SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
Post Office Box 339, Oceano, California 93475-0339
1600 Aloha, Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.us

AGENDA
BOARD OF DIRECTORS' MEETING
Oceano Community Services District,
1655 Front Street,
Oceano, California 93445

Wednesday, September 2, 2026, at 6:00 p.m.

Board Members	**Agencies**
Caren Ray Russom, Chair	City of Arroyo Grande
Kassi Dee, Vice Chair	City of Grover Beach
Linda Austin, Director	Oceano Community Services District

Alternate Board Members	
Clint Weirick, Director	City of Grover Beach
Shirly Gibson, Director	Oceano Community Services District
Jim Guthrie, Director	City of Arroyo Grande

---

1. CALL TO ORDER AND ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

This public comment period is an invitation to members of the community to present comments, thoughts or suggestions on matters not scheduled on this agenda. Comments should be limited to those matters which are within the jurisdiction of the District. The Brown Act restricts the Board from taking formal action on matters not published on the agenda. In response to your comments, the Chair or presiding Board Member may:

- Direct Staff to assist or coordinate with you.
- Direct Staff to place your issue or matter on a future Board meeting agenda.

Please adhere to the following procedures when addressing the Board:

- Comments should be limited to three (3) minutes or less.
- Your comments should be directed to the Board as a whole and not directed to individual Board members.
- Slanderous, profane or personal remarks against any Board Member, Staff or member of the audience shall not be permitted

Any writing or document pertaining to an open-session item on this agenda which is distributed to a majority of the Board after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the offices of the Oceano CSD, a member agency located at 1655 Front Street, Oceano, California. Consistent with the Americans with Disabilities Act (ADA) and California Government Code §54954.2, requests for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires modification or accommodation in order to participate at the above referenced public meeting by contacting the District Administrator or Bookkeeper/Secretary at (805) 481-6903. So that the District may address your request in a timely manner, please contact the District two business days in advance of the meeting.

5. CONSENT AGENDA:

The following routine items listed below are scheduled for consideration as a group. Each item is recommended for approval unless noted. Any member of the public who wishes to comment on any Consent Agenda item may do so at this time. Any Board Member may request that any item be withdrawn from the Consent Agenda to permit discussion or to change the recommended course of action. The Board may approve the remainder of the Consent Agenda on one motion.

5A. Approval of Warrants
5B. Approval of Meeting Minutes of August 5, 2026

6. ACTION ITEMS:

6A. PUBLIC HEARING TO CONSIDER ENTERING INTO ENERGY SERVICE CONTRACT PURSUANT TO GC 4217

Recommendation:
1. Open Hearing
2. Receive Updated Financial Analysis Summary
3. Close Hearing
4. Direct the District Administrator to Abandon the Project, or
5. Provide Other Direction

6B. 2026 AMENDMENT TO THE DISTRICT'S CONFLICT OF INTEREST CODE

Recommendation: Adopt Resolution No. 2026-474 amending the District's conflict of interest code to include the position of Business & Accounting Analyst as part of the District's biennial review.

6C. CANYON CREST REQUEST FOR ANNEXATION

Recommendation: Provide informal District support for the applicant's proposal to consolidate wastewater service from the Canyon Crest HOA to the South San Luis Obispo County Sanitation District's treatment facility via the Arroyo Grande City Sewer System.

6D. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

Recommendation: Receive and File

7. BOARD MEMBER COMMUNICATIONS

8. ADJOURNMENT

The next regularly scheduled Board Meeting is
October 7, 2026, 6:00 pm at the
Oceano Community Services District,
1655 Front St, Oceano CA 93445

WARRANT REGISTER
9/2/2026
FISCAL YEAR 2026/2027

VENDOR	BUDGET LINE ITEM	DETAIL	WARRANT NO.	ACCT	ACCT BRKDN	TOTAL
AGP VIDEO	PROFESSIONAL SERVICE	JUNE AND JULY	080526-9499	7080	1,300.00	1,300.00
AIRFLOW FILTER SERVICE	EQUIPMENT MAINTENANCE	85790; 85535	9500	8030	275.40	275.40
ALL SAFE INDUSTRIES	EQUIPMENT MAINTENANCE	19131	9501	8030	391.60	391.60
ALLIED ADMINISTRATORS	EMPLOYEE DENTAL	SEPTEMBER 2026	9502	6025	1,013.14	1,013.14
ALLTECH COMPUTERS	COMPUTER SUPPORT	MULTIPLE	9503	7082	158.31	158.31
BRENNTAG	PLANT CHEMICALS	MULTIPLE	9504	8050	23,185.15	23,185.15
CAREN RAY RUSSOM	BOARD SERVICE	AUGUST 2026	9505	7075	100.00	100.00
CHARTER COMMUNICATIONS	COMMUNICATIONS	07/29/26-08/28/26	9506	8030	334.76	334.76
COLD CANYON LANDFILL	RUBBISH	47153D100	9507	7073	394.50	394.50
COLUMBIA BANK	DISTRICT CREDIT CARD	JULY 2026	9508		5,450.75	5,450.75
COUNTY OF SLO AUDITOR	LAFCO BUDGET SHARE	2026/2027	9509	7069	17,352.75	17,352.75
CULLIGAN WATER	EQUIPMENT RENTAL	AUGUST 2026	9510	7032	301.84	301.84
ENDRESS HAUSER	EQUIPMENT MAINTENANCE	2025-390	9511	8030	309.21	309.21
ENERGY RESOUCES CORP	EQUIPMENT MAINTENANCE	3835	9512	8030	2,417.00	2,417.00
EVERYWHERE RIGHT NOW	COMPUTER SUPPORT	AUGUST 2026	9513	100	100.00	100.00
FEDEX	CHEMICAL ANALYSIS	MULTIPLE	9514	7078	73.93	73.93
FERGUSON ELECTRICAL	ELECTRICIAN	1436; 1440	9515	7062	3,825.00	3,825.00
FRANKS LOCK AND KEY	EQUIPMENT MAINTENANCE	57803	9516	8030	211.33	211.33
GSOLUTIONZ	COMMUNICATIONS	9422	9517	7014	105.63	105.63
HACH COMPANY	LAB SUPPLY'S	15091473	9518	8040	353.50	353.50
II SUPPLY	EQUIPMENT MAINTENANCE	MULTIPLE	9519	8030	1,506.17	1,506.17
JB DEWAR	FUEL	486294	9520	8020	435.44	435.44
KASSANDRA DEE	BOARD SERVICE	AUGUST 2026	9521	7075	100.00	100.00
LINDA AUSTIN	BOARD SERVICE	AUGUST 2026	9522	7075	100.00	100.00
LINDE GAS AND EQUIPMENT	RENTAL EQUIPMENT	06/20/26-078/20/26	9523	7032	54.15	54.15
MCMASTER CARR	EQUIPMENT MAINTENANCE	MULTIPLE	9524	8030	488.32	488.32
MINERS	EQUIPMENT MAINTENANCE	JULY 2026	9525	8030	868.18	868.18
MNS ENGINEERS	REDUNDANCY	CLOSE OUT	9526	20-7080	239.20	239.20
OCEANO CSD	WATER	05/18/26-07/18/26	9527	7091	263.62	263.62
PAPE MATERIAL	RENTAL EQUIPMENT	920034429	9528	7032	3,442.98	3,442.98
PHENOVA	LAB SUPPLY'S	MULTIPLE	9529	8040	1,134.27	1,134.27
PRIMO BRANDS	ADMIN BUILDING SUPPLY'S	06/25/26-07/24/26	9530	8045	220.86	220.86
QUINN CAT	RENTAL EQUIPMENT	35801401	9531	7032	3,404.35	3,404.35
ROCKWELL	EQUIPMENT MAINTENANCE	2026-444; 450	9532	8030	8,932.44	8,932.44
SANTA MARIA FAMCON	EQUIPMENT MAINTENANCE	S100186367.001	9533	8030	225.23	225.23
SITE ONE LANDSCAPE	EQUIPMENT MAINTENANCE	169147620	9534	8030	275.09	275.09
SO CAL GAS CO	UTILITY GAS	JULY 2026	9535	7092	3,617.42	3,617.42
SO COUNTY SANITARY	RUBBISH	AUGUST 2026	9536	7093	421.26	421.26
SSLOCSD	EMPLOYEE BENEFITS	JULY 2026	9537		130,703.00	130,703.00
T-MOBILE	COMMUNICATIONS	06/16/26-07/15/26	9538	7014	61.78	61.78
TROESH COLEMAN PACIFIC	EQUIPMENT MAINTENANCE	41220	9539	8030	521.87	521.87
USA BLUEBOOK	EQUIPMENT MAINTENANCE	01111655	9540	8030	1,270.91	1,270.91
VESTIS	EMPLOYEE UNIFORMS	07/27/26; 08/03/26	9541	7025	1,235.42	1,235.42
WEST COAST INDUSTRIAL SUPPLY	EQUIPMENT MAINTENANCE	95216	9542	8030	50.72	50.72
WHITE CAP LP	EQUIPMENT MAINTENANCE	MULTIPLE	9543	8030	2,539.55	2,539.55
ALLTECH COMPUTERS	COMPUTER SUPPORT	MULTIPLE	081826-9554	7082	1,230.34	1,230.34
ARDURRA	AS NEEDED SUPPORT	3699	9555	19-7077	4,052.50	4,874.25
	CONDITION ASSESSMENT	3700		26-8065	821.75	
AT&T MOBILITY	COMMUNICATIONS	07/03/26-08/02/26	9556	7013	81.48	81.48
BRENNTAG	PLANT CHEMICALS	BPI623789	9557	8050	15,170.53	15,170.53
CA SPECIAL DISTRICT ASS.	TRAINING	BOARD SECRETARY CONFERENCE	9558	7067	1,085.00	1,085.00
CAROLLO ENGINEERS INC	CONDITION ASSESSMENT	FB86369	9559	26-8065	9,213.75	9,213.75
COASTAL JANITORIAL	STRUCTURE MAINTENANCE	AUGUST 2026	9560	8060	813.75	813.75
COASTAL ROLLOFF	RUBBISH	JULY 2026	9561	7093	1,537.43	1,537.43
CONSIBIO, INC	STRUCTURE MAINTENANCE	TRUNK SEWER FLOW METER	9562	26-8065	29,830.10	29,830.10
DU ALL SAFETY	AS NEEDED SUPPORT	IIPP	9563	7077	5,535.00	5,535.00
ENERGY RESOURCES CORP	EQUIPMENT MAINTENANCE	MULTIPLE	9564	8030	22,324.84	22,324.84
ENGEL & GRAY	BIOSOLIDS COLLECTION	JULY 2026	9565	7085	14,662.91	14,662.91
FEDEX	CHEMICAL ANALYSIS	9-412-06007	9566	7078	37.17	37.17
FRANK'S LOCK AND KEY	EQUIPMENT MAINTENANCE	Q0806265	9567	8030	412.33	412.33
GSOLUTIONZ	COMMUNICATIONS	SEPTEMBER 2026	9568	7013	370.32	370.32
II SUPPLY	EQUIPMENT MAINTENANCE	MULTIPLE	9569	8030	876.88	876.88
JB DEWAR	FUEL	488134	9570	8020	101.57	101.57
JNE CONCRETE, INC	STRUCTURE MAINTENANCE	473; 474	9571	8060	22,435.00	22,435.00
MCMASTER CARR	EQUIPMENT MAINTENANCE	69491711	9572	8030	153.94	153.94
PHENOVA	LAB SUPPLY'S	CIPN26001551	9573	8040	1,981.98	1,981.98
RAIN FOR RENT	EQUIPMENT RENTAL	2304937	9574	7032	754.00	754.00
RINCON CONSULTANTS	COASTAL HAZARDS MONITORING	JULY 2026	9575	7020	4,406.75	4,406.75
SITE ONE LANDSCAPE	EQUIPMENT MAINTENANCE	169932173-001	9576	8030	1,235.42	1,235.42
VWR	LAB SUPPLY'S	8822347016	9577	8040	275.42	275.42
SUB TOTAL					**359,166.19**	**359,166.19**
GRAND TOTAL						

We hereby certify that the demands numbered serially from 080526-9499 to 081826-9577 together with the supporting evidence have been examined, and that they comply with the requirements of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT. The demands are hereby approved by motion of the SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT, together with warrants authorizing and ordering the issuance of checks numbered identically with the particular demands and warrants.

BOARD OF DIRECTORS: DATE:

Chairman

Secretary

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339, Oceano, California 93475-0339
1600 Aloha, Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

SUMMARY ACTION MINUTES
Meeting of Wednesday, August 5, 2026

---

1. CALL TO ORDER AND ROLL CALL

Chair Ray Russom called the meeting to order and recognized a quorum.

Present: Caren Ray Russom, Chair, City of Arroyo Grande
Kassi Dee, Vice Chair, City of Grover Beach
Linda Austin, Director, Oceano Community Services District

District Staff: Jeremy Ghent, District Administrator
Mychal Jones, Plant Superintendent
Wendy Stockton, District Legal Counsel
Amy Simpson, District Business & Accounting Analyst

2. PLEDGE OF ALLEGIANCE

3. AGENDA REVIEW

Action: Approved as presented.

4. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

There was no public comment.

5. CONSENT AGENDA:

5A. Approval of Warrants
5B. Approval of Meeting Minutes of July 1, 2026

There was no public comment.

Motion: Director Kassi Dee motioned to approve the Consent Agenda
Second: Director Austin
Action: Approved unanimously by voice vote.

ACTION ITEMS:

6A. AWARD FOR TRUNK SEWER CLEANING AND INSPECTION SERVICES CONTRACT WITH DOWNSTREAM SERVICES, INC.

Plant Superintendent Mychal Jones presented this item.

The Board discussed how the trunk sewer system will be cleaned and inspected, including the use of high-pressure hydro-jetting equipment and CCTV camera rovers. Staff explained that the work will cover the District's approximately 8.6 miles of trunk sewer and approximately 340 manholes, and that the resulting condition assessment will identify defects and inform future maintenance and capital improvements. The Board also confirmed that the previous inspection was completed in 2020 and commented favorably on the proposal evaluation and scoring information included in the staff report.

Motion: Director Dee motioned to authorize the District Administrator to execute an agreement with Downstream Services, Inc. for the Trunk Sewer Cleaning and Inspection Project in an amount not to exceed $253,000, including optional unit-price tasks that may be authorized by the District Administrator during the project; and authorized the District Administrator to approve contract amendments and additional services up to ten percent (10%) of the contract amount ($25,300), for a total authorized contract amount not to exceed $278,300.

Second: Director Austin

Action: Approved unanimously by roll call vote.

6B. PROFESSIONAL SERVICES AGREEMENT WITH ARDURRA GROUP, INC. FOR PROJECT MANAGEMENT SERVICES FOR THE TRUNK SEWER CLEANING AND INSPECTION PROJECT

District Administrator Jeremy Ghent presented this item. He explained that Ardurra Group, Inc. will provide project management, technical oversight, quality assurance, and engineering review of the CCTV inspection and condition-assessment data. The Board discussed the inspection frequency established in the District's Sewer System Management Plan, which calls for cleaning and inspection approximately every five years, and expressed support for the additional engineering review.

There was no public comment.

Motion: Director Austin motioned to authorize the District Administrator to execute a Professional Services Agreement with Ardurra Group, Inc. for project management services associated with the Trunk Sewer Cleaning and Inspection Project in an amount not to exceed $41,940; and authorized the District Administrator to approve contract amendments and additional services up to ten percent (10%) of the contract amount ($4,194), for a total authorized contract amount not to exceed $46,134.

Second: Director Dee

Action: Approved unanimously by roll call vote.

6C. DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT

District Administrator Jeremy Ghent presented the Administrator Report. He reported that legal review of the co-generation project contract language was complete and that updated cost estimates and a financial analysis were expected to be presented to the Board in September. Staff continued coordinating with the City of Grover Beach regarding a new connection to a District manhole at Front and Ramona Streets for the Trinity condominium development. He also reported that the District held a July 15 kickoff meeting with Carollo Engineers for the wastewater treatment plant condition assessment and that an update regarding Canyon Crest's request for service would be brought forward.

Plant Superintendent Mychal Jones presented the Plant Operations Report. There were no violations of the District's National Pollutant Discharge Elimination System (NPDES) Permit during the July 2026 reporting period, and all required regulatory analyses were within permit limitations. Staff participated in collection-system and heat-illness-prevention training and responded to several equipment alarms and callouts. Superintendent Jones explained that staff had addressed issues involving the rotary drum thickener (RDT) and thickened waste activated sludge (WAS) pump, and that a headworks bar-screen notification was a nuisance alarm associated with a programmable logic controller (PLC). The Board also commended operations staff for the landscaping improvements underway at the plant.

There was no public comment.

Action: The Board received and filed this report.

7. BOARD MEMBER COMMUNICATIONS

None.

8. ADJOURNMENT:

Chair Ray Russom adjourned the meeting at 6:20 p.m.

THESE MINUTES ARE DRAFT AND NOT OFFICIAL UNTIL APPROVED BY THE BOARD OF DIRECTORS AT A SUBSEQUENT MEETING.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339, Oceano, California 93475-0339
1600 Aloha Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

Staff Report

To: Board of Directors
From: Jeremy Ghent, District Administrator
Date: September 2, 2026

Subject: **PUBLIC HEARING TO CONSIDER ENTERING INTO ENERGY SERVICE CONTRACT PURSUANT TO GC 4217**

RECOMMENDATION:

1. Open Hearing
2. Receive Updated Financial Analysis Summary
3. Close Hearing
4. Direct the District Administrator to Abandon the Project, or
5. Provide Other Direction

BACKGROUND:

In late 2016 The South San Luis Obispo County Sanitation District (SSLOCSD) and the PG&E Sustainable Solutions Turnkey (SST) began a complimentary (Free) investigation of the existing nonfunctioning cogeneration system at the wastewater treatment plant (WWTP). The results at the time of the preliminary assessment indicated that revitalization of a cogeneration system was viable and would provide economic and environmental value to the District.

Based on the preliminary evaluation of conditions at the time (plant equipment and operations, gas production, plant electric load and existing utility tariff options), it was estimated that a properly functioning system could offset approximately 80% of the plant's electricity needs.

The PG&E (SST) and Southland Industries complimentary evaluation estimated the turnkey implementation cost for a cogeneration project at the SSLOCSD WWTP, utilizing a 190 kW cogeneration system, would be $3,110,000. In addition, they estimated that the cogeneration system would reduce electric utility cost by $183,000 per year (after the plant's Redundancy Upgrade) and natural gas cost by $38,000 per year. The estimated utility cost savings would pay for PG&E's implementation cost in approximately 14 years based on 2023 preliminary estimates.

These positive findings led to the Board appropriating $163,000 at the May 3rd, 2023 meeting, for the District and Southland Industries Inc. to fully investigate the feasibility, and complete an “Investment Grade Audit”, of utilizing a cogeneration system at the wastewater treatment plant (WWTP).

While the approval to begin the evaluation came in mid 2023, completion of the Investment Grade Audit faced an initial delay caused by the extended Redundancy Project timeline. The Redundancy Project had an extended schedule caused by the July 8, 2023 secondary clarifier structural failure. This repair work resulted in a 2 year schedule overrun while repairs were designed and implemented. The Investment Grade Audit was scoped to include post redundancy energy needs and gas production. The IGA effort was paused until post redundancy operations were established.

With the Redundancy Project completing in late July 2025, the IGA evaluation efforts were commenced. Preliminary findings of the IGA were presented to the Board on March 4th 2026, estimating a turnkey construction cost of $9,018,280 with an estimated tax reimbursement of $2,164,387 resulting in a construction cost to the District of $6,853,893. This is a 290% increase in cost of construction from the 2023 preliminary estimate that led to the detailed analysis. However, due to rapidly increasing energy costs, the project was still showing a payback period of 17 years with a 3 year period of construction and commissioning.

