explanation

Centerville is in its fourth year of a 10-year Tank Coating Program with Superior Tank Solutions. Based upon the schedule, Tank A1 will receive OSHA improvements and coating improvements in April 2024. In preparation for this effort, site improvements are needed at the Tank A1 site to permit temporary water supplies for this zone. These services include building a pad for the five District-owned temporary tanks, delivering and installing the tanks, constructing the manifold piping to the tanks, and constructing a new fire hydrant. The contractor will provide all labor necessary with Centerville providing all required materials. The District received two bids as summarized below:

Company	TOTAL
Zeis Construction	\$10,400
Sunrise Construction	\$15,500

It is recommended that the construction be awarded to Zeis Construction.

Fiscal Impact

This expense is funded by the Capital Improvement Reserve. A total of \$20k has been projected for the temporary water expense. Adequate funds are available for this project.

Attachment(s)

- Zeis Construction and Sunrise Construction Proposals



EXCAVATING & PAVING

17409 Clear Creek Rd.
REDDING, CALIFORNIA 96001

GENERAL ENGINEERING CONTRACTORS

LICENSE NO. 438763

TELEPHONE (530) 246-8933

FAX (530) 246-7538

PROPOSAL & CONTRACT

To: Centerville Community Services District.

Location of Project: Middletown Park DR.

Project: Temporary Water tank installation project.

Specification: Install fire hydrant on exiting line, build level gravel pads for five temporary tanks, deliver and install tanks, build 4" PVC manifold to connect tanks to hydrant with jumper line. (ALL PLUMBING PRODUCTS, TANKS AND HYDRNT SUPPLIED BY DISTRICT)

QUOTATION EXCLUDES: Bond and bond costs, permits and fees, engineering, material testing, and construction staking.

This contract may be cancelled or the prices changed if not accepted within thirty (30) days of proposal.

ITEMS OF WORK NOT SPECIFICALLY INCLUDED SHALL BE CONSIDERED EXCLUDED.

TOTAL AMOUNT OF BID: \$15,500.00

TERMS: Payment in full 30 days.

Purchaser acceptance:

SUNRISE EXCAVATING & PAVING

By: _____ By: Brandon Williams _____

Date: _____ Date 1-30-25 _____



MEMORANDUM

Date: February 14, 2025
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business 1 – Muletown Pump Station Generator Project Update**

Recommendation

INFORMATION – This memo provides a project update.

Discussion

As authorized by the Board at the January meeting, a request for a change in scope of work and budget amendment was submitted to CalOES/FEMA for approval. This change to the scope included additional site work, safety bollards and a second, smaller generator. Also included was a budget amendment request. FEMA processing may take upwards to 90 days. Below is a summary of amended project costs:

Description	Amount
Revised Project Budget	\$705,900
FEMA Funding	\$529,425
REU Funding	\$125,000
Centerville Funding	\$51,475

Attachment(s) – None



MEMORANDUM

Date: February 14, 2025
To: Board of Directors
From: Chris Muehlbacher
Subject: **Old Business 2 – Carr Fire Recovery Project Update**

Recommendation

INFORMATION – This is a project update and an agenda place holder. No additional information is currently available.

The remaining \$153k continues to be held in the District's LAIF account compounding interest.

Discussion

CalOES has completed its review and has submitted it to FEMA on June 24th for its review as an Application Closeout. No timeframe is available for their processing time. Moving forward we will receive notice once completed. Recently, CalOES provided an update that FEMA is currently addressing priority disasters nearing their completion deadline and will address this in the future.

Fiscal Impact

It is anticipated that the remaining reserve funds will be retained by the District. It has been reaffirmed by the consultant that part of the close-out process is to confirm that the projects were completed, the expenses are valid, and that there were no additional funding sources such as an insurance claim.

In summary, FEMA awarded a total of seven (7) projects totaling \$347k for the benefit of this District because of Carr Fire impacts. At present, there remains approximately \$153k in reserve which was not used in completing the approved projects and continues to compound interest.

Attachment(s) – None



MEMORANDUM

DATE: February 14, 2025
TO: Board of Directors
FROM: Chris Muehlbacher
Subject: **Old Business 3 – PLC, Radio, and Antenna Replacement Project Update**

Recommendation

INFORMATION – This item provides a project update.

Item Explanation

At present, all material submittals provided by Wagner Electric have been approved. Wagner will be providing the PLCs to PACE Engineering the week of February 17th for programming. Approximately half of all materials have been received. The radios are tentatively scheduled for delivery late April. Wagner is projecting to be onsite sometime in May or June.

Attachments – None