Following the presentation the Board provided staff with direction to move forward with finalizing plans and preparing a contract for the required public hearing to deliver a GC 4217 energy project.

During negotiations staff found portions of the draft contract language provided by Southland Industries were not agreeable to staff and legal counsel. Terms needed to be modified and negotiated. These negotiations resulted in Southland increasing construction cost from $9,018,280 to $9,885,666 and increasing the schedule from 22 months to 32 months.

Additionally, staff requested the financial analysis be updated to include the non-construction costs to the District associated with delivering the project. As this is what true return on investment to the ratepayers should consider. These costs are largely Construction Management/Inspection, and PG&E service upgrades that are estimated to be $1,100,0000 and $400,000 respectively.

With the inclusion of the modified language and additional costs the updated financial analysis now shows a payback period after 19 years of successful operation. With an estimated operational start of early 2030, this extended payback period does not achieve a return on investment prior to the plant’s potential 2047 relocation.

The findings of the Investment Grade Audit and Financial Analysis no longer show a viable project that staff can recommend. While the 2047 date is not currently a formal requirement, the District has consistently been using this date as a planning horizon for the existing facility. This date is subject to change. The 2047 date could be extended or accelerated based on frequency of climate change and sea level rise events that impact the current site. The 2047 horizon date remains appropriately established for long range financial planning.

HEARING DISCUSSION:

The District Noticed a Public Hearing in accordance with California Government Code 4217. Government Code Sections 4217.10- 4217.19 provide a flexible, alternate method for public entities to enter into energy services contracts. When the requirements of these sections are met, public entities can procure contractor services without complying with other legal procurement requirements including public bidding.

The main requirement for entering into an energy services contract is that the agency's board finds the contract to be in the "best interests" of the public agency. With regard to the proposed contract with Southland, the District Board must find at a noticed public hearing that "the anticipated cost to the public agency for thermal or electrical energy or conservation services provided by the energy conservation facility under the contract will be less than the anticipated marginal cost to the public agency of thermal, electrical, or other energy that would have been consumed by the public agency in the absence of those purchases." Government Code Section 4217.12(a)(1).

Simply translated, Section 4217.12(a)(1) requires evidence that the District will save money on energy by proceeding with the energy conservation project, compared to proceeding without the project. Without that evidence, the District does not have authority under the energy services contract laws to approve an agreement with Southland.

CONCLUSION:

With the revised financial analysis showing that costs would not be anticipated to be recovered prior to the treatment facility's risk of anticipated relocation, staff does not believe advancing the project is in the best interest of the District and its ratepayers.

Staff recommends abandonment of the project consistent with requirements of GC 4217.12.

The District would like to acknowledge the thorough analysis and investigation conducted by the Southland Industries team. Through the completion of the Investment Grade Audit and Financial Analysis the District has a comprehensive understanding of the feasibility of pursuing cogeneration. In the current energy market, this concept is something that biogas generators like the District must assess. Unfortunately, some of the limitations and conditions on the treatment plant site prevent delivery of a project that would directly benefit the ratepayers.

Attachments:

1) Resolution for Reference Only
2) Energy Service Contract for Reference Only

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

RESOLUTION NO. 2026-____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT APPROVING AN ENERGY SERVICE CONTRACT PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 4217.10 ET SEQ.

WHEREAS, the South San Luis Obispo County Sanitation District ("District") is authorized pursuant to California Government Code section 4217.10 et seq. to enter into energy service contracts for energy conservation and related improvements; and

WHEREAS, the District desires to implement a comprehensive energy and infrastructure improvement project at its facilities ("Project"); and

WHEREAS, a duly noticed public hearing was held on June 3, 2026, with notice published at least two weeks in advance in accordance with California Government Code section 4217.12; and

WHEREAS, the Board of Directors has considered the proposed energy service contract with Southland Industries, the anticipated costs and benefits of the Project, the information presented by District staff, and all public testimony received at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South San Luis Obispo County Sanitation District as follows:

1. Findings. The Board hereby finds and determines that:

  A. The anticipated cost to the District for the energy and/or conservation services provided under the proposed contract will be less than the anticipated marginal cost to the District of the energy that would have been consumed in the absence of the Project.

  B. The Project and the proposed energy service contract are in the best interests of the District.

2. Authorization. The District Administrator, or designee, is authorized to negotiate and execute an energy service contract with Southland Industries, with final terms and conditions consistent with this Resolution, and to take all actions necessary or appropriate to implement the Project.

3. California Environmental Quality Act. The Board finds that the Project is categorically exempt from the California Environmental Quality Act, and District staff is authorized and directed to complete all required environmental compliance documentation.

4. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the South San Luis Obispo County Sanitation District held on September 2, 2026.

ATTEST:

______________________________ ______________________________
Clerk of the Board Caren Ray Russom, Chair

APPROVED AS TO FORM:

____
Keith F. Collins, District Legal Counsel

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution passed and adopted by the Board of Directors of the South San Luis Obispo County Sanitation District at a meeting thereof held on September 2, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Clerk of the Board

ENERGY SERVICES AGREEMENT

This Energy Services Agreement ("Agreement") is made and entered into as of 2026, by and between:

Southland Industries ("Contractor")
12131 Western Avenue
Garden Grove, CA 92841

and South San Luis Obispo County Sanitation District ("Owner")
1600 Aloha Place
Oceano, CA 93445

for the following Project: South San Luis Obispo County Sanitation District – Cogeneration Plant.

Per the terms and conditions of this Agreement, Contractor agrees to construct a cogeneration system at the Owner's wastewater treatment plant located at 1600 Aloha Place, Oceano, California for a guaranteed maximum price ("GMP") and within 984 calendar days from issuance of Notice to Proceed by Owner. The Owner will simultaneously subcontract with others, referred to as "subcontractors," for some related work necessary to make the cogeneration system fully functional for the District.

The GMP and 984-day time period includes Contractor's services to submit applications and secure approval from other entities, including but not limited to the Air Pollution Control District, and PG&E, and assist the Owner in submission of tax forms and documentation as required to apply for an Investment Tax Credit for the system from the Federal Government. The GMP also includes a 2-year warranty on the project and equipment following equipment startup. The Annual Performance Guarantee Costs in Attachment D include Contractor's 3-year performance guarantee to ensure that the cogeneration system will actually produce projected energy savings. The parties' understanding is that the District will enter into a maintenance contract with 2G to assure subsequent cogeneration system functionality and energy savings until the project pays for itself.

As full compensation for performance by the Contractor of the Work in conformance with the Contract Documents, the Owner shall pay the Contractor the Guaranteed Maximum Price of Nine Million, Eight Hundred and Eighty Five Thousand, Six Hundred and Sixty Six Dollars ($9,885,666) ("GMP").

The Date of Commencement of the project described in this Agreement is the date the Owner issues a Notice to Proceed. The Date of Final Completion of this Project is 984 calendar days from issuance of Notice to Proceed as shown in the Schedule of the Work provided in Attachment C.

The Month One Progress Payment shall be 10% of the GMP and consists solely of Mobilization, as defined in Section 1.3.18. The Month One Progress Payment shall be invoiced upon execution of this Agreement and initiation of Mobilization activities.

Progress payments shall be made based on Work performed and earned value, consistent with the Estimated Price and Payment Schedule, attached as Attachment D, or as otherwise agreed to in writing by the parties.

Owner will review, approve, and fund this implementation agreement under California Government Code 4217.10 and following.

The Attachments set forth below are made part of this Agreement by reference.

Attachment A Terms and Conditions

Attachment B	Scope of Work
Attachment C	Schedule of the Work
Attachment D	Guaranteed Maximum Price and Payment Schedule
Attachment E	IGA Planset, Specifications, and Equipment Data
Attachment F	Performance Guarantee Criteria
Attachment G	Owner Maintenance Responsibilities
Attachment H	Insurance, Indemnification, and Bonds
Attachment I	Claims Procedure

In witness whereof, the parties hereto have caused this Agreement to be executed as of the day and year first written above.

CONTRACTOR: Southland Industries

BY: ____________________________________

PRINT NAME: Anthony Roner

PRINT TITLE: Vice President

BY:____________________________________

PRINT NAME:

PRINT TITLE

OWNER: South San Luis Obispo County Sanitation District

BY: ____________________________________

PRINT NAME: Jeremy Ghent

PRINT TITLE: District Administrator

ATTACHMENT A: TERMS AND CONDITIONS

ARTICLE 1
GENERAL PROVISIONS

1.1 RELATIONSHIP OF PARTIES The Owner and the Contractor agree to proceed with the Project on the basis of mutual trust, good faith and fair dealing.

1.1.1 The Contractor shall furnish construction administration and management services and use the Contractor's best efforts to perform the Work in an expeditious manner consistent with the Contract Documents. The Owner and Contractor shall endeavor to promote harmony and cooperation among all Project participants.

1.1.2 The Contractor represents that it is an independent contractor and that in its performance of the Work it shall act as an independent contractor.

1.1.3 Neither Contractor nor any of its agents or employees shall act on behalf of or in the name of Owner except as provided in this Agreement or unless authorized in writing by Owner's Representative.

1.2 COMPLETE AGREEMENT

1.2.1 This Agreement, including all exhibits and other documents incorporated herein and made applicable by reference, constitutes the complete and exclusive statement of the terms and conditions of the Agreement between the Owner and Contractor and it supersedes all prior representations, understandings and communications. The invalidity in whole or in part of any term or condition of this Agreement shall not affect the validity of other terms or conditions.

1.2.2 The Owner’s failure to insist in any one or more instances upon the performance of any terms or conditions of this Agreement shall not be construed as a waiver or relinquishment of the Owner's right to such performance by Contractor or to future performance of such terms or conditions and Contractor's obligation in respect thereto shall continue in full force and effect. Contractor shall be responsible for having taken steps reasonably necessary to ascertain the nature and location of the work, and the general and local conditions, which can affect the work or the cost thereof. This includes, but is not limited to, identification of hazardous materials as discussed in Paragraph 2.12. Any failure by Contractor to do so will not relieve it from responsibility for successfully performing the work without additional expense to District.

1.2.3 District assumes no responsibility for any understanding or representations concerning conditions made by any of its officers, employees or agents prior to the execution of this Agreement unless such understanding or representations by District are expressly stated in this Agreement.

1.2.4 Changes to any portion of this Agreement shall not be binding upon District except when specifically confirmed in writing by an authorized representative of District and issued in accordance with the provisions of this Agreement.

1.3 DEFINITIONS

1.3.1. *Agreement* means this Agreement, as modified by the parties, and Exhibits and Attachments made part of this Agreement upon its execution.

1.3.2. A *Change Order* is a written order signed by the Owner and the Contractor after execution of this Agreement, indicating changes in the scope of the Work, the GMP and/or Contract Time, including substitutions proposed by the Contractor and accepted by the Owner.

1.3.3. The *Contract Documents* consist of this Agreement, all attachments, the drawings, specifications, addenda issued prior to execution of this Agreement, approved submittals, information furnished by the Owner under Paragraph 3.3, other documents listed in this Agreement and any modifications approved in writing after execution.

1.3.4. The *Contract Time* is the period between the Date of Commencement and Date of Final Completion.

1.3.5. The *Contractor* is Southland Industries and includes the Contractor's Representative.

1.3.6. *The Contract Officer* is the District Administrator of the Owner, or that person's designee.

1.3.7. The term *Day* shall mean calendar day unless otherwise specifically defined.

1.3.8. The *Date of Commencement* is the date the Owner issues a Notice to Proceed.

1.3.9. *Energy Conservation Measure (ECM)* refers to the installation of equipment or systems (including, without limitation, the Equipment), or the modification of equipment, systems, monitoring, use, or behavior, as described in Attachment B, for the purpose of facilitating the reduction or avoidance of utility or non-utility consumption, demand, costs, or expenditures or otherwise improving the facilities or systems addressed under this Agreement.

1.3.10. *Energy Costs* may include, without limitation, the cost of electricity and fuels, as well as the cost of water, water treatment, sewer, or other utility usage, as applicable.

1.3.11. *Equipment* is defined as all equipment to be installed at the Premises as identified in Attachment C.

1.3.12. *Equipment Start-up* is defined as the completion of initial installation, inspection, testing, and commissioning activities for major items of Equipment, including pumps, cogeneration system(s), instrumentation and control hardware, and electrical systems, such that the Equipment is mechanically complete, functionally tested, and capable of operation in accordance with the Contract Documents.

Equipment Start-up may include limited testing, bumping, rotation, functional checks, synchronization testing, and commissioning performed by the Contractor or manufacturer's representatives. Following Equipment Start-up, the Equipment may be placed in an idle, standby, or non-operational condition, including pending utility interconnection approval or Permission to Operate (PTO), without constituting a failure to achieve Equipment Start-up.

1.3.13 *Final Completion* occurs on the date when the Contractor's obligations under this Agreement are complete and accepted by the Owner and final payment becomes due and payable, as established in Article 5. This date shall be confirmed by a Certificate of Final Completion signed by the Owner and the Contractor.

1.3.14. *Guaranteed Maximum Price (GMP)* means the amount proposed by the Contractor and accepted by the Owner as the maximum price cost to the Owner for construction of the Work in accordance with the Contract Documents. The GMP is the amount indicated in the Energy Services Agreement and Attachments incorporated into this Agreement.

1.3.15. *Installation Period* refers to the period of time between the commencement of the Work and the date of Final Completion.

1.3.16. *Investment Grade Audit (IGA)* is defined as the Contractor's proposal-level evaluation of the proposed energy conservation measure(s), including the recommended scope of work, estimated project costs, and anticipated energy and cost savings. The IGA is intended to support the Owner's decision-making and approval under Government Code 4217 and does not require the delivery of a formal audit report.

1.3.17. A *Material Supplier* is a person or entity retained by the Contractor to provide material and/or equipment for the Work.

1.3.18. *Measurement and Verification ("M & V")* means procedures and guidelines for verifying and quantifying the savings resulting from a cogeneration project installed under a performance-based contract, using the latest Federal Energy Management Program M & V Guidelines dated September 2024.

1.3.19. *Mobilization* means the Contractor's initial project startup activities and associated costs incurred following Contract execution, including, without limitation: Project management initiation; staffing and allocation of project personnel; project kick-off meetings; engineering and design development activities; scheduling; procurement planning; preparation of submittals; coordination with the Owners, utilities, permitting agencies, and third parties; establishment of project controls and reporting systems; insurance, bonding, and compliance activities; and other preparatory efforts necessary to commence and advance the work. Mobilization does not require the physical presence of Contractor personnel, trailers, equipment, or Subcontractors at the Project Site.

1.3.20. *Operation and Maintenance (O&M) Costs* shall include any and all costs of operating and maintaining the Premises, or any building, facility, or system in or involving the Premises, including, without limitation, the cost of inside or outside labor to repair, replace, operate, or maintain any such building, facility, or system, the cost of supplies, the cost of replacement parts, the cost of deferred maintenance, the cost of disposal, and the cost of new or replaced equipment or capital improvements.

1.3.21. *Others* means other contractors, material suppliers or others performing work at the Worksite who are not employed by the Contractor or Subcontractors. The use of the term "others" in drawings, specifications, or other Contract Documents, when not capitalized, shall be deemed a general descriptive reference and not a defined term unless expressly stated otherwise.

1.3.22. *Owner* means South San Luis Obispo County Sanitation District, sometimes referred to herein as "District," which entity is identified as such in the Energy Services Agreement and includes the Owner's Representative.

1.3.23. *Performance Assurance Plan* is defined as the Contractor's proposed approach for confirming that the installed ECMs are operating as designed and in accordance with the assumptions described in the Contract Documents and Attachment F - Savings Methodology. The Performance Assurance Plan includes defined post-installation documentation and a time-limited operational review period.

1.3.24. The *Premises* is defined as the specific buildings, facilities and/or other improvements at the Worksite wherein the Equipment will be installed and stored. These items are shown in the Shop Drawing that is a part of Attachment B.

1.3.25. *Product Data* are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by the Contractor to illustrate materials or equipment for some portion of the Work.

1.3.26. The *Project,* as identified in the Energy Services Agreement and Attachment B, consists of the building, facility, and/or other improvements for which the Contractor is to perform Work under this Agreement. It may also include construction by the Owner or Others.

1.3.27. *Samples* are physical examples which illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

1.3.28. *Savings* are defined to include all reduced, eliminated, delayed, avoided, defrayed, or reallocated costs, expenditures, use, or consumption including, without limitation, Energy Costs, O&M Costs, capital expenditures, deferred maintenance, upgrades, replacement, or any combination thereof. Savings may also be derived, as appropriate, from a changed utility rate classification or from increased or enhanced production or revenue that results from one or more of the ECMs.

1.3.29. The *Schedule of the Work* is identified in Attachment C and is the document that specifies the dates on which the Contractor will begin and complete various parts of the Work, including dates on which information and approvals are required from the Owner.

1.3.30. *Shop Drawings* are drawings, diagrams, schedules and other data specifically prepared for the Work by the Contractor, a Subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

1.3.31. A *Subcontractor* is a person or entity retained by the Contractor as an independent contractor to provide the labor, materials, equipment and/or services necessary to complete a specific portion of the Work, or any of the Contractor's obligations under this Agreement. The term Subcontractor does not include any separate contractors employed by the Owner or any such contractor's subcontractor.

1.3.32. A *Sub-subcontractor is* a person or entity who has an agreement with a Subcontractor to perform any portion of the Subcontractor's Work.

1.3.33. *Total ECM Savings* refers to the estimated first-year annual utility cost savings associated with the ECMs, as calculated by the Contractor based on the assumptions, methodologies, utility rates, operating conditions, and information gathered during the IGA.

1.3.34. *Work* means the design, construction and services necessary or incidental to fulfill the Contractor's obligations for the Project in conformance with this Agreement and the other Contract

Documents. The Work may refer to the whole Project or only a part of the Project if work is also being performed by the Owner or Others.

.1 *Changed Work* means work that is different from the original scope of Work; or work that changes the GMP or Contract Time.

.2 *Defective Work is* any portion of the Work that is not in conformance with the Contract Documents, as more fully described in Paragraphs 2.4 and 2.7.

1.3.31 *Worksite* means the geographical area at the location of the Project as identified in Attachment B where the Work is to be performed.

1.4 INVESTMENT GRADE AUDIT: Contractor has completed the Investment Grade Audit (IGA) work in development of the ECMs to be implemented through this Agreement as identified in Attachment B.

1.5 California Government Code §§4217.10 and following Compliance

1.5.1 This Agreement is intended to constitute an "Energy Service Contract" for an "Energy Conservation Facility," including cogeneration equipment, as those terms are defined in California Government Code 4217.10–4217.18.

1.5.2 The Parties acknowledge that California Government Code 4217.12 authorizes a public agency to enter into such contracts upon the governing body's adoption of the findings required by that section at a regularly scheduled public meeting with at least two (2) weeks' prior public notice.

1.5.3 Nothing in this Article limits or expands the Owner's statutory authority under Government Code 4217.10–4217.18, which shall be construed to provide the greatest possible flexibility to public agencies in structuring agreements for energy conservation facilities.

ARTICLE *2*
CONTRACTOR'S RESPONSIBILITIES

2.1 GENERAL RESPONSIBILITIES

2.1.1 The Contractor shall, at its own expense, provide all labor, materials, equipment and services necessary to complete the Work, of which shall be provided in full accord with and reasonably inferable from the Contract Documents as being necessary to produce the indicated results. As a material inducement to the District entering into this Agreement, Contractor represents and warrants that Contractor is a provider of first class work and services and Contractor is experienced in performing the work and services contemplated herein and, in light of such status and experience, Contractor covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be of good quality, fit for the purpose intended.

2.1.2 By executing this Contract, Contractor warrants that Contractor (a) has thoroughly considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should Contractor discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Contractor shall immediately inform the District of such fact and shall not proceed except at Contractor's risk until written instructions are received from the Contract Officer.

2.1.3 Contractor shall render all services and perform all Work in accordance with all ordinances, resolutions, statutes, rules, and regulations of the District and any Federal, State or local governmental agency having jurisdiction in effect at the time service is rendered.

2.1.4 Contractor shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement, including registration with the Department of Industrial Relations of the State of California as required by Labor Code Section 1725.5 before commencing performance under this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Contractor's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless District against any such fees, assessments, taxes penalties or interest levied, assessed or imposed against District hereunder. Contractor shall be responsible for all Subcontractors' compliance with this Section; and shall hold harmless and indemnify District against any and all losses arising out of Subcontractors' failure to comply.

2.1.5 The Contractor shall be responsible for the supervision and coordination of the Work, including the design services, construction means, methods, techniques, sequences and procedures utilized. The Owner and each of their officers, employees, agents and consultants shall not be responsible for any construction means, methods, techniques, sequences, nor for safety in, on or about the site, nor for coordinating any part of the Work.

2.1.6 The Contractor shall perform Work only within locations allowed by the Contract Documents, applicable permits and applicable local law.

2.1.7 The Contractor's responsibilities include providing project management, construction management, and engineering and design services necessary to complete the Work in accordance with the Contract Documents. Such services may include the preparation of drawings, specifications, calculations, submittals, schedules, coordination documents, and Issued-for-Construction ("IFC") documents as reasonably required to execute the Work.

2.2 COOPERATION WITH WORK OF OWNER AND OTHERS

2.2.1 The Owner reserves the right to perform work at the Worksite directly or by Others. Any agreements with Others to perform construction or operations related to the Project shall include provisions pertaining to insurance, indemnification, waiver of subrogation, coordination, interference, clean up and safety which are substantively the same as the corresponding provisions of this Agreement.

2.2.2 If part of the Contractor's work depends on or must interface with work performed by the Owner as a separate activity, the Contractor shall (1) cooperate with the Owner's coordination of the work efforts, (2) inspect work provided by the Owner's separate activities for compatibility with work provided or intended to be provided by the separate contractor, and (3) report to the Owner, prior to proceeding with work that may be affected, any deficiencies in work planned or executed by the Owner that would render it incompatible with work planned or completed by the separate contractor. The parties shall cooperate so that Contractor's performance of Work is not delayed, disrupted, or impacted by its compliance with the requirements of this provision.

2.2.3 Before proceeding with any portion of the Work affected by the construction or operations of the Owner or Others, the Contractor shall give the Owner prompt written notification of any defects the Contractor discovers in their work which will prevent the proper execution of the Work. The Contractor's obligations in this Paragraph do not create a responsibility for the work of the Owner or Others but are for the purpose of facilitating the Work. If the Contractor does not notify the Owner of patent defects interfering with the performance of the Work, the Contractor acknowledges that the work of the Owner or Others is not defective and is acceptable for the proper execution of the Work. Following receipt of written notice from the Contractor of defects, the Owner shall promptly inform the Contractor what action, if any, the Contractor shall take with regard to the defects.

2.3 CONSTRUCTION PERSONNEL AND SUPERVISION

2.3.1 The Contractor shall provide competent supervision for the performance of the Work. Before commencing the Work, Contractor shall notify Owner in writing of the name and qualifications of its proposed superintendent(s) and project manager so Owner may review the individual's qualifications.

2.3.2 The Contractor shall be responsible to the Owner for acts or omissions of parties or entities performing portions of the Work for or on behalf of the Contractor or any of its Subcontractors.

2.3.3 The Contractor shall permit only skilled persons to perform the Work. The Contractor shall enforce safety procedures, strict discipline and good order among persons performing the Work. If the Owner determines that a particular person does not follow safety procedures, or is unfit or unskilled for the assigned work, the Contractor shall immediately reassign the person on receipt of the Owner's written notice to do so.

2.4 WORKMANSHIP The Work shall be performed in accordance with the professional standards applicable to projects, buildings or work of complexity, quality and scope comparable to the Work and the Project and shall be executed in accordance with the Contract Documents in a workmanlike manner. All materials used in the Work shall be furnished in sufficient quantities to facilitate the proper and expeditious execution of the Work and shall be new except such materials as may be expressly provided in the Contract Documents to be otherwise.

2.5 MATERIALS FURNISHED BY THE OWNER OR OTHERS In the event the Work includes installation of materials or equipment furnished by the Owner or Others, it shall be the responsibility of the Contractor to examine the items so provided and thereupon handle, store and install the items, unless otherwise provided in the Contract Documents, with such skill and care as to provide a satisfactory and proper installation. Loss or damage due to acts or omissions of the Contractor shall be the responsibility of the Contractor and may be deducted from any amounts due or to become due the Contractor. Any defects discovered in such materials or equipment shall be reported at once to the Owner. Following receipt of written notice from the Contractor of defects, the Owner shall promptly inform the Contractor what action, if any, the Contractor shall take with regard to the defects.

2.6 TESTS AND INSPECTIONS

2.6.1 Prior to commencing Work on the Project, the Contractor shall submit a list of tests to be performed in order to complete its performance under the Agreement. This list shall become an attachment incorporated into this Agreement. The Contractor shall schedule all required tests, approvals and inspections of the Work or portions thereof at appropriate times so as not to delay the progress of the Work or other work related to the Project. The Contractor shall give proper notice to all required parties of such tests, approvals and inspections. The Contractor shall notify the Owner at least 2 days prior to all tests and inspections to permit observation by the Owner. The Contractor or Owner shall bear expenses associated with tests, inspections and approvals required by the Contract Documents as outlined below. All such tests, approvals, and inspections of the Work, unless otherwise agreed to, shall be conducted by an independent testing laboratory or entity retained by the Owner. Unless otherwise required by the Contract Documents, required certificates of testing, approval or inspection shall be secured by the Contractor and promptly delivered to the Owner.

.1 Contractor shall bear all costs for functional testing of engine and installed equipment as required to ensure proper startup, commissioning, and operation.

.2 Contractor shall bear all costs for documentation, testing, and inspections related to submission and management of PG&E Interconnection Application and Air Quality Management District permit applications.

.3 Owner shall bear all costs for tests, inspections, or approvals required by, or in support of, Owner's approval of the Project as the functioning approval authority, including but not limited to structural, civil, mechanical, electrical, and controls inspection and testing.

2.6.2 If the Owner or appropriate authorities determine that tests, inspections or approvals in addition to those required by the Contract Documents will be necessary, the Contractor shall arrange for the procedures and give timely notice to the Owner and Others who may observe the procedures. Costs of the additional tests, inspections or approvals are at the Owner's expense except as provided in Subparagraph 2.6.3.

2.6.3 If the procedures described in Subparagraphs 2.6.1 and 2.6.2 indicate that portions of the Work fail to comply with the Contract Documents, the Contractor shall be responsible for costs of correction and retesting.

2.7 WARRANTY

2.7.1 The Contractor warrants that all materials, equipment, hardware, software, and firmware products furnished shall be new at the time of installation unless otherwise specified, of good quality, in conformance with the Contract Documents, and free from defective workmanship and materials. At the Owner's request, the Contractor shall furnish satisfactory evidence of the quality and type of materials and equipment furnished. The Contractor further warrants that the Work shall be free from material defects not intrinsic in the design or materials required in the Contract Documents.

The Contractor further warrants that all work performed and all equipment and material provided under this Agreement by Contractor or any of its Subcontractors or suppliers at any tier, conforms to the requirements herein and is free of any defects.

The Contractor's warranty ("Warranty Period") pursuant to this Paragraph 2.7 shall commence on the Date of Equipment Startup and extend for a period of two (2) years thereafter.

The Contractor's warranty does not include remedies for defects or damages caused by normal wear and tear during normal usage, use for a purpose for which the Project was not intended, improper or insufficient maintenance, modifications performed by the Owner or Others, or abuse.

2.7.2 With respect to any portion of Work first performed after Equipment Startup, the Contractor's warranty obligation applicable to such work shall be extended by the period of time between Equipment Startup and the actual performance of the later Work.

2.7.3 The Contractor shall obtain from its Subcontractors and Material Suppliers any special or extended warranties required by the Contract Documents. All such warranties shall be listed in an attachment to this Agreement. Contractor's liability for such warranties shall be limited to the one-year correction period referred to in Paragraph 2.8. After that period Contractor shall assign them to the Owner and provide reasonable assistance to the Owner in enforcing the obligations of Subcontractors or Material Suppliers.

2.7.4 The Contractor shall secure required certificates of inspections, testing or approval and deliver them to the Owner.

2.7.5 The Contractor shall collect all written warranties and equipment manuals and deliver them to the Owner in a format directed by the Owner.

2.7.4 The warranty specified herein shall not limit District's rights under the Inspection and Acceptance clause of this Agreement with respect to latent defects, gross mistakes or fraud. Defects in design or manufacture of equipment specified by District on a "brand name and model" basis shall not be included in this warranty. Any disagreement between District and Contractor relating to this section shall be subject to dispute resolution in accordance with this dispute / claim resolution provisions set forth in the Contract Documents.

2.8 CORRECTION OF WORK BEFORE EXPIRATION OF WARRANTY PERIOD

2.8.1 If any Defective Work is found before expiration of the Warranty Period, the Owner shall promptly notify the Contractor in writing. Unless the Owner provides written acceptance of the condition, the Contractor shall promptly correct the Defective Work at its own cost and time and bear the expense of additional services required for correction of any Defective Work for which it is responsible. If the Owner discovers and does not promptly notify the Contractor or give the Contractor an opportunity to test and/or correct Defective Work as reasonably requested by the Contractor, the Owner waives the Contractor's obligation to correct that Defective Work as well as the Owner's right to claim a breach of the warranty with respect to that Defective Work.

2.8.2 If the Contractor fails to correct defective work or continues to perform defective work, the Owner may issue a signed order directing the Contractor to stop the Work or a portion of the Work until the defective work has been corrected. This right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Contractor or any other person or entity.

2.8.3 If the Contractor fails to remove and replace or correct Defective Work, or if the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails to cure the defect, fault or neglect within 7 days after receipt of written notice from the Owner, the Owner may issue a second notice warning to the Contractor that if it does not correct the defect, fault or neglect within the second 7-day period, the Owner will, without prejudice to other remedies the Owner may have, correct such deficiencies. In which case, the Owner will deduct the cost of correcting such deficiencies, including compensation for any additional engineering services required, from payments due to the Contractor. If payments then or thereafter due to the Contractor are not sufficient to cover such amounts, the Contractor shall pay the difference to the Owner.

2.8.4 If the Contractor's correction or removal of Defective Work causes damage to or destroys other completed or partially completed construction, the Contractor shall be responsible for the cost of correcting the destroyed or damaged construction.

2.8.5 The Contractor’s obligation to correct Defective Work under Paragraph 2.8 does not constitute a limitation period with respect to the enforcement of the Contractor's other obligations under the Contract Documents.

2.9 CORRECTION OF COVERED WORK

2.9.1 On request of the Owner, Work that has been covered without a requirement that it be inspected prior to being covered may be uncovered for the Owner's inspection. The Owner shall pay for the costs of uncovering and replacement if the Work proves to be in conformance with the Contract Documents, or if the defective condition was caused by the Owner or Others. If the uncovered Work proves to be defective, the Contractor shall pay the costs of uncovering and replacement.

2.9.2 If contrary to specific requirements in the Contract Documents or contrary to a specific request from the Owner, a portion of the Work is covered, the Owner, by written request, may require the Contractor to uncover the Work for the Owner's observation. In this circumstance the Work shall be replaced at the Contractor's expense and with no adjustment to the Contract Time.

2.10 SAFETY OF PERSONS AND PROPERTY

2.10.1 SAFETY PRECAUTIONS AND PROGRAMS The Contractor shall be solely and exclusively responsible for construction safety means and methods and for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of this Project.

2.10.2 The Contractor shall take all necessary precautions for safety of, and shall provide the necessary protection to prevent damage, injury or loss to:

.1 employees on the Work and other persons who may be affected thereby;

.2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody or control of the Contractor or the Contractor's Subcontractors or sub-Subcontractors; and

.3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures, utilities and underground facilities not designated for removal, relocation or replacement in the course of construction.

2.10.3 The Contractor shall designate an individual at the Worksite in the employ of the Contactor who shall act as the Contractor's designated safety representative with a duty to prevent accidents. Unless otherwise identified by the Contractor in writing to the Owner, the designated safety representative shall be the Contractor's project superintendent. The Contractor will report immediately in writing all accidents and injuries occurring at the Worksite to the Owner. When the Contractor is required to file an accident report with a public authority, the Contractor shall furnish a copy of the report to the Owner.

2.10.4 The Contractor shall provide the Owner with copies of all notices required of the Contractor by law or regulation. The Contractor's safety program shall comply with the requirements of governmental and quasi-governmental authorities having jurisdiction.

2.10.5 Damage or loss not insured under property insurance which may arise from the Work to the extent of the negligence attributed to acts or omissions of the Contractor, or anyone for whose acts the Contractor may be liable, shall be promptly remedied by the Contractor.

2.10.6 If the Owner deems any part of the Work or Worksite unsafe, the Owner, without assuming responsibility for the Contractor's safety program, may require the Contractor to stop performance of the Work or take corrective measures satisfactory to the Owner, or both. If the Contractor does not adopt corrective measures, the Owner may perform them and deduct their cost from the GMP. The Contractor agrees to make no claim for damages, for an increase in the GMP or for a change in the Contract Time based on the Contractor's compliance with the Owner's reasonable request.

2.11 EMERGENCIES

2.11.1 In an emergency, the Contractor shall act in a reasonable manner to prevent personal injury or property damage without instruction or authorization from the Owner. Any change in the GMP and/or Contract Time resulting from the actions of the Contractor in an emergency situation shall be determined as provided in Article 7.

2.12 HAZARDOUS MATERIALS

2.12.1 A Hazardous Material is any substance or material identified as hazardous under any federal, state or local law or regulation, or any other substance or material is subject to statutory or regulatory requirement governing handling, disposal and/or cleanup. The Contractor shall not be obligated to commence or continue work until any Hazardous Material discovered at the Premises has been removed, rendered or determined to be harmless by the Owner as certified by an independent testing laboratory and approved by the appropriate government agency.

2.12.2 Owner is not aware of any Hazardous Material on the Premises.

2.12.3 Contractor shall, during its investigation of the Premises prior to commencement of work and during demolition, satisfy itself that no Hazardous Materials are present. Should Contractor discover Hazardous Materials at the Premises at any time, Contractor shall proceed as provided in Paragraph 2.12.1 above.

2.12.4 The Contractor shall not be required to perform any Work relating to or in the area of Hazardous Material without written mutual agreement.

2.12.5 The Owner shall be responsible for retaining an independent testing laboratory to determine the nature of the material encountered and whether the material requires corrective measures and/or remedial action. Such measures shall be the sole responsibility of the Owner and shall be performed in a manner minimizing any adverse effects upon the Work. The Contractor shall resume Work in the area affected by any Hazardous Material only upon written agreement between the parties after the Hazardous Material has been removed or rendered harmless and only after approval, if necessary, of the governmental agency with jurisdiction.

2.12.6 If the Contractor incurs additional costs and/or is delayed due to the presence or remediation of Hazardous Material, the Contractor shall be entitled to an equitable adjustment in the GMP and/or the Contract Time.

2.12.7 To the extent not caused by the negligent acts or omissions of the Contractor, its Subcontractors and Sub-subcontractors, and the agents, officers, directors and employees of each of them, the Owner shall defend, indemnify and hold harmless the Contractor, its Subcontractors and Sub-subcontractors, and the agents, officers, directors and employees of each of them, from and against any and all direct claims, damages, losses, costs and expenses, including but not limited to attorney's fees, costs and expenses incurred in connection with any dispute resolution process, arising out of or relating to the performance of the Work in any area affected by Hazardous Material.

2.13 MATERIALS BROUGHT TO THE WORKSITE

2.13.1 Safety Data Sheets (SDS) as required by law and pertaining to materials or substances used or consumed in the performance of the Work, whether obtained by the Contractor, Subcontractors, the Owner or Others, shall be maintained at the Worksite by the Contractor and made available to the Owner, Subcontractors and Others.

2.132 The Contractor shall be responsible for the proper delivery, handling, application, storage, removal and disposal of all materials and substances brought to the Worksite by the Contractor in accordance with the Contract Documents and used or consumed in the performance of the Work.

2.13.3 To the extent not caused by the negligent acts or omissions of the Owner, its agents, officers, directors and employees, the Contractor shall defend, indemnify and hold harmless the Owner, its agents, officers, directors and employees, from and against any and all direct claims, damages, losses, costs and expenses, including but not limited to attorney's fees, costs and expenses incurred in connection with any dispute resolution procedure, arising out of or relating to the delivery, handling, application, storage, removal and disposal of all materials and substances brought to the Worksite by the Contractor in accordance with the Contract Documents. To the fullest extent permitted by law, such indemnification shall apply regardless of the fault, negligence, breach of warranty or contract, or strict liability of the Contractor.

2.14 COOPERATION WITH OTHER WORK OF OWNER With regard to any other work performed at the Worksite by or for the Owner, the Owner, and any other person or entity that uses or occupies the Worksite at the request of or with the permission of the Owner or the Owner's representatives, Contractor shall (a) proceed in a manner which does not hinder, delay or interfere with the work of the Owner or cause the work of the Owner, (b) afford the Owner reasonable access for introduction and storage of their materials and equipment and performance of their activities, and (c) coordinate with the Owner's construction and operations.

2.15 WORKSITE CONDITIONS

2.15.1 WORKSITE VISIT The Contractor acknowledges that it has visited, or has had the opportunity to visit, the Worksite to visually inspect the general and local conditions which could affect the Work. Owner and Contractor share responsibility to limit access to the Worksite for non-work personnel. Contractor shall take normal precautions to post signage, provide fencing and access control. Owner shall provide notification, establish rules for their employees, agents, representatives, students, faculty, or visitors, and facilitate restricted access and alternative routing.

2.15.2 CONCEALED OR UNKNOWN SITE CONDITIONS If the conditions at the Worksite are (a) subsurface or other physical conditions which are materially different from those indicated in the Contract Documents, or (b) unusual or unknown physical conditions which are materially different from conditions ordinarily encountered and generally recognized as inherent in Work provided for in the Contract Documents, the Contractor shall stop Work and give immediate written notice of the condition to the Owner. The Contractor shall not be required to perform any work relating to the unknown condition without the written mutual agreement of the parties. Any change in the GMP and/or the Contract Time as a result of the unknown condition shall be determined as provided in Article 6. The Contractor shall provide the Owner with written notice of any claim as a result of unknown conditions within the time period set forth in Paragraph 6.2.

2.16 STANDARD OF PERFORMANCE

2.16.1 Contractor, its Subcontractors and their employees, in the performance of Contractor's work under this Agreement shall be responsible for exercising the degree of skill and care required by customarily accepted good professional practices and procedures used in the Contractor's field.

2.16.2 Any costs for failure to meet the foregoing standard or to correct otherwise defective work that requires re-performance of the work, shall be borne in total by the Contractor and not by the District. The failure of a project to achieve the performance goals and objectives stated in this Agreement is not a basis for requesting re-performance unless the work conducted by Contractor and/or its Subcontractors is deemed by the District to have failed the foregoing standard of performance.

2.16.3 In the event Contractor fails to perform in accordance with the above standard:

2.16.3.1. Contractor shall re-perform, at its own expense, any task which was not performed to the reasonable satisfaction of District. Any work re-performed pursuant to this paragraph shall be completed within the time limitations originally set forth for the specific task involved. Contractor shall work any overtime required to meet the deadline for the task at no additional cost to the District;

2.16.3.2. The District shall provide a new schedule for the re-performance of any task pursuant to this paragraph in the event that re-performance of a task within the original time limitations is not feasible; and

2.16.3.3. The District shall have the option to direct Contractor not to re-perform any task which was not performed to the reasonable satisfaction of the District Project Manager pursuant to application of (1) and (2) above. In the event the District directs Contractor not to re-perform a task, the District shall negotiate a reasonable settlement for satisfactory work performed. No previous payment shall be considered a waiver of the District's right to reimbursement.

2.16.4 Nothing contained in this Section is intended to limit any of the rights or remedies which the District may have under law.

2.17 CUTTING, FITTING AND PATCHING

2.17.1 The Contractor shall perform cutting, fitting and patching necessary to coordinate the various parts of the Work and to prepare its Work for the work of the Owner or Others.

2.17.2 Cutting, patching or altering the work of the Owner or Others shall be done with the prior written approval of the Owner. Such approval shall not be unreasonably withheld.

2.18 CLEANING UP

2.18.1 The Contractor shall regularly remove debris and waste materials at the Worksite resulting from the Work. Prior to discontinuing Work in an area, the Contractor shall clean the area and remove all rubbish and its construction equipment, tools, machinery, waste and surplus materials. The Contractor shall minimize and confine dust and debris resulting from construction activities. At the completion of the Work, the Contractor shall remove from the Worksite all construction equipment, tools, surplus materials, waste materials and debris.

2.18.2 If the Contractor fails to commence compliance with cleanup duties within forty-eight (48) hours after written notification from the Owner of non-compliance, the Owner may implement appropriate cleanup measures without further notice, and the cost shall be deducted from any amounts due or to become due the Contractor.

2.19 ACCESS TO WORK The Contractor shall facilitate the access of the Owner and Others to Work in progress.

2.20 REPORTS Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Contractor hereby acknowledges that the District is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Contractor agrees that if Contractor becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Contractor is providing design services, the cost of the project being designed, Contractor shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto.

2.21 RECORDS Contractor shall keep, and require Subcontractors to keep, such books and records (including but not limited to payroll records as required herein) as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of District, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the District shall have access to such records in the event any audit is required.

2.22 Performance Guarantee

2.22.1 Performance Guarantee. The Contractor unconditionally and irrevocably guarantees to the Owner that the Project shall be designed, constructed, and completed in strict accordance with the Contract Documents. Upon Final Completion, the completed facility shall meet or exceed the specific minimum performance criteria outlined in Exhibit F (the "Performance Guarantee Criteria").

2.22.2 Testing and Verification. Not later than [Ninety (90)] Days following the date of Final Completion, the Contractor shall gather, review, and analyze generation and efficiency data from the cogeneration system's data collection systems and in order to evaluate and report on system performance as mutually agreed upon by both parties to verify compliance with the Performance Guarantee Criteria. Contractor will conduct performance tests to verify the Performance Guarantee Criteria every 6 months thereafter until the date that is 36 months after Final Completion. Contractor must provide a warranty bond for the Performance Guarantee period.

2.22.3 Failure to Meet Performance Criteria. If the Project fails to meet the Performance Guarantee Criteria during testing, the Contractor shall, at its own expense and risk, bear all design and construction costs associated with making the necessary corrections, modifications, or replacements. The Contractor shall continue to correct such deficiencies until the Project successfully passes subsequent performance verification tests.

ARTICLE 3
OWNER'S RESPONSIBILITIES

3.1 INFORMATION AND SERVICES Any information, records, data, services, or access to be provided by the Owner shall be provided in a timely manner so as not to delay the Work, M&V Services, or any other requirement or obligation of the Contractor under this Agreement.

3.2 WORKSITE INFORMATION Subject to the Contractor's responsibilities under Paragraph 2.1 of this Agreement, the Contractor acknowledges that the Owner has already provided the Contractor with worksite information sufficient to perform the Contractor's obligations under this Agreement. Should the Contractor require further information as the Work progresses, the Owner will provide information in its possession with reasonable promptness and in reasonable detail following the Contractor's request to the Contract Officer.

3.4 COOPERATION WITH WORK OF CONTRACTOR With regard to any work performed at the Worksite by or for the Owner, the Owner, and any other person or entity that uses or occupies the Worksite at the request of or with the permission of the Owner or the Owner's representatives, shall (a) proceed in a manner which does not hinder, delay or interfere with the work of the Contractor or cause the work of the Contractor to become defective, (b) afford the Contractor reasonable access for introduction and storage of their materials and equipment and performance of their activities, and (c) coordinate with the Contractor's construction and operations.

3.5 CONSTRUCTION LIEN INFORMATION Within seven (7) days after receiving the Contractor's written request, the Owner shall provide the Contractor with the information necessary to give stop notices. This information shall include the Owner's interest in the real property on which the Project is located and the record legal title.

3.6 OWNER'S REPRESENTATIVE The Owner's authorized representative is the District Administrator and Contract Officer.

3.7 OWNER'S CUTTING AND PATCHING Cutting, patching or altering the Work by the Owner or Others shall be done with the prior written approval of the Contractor, which approval shall not be unreasonably withheld.

3.8 OWNER'S RIGHT TO CLEAN UP In case of a dispute between the Contractor and Others with regard to respective responsibilities for cleaning up at the Worksite, the Owner may implement appropriate cleanup measures and allocate the cost among those responsible.

3.9 COST OF CORRECTING DAMAGED OR DESTROYED WORK With regard to damage or loss attributable to the acts or omissions of the Owner or Others and not to the Contractor, the Owner may either (a) promptly remedy the damage or loss or (b) accept the damage or loss. If the Contractor incurs additional costs and/or is delayed due to such loss or damage, the Contractor shall be entitled to an equitable adjustment in the GMP and/or Contract Time.

3.10 PUBLIC RECORDS ACT DISCLOSURE Contractor has been advised and is aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Contractor, or any of its Subcontractors, pursuant to this Agreement and provided to District may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 7920.000 et seq.). The District shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked, if disclosure is deemed to be required by law or by order of the Court

3.11 COMPLIANCE WITH GOVERNMENT CODE SECTION 4217.12 The Contractor acknowledges that the Owner has completed notice, public hearing, and findings requirements under Government Code Section 4217.12, and acknowledges receipt of a certified copy of the resolution documenting these requirements.

ARTICLE 4
SUBCONTRACTS

4.1 SUBCONTRACTORS The Work not performed by the Contractor with its own forces shall be performed by Subcontractors. The Contractor may, at its exclusive option, subcontract some or all of the Work, the Contractor’s maintenance responsibilities, or the Measurement &Verification Services (“M&V”). For purposes of this Agreement, no contractual relationship shall exist between the Owner and any Subcontractor.

4.1.1 The Contractor shall be responsible for the management of the Subcontractors in the performance of their work. Except for negligent acts or omissions of the Owner, the Contractor is solely responsible for insuring that all of the Work completed by the Subcontractors is in conformity with the Contract Documents. The Owner is not responsible for the acts or omissions of Subcontractors retained by the Contractor for the performance of the Work.

4.1.2 Contracts between or among the Contractor, suppliers and Subcontractors shall require each supplier and Subcontractor to be bound to the Owner and Contractor by the terms of these Contract Documents, and to assume toward the Contractor, Owner, and each of their officers, employees, agents and consultants all the obligations and responsibilities including but not limited to insurance and indemnity requirements which the Contractor, by these Contract Documents, assumes toward the Owner

4.2 AWARD OF SUBCONTRACTS AND OTHER CONTRACTS FOR PORTIONS OF THE WORK Within 7 days after the award of this Agreement, the Contractor shall provide the Owner with a written list of the proposed Subcontractors and significant material suppliers. To the extent there is a substitution of a Subcontractor or material supplier at the request of the Owner and the substitution results in an increase in the GMP and/or Contract Time, an appropriate Change Order shall be issued as provided in Article 6.

ARTICLE 5
PERIOD OF PERFORMANCE/LIQUIDATED DAMAGES

5.1 PERFORMANCE OF THE WORK

5.1.1 DATE OF COMMENCEMENT The Date of Commencement is the date the Owner issues a Notice to Proceed.

5.1.2 Unless instructed by the Owner in writing, the Contractor shall not knowingly commence the Work before the effective date of insurance that is required to be provided by the Contractor and Owner.

5.1.3 FINAL COMPLETION The Date of Final Completion is 984 calendar days from issuance of Notice to Proceed as shown in the Schedule of the Work provided in Attachment C subject to adjustments as provided for in the Contract Documents.

5.2 SCHEDULE OF THE WORK – LIQUIDATED DAMAGES FOR LATE COMPLETION

5.2.0 Contractor shall perform and complete all Work under this Contract within 32 months (984days) of the effective date of the Notice to Proceed, and in accordance with any completion schedule developed pursuant to the provisions of the Contract Documents. Contractor agrees that if such work is not completed within the aforementioned periods, liquidated damages will apply. The amount of liquidated damages shall equal Five Hundred Dollars ($500) for each day or fraction thereof, it takes to complete the Work, or specified portion(s) of the Work, over and above the number of days specified herein or beyond the Project Milestones established by approved Construction Schedules.

5.2.1 Time is of the essence in the performance of this Agreement. The Contractor confirms that the Contract Time is a reasonable period for performing the Work and includes enough time to allow for normal unfavorable weather and other reasonably anticipated delays. As a significant inducement for entering this Agreement and proceeding with the Project, Contractor has advised Owner that the Project is expected to qualify for the Clean Electricity Investment Credit under Section 48E of the Internal Revenue Code, which Owner, as a tax-exempt governmental entity, is expected to monetize as a direct payment from the Federal Government under Section 6417. This credit remains available at full value for facilities placed in service through at least December 31, 2032, unless this date is modified by the Federal Government. The Owner is relying on receipt of these direct payments, which will only materialize if the system is placed in service prior to this date.

5.2.2 Before submitting the first application for payment, the Contractor shall have submitted to the Owner a Schedule of the Work, attached as Attachment C, that shall show the beginning and ending date for each major construction task by each trade and the interdependencies between tasks, and shall identify the critical sequence of tasks that determines the shortest time required to complete the Work. The Schedule of Work shall: (i) not exceed the Contract Time established in the Contract Documents; (ii) be updated at monthly intervals or as requested by the Owner, or at appropriate intervals as required by the conditions of the Work and the Project; (iii) be related to the entire Project; and (iv) provide for expeditious and practicable execution of the Work. The schedule shall reflect input from the Contractor's Subcontractors and suppliers, shall include an allowance for normal unfavorable weather and enough time to accomplish all clarifications, requests for information, all submittals and changes required in the Contract Documents, and shall not exceed time limits specified in the Contract Documents. Contractor's submittals for Owner's review shall be submitted with sufficient time to permit 15 days for a response and not impact Contractor's schedule. On the Owner's written approval of the Schedule of the Work, the Contractor shall comply with it unless directed by the Owner to do otherwise.

5.2.3 With each application for payment submitted by the Contractor (other than the final application for payment), the Contractor shall submit to the Owner an updated Schedule of Work revised to indicate the portion of Work executed, all progress slippages, corrective actions taken, or slippage carry-over, for all anticipated delays of difficulties, and all other information required to accurately present the actual status of the progress of the Work as of the date of the application for payment. If the Contractor does not submit an updated Schedule of Work with an application for payment, Owner shall withhold payment, in whole or in part. In the event any update to the Schedule of Work indicates any delays to the Contract Time that are the fault of Contractor or others whom Contractor is responsible, the Contractor shall propose an affirmative plan to correct the delay, including overtime and/or additional labor, if necessary. In no event shall any Schedule of Work update constitute an adjustment in the Contract Time, any deadline, or the GMP unless any such adjustment is agreed to by the Owner and authorized pursuant to Change Order or Changed Work.

5.2.4 Contractor shall maintain a daily log containing a record of weather, Contractor's own forces working on Worksite; Subcontractors working on the Worksite; number and labor classification of workers or each Subcontractor on Worksite; materials delivered; major equipment on Worksite, Work started, completed and accomplished that day; approximate count of all personnel at the Worksite; inspections tests and visitors; accidents, any Work stoppages, delays, shortages or losses; problems encountered and other similar relevant data as the Owner may reasonably require. The daily log shall be signed by Contractor's Superintendent(s) or Project Manager, submitted by 4:30p.m. on the next working day to Owner and shall be made available to others as directed by Owner.

5.3 DELAYS, ACCELERATION AND EXTENSIONS OF TIME

5.3.1 The Contactor may make a claim under Article 6 for extension of Contract Time due to delays that are not due to the fault or neglect of the Contractor and which could not have been reasonably anticipated, including delays:

(1) caused by the Owner or by the Owner's separate contractors or workers,

(2) resulting from the Owner's failure to provide access to any or all of the Worksite on which the Work is to be performed, or

(3) due to suspension of the Work ordered by the Owner. In making such a Claim, the Contractor must demonstrate that the delay was the sole and unavoidable cause for increasing the length of time required to complete the Work.

In the case of a delay which was caused in part by the Contractor and in part by the Owner (Concurrent Delay), Contractor shall only be entitled to an extension of the Contract Time and Contractor shall not be liable for Liquidated Damages during the period of Concurrent Delay, but Contractor shall not be entitled to any additional compensation whatsoever during the period of Concurrent Delay.

5.3.2 FORCE MAJEURE The time period(s) specified in the Agreement and approved Schedule of Work for performance of the Work pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the Owner. Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes for the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the reasonable judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement.

5.3.3 NOTICE OF DELAYS In the event delays to the Work are encountered for any reason, the Contractor shall provide prompt written notice to the Owner of the cause of such delays after Contractor first recognizes the delay. The Owner and Contractor agree to undertake reasonable steps to mitigate the effect of such delays.

5.4 NOTICE OF DELAY CLAIMS If the Contractor requests an equitable adjustment of Contract Time and/or an equitable adjustment of the GMP as a result of a delay described in Subparagraph 5.3.1, the Contractor shall give the Owner written notice of the claim in accordance with Paragraph 6.2.

5.6 ACCELERATION The Contractor shall proceed expeditiously with adequate forces and shall achieve Final Completion within the Contract Time. If the Contractor's performance falls behind schedule, the Contractor shall accelerate the work as required to get back on schedule at no additional cost to the Owner. Accelerated work shall include air or express delivery of materials and equipment, increasing the number of workers, working overtime, working Saturdays, Sundays, and holidays and working additional shifts. The Contractor shall pay the Owner for any extra cost of inspection made necessary by accelerated work required under this provision.

ARTICLE 6
CHANGES IN THE WORK

Changes in the Work which are within the general scope of this Agreement may be accomplished, without invalidating this Agreement, by Change Order, subject to the limitations stated in the Contract Documents.

6.1 CHANGE ORDER

6.1.1 The Contractor and/or Owner shall be entitled to a Change Order for changes in the Work or the timing or sequencing of the Work or any emergencies that may arise during the Work that impacts GMP, Contract Time, Scope of Work, or Estimated Savings Assumptions. All such changes in the Work that affect Contract Time, Scope of Work, GMP, or Estimated Savings Assumptions shall be formalized in a Change Order. Any such requests for a change in the GMP, the Contract Time and/or Estimated Savings Assumptions shall be processed in accordance with this Article 6.

6.1.2 The Owner and the Contractor shall negotiate in good faith an appropriate adjustment to the GMP, the Contract Time, Scope of Work, and/or Estimated Savings Assumptions and shall conclude these negotiations as expeditiously as possible. Acceptance of the Change Order and any adjustment shall not be unreasonably withheld.

6.1.3 Contractor shall have no obligation to proceed with any work pursuant to a Change Order until the Contractor and Owner mutually agree to an appropriate adjustment to the Contract Price and/or the Contract Time and the Contractor receives a written proceed order from the Owner.

6.1.3 If the Owner and Contractor agree on the change in GMP, the Contract Time, Scope of Work, and/or Estimated Savings Assumptions, a Change Order will be issued and signed by the Contractor and Owner. An executed Change Order shall be conclusive and final settlement of the change in Contract Time and GMP for the work covered by the Change Order including the effect of the change on all other portions of the work completed or not and shall include compensation for all related claims for disruption, impact, delay or extended overhead, if any, that may result from the change.

6.1.4 Accord and Satisfaction. It is the intent of Owner to settle each Change Order full and final at the time the Change Order is issued. Therefore, the following language will be deemed incorporated into all Change Orders:
"The undersigned hereby proposes and agrees to furnish any and all labor, material and equipment, including all overhead and profit, in strict accordance with the requirements of the original Contract Documents except as specifically above noted otherwise for the sum stated above, and that are required in connection with the above proposed change.
By signing the Change Order, the Contractor acknowledges and agrees, on behalf of himself, all Subcontractors, and all suppliers, that the stipulated compensation includes payment for all work contained in the Change Order, plus all payment for the interruption of schedules, extended overhead costs, delay, all impacts, and ripple effect of cumulative impact on all other work under this Contract. The signing of the Change Order indicates that the Change Order constitutes the compensation (time and cost) set forth in the Change Order and comprises the total compensation due the Contractor, all subcontractors, and all suppliers, for the Work or change defined in the Change Order, including impact on unchanged work. The Contractor is in full mutual accord and satisfaction with the change, and that the time and /or cost under the Change Order constitute the total equitable adjustment owed the Contractor, all Subcontractors, and all suppliers, as a result of the changes. The Contractor. on behalf of the Contractor, all Subcontractors, and all suppliers, agrees to waive all right, without exception or reservation of any kind whatsoever, to file any further Claim related to this Change Order No further Claim or request for equitable adjustment of any type shall arise out of or as a result of this Change Order or the impact of this Change Order on the remainder of the Work under the Contract. The Contractor further agrees to indemnify and hold the Owner and its agents harmless from any further Claims, requests for equitable adjustment, or damages raised by Subcontractors or suppliers at any tier, as a result of the Work under this Contract. The Contractor, on behalf of the Contractor, all Subcontractors, and all suppliers, expressly waives the benefits of the provisions of Section 1542 of the Civil Code, which reads as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." The Owner and the Contractor hereby agree that this Change Order constitutes full mutual accord and satisfaction for all time, all costs, and all impacts related directly to this Change Order."

6.1.5 The Owner reserves the right to have changed work performed by a separate contractor or its own workers if the Contractor and the Owner cannot agree on the change in Contract Time and GMP required. Note that work performed by others will not be covered by Contractor Warranty and work on equipment originally initiated by Contractor will void any Contractor Warranty on said equipment.

6.2 CLAIMS FOR ADDITIONAL COST OR TIME

6.2.1 Except as provided in Subparagraph 5.3.2 and Paragraph 5.4 for any claim for an increase in the GMP and/or the Contract Time, the Contractor shall give the Owner written notice of the claim within fourteen (14) days after the occurrence giving rise to the claim or within fourteen (14) days after the Contractor first recognizes the condition giving rise to the claim, whichever is later. Except in an emergency, notice shall be given before proceeding with the Work. Any change in the GMP and/or the Contract Time resulting from such claim shall be authorized by Change Order.

6.2.2 Tariff Adjustment. The Contract Price includes $90,479 for tariffs, duties, and similar import charges (collectively, "Trade Restrictions") on the imported engine, If the Trade Restrictions actually assessed on entry, differ from the Baseline Amount by more than $18,096 (equal to a 20% change in value), the Contract Price shall be adjusted via Article 6.1, up or down, by the amount of that difference in excess of $18,096, at cost and without markup for overhead, profit, fee, bond, or insurance.

ARTICLE 7
PREVAILING WAGE

7.1 Contractor represents and warrants that it is registered with the Department of Industrial Relations pursuant to SB 854 and Labor Code 1725.5. Contractor shall ensure that its Subcontractors comply with said requirements. By its execution of this Agreement Contractor certified that it is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq. (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. Since the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and since the total compensation is $1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. It is the responsibility of the Contractor to determine the proper Wage Determination Classification for their employees in the County where the work is being performed. Bidder/Contractor shall be responsible for determining the applicability of all provisions of California Labor Code and complying with the same, including, without limitation, obtaining from the Director of the Department of Industrial Relations the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the respective counties, making the same available to any interested party upon request, paying any applicable prevailing rates, and posting copies thereof at the job site in accordance with the prevailing wage law. Contractor shall defend, indemnify and hold the District and its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

7.2 Payroll Records. The Contractor’s attention is directed to the provisions of Labor Code Section 1776. The Contractor shall be responsible for the compliance with these provisions by its Subcontractors.

7.3 Penalty for Not Paying Prevailing Wage . Section 1775, Contractor and any Subcontractor will forfeit to District as a penalty up to $200 for each calendar day, or portion of a day, for each worker paid less than the applicable prevailing wage rate, in addition to paying each worker the difference between the applicable wage rate and the amount actually paid.

7.4 Apprentices. Section 1777.5 of the Labor Code prescribes the terms and conditions for employing registered apprentices. Attention is directed to the provisions in Sections 1777.5 and 1777.6 of the Labor Code concerning the employment of apprentices by the Contractor or any Subcontractor under him/her. Contractor shall comply with those provisions and requirements.

7.5 Legal Days Work. Under Section 1810 of the Labor Code, eight hours of labor constitutes a legal day's work and the Contractor and any Subcontractor under him/her shall comply with and be governed by said section. Should Contractor violate Section 1810 of the Labor Code, pursuant to Section 1813 of the Labor Code,Contractor will forfeit to the District as a penalty the sum of $25 for each day during which a worker employed by Contractor or any Subcontractor is required or permitted to work more than eight hours during any one calendar day, or more than 40 hours per calendar week, unless such workers are paid overtime wages under Labor Code section 1815.

ARTICLE 8
PAYMENT

8.1 SCHEDULE OF PAYMENTS

8.1.1 The schedule of payments is reflected in the GMP and Payment schedule Attachment D. The period covered by each application for payment shall be one calendar month. Payment shall be based on work completed as of the application for payment date which shall be the last day of the month unless otherwise stated in the agreement. Contractor will submit monthly invoices to Owner based upon an agreed percentage of completion of each Schedule of Values (SOV) line item, as shown in the Schedule of Values, attached hereto in Attachment D. The values in the SOV shall be inclusive of any and all compensation, costs, fees, expenses, and any other monies to Contractor and all Contractor's Subcontractors and shall include all costs associated with the work. Payments from the District are due within 30 days of District approval of the application for payment. Within 7 days after each application of payment date, the Contractor shall meet with the Owner to review the percentage of completion line item amounts proposed by the Contractor for payment. When the amounts proposed are acceptable to the Owner, the Contactor shall prepare and submit within 3 days, the application for payment form and Conditional Lien Releases from the Contractor, each Subcontractor, supplier and materialman whose work is included in the application. The Contractor shall sign and certify on the application for payment, subject to penalty of perjury, the following: "The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief, the Work covered by this application for payment has been completed in accordance with the Contract Documents and that all Work for which previous payments have been received is free and clear of liens, claims, security interests or encumbrances of any kind. The Contractor further warrants that title to all Work covered by this application for payment will pass to the Owner no later than the time of payment."

8.1.2 The Contractor shall pay all applicable sales, consumer, use, and similar taxes for the Work provided by the Contractor and such taxes shall be included in the GMP.

8.1.3 Contactor accepts full liability for the payment of any and all contributions, deductions, or taxes for social security, unemployment insurance, old age and survivor's benefits, medical and health benefits, or for any other purpose now or hereafter imposed under any applicable law measured by the wages, salary or other remuneration paid to persons employed by or on behalf of Contractor for the Work. Contractor covenants and agrees to observe and fully comply with all applicable law, including procurement of any necessary occupational licenses, permits and inspection certificates.

8.2 ACCEPTANCE OF WORK Neither the Owner's payment of progress payments nor its partial or full use or occupancy of the Project constitutes acceptance of Work not complying with the Contract Documents.

8.3 PAYMENT DELAY If for any reason not the fault of the Contractor the Contractor does not receive a payment from the Owner or the Owner's agent within seven (7) days after the time such payment is due, as defined in Subparagraph 8.1, then the Contractor, upon giving seven (7) days' written notice to the Owner, and without prejudice to and in addition to any other legal remedies, may stop Work until payment of the full amount owing to the Contractor has been received, including interest at ten percent (10%) per year from the date payment was due in accordance with Paragraph 8.8. The GMP, Contract Time, and Scope of Work shall be equitably adjusted by a Change Order to fully and fairly compensate the Contractor for any additional costs and delays resulting from shutdown, delay and start-up.

8.4 EQUIPMENT START-UP

8.4.1 When Equipment Start-up of the Work or a designated portion is achieved, the Contractor shall prepare a Certificate of Equipment Start-up that shall establish the date of Equipment Start-up, and the respective responsibilities of the Owner and Contractor for interim items such as security, maintenance, utilities, insurance, and damage to the Work. The certificate shall also list the items to be completed or corrected and establish the time for their completion or correction. The Certificate of Equipment Start-up shall be submitted by the Contractor to the Owner for written acceptance of responsibilities assigned in the Certificate.

8.4.2 The following items shall be provided by the Contractor to the Owner within thirty (30) days of Equipment Start-up:

8.4.2.1 An affidavit declaring any indebtedness connected with the Work, e.g. payrolls or invoices for materials or equipment, to have been paid, satisfied or to be paid with the proceeds of final payment, so as not to encumber the Owner's property;

8.4.2.2 As-built drawings, manuals, copies of warranties and all other close-out documents required by the Contract Documents;

8.4.2..3 Release of any liens, conditioned on final payment being received;

8.4.2..4 Consent of any surety; and

8.4.2..5 Any outstanding known and unreported accidents or injuries experienced by the Contractor or its Subcontractors at the Worksite.

8.4.3 Warranties required by the Contract Documents shall commence on the Date of Final Completion of the Work.

8.5 PARTIAL OCCUPANCY OR USE The Owner may occupy or use completed or partially completed portions of the Work when (a) the portion of the Work is designated in a Certificate of Equipment Start-up, (b) appropriate insurer(s) consent to the occupancy or use, and (c) appropriate public authorities authorize the occupancy or use. Such partial occupancy or use shall constitute Equipment Start-up of that portion of the Work.

8.6 CONTRACTOR’S LIST OF DEFICIENCIES When the Contractor considers the Work nearly complete, the Contractor shall review the Contract Documents, inspect the Work and prepare a list of deficiencies (Punch List). The Contractor shall complete or correct the items on the Punch List until, in the Contractor’s opinion, the Work is Substantially Complete and ready for occupancy and use by the Owner. The Contractor shall then deliver the Punch List to the Owner and notify the Owner in writing that the Contractor believes the Work is Substantially Complete and ready for a Semi-Final Inspection.

8.7 SEMI-FINAL INSPECTION, SUBSTANTIAL COMPLETION When the Work is ready and the Contractor so notifies the Owner in writing, the Owner will make a Semi-Final Inspection and may add additional items to the Contractor's Punch List. As a result of this inspection, the Owner may determine that (1) the Work is not sufficiently complete to warrant a Semi-Final Inspection, additions to the Contractor's Punch List, or the preparation of a Final Punch List, (2) the Work is sufficiently complete for the Owner to prepare a Final Punch List but certain incomplete or Defective Work prohibits use of the Work for its intended purpose and therefore, the Work is not Substantially Complete, or (3) that the Work is Substantially Complete and usable for its intended purpose and the Owner can prepare a Final Punch list. In preceding cases 1 and 2, the Contractor shall continue the Work and call for a second Semi-Final Inspection when the Work is ready. In case (3), the Owner will prepare a Final Punch List and a notice of Substantial Completion which shall establish the date of Substantial Completion and shall state the time agreed to by the Owner and the Contractor (not to exceed 30 days) in which the Contractor shall complete all work ready for Final Inspection. The date of Substantial Completion shall be revised if necessary such that it is no more than 30 days prior to the actual Date of Final Completion. The Owner shall attach a copy of the Final Punch List to the notice of Substantial Completion. If the Contractor does not achieve Substantial Completion on the second attempt, it shall reimburse the Owner the cost of the Owner's services for additional inspections.

8.8 FINAL INSPECTION, FINAL COMPLETION AND FINAL PAYMENT

8.8.1 When the Contractor has completed or corrected all the items on the Owner's Final Punch List and has made all required final submittals, the Contractor shall give the Owner written notice that the Work is ready for Final Inspection and acceptance and upon receipt of a final application for payment, the Owner shall make a Final Inspection. If the Owner finds the Work is not fully complete, it shall notify the Contractor of items still requiring completion or correction. The Contractor shall immediately correct these deficiencies and call for a reinspection. When the Owner finds to the best of the Owner's knowledge, information and belief, and on the basis of the Owner's observations and inspections, the Work is acceptable and fully complete in accordance with the Contract Documents, and when all final submittals have been made, the Owner will issue and file a Notice of Completion, designating Date of Final Completion, make final payment and accept the Work in accordance with the terms and conditions of the Contract Documents.

8.8.2 Neither the Owner's failure to include an item on the Final Punch List, nor making of the Semi-Final or the Final Inspection, nor recommendation of final acceptance shall alter the Contractor's responsibility to complete all Work in accordance with the Contract Documents.

8.8.3 Within 10 days after the Contractor has delivered to the Owner a complete release of all liens arising out of this Agreement or receipts in full covering all labor, materials and equipment for which a lien could be filed, or a bond satisfactory to the Owner to defend and indemnify the Owner against such liens, the Owner shall accept the Work and file a Notice of Completion. Final payment shall not become due until 60 days after the Owner files a Notice of Completion and there being no liens or stop notices filed. If any lien or stop notice remains unsatisfied, the Contractor shall immediately take all steps necessary to remove all liens or stop notices before final payment is made. If any liens are filed or exist after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such liens, including all costs and reasonable attorney's fees.

8.8.5 Claims not reserved in writing with the making of final payment shall be waived except for claims relating to liens or similar encumbrances, warranties, Defective Work and latent defects.

8.8.6 ACCEPTANCE OF FINAL PAYMENT Unless the Contractor provides written identification of unsettled claims with an application for final payment, acceptance of final payment constitutes a waiver of such claims.

8.7 LATE PAYMENT Payments due but unpaid shall bear interest from the date payment is due at the rate of ten percent (10%) per year.

ARTICLE 9
OWNERSHIP OF DOCUMENTS

9.1 All drawings, specifications, reports, records, documents and other materials prepared by Contractor, its employees, Subcontractors and agents in the performance of this Agreement shall be the property of District and shall be delivered to District upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by District of its full rights of ownership of the documents and materials hereunder. Contractor may retain copies of such documents for its own use. Contractor shall have an unrestricted right to use the concepts embodied therein. All Subcontractors shall provide for assignment to District of any documents or materials prepared by them, and in the event Contractor fails to secure such assignment, Contractor shall indemnify District for all damages resulting therefrom.

ARTICLE 10
UPGRADING OR ALTERING THE EQUIPMENT

10.1 Contractor shall at all times have the right, subject to Owner's prior written approval, which approval shall not be unreasonably withheld, to change the Equipment, revise any procedures for the operation or maintenance of the Equipment or implement other actions at or related to the Premises intended to support or refine the anticipated performance of the ECMs and the associated estimated savings, provided that:

(i) such modifications or additions to, or replacement of the Equipment, and any operational changes, or new procedures are reasonably necessary to align the ECMs with the design assumptions, operational conditions, or savings projections described in the Contract Documents; and

(ii) any cost incurred relative to such modifications, additions or replacement of the Equipment, or operational changes or new procedures shall be the responsibility of the Contractor.

10.2 All modifications, additions or replacements of the Equipment or revisions to operating or other procedures shall be described in a supplemental Schedule(s) to be provided to the Owner for approval, which shall not be unreasonably withheld. Any replacement Equipment shall have equal or greater potential, based on reasonable engineering judgment, to support the estimated reduction of Energy Costs or O&M Costs when compared to the Equipment being replaced or modified.

10.3 The rights described in this Article 10 are intended to provide operational flexibility and shall not be construed as a guarantee of achieving any specific level of energy or cost savings.

ARTICLE 11
Not Used

ARTICLE 12
Not Used

ARTICLE 13
Not Used

ARTICLE 14
SUSPENSION, NOTICE TO CURE AND TERMINATION OF THE AGREEMENT

14.1 SUSPENSION BY OWNER FOR CONVENIENCE

14.1.1 OWNER SUSPENSION Should the Owner order the Contractor in writing to suspend, delay, or interrupt the performance of the Work for such period of time as may be determined to be appropriate for the convenience of the Owner and not due to any act or omission of the Contractor or any person or entity for whose acts or omissions the Contractor may be liable, then the Contractor shall immediately suspend, delay or interrupt that portion of the Work as ordered by the Owner. The GMP and the Contract Time shall be equitably adjusted by Change Order for the cost and delay resulting from any such suspension.

14.1.2 Any action taken by the Owner that is permitted by any other provision of the Contract Documents and that results in a suspension of part or all of the Work does not constitute a suspension of Work under this Paragraph 14.1.

14.2 NOTICE AFTER A DEFAULT If the Contractor persistently refuses or fails to supply enough properly skilled workers, proper materials, and/or equipment, to maintain the approved Schedule of the Work in accordance with Article 5, disregards laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, or is otherwise guilty of a material breach of a provision of this Agreement, the Contractor may be deemed in default and the Owner may provide the Contractor with a notice to cure the default or a notice of termination.

14.3 OWNER'S RIGHT TO TERMINATE FOR CAUSE

14.3.3 The Owner may terminate all or part of the Contract if the Contractor:

.1 Persistently fails to provide enough workers or materials to properly pursue the Work as required to complete the Work within the Contract Time;

.2 Persistently fails to perform the Work in accordance with the Contract Documents including, but not limited to providing monthly updates to the Schedule of Work and/or to correct or replace Defective Work when directed to do so;

.3 Fails to make payment to Subcontractors or material suppliers;

.4 Becomes insolvent, commences any form of voluntary bankruptcy proceedings, has any petition or action filed against it under any bankruptcy code or law, makes a general assignment for the benefit of creditors, or if a trustee, receiver or agent is appointed under law to take charge of Contractor's property or operations for the benefit of creditors;

.5 Persistently disregards laws, regulations, rules or orders of public bodies having jurisdiction or persistently disregards the authority of the Owner;

.6 Fails to retain a valid Contractor's license of the required class in the applicable jurisdiction; or

.7 Otherwise commits a material breach of the Agreement.

14.3.2 When any of the above reasons exist and without prejudice to any other rights or remedies the Owner may have, and after giving the Contractor and the Contractor's Surety 7 days written notice, the Owner may terminate the employment of the Contractor and, subject to any prior rights of the Surety, the Owner may:

.1 Take possession of the site and of all material, tools and construction equipment on the site owned by the Contractor;

.2 Accept assignment of subcontracts pursuant to paragraph 4.1.2; and

.3 Complete the Work by any reasonable method the Owner may select. 1 Contractor shall vacate any District owned property which Contractor is permitted to occupy hereunder. The Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the District shall use reasonable efforts to mitigate such damages), and District may withhold any payments to the Contractor for the purpose of setoff or partial payment of the amounts owed the District as previously stated.

14.4 CONTRACTOR'S RIGHT TO TERMINATE

14.4.1 Upon seven (7) days' written notice to the Owner, the Contractor may terminate this Agreement if the Work has been stopped for a thirty (30) day period through no fault of the Contractor for any of the following reasons:

14.4.1.1 under court order or order of other governmental authorities having jurisdiction;

14.4.1.2 as a result of the declaration of a national emergency or other governmental act during which, through no act or fault of the Contractor, materials are not available; or

14.4.1.3 suspension by Owner for convenience pursuant to Paragraph 14.1

14.4.2 In addition, upon seven (7) days' written notice to the Owner, the Contractor may terminate the Agreement if the Owner:

14.4.2.1 fails to pay the Contractor in accordance with this Agreement and the Contractor has complied with the notice provisions of Paragraph 8.5, or

14.4.2.2 otherwise materially breaches this Agreement.

14.4.3 Upon termination by the Contractor in accordance with Paragraph 14.4, the Contractor shall be entitled to recover from the Owner payment for all Work executed and for any proven loss, cost or expense in connection with the Work, but not including overhead or profit on Work not performed.

14.5 OBLIGATIONS ARISING BEFORE TERMINATION Even after termination pursuant to Article 14, the provisions of this Agreement still apply to any Work performed, payments made, events occurring, costs charged or incurred or obligations arising before the termination date.

ARTICLE 15
ADDITIONAL REPRESENTATIONS OF THE PARTIES

15.1 Contractor hereby acknowledges that:

(i) The Owner has provided or shall provide timely to Contractor, all records relating to any energy, fuel, water, or other utility use, operation, maintenance, occupancy, use, prior audits, Energy Costs, or O&M Costs of, for, or related to Premises requested by Contractor and the information set forth therein is, and all information in other records to be subsequently provided pursuant to this Agreement will be true and accurate in all material respects; and

(ii) The Owner has not entered into any leases, contracts or contracts with other persons or entities regarding the leasing of energy efficiency equipment or the provision of energy management services for the Premises or with regard to servicing any of the energy-related equipment located in the Premises.

15.2 Contractor hereby warrants, represents and promises that:

(i) Before commencing performance of this Agreement:

(a) It is or shall become licensed or otherwise permitted to do business in this state.

(b) It shall have provided proof and documentation of required insurance pursuant to terms and conditions of the Contractor contract it shall make available, upon reasonable request, all documents relating to its performance under this Agreement, including all contracts and subcontracts entered into;

(ii) It shall use qualified Subcontractors and delegees to perform the work so subcontracted or delegated pursuant to the terms hereof;

(iii) That it is financially solvent, able to pay its debts as they mature and possessed of sufficient working capital to complete the Work and perform its obligations under this Agreement.

ARTICLE 16
OWNER'S COMPLIANCE AND FACILITIES MAINTENANCE CHECKLIST

16.1 The parties acknowledge and agree that Contractor has entered into this Agreement in reliance upon the reasonable expectation of being compensated for performance of the Work in accordance with the Contract Documents and based upon the project assumptions, estimated savings, and operating conditions described in Attachments A and E.

16.2 The parties further acknowledge and agree that the projected energy and cost savings identified in this Agreement are dependent upon the proper use, operation, and maintenance of the Equipment, ECMs, and Premises. Such projected savings may not be realized unless the procedures and methods described in this Agreement are implemented and followed by the Owner on a regular and continuous basis.

16.3 Owner agrees that it shall adhere to, follow and implement the maintenance, use, and methods of operation set forth and described in this Agreement.

16.4 Owner agrees that Contractor shall have the right once a month, with 48 hour prior notice, to inspect Premises to determine if Owner is complying with Attachment G (Owner Maintenance Responsibilities). Owner shall make the Premises available to Contractor and shall have the right to witness each inspection.

ARTICLE 17
NOT USED

ARTICLE 18
GENERAL PROVISIONS

18.1 Governing Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Luis Obispo, State of California, or any other appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action.

18.2 Representatives. The District Administrator or his or her designee shall be the representative of District for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the District, called for by this Agreement, except as otherwise expressly provided in this Agreement.

18.3 The Principal set forth above shall be the representative for Contractor for purposes of this Agreement, and shall be authorized to issue all consents, approvals, directives and agreements on behalf of Contractor called for by this Agreement, except as otherwise expressly provided in this Agreement.

18.4 Disputes. In the event either party fails to perform its obligations hereunder, the non-defaulting party shall provide the defaulting party written notice of such default. The defaulting party shall have ten (10) days to cure the default; provided that, if the default is not reasonably susceptible to being cured within said ten (10) day period, the defaulting party shall have a reasonable time to cure the default, not to exceed a maximum of thirty (30) days, so long as the defaulting party commences to cure such default within ten (10) days of service of such notice and diligently prosecutes the cure to completion; provided further that if the default is an immediate danger to the health, safety and general welfare, the defaulting party shall take such immediate action as may be necessary. Notwithstanding the foregoing, the non-defaulting party may, in its sole and absolute discretion, grant a longer cure period. Should the defaulting party fail to cure the default within the time period provided in this Section, the non-defaulting party shall have the right, in addition to any other rights the non-defaulting party may have at law or in equity, to terminate this Agreement. Compliance with the provisions of this Section shall be a condition precedent to bringing any legal action, and such compliance shall not be a waiver of any party's right to take legal action in the event that the dispute is not cured.

18.5 Claims. See Exhibit “A” attached hereto and incorporated herein by this reference a Summary of California Government Code Section 9204.

18.6 Retention of Funds. Progress payments shall be made in accordance with the provisions of Section 8.1 of this Agreement. In accordance with said section, District shall pay Contractor a sum based upon ninety five percent (95%) of the GMP apportionment of the labor and materials incorporated into the work under the contract during the month covered by said statement. The remaining five percent (5%) thereof shall be retained as performance security to be paid to the Contractor within sixty (60) days after final acceptance of the work by the District Council, after Contractor shall have furnished District with a release of all undisputed contract amounts if required by District. In the event there are any claims specifically excluded by Contractor from the operation of the release, the District may retain proceeds (per Public Contract Code 7107) of up to 150% of the amount in dispute. District’s failure to deduct or withhold shall not affect Contractor’s obligations hereunder.

18.7 Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

18.8 Rights and Remedies. Rights and Remedies are cumulative except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

18.9 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Nothing herein relieves Contractor from complying with the Government Claims Act, found in CA Government Code 810 et. seq.

18.11 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and shall be deemed to be given when served personally or deposited in the US Mail, prepaid, first-class mail, return receipt requested, addressed as follows:

To District:

South San Luis Obispo County Sanitation District
1600 Aloha Place
Oceano, CA 93445
Attn: Jeremy Ghent, District Administrator

To Contractor: Anthony Roner, Vice President, aroner@southlandind.com, 760-994-7255

18.12 Non liability of District Officers and Employees. No officer or employee of the District shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the District or for any amount which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

18.13 Conflict of Interest. The Contractor warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. Contractor and its officers, employees, associates and Subcontractors, if any, will comply with all conflict of interest statutes of the State of California applicable to Contractor's services under this agreement, including, but not limited to, the Political Reform Act (Government Code Sections 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Contractor and its officers, employees, associates and Subcontractor shall not, without the prior written approval of the District Representative, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one of its officers, employees, associates or Subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

18.14 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, military or veterans status, national origin, or ancestry in the performance of this Agreement. To the extent required by law, contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin, or ancestry.

18.15 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

18.16 Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

18.17 Unfair Business Practices Claims. In entering into a public works contract or a subcontract to supply goods, services or materials pursuant to a public works contract, the contractor or Subcontractor offers and agrees to assign to the awarding body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2, (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body renders final payment to the contractor without further acknowledgment by the parties. (Sec. 7103.5, California Public Contract Code).

18.18 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

18.19 PERS Eligibility Indemnification. In the event that Contractor or any employee, agent, or Subcontractor of Contractor providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the District, Contractor shall indemnify, defend, and hold harmless District for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or Subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of District.

18.20 Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Contractor and any of its employees, agents, and Subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by District, including but not limited to eligibility to enroll in PERS as an employee of District and entitlement to any contribution to be paid by District for employer contribution and/or employee contributions for PERS benefits.

18.21 Cooperation. In the event any claim or action is brought against District relating to Contractor's performance or services rendered under this Agreement, Contractor shall render any reasonable assistance and cooperation which District might require.

18.22 Legal Responsibilities. The Contractor shall keep itself informed of District, State, and Federal laws, ordinances and regulations, which may in any manner affect the performance of its services pursuant to this Agreement. The Contractor shall at all times observe and comply with all such laws, ordinances and regulations. Neither the District, nor its officers, agents, or employees shall be liable at law or in equity as a result of the Contractor's failure to comply with this section.

18.23 Termination for Convenience. The District may terminate this Agreement without cause for convenience of the District upon giving contractor 30 days prior written notice of termination of the Agreement. Upon receipt of the notice of termination the Contractor shall cease all further work pursuant to the Agreement. Upon such termination by the District the Contractor shall not be entitled to any other remedies, claims, actions, profits, or damages except as provided in this paragraph. Upon the receipt of such notice of termination Contractor shall be entitled to the following compensation:

18.23.1 The contract value of the work completed to and including the date of receipt of the notice of termination, less the amount of progress payments received by contractor.

18.23.2.Actual move-off costs including labor, rental fees, equipment transportation costs, the costs of maintaining on-site construction office for supervising the mover-off.

18.23.3.The cost of materials custom made for this Agreement which cannot be used by the Contractor in the normal course of his business, and which have not been paid for by District in progress payments.

18.23.4.All costs shall not include any markups as might otherwise be allowed by any plans or specifications which were a part of the Agreement.

18.23.5. The provisions of this paragraph shall supersede any other provision of the Agreement or any provision of any plans, specification, addendums or other documents which are or may become a part of this Agreement. District and Contractor agree that the provisions of this paragraph are a substantive part of the consideration for this Agreement

18.24

Responsibility for Errors. Contractor shall be responsible for its work and results under this Agreement. Contractor, when requested, shall furnish clarification and/or explanation as may be required by the District's representative, regarding any services rendered under this Agreement at no additional cost to District. In the event that an error or omission attributable to Contractor occurs, then Contractor shall, at no cost to District, provide all necessary design drawings, estimates and other Contractor professional services necessary to rectify and correct the matter to the sole satisfaction of District and to participate in any meeting required with regard to the correction.

18.25 Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

18.26 Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

18.27 No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of District and Contractor and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

18.28 Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

18.29 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement

18.30 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

18.31 Attorney Fees and Costs. Each party shall bear its own attorneys' fees and costs incurred to enforce this Agreement or resolve a breach of contract dispute.

ATTACHMENT B: SCOPE OF WORK

This Scope of Work ("SOW") describes the implementation work to be performed by Contractor for the development and installation of a new combined heat and power ("CHP") cogeneration system at the Owner's wastewater treatment plant (WWTP). This Project has been initiated and authorized through approval by the South San Luis Obispo County Sanitation District ("SSLOCSD"), enabling the District to engage directly with Contractor for turnkey delivery of the cogeneration improvements. The purpose of this Project is to reduce the Owner's expenditures for electric utility purchases and natural gas use by installing a new, operational CHP system fueled by biogas produced in the WWTP's anaerobic digesters. The SOW is based on the technical assessments, engineering evaluations, and collaborative scoping conducted between the Owner and Contractor, incorporating the Owner's operational priorities, reliability needs, and long-term energy objectives.

Overview

The Project consists of a single Energy Conservation Measure (ECM): the design and installation of a packaged 180 kWe cogeneration system and associated biogas treatment equipment supplied by 2G Energy ("2G"), along with the necessary mechanical, electrical, civil, structural, and control-system work for integrating the CHP system into the WWTP's systems. In general, the work includes engineering and generation of construction documents; demolition of existing equipment and infrastructure; site improvements and installation of a foundation and flood wall for the CHP unit and biogas cleaning system; installation of mechanical piping, electrical systems, and controls; modifications to the WWTP's digester sludge heating hot water system to integrate the CHP's recovered thermal output; installation of a utility protection relay system as required by PG&E's interconnection requirements for the cogeneration system; and modifications to the WWTP's SCADA system.

Additionally, the Project includes design and installation of a mechanical ventilation system for the Heating & Mixing Building for hazardous location mitigation in accordance with NFPA 820. NFPA 820 indicates the building's interior is a Class I, Division 2 hazardous area when operating without mechanical ventilation due to the presence of sludge-handling and pumping equipment. Installation and operation of the new ventilation system will facilitate reducing the hazard classification of the Heating & Mixing Building to Unclassified. The Work includes furnishing and installing new exhaust and supply fans, ductwork, controls, and associated electrical systems. The Work also includes modifications to the plant's SCADA system for monitoring the ventilation system and generating required alarms.

The work described herein will conform to the drawings, specifications, equipment data, and scope-of-supply documents included in the Contract Documents.

Estimated Costs and Savings Summary

The estimated costs and estimated savings presented below are provided for planning, evaluation, and approval purposes only and are based on the assumptions, methodologies, utility rates, and operating conditions described in the Contract Documents and Attachment F - Savings Methodology. These estimates are intended to support the Owner's consideration and approval of the Project under California Government Code 4217 and do not constitute a guarantee or representation that any specific level of savings will be achieved.

Table 1: ECM Financial Analysis

ECM Description	Costs			Guaranteed Savings[1]
	ECM Cost to SSLOCSD	Incentive / Credit	Net Cost	Utility
New Cogen and Gas Cleaning Systems	$9,885,666	$2,106,602	$7,79,064	$248,220

Note 1: Estimated cost savings are $261,285. Guaranteed cost savings include a 5% derate from estimated cost savings.

Table 2: ECM Estimated Energy Savings

ECM Description	Estimated Annual Energy Savings	
	kWh	Natural Gas Therms
New Cogen and Gas Cleaning Systems	1,333,162	34,044

Design and Installation Work

1) Design and Construction Documents
    a) Contractor will perform engineering for preparation of drawings and specifications for construction.
    b) Contractor will prepare and submit Issued for Construction (IFC) design drawings and specifications for construction to the Owner for approval.
    c) Contractor will provide record drawings showing the as-built configuration of the systems installed by Contractor.
2) Equipment and Material Submittals
    a) Contractor will submit information for proposed equipment and materials to the Owner for approval.
3) San Luis Obispo County Air Pollution Control District (APCD) Air Permit
    i) Authority to Construct (ATC)
        (1) Contractor will prepare and submit an Authority to Construct (ATC) application to the APCD for the proposed CHP system on behalf of the Owner.
        (2) The APCD's fees related to the ATC shall be borne by the Owner.
        (3) Contractor will perform tasks to support the APCD's review and approval of the ATC application.
    ii) Permit to Operate (PTO)
        (1) Contractor will perform tasks to support the APCD's issuance of the PTO for the proposed CHP system.
        (2) Contractor will perform emissions testing for the new CHP per the APCD's rules as needed for issuance of the PTO.
        (3) The APCD's fees and labor costs related to emissions testing and PTO fees shall be borne by the Owner.
4) PG&E Interconnection Related Work
    a) Contractor will manage the interconnection process with PG&E on behalf of the Owner, from Interconnection Request (IR) through Interconnection Agreement and PG&E's required initial Commissioning Testing and parallel operation.
    b) Interconnection Application and Request

i) Contractor will prepare an Interconnection Application and submit an IR to PG&E for the new cogen system.
ii) Perform engineering and develop technical documents required for the application.
iii) Contractor will respond to PG&E's questions, resolve identified deficiencies in the application and provide additional information needed for a complete and valid request.

c) Contractor will respond to PG&E's questions and information requests needed for PG&E's reviews and studies.
d) Contractor will support Owner's review of PG&E's findings, review and study results, cost estimates and Interconnection Agreement.
e) Contractor will complete and submit required documents to PG&E for the Pre-Parallel Inspection (PPI), request the PPI and attend PG&E's onsite PPI visit(s).
f) Contractor will perform initial Commissioning Testing of the generating facility as required by PG&E to receive Permission To Operate (PTO) approval. Periodic Commissioning Testing required by PG&E after initial PTO approval will be the Owner's responsibility.
g) Contractor will prepare the initial PG&E required maintenance schedule for the Owner's equipment required by PG&E including relays, batteries, telecommunication, and other PG&E required equipment.

5) Maintaining Plant Operations During Construction
   a) Contractor will plan all work with Owner that disrupts operation of plant equipment or systems including, for example, treatment processes, SCADA, electrical service or digester heating system.
   b) Contractor will notify the Owner of proposed shutdowns a minimum of 14 days in advance.
   c) Contractor will prepare a written work plan (Maintenance of Plant Operation Plan, MOPO) for activities affecting plant operations and submit it to the Owner for approval a minimum of five (5) business days in advance of the proposed work date.

6) Demolition
   a) General
      i) The Owner has first right of refusal for demolished items and material.
      ii) Contractor will provide legal offsite disposal for all demolished items and material that will not be retained by Owner.
      iii) Demolition will be provided as indicated in the plans and specifications for this project and as required for performance of the work described in the New Work section below.
   b) Sludge Drying Beds – Contractor will remove existing asphalt, concrete dike, underdrain system and influent island for the two (2) westernmost sludge drying beds as described in IGA Planset drawing C-102.
   c) Existing Cogeneration System and Heating Hot Water (HHW) System
      i) Contractor will remove the existing cogeneration unit and related electrical panels, components and infrastructure as described in IGA Planset drawings E-002, E-004 and E-005.
      ii) Contractor will remove existing digester gas and HHW piping and related equipment and cogen related equipment as described in IGA Planset drawings C-103 and N-101, as well as the related conduit and wire.

7) New Work
   a) CHP Equipment and Digester Gas Treatment Equipment
      i) CHP Unit - Contractor will furnish a new packaged 180kWe CHP unit manufactured and supplied by 2G, model Agenitor 404c. See Attachment E for 2G's scope of supply. Key features include:
         (1) Engine with biogas and natural gas fuel trains that permit operation with either fuel. Only one fuel type can be used at a time.
         (2) Engine and exhaust heat recovery system with interface for connection to Owner's digester HHW system.

(3) Heat rejection system for rejecting unused heat from the engine and exhaust.
(4) Selective Catalytic Reduction (SCR) system for exhaust emissions control. The SCR and urea storage is integrated into the CHP package.
(5) Control system with Ethernet/IP data interface for communication with the plant's SCADA system.
(6) Custom "tan" paint color for the CHP container, similar to the current color used for the plant's digesters.
(7) Custom ventilation ductwork and engine exhaust system as needed to limit the height of the installed CHP system.
(8) Corrosion resistant materials and coatings for items located outside the container.
(9) Biogas analyzer for continuous monitoring of H2S in the digester gas flowing through the CHP's fuel system.
(10) Biogas blower to boost biogas pressure for gas treatment system and engine.

ii) Digester Gas Treatment System - Contractor will furnish a new digester gas treatment system supplied by 2G. See Attachment E for 2G's scope of supply. Key features include:
(1) Gas cooling and reheating system for dehydrating the gas from the digesters.
(2) Two (2) 1,000 Liter, in-line, stainless vessels for consumable gas cleaning media. One vessel is for removal of H2S and the other is for removal of siloxanes.
(3) Initial fill of each vessel with its gas cleaning media.
(4) Air injection system for H2S removal process.

b) CHP Unit and Digester Gas Treatment System Installation

i) Site Work and Foundation
(1) Contractor will provide a concrete foundation with flood wall for the CHP unit and gas treatment equipment in the drying beds as described on drawings C-104 and C-106 and referenced structural drawings in the IGA Planset. The foundation will be installed on light weight cellular concrete fill as described in drawings C-104 and S-102 in the IGA Planset.
(2) Contractor will raise finish grade of the area surrounding the CHP unit foundation/flood wall and pave the area with asphalt concrete paving as described on drawings C-104 and C-501 (Detail 4) in the IGA Planset. A storm drain system will be installed for the newly paved area as described on drawing C-104.
(3) Contractor will provide dewatering of excavations needed for the Work.

ii) Piping
(1) Contractor will furnish and install piping systems for the CHP unit including digester gas, natural gas, HHW, potable cold water, and non-potable plant water as described on drawings C-106, C-107, C-108, N-201, N202 and N-203 in the IGA Planset.
(2) Contractor will provide modifications to the existing pipe bridge to support new piping (natural gas, HHW and potable cold water) and electrical conduits as described in drawings C-106, C-107, S-103 and S-502 in the in the IGA Planset.

iii) Electrical
(1) CHP Main Power Circuit and Connection to Plant Electrical System
(a) Contractor will furnish and install conduit, wire and electrical power components to connect the CHP's power output system to the plant's 480VAC electrical system. Functionally, the system will be similar to the system described in single-line drawing E-003 in the IGA Planset (dated October 2025). <u>However, an alternate design has been developed since the release of that drawing package and is now the basis of design and costs for this work</u>. The alternate CHP power design is described in this section and in drawings E-003-ALT and E-101-ALT dated March 2026 (included in Attachment E).

(b) Contractor will furnish and install a new 400 AF circuit breaker in existing main switchboard MSB-1 in the main electric room in the blower building for connection of the power circuit from the CHP unit.
(c) Contractor will utilize existing spare conduit for the new power wires from MSB-1 to the CHP unit including conduit from MSB-1 to existing electrical hand hole EHH5, then from EHH5 through hand holes EHH6, EHH7, EHH15 up to and including EHH16 (near the Control Building and old Electrical/Power Generation Building). Contractor will furnish and install new conduit from hand hole EHH16 to the CHP unit location in the sludge drying beds.
(d) The alternate design eliminates the work to install new switchboard MSB-2, demolish panel CB and transfer the loads from panel CB to MSB-2 in the existing electrical/power generation building. Additionally, provision and installation of the extensive temporary power systems that were required for installation of MSB-2 (described on sheet E-012) are no longer needed and have been removed from the scope of work.

(2) Utility Protection Relay System
(a) Contractor will furnish and install a new utility protection relay (UPR) system that satisfies PG&E's requirements for electrical interconnection of the CHP system.
(b) The original UPR system for this project is described in drawings E-003, E-005 and E-011 in the IGA Planset. However, in the alternate CHP power design the UPR will be connected to the plant's electrical system in main switchboard MSB-1 and will be physically located in the main electric room or blower room in the blower building as described in drawing E-003-ALT dated March 2026 (included in Attachment E).

(3) Contractor will furnish and install conduit and wire for power and controls related to 2G equipment located outside of the 2G container including the gas cooling and reheat unit, biogas blower, and air injection blower for H2S treatment.
(4) Contractor will provide power for convenience receptacles, lighting and ancillary loads at the CHP unit location as described in drawings C-104 and E-003 in the IGA Planset.
(5) Contractor will furnish and install light fixtures and related controls for exterior illumination of the CHP unit and the surrounding CHP foundation area as described in drawing C-104 in the IGA Planset.

iv) Controls
(1) Contractor will furnish and install conduit, wire, controls hardware, instrumentation and PLC and SCADA programming to integrate the CHP unit and its related systems into the plant's networked PLC-based control system and SCADA system as described on drawings N-203 and N-601 in the IGA Planset. Key features include:
(a) Monitoring of:
(i) Digester gas pressure immediately upstream of the new gas treatment system.
(ii) CHP Run status.
(iii) CHP Fault status.
(iv) CHP in Auto status (able to be started remotely).
(v) Utility protection relays
(vi) PG&E cogen net output electric meter
(vii) Detailed CHP unit data via Ethernet/IP communication interface.
(b) Remote Start/Stop command from SCADA to CHP unit.
(2) Contractor will set up remote access to the CHP unit control system through secure cellular internet connection.

c) Digester Sludge Heating System Modifications
i) Contractor will modify the piping, pumping and control systems for the digester sludge heating hot water (HHW) system in the heating and mixing building to utilize waste heat recovered from the CHP unit and to provide temperature control of the HHW flowing

through sludge heat exchanger. The modifications are described in drawings C-108 and N-201 in the IGA Planset.

ii) Contractor will furnish and install new HHW pumps, piping, make-up water system and piping accessories recommended for closed loop hydronic systems. Accessories include pump suction strainers, chemical feeder with bag filter, air separator, air vents and expansion tank.

iii) Contractor will furnish and install conduit, wire and circuit protection for the two (2) new HHW pumps in the heating and mixing building.

iv) Contractor will furnish and install conduit, wire, instrumentation, controls components, and PLC and SCADA system programming for control of the new HHW pumps, new temperature control valve, and the existing boiler as described in drawing N-201 in the IGA Planset.

d) H&M Building Ventilation System

i) Contractor will provide a mechanical ventilation system for the heating and mixing (H&M) building for NFPA 820 hazard mitigation, specifically intended to reduce the hazard classification from Class 1 Division 2 to Unclassified. The background and basis for the hazard classification and ventilation system follows.

(1) The H&M building fits the definition of a Sludge Pumping Station Dry Well in Line 9 of Table 6.2.2(a) for Sludge Treatment Processes in NFPA-820. Table 6.2.2(a) Line 9 classifies that type of area as Class 1 Division 2 if it does not have a ventilation system per NFPA 820, and it is Unclassified if it has a ventilation system per NFPA 820.

(2) The CHP system project includes installation of new electrical systems and equipment, and controls in the H&M building that would need to comply with the requirements for a Class 1 Division 2 environment if the building does not have an appropriate ventilation system.

(3) NFPA 820 requires a minimum continuous ventilation rate of six (6) air changes per hour for the area type identified for the H&M building. The internal volume of H&M building, including trenches, is estimated to be 8,480 cubic feet. The resulting air flowrate at six (6) air changes per hour is 848 CFM.

ii) Contractor will furnish and install a supply fan and exhaust fan on the roof of the H&M building and will install related ductwork through the roof into the building. Fans will be spark resistant construction Type A or B per AMCA 99-0401. Outside air will be filtered prior discharging into the building. The ventilation system is described in drawings C-108-VENT and H&M VENT, and sketch H&M ROOF included in Attachment E.

iii) Contractor will furnish and install conduit, wire and electrical components to provide power to the new fans and the new ventilation system controls. The electrical systems are described in drawing H&M VENT and C-108-VENT included in Attachment E.

iv) Contractor will furnish and install conduit, wire, instrumentation, control panels, PLC programming and SCADA programming for monitoring the new ventilation system per the requirements of NFPA 820. The system is described in drawings H&M VENT and C-108-VENT included in Attachment E.

v) Contractor will checkout, startup and test the new equipment and systems, and provide a certified airflow verification report showing conformance with NFPA 820 requirements.

e) SCADA

In addition to the system specific PLC and SCADA work described for the CHP, HHW and ventilation systems, Contractor will upgrade the plant's existing SCADA historian to a 500-tag license and add secure cellular remote access. These features will facilitate robust monitoring of the new CHP system.

f) Startup and Testing

Contractor will perform startup and testing of new equipment and systems installed in the Work.

i) Equipment Startup - Contractor will check out, adjust, calibrate, test and startup new equipment to verify it is installed and operating per the manufacturer's recommendations and the approved construction documents. Where required, the manufacturer's approved representative will perform the startup. Equipment startup tasks and results will be documented.

ii) Pre-Functional Testing – Contractor will perform pre-functional testing to confirm that all parts of a system are operational and ready for functional testing including individual equipment and subsystems.

iii) Functional Testing – Contractor will perform functional tests of complete systems to verify that they function and perform as defined in the design and contract documents.

ITC Support and Tax Credit Coordination Services

As part of the Project, the Contractor shall provide support services to assist the Owner in evaluating and pursuing the Federal Clean Electricity Investment Tax Credit (Internal Revenue Code Section 48E) as available.

Such support services may include:

a) Coordination with the Contractor's engineering consultants to prepare or support preparation of the required life-cycle cost analysis, technical narratives, system descriptions, and engineering documentation necessary to support tax credit eligibility determinations;
b) Coordination with the Owner's designated tax advisor and accounting firm to support preparation of required tax forms, schedules, and supplemental documentation, including applicable IRS filings related to tax credit claims or Direct Pay elections;
c) Provision of project-specific technical data, cost information, and engineering assumptions reasonably requested in connection with tax credit analysis and filing support; and
d) Participation in coordination meetings or information requests with the Owner, the Owner's consultants, and relevant third parties as reasonably necessary to support the tax credit submission process.

The Contractor does not provide tax, legal, or accounting advice and makes no representation, warranty, or guarantee regarding the Owner's eligibility for any tax credit, the timing of any approval, or the amount, availability, or receipt of any tax credit or Direct Pay payment. All tax credit eligibility, filing, and compliance determinations are the sole responsibility of the Owner in consultation with its tax and legal advisors. The Owner acknowledges that tax credit outcomes are subject to IRS review, interpretation, and approval and may be affected by factors outside the Contractor's control. The Owner acknowledges that tax credit outcomes are independent of project schedule, payments, or warranty obligations under this Agreement.

General Assumptions, Clarifications and Exclusions

1) Pricing is valid until September 30, 2026.
2) Pricing includes appropriate supervision, taxes, freight, insurance, and applicable prevailing wage rates for the scope as proposed. Mechanical, Electrical, and Plumbing Trades will be provided by union Subcontractors.
3) Environmental review and regulatory compliance activities under the California Environmental Quality Act (CEQA) are excluded from the Contractor's scope of work and GMP. This includes, but is not limited to, determination of CEQA applicability, exemption analysis, Initial Studies, Environmental Impact Reports (EIRs), Notices of Exemption, Notices of Determination, and any other CEQA-related documentation, permitting, or approval processes.

Additionally, any work, studies, permitting, documentation, hearings, inquiries, appeals, modifications, or regulatory compliance activities required by or associated with the California Coastal Commission or the California Regional Water Quality Control Board are excluded from the Contractor's scope of work and Contract Price. This includes, but is not limited to, coastal development permits, permit amendments, environmental conditions, Waste Discharge Requirements (WDRs), NPDES permits, facility permit modifications, monitoring, reporting, and enforcement actions.

4) This is a design/build project. As such, drawings, equipment submittals, and material submittals shall be provided by Contractor as described in the Description of Work section. Conformance to additional design specifications, additional design documentation, and shop drawings issued after execution of this agreement is not within the scope of this project.
5) Construction pricing assumes that no unreasonable or unusual environmental requirements are imposed by the governing bodies with jurisdiction over the Owner's facilities.
6) This proposal is based on using an existing, spare, continuous 4-inch underground conduit/raceway from the existing main electrical switchboard MSB-1 to existing electric hand hole EHH16 for the new main power conductors to the CHP unit. The existing raceway includes existing electric hand holes EHH5, EHH6, EHH7, EHH15 and EHH16. Contractor has assumed that this conduit/raceway is in serviceable condition. Costs are not included to install new conduits/raceways between MSB-1 and hand hole EHH16.
7) Contractor assumes that soils conditions in the proposed location for the CHP equipment are consistent with historical geotechnical borings and evaluations in or near the sludge drying beds. For example, the borings performed in 1979. Ground improvements to protect against soil liquefaction are not included.
8) No work is included for the plant's existing digester gas flare. Contractor consulted the manufacturer (Varec) of the plant's existing flare about its ability to operate properly after implementation of the CHP system. The manufacturer stated that the flare is expected to continue satisfactory autonomous operation in the varying digester gas conditions expected with CHP system operation. As a result, adjustment or modifications were not expected for the flare.
9) Testing, removal, and disposal of hazardous materials is excluded, including but not limited to asbestos and lead-based paint. The Contactor will immediately notify the Owner's Representative and suspend work pending resolution if hazardous materials are suspected.
10) This proposal is based on excavation and removal of clean, uncontaminated soil. Costs for testing, remediation, or other treatments of undisclosed or unknown soil problems are the responsibility of the Owner.
11) Contractor's work relies on, and interfaces with, the WWTP's existing conditions. This proposal is based on the WWTP's existing conditions related to this Project being in serviceable condition including, but not limited to structures and electrical, mechanical, piping, utilities, control and SCADA systems. Repairs or upgrades to existing conditions to make them serviceable or code compliant are not included unless explicitly stated in this agreement.
12) Contractor will not be responsible for "unknown" site conditions. Any issues, related costs and schedule impacts resulting from discovery of conditions not readily identifiable by visual site inspection of existing conditions without any destructive testing will be addressed upon discovery.
13) Rock excavation is excluded.
14) Sound testing, acoustical design, sound level analysis and modeling, vibration testing, vibration analysis, and site wind analysis are not included.
15) All work associated with fire/life safety is excluded including fire sprinklers, wet/dry standpipes, fire pumps, jockey pumps, fire water tanks, FM200 systems, fire alarm, interfaces and interlocks with fire alarm system and emergency communication systems, fire extinguishers, dry standpipe, wet standpipe, hose cabinets, fire department connections, and hydrants.
16) Temporary Office: The Owner will provide space in the parking lot that can be fenced for Contractor's trailer, storage, dumpsters, restrooms, and parking. The Owner will also provide water

and power for our trailer and construction activities. Contractor will make connections to Contractor's trailer and equipment from Owner's utilities.

17) Onsite Parking will be provided for construction personnel.
18) Unrestricted site access for personnel, equipment and materials is required. Contractor will coordinate scheduling of the work with the Owner's Representative to ensure minimal impact.
19) Work hours: work will generally take place during straight time (7am to 4pm):
20) Owner will notify Contractor of all environmental, safety, and health procedures required by the Owner.
21) All plan check or permit and inspection fees will be paid for by the Owner.
22) Owner's review time for submittals will not exceed 14 days.
23) Owner's review time for design drawings will not exceed 30 days.
24) Unless specifically stated in the scope of work, systems maintenance is not included in this proposal.
25) Startup, testing and commissioning will be completed by the Contractor's project team. Third-party commissioning is not included.
26) Any repairs, upgrades, or construction for the purpose of bringing a site up to ADA compliance are not included.
27) The Contractor's general warranty for materials and labor shall be for a period of two (2) years commencing on the date of Equipment Start-up, unless expressly stated otherwise in the Contract Documents.
    Manufacturer equipment warranties, if any, are separate from and in addition to the Contractor's warranty and are governed solely by the applicable manufacturer's warranty terms. Such manufacturer warranties are typically for a period of two (2) year from equipment start-up or thirsty (30) months from the manufacturer's ship date, whichever occurs first, unless stated otherwise in the applicable ECM descriptions. Manufacturer warranties do not extend, modify, or affect the Contractor's warranty obligations under this Agreement.
28) The Contractor does not guarantee the value, timing, or receipt of any tax credit or incentive, including under Section 48E.

Cogen Work Specific Clarifications:

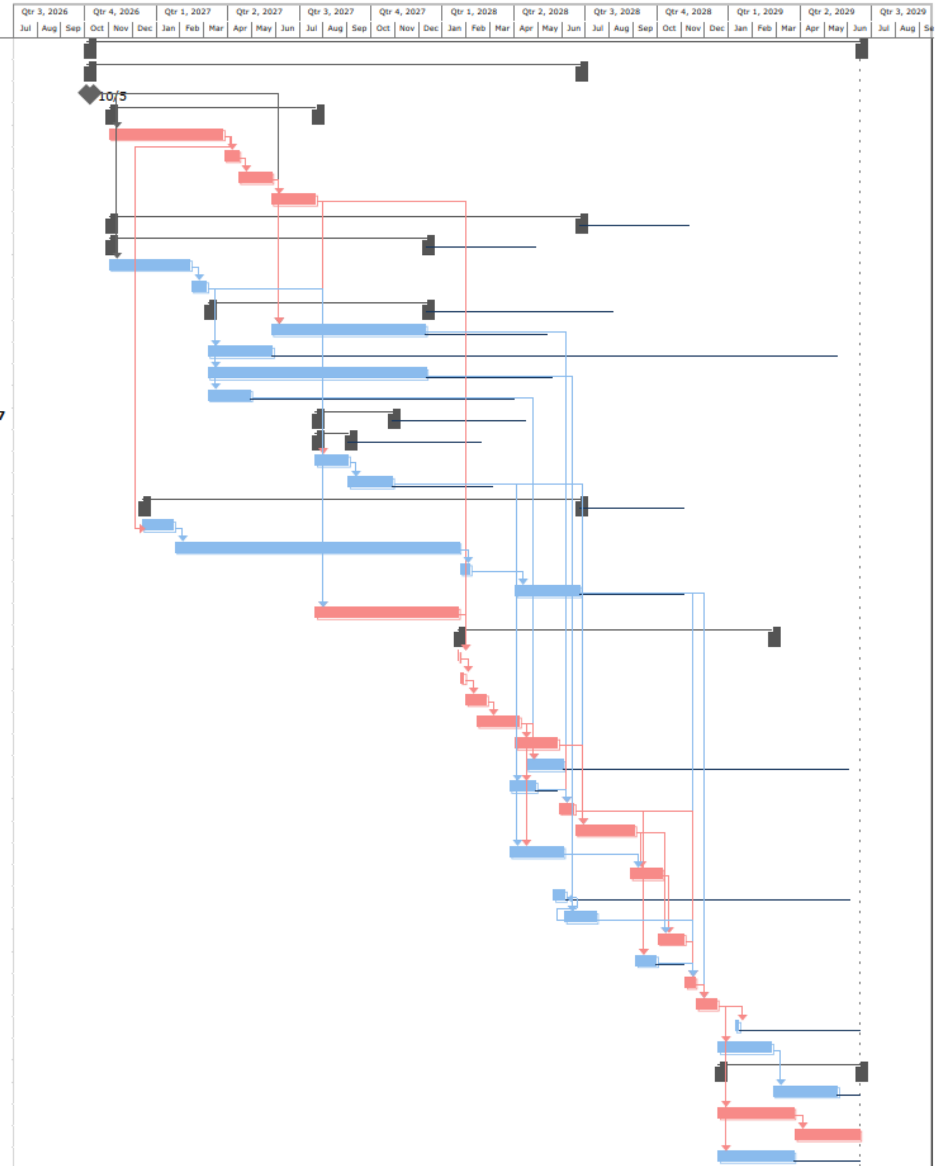
1) Contractor recommends that Owner carry a project allowance of $400,000 to cover interconnection requirements, facilities, upgrades, system modifications, or conditions identified by PG&E through the Engineering Study, Supplemental Review, Interconnection Agreement, or any subsequent utility evaluation that are beyond the point of interconnection, utility protection interface, or metering equipment included in the Contractor's scope. Such PG&E requirements, including distribution or transmission system upgrades, transformer upgrades, protection or relay changes beyond of the point of interconnection, utility-owned facilities, construction performed by or on behalf of PG&E, and incremental utility fees, are determined through negotiation between PG&E and Owner and are performed by PG&E rather than by Contractor.

Project Schedule Clarifications:

2) The project schedule assumes PG&E will complete its interconnection process, from application through Permission to Operate, within 12 months of application submission. PG&E controls this timeline, not the Contractor. If PG&E takes longer than 12 months, or imposes requirements that were not reasonably foreseeable at proposal, the resulting cost and schedule impacts are addressed by change order under the Agreement.

ATTACHMENT C: SCHEDULE OF THE WORK

ID	Task Name	Duration	Start	Finish
1	**SSLO WWTP**	**33.5 mons**	**Mon 10/5/26**	**Fri 6/15/29**
2	**Preconstruction**	**21.25 mo**	**Mon 10/5/26**	**Fri 6/23/28**
3	NTP	0 days	Mon 10/5/26	Mon 10/5/26
4	**Design**	**8.7 mons**	**Mon 11/2/26**	**Thu 7/22/27**
5	Draft IFC Plans and Specs	90 days	Mon 11/2/26	Fri 3/26/27
6	Southland Review	14 days	Mon 3/29/27	Thu 4/15/27
7	District Review	30 days	Fri 4/16/27	Thu 5/27/27
8	Final IFC Plans and Specs	40 days	Fri 5/28/27	Thu 7/22/27
9	**Sumittals and Procurement**	**20.25 mo**	**Mon 11/2/26**	**Fri 6/23/28**
10	**Long Lead Equipment Submittals**	**13.75 mo**	**Mon 11/2/26**	**Fri 12/10/27**
11	Develop Submittals	12 wks	Mon 11/2/26	Fri 2/12/27
12	Submittals Review	15 days	Mon 2/15/27	Fri 3/5/27
13	**Order Equipment**	**10 mons**	**Mon 3/8/27**	**Fri 12/10/27**
14	Cogen	28 wks	Fri 5/28/27	Thu 12/9/27
15	Mechanical	12 wks	Mon 3/8/27	Fri 5/28/27
16	Electrical	40 wks	Mon 3/8/27	Fri 12/10/27
17	Steel	8 wks	Mon 3/8/27	Fri 4/30/27
18	**Remaining Submittals**	**3.5 mons**	**Fri 7/23/27**	**Thu 10/28/27**
19	**Develop Submittals**	**1.5 mons**	**Fri 7/23/27**	**Thu 9/2/27**
20	Submittals Review	30 days	Fri 7/23/27	Thu 9/2/27
21	Order Equipment	8 wks	Fri 9/3/27	Thu 10/28/27
22	**Utility Agreements (By SSLO WWTP)**	**18.75 mo**	**Mon 12/14/26**	**Fri 6/23/28**
23	Applications	3 wks	Mon 12/14/26	Fri 1/22/27
24	Engineering Study	50 wks	Mon 1/25/27	Fri 1/21/28
25	Payment of IC fees	2 wks	Mon 1/24/28	Fri 2/4/28
26	Connect to grid	3 mons	Mon 4/3/28	Fri 6/23/28
27	APCD Authority to Construct	6 mons	Fri 7/23/27	Thu 1/20/28
28	**Construction**	**13.8 mons**	**Fri 1/21/28**	**Fri 2/23/29**
29	Kick-Off Meeting	1 day	Fri 1/21/28	Fri 1/21/28
30	Mobilization	1 wk	Mon 1/24/28	Fri 1/28/28
31	Demolition	4 wks	Mon 1/31/28	Fri 2/25/28
32	Civil earthwork / trenching / Site Prep	8 wks	Mon 2/14/28	Fri 4/7/28
33	Concrete	8 wks	Mon 4/3/28	Fri 5/26/28
34	Structual Steel Erection	7 wks	Mon 4/17/28	Fri 6/2/28
35	Mechanical Underground	5 wks	Mon 3/27/28	Fri 4/28/28
36	Install Cogen	3 wks	Mon 5/29/28	Fri 6/16/28
37	Mechanical above grade	11 wks	Mon 6/19/28	Fri 9/1/28
38	Electrical Rough-in	10 wks	Mon 3/27/28	Fri 6/2/28
39	Controls	6 wks	Mon 8/28/28	Fri 10/6/28
40	Temp Power	2 wks	Mon 5/22/28	Mon 6/5/28
41	Install Switchgear	6 wks	Mon 6/5/28	Fri 7/14/28
42	Electrical and Control Terminations	5 wks	Mon 10/2/28	Fri 11/3/28
43	Mechanial tie-in	4 wks	Mon 9/4/28	Fri 9/29/28
44	Cold Commissioning	2 wks	Mon 11/6/28	Fri 11/17/28
45	Start up / Hot Commissioning	4 wks	Mon 11/20/28	Fri 12/15/28
46	Training	1 wk	Mon 1/8/29	Fri 1/12/29
47	Punchlist	8 wks	Mon 12/18/28	Fri 2/23/29
48	**Closeout**	**6 mons**	**Mon 12/18/28**	**Fri 6/15/29**
49	Asbuilts	3 mons	Mon 2/26/29	Fri 5/18/29
50	Cx and APCD Source testing	3 mons	Mon 12/18/28	Fri 3/23/29
51	APCD PTO	3 mons	Mon 3/26/29	Fri 6/15/29
52	PG&E PTO	3 mons	Mon 12/18/28	Fri 3/23/29



ATTACHMENT D: ESTIMATED PRICE AND PAYMENT SCHEDULE

Guaranteed Maximum Project Implementation Cost: $9,885,666

Estimated Monthly Progress Payments:

Note: The payment amounts and timing shown are estimates provided for planning and cash-flow purposes only. Actual invoicing and payment shall be based on Work performed and earned value, in accordance with Article 8 of the Agreement and as may be adjusted due to Work progress, sequencing, or approved Change Orders.

The Date of Final Completion for the project described in this Agreement is 984 calendar days from issuance of Notice to Proceed as shown in the Schedule of the Work provided in Attachment C. The Date of Commencement is the date the Owner issues a Notice to Proceed. The Month One Progress Payment shall be ten percent (10%) of the GMP and consists solely of Mobilization, as defined in Section 1.3.18. The Month One Progress Payment shall be invoiced upon execution of this Agreement and initiation of Mobilization activities.

Installation Period Month	Estimated Progress Payment
Month 1	$988,567
Month 2	$35,798
Month 3	$35,798
Month 4	$35,798
Month 5	$35,798
Month 6	$613,952
Month 7	$35,798
Month 8	$1,199,125
Month 9	$35,798
Month 10	$35,798
Month 11	$348,827
Month 12	$35,798
Month 13	$35,798
Month 14	$35,798
Month 15	$845,214
Month 16	$875,989
Month 17	$305,487
Month 18	$618,499
Month 19	$618,499
Month 20	$618,499
Month 21	$348,811
Month 22	$348,811

Month 23	$480,620
Month 24	$480,620
Month 25	$480,620
Month 26	$68,750
Month 27	$68,750
Month 28	$68,750
Month 29	$74,647
Month 30	$74,647

Annual Performance Guaranteed Costs

The following costs will be billed at the conclusion of each year of the Performance Guarantee Term upon District Acceptance of the Annual Performance Report

Year 1	$17,500
Year 2	$18,200
Year 3	$18,928

ATTACHMENT E: IGA PLANSET AND SPECIFICATIONS AND EQUIPMENT

Project: South San Luis Obispo County Sanitation District WWTP Cogeneration System
Owner: South San Luis Obispo County Sanitation District
Contractor: Southland Industries

WWTP Cogeneration System Project Plans
Draft IGA Planset
Planset Date: October 2025

WWTP Cogeneration System Technical Specifications
Draft IGA Specifications
Specifications Date: October 2025

WWTP Heating and Mixing Building Ventilation System Drawings
IGA Schematic and Plan
Planset Date: February 18, 2026, Rev 0

WWTP Alternate CHP System Electric Power Design Drawings
IGA Single Line Diagram and Electrical Site Plan
Planset Date: March 2026

Cogeneration System Manufacturer's Proposal
Scope of Supply and Technical Data
Dated: March 19, 2026

ATTACHMENT F: PERFORMANCE GUARANTEE CRITERIA

Southland performed a detailed evaluation of the South San Luis Obispo County Sanitation District (SSLOCSD) wastewater treatment plant (WWTP) to assess the implementation of a cogeneration (combined heat and power, CHP) system utilizing on-site digester gas. The proposed system converts biogas produced by the anaerobic digesters into usable electrical and thermal energy, offsetting purchased electricity and natural gas consumption.

The CHP analysis incorporates historical digester gas production data, customer-provided electrical demand profiles, and utility consumption records to establish baseline conditions and projected system performance. A fuel-driven modeling approach was applied, where available biogas defines CHP system output and resulting energy offsets. This document summarizes the basis of the projected energy savings, including baseline conditions, methodology, and key assumptions.

Baseline Operating Conditions

The baseline conditions were established using available plant operational data, including digester gas production, electrical consumption, and natural gas usage.

Parameter	Value	Time Basis	Source / Methodology	Notes
Digester Gas Production	30,784,166 scf/year	6/1/2025 – 5/31/2026	SCADA Data (15-min interval)	Represents full year digester performance
Digester Gas Energy Content, LHV	549.0 Btu/scf	4/19/24	Lab report, At 70°F, 14.696 psia	Used to convert to max available gas energy rate (Btu/hr)
Electrical Load Profile	1,607,666 kWh/year	6/1/2025 – 5/31/2026	Customer provided 15-min data	Represents current operations
Natural Gas Consumption	41,348 therms/year	6/1/2025 – 5/31/2026	Utility billing data	Full 12-month dataset
Digester Heating Gas Use	37,058 therms/year	6/1/2025 – 5/31/2026	Derived from SCADA	Based on thermal load + boiler efficiency
Boiler Efficiency	60%	Current	Engineering assumption	Conservative due to cycling losses
Natural Gas Rate	$1.502/therm	6/1/2025 – 5/31/2026	Averaged utility billing data	Includes commodity cost only
Electrical Tariff	PG&E B-19S	6/1/2025 – 5/31/2026	Utility tariff	Assumed unchanged
CHP Availability	92%	Assumed	Industry standard) project assumption	2G Platinum Plan Guarantees 93%

Baseline Development Methodology

The baseline conditions for the SSLOCSD WWTP cogeneration analysis were developed using a combination of historical operating data, customer-provided interval data, and utility billing records. The methodology is designed to reflect representative plant operations and establish a consistent basis for evaluating energy impacts associated with the proposed CHP system.

Electrical Baseline

The baseline electrical demand profile was developed using 15-minute interval data provided by the customer. The dataset (June 1, 2025 – May 31, 2026) represents plant operations following recent upgrades..

Digester Gas Baseline

Digester gas production was established using one full year of SCADA data (June 1, 2025 – May 31, 2026), including:

- Digester gas flow rate (scfm)
- Calculated heating value / heat input (Btu/hr)

This dataset captures seasonal and operational variability in biogas production and serves as the primary driver of CHP system performance. The model utilizes actual measured gas availability to determine:

- CHP runtime
- Electrical generation potential
- Thermal recovery potential

This fuel-driven approach ensures that projected savings are directly tied to available on-site energy resources.

Natural Gas Baseline

The facility's baseline natural gas consumption was developed using 12 months of utility billing data (June 2025 – May 2026). This dataset was used to establish:

- Total annual natural gas consumption (therms)
- Average unit cost ($/therm)

A portion of the total natural gas consumption was allocated to digester heating based on system performance assumptions and thermal demand calculations. This establishes the baseline condition for evaluating natural gas offset through CHP heat recovery.

Baseline Approach Summary

The analysis utilizes a hybrid baseline methodology combining:

- Measured interval electrical demand data
- Full-year digester gas production data (primary driver of system performance)
- Utility billing data for natural gas consumption and cost

The savings calculation model applies a fuel-driven approach, where available digester gas determines CHP operation and resulting energy offsets. This method reflects the operational realities of wastewater treatment facilities, where biogas production governs system output.

This methodology is intended to provide a representative estimate of system performance under expected operating conditions; actual results may vary based on changes in plant operations, digester performance, and utility rate structures.

Proposed System Summary

The proposed cogeneration system consists of a biogas-fueled engine-generator sized to match the available digester gas production. The system will:

- Utilize available biogas as the primary fuel source
- Generate on-site electricity to offset grid purchases

- Recover waste heat for beneficial use (e.g., digester heating)
- Supplement with natural gas as needed to maintain operation

Parameter	Value
CHP Operating Hours	8,047 hours/year
Biogas Utilized by CHP	22,541,484 scf/year
% of Available Biogas Utilized	73.2%
Electrical Generation	1,333,162 kWh/year
% of Facility Electrical Load Offset	82.9%
Remaining Grid Electricity	274,504 kWh/year
Thermal Energy Recovered	2,043 MMBtu/year
% of Digester Heating Load Offset	91,9%
Natural Gas Eliminated	34,044 therms/year

Energy Savings Methodology

Energy savings were calculated using a fuel-driven offset model, where available digester gas production determines the CHP system output and resulting utility offsets.
The calculation approach include:

- **Biogas Input:** Total digester gas production (scf/year) was converted to usable energy using heating value assumptions.
- **CHP Operations:** System operation was modeled at 92% availability, resulting in 8,047 annual operating hours.
- **Electrical Generation:** CHP electrical output offsets on-site electricity consumption, reducing grid purchases.
- **Electric Offset:** Generated electricity assumed to offset on-site load before exporting excess.
- **Thermal Recovery:** Recovered heat is applied to the digester heating system, offsetting natural gas consumption based on an assumed boiler efficiency of 60%.
- **Utility Cost Impact:** Utility savings were calculated using current PG&E tariffs and average natural gas costs.

Key Assumptions

The following assumptions were used in the development of the energy savings:

- Biogas production reflects historical SCADA data and remains consistent with historical averages
- No significant changes in plant operations or sludge loading occur
- Digester gas energy content remains stable at assumed levels
- Natural gas cost is based on a 12-month average
- Electrical generation is primarily used on-site (minimal export)
- CHP system operates at 92% availability
- Boiler efficiency is assumed at 60%, accounting for cycling and part-load losses
- Approximately 73% of available biogas is utilized, with remaining gas unused due to system sizing and operational constraints
- Thermal recovery offsets 92% of digester heating demand

- Utility tariffs (PG&E and NEM/NBT) remain unchanged

Risk & Sensitivities

The projected energy savings and system performance are dependent on several key operational, regulatory, and financial factors. The following sensitivities represent the primary drivers of variation between projected and actual performance.

- **Digester Gas Production (Primary Sensitivity):**
  The CHP system is fundamentally fuel-limited, with performance directly tied to the quantity and quality of available digester gas.
- **Utility Rate Structure & Export Compensation:**
  The financial performance of the project is dependent on current and assumed future utility tariffs, including:
    - Electricity import rates (PG&E)
    - Export compensation mechanisms (e.g., NEM/NBT or successor tariffs)
    - Natural gas commodity pricing

  Changes in tariff structures may significantly impact the value of generated electricity and overall project economics.
- **Operational Changes at the Facility:**
  Future changes in plant operations may impact both energy use and biogas production. Examples include:
    - Process modifications or capacity expansions
    - Changes in sludge handling or digestion strategy
    - Equipment upgrades or operational optimization initiatives
    - Hydrogen Sulfide concentrations
    - Biogas pressure rates of change

  While these assumptions are based on best available data and engineering judgment, they introduce uncertainty that may influence actual results.

<u>Performance Assurance</u>

Performance Assurance is the process of confirming that the installed Energy Conservation Measure(s) ("ECMs") are operating as designed and consistent with the assumptions used to develop the estimated savings described in the Contract Documents. Performance Assurance activities focus on system operation, control sequences, key performance parameters, and available operational data following installation and startup. The intent of Performance Assurance is to provide transparency regarding system performance and operational alignment, and to support Owner understanding of how actual operating conditions may influence energy and cost outcomes.

Performance Assurance Definitions:

"Annual Verification Report (AVR)" means the report documenting the results of the Performance Assurance Activities conducted during a Performance Period, including the presentation of the Verified Savings for the Performance Period.
"Anniversary Date" means the first day of the first calendar month following the Commencement of Energy Savings.
"Commencement of Energy Savings" means the date immediately following the date on which the Final Acceptance is executed.
"Expected Savings" means the forecasted savings for the first Performance Period, as determined and set forth in the Post Installation Report.

"Performance Period" means each twelve (12) month period beginning on the Anniversary Date, and each successive twelve (12) month period thereafter during the 36 month term outlined in Section 2.22.2.
"Post Installation Report (PIR)" means the report documenting the results of the construction activities and ECM Startup, and presenting the Expected Savings.
"Semi-Annual Verification Report (SVR)" means the report documenting the performance of the ECM(s) six months following the Anniversary Date.
"Verified Savings" means the savings for a Performance Period, as determined through the calculations and methodology set forth in the Performance Assurance Plan.

Timing of Report Delivery

The PIR will be provided to the Owner within ninety (90) days following Final Completion.
The SVR will be provided to the Owner within ninety (90) days following month six (6) of the Performance Period.
The AVR will be provided to the Owner within ninety (90) days following the final date of the Performance Period.

Post Installation Performance Assurance Activities:

During the Post Installation period, Southland will collect and analyze the following information:

- As-Built information
- Start-up documentation
- Commissioning records
- Trend data, including CHP on/off status, electrical output from the CHP, thermal output from the CHP, digester sludge heating hot water load, and biogas input to the CHP.

The data collected will be used to:

1) Document the status of the installed ECM
2) Confirm that systems are operating substantially in accordance with design intent and applicable control strategies
3) Identify any material changes to scope or assumptions that occurred during installation
4) Describe any operational observations identified during start-up or initial operation
5) Summarize the data sources available for ongoing operational review
6) Calculate the Expected Savings for the first Performance Period.

Expected Savings Calculation Methodology
Data collected during start-up and initial operation will be used to support post-installation reporting and will be used to confirm CHP electric efficiency. CHP electric efficiency will be calculated using the following equation:

$$Net\ Electrical\ Efficiency\ (\%) = \frac{Electrical\ Output\ (kW) \times 3412\ {}^{BTU}/_{kW}}{Fuel\ Input\ (SCFM) \times {}^{60\ minutes}/_{Hour} \times DGHC\ {}^{BTU}/_{SCFM}}$$

Where:
Electrical Output (kW) = Metered Electrical Output of the CHP
Fuel Input = Metered Fuel Flow to CHP
DGHC = Digester Gas Heating Coefficient, 549 BTU/SCFM

This analysis will focus on engine electric efficiency during hours of full load operation. Only data where metered gas flows are above 45.4 SCFM will be used for this analysis, as this represents the flow rate where the CHP is expected to be within 3% of peak output. The average resulting Net Electrical Efficiency will be compared to the proposed Net Electrical Efficiency to determine whether the engine is operating at expected performance levels. Should the measured electrical efficiency meet or exceed the proposed Net Electrical Efficiency, the CHP performance will be deemed met. Proposed Net Electrical Efficiency was determined as follows:

$$Proposed\ Net\ Electrical\ Efficiency\ (\%) = \frac{(Gross\ Output\ (kW) - Max\ Parasitic\ Load\ (kW)) \times 3412\ {}^{BTU}/_{kW}}{Max\ Fuel\ Input\ (SCFM) \times {}^{60\ minutes}/_{Hour} \times DGHC\ {}^{BTU}/_{SCFM}}$$

Where:
Gross output (kW) = 180 kW, from manufacturer specifications
Max Parasitic Load (kW) = 23.5 kW, calculated based on manufacturer specifications and baseline conditions.
Max Fuel Input (SCFM) = 46.8 SCFM, based on DGHC and manufacturer specifications

Completing this calculation for the baseline data results in a proposed Net Electrical Efficiency of 34.6%.

If the post-retrofit measured Net Electrical Efficiency is greater than proposed Net Electrical Efficiency, Expected Savings will be equal to the Proposed Savings for the ECM. If Net Electrical Efficiency is less than the proposed, then metered engine biogas input and electricity production data will be used to update the engineered savings model based on the actual measured engine efficiency curve. This updated engine curve will be used to update the engineered savings model and the calculated savings. The results of the recalculated savings will be compared to the guaranteed savings presented in Table 1 of Attachment B. In the event the recalculated savings is less than guaranteed savings, an investigation of performance will be conducted to determine and correct performance.

Performance Assurance Activities
During the Annual Performance Period, Southland will collect and analyze the following information:

- SCADA system trend data, including CHP on/off status, electrical output from the CHP, thermal output from the CHP, digester sludge heating hot water load, and biogas input to the CHP.

The data collected will be used to:

1) Perform Semi-Annual Performance Review
2) Determine annual production of electricity
3) Determine annual heat output
4) Calculate Verified Savings

Year 1 – 3 Verified Savings Calculation Methodology
Trend data collected during the performance period will be used to compare current Net Electrical Efficiency to the results from the PIR. The methodology will be the same as conducted during the Post Installation phase. Electrical production, heat output, and gas flow data will also be reviewed and analyzed to compare metered data to expected values. These results will be presented in both the SVRs and AVRs delivered during the Performance Period.

If the measured Net Electrical Efficiency is greater than proposed Net Electrical Efficiency, Verified Savings will be equal to the Expected Savings for the ECM. If Net Electrical Efficiency is less than the proposed, then metered electrical efficiency will be used to update the savings model and recalculate the Verified Savings.

ATTACHMENT G

OWNER MAINTENANCE RESPONSIBILITIES

As part of Project closeout, Southland will provide the District with documentation and training describing the manufacturers' recommended routine, scheduled, and preventive maintenance requirements for the installed equipment. The continuation of the Performance Guarantee described in Attachment F is contingent upon the District performing all manufacturer-recommended maintenance at the prescribed intervals and maintaining a Platinum-level service agreement with 2G, the cogeneration engine manufacturer, for the duration of the Performance Guarantee.

ATTACHMENT H

INSURANCE, INDEMNIFICATION AND BONDS

1.0 INSURANCE

12.1 Contractor shall procure and continuously maintain in full force and affect through contract completion, insurance coverages specified herein. Coverages shall not be subject to self-insurance provisions exceeding $50,000 per occurrence unless approved by the District. Insurance coverage must be procured and acceptable insurance certificates and all other required insurance documents must be submitted by Contractor and approved by the District prior to the Contractor or any Subcontractor commencing work activities at the project site. Contractor shall provide the following insurance coverage:

a. Commercial General Liability, This insurance must contain broad from contractual liability with a combined single limit of a minimum of $5,000,000 each occurrence and an aggregate limit of at least $10,000,000. Coverage must be purchased on a post 1998 ISO occurrence form or equivalent and include coverage for, but not limited to the following: Bodily Injury and Property Damage, Personal Injury and Advertising Injury, Products and completed operations. The policy shall not exclude coverage for inverse condemnation. This policy must also contain the following endorsements, which must be attached to the certificate of insurance:

i. It is agreed that the workers' compensation and employers' liability related exclusions in the commercial General Liability insurance policy(s) required herein are intended to apply to employees of the policy holder.

ii. No other endorsements limiting coverage as respects obligations under this Agreement may be included on the policy with regard to the work being performed under this agreement.

iii. Any exclusions related to the explosion, collapse, and underground hazards must be removed.

iv. A waiver of subrogation in favor of the District, its officers, directors, employees and agents, as well as those Parties identified in the Contract Documents.

b. Business Automobile Insurance. This insurance must contain combined single limit of at least $1,000,000 per occurrence, and include coverage for, but not limited to the following: Bodily injury and property damage, any and all vehicles owned, used or hired.

c. Workers' Compensation and Employers Liability insurance including coverage for, but not limited to:

i. California's statutory liability under the worker's compensation laws of the state(s) in which the work is to be performed with a waiver of subrogation favorable to the District and, as well as those Parties identified in the Contract Documents (collectively, the "Indemnitees").

ii. Employers' Liability (Part B) with limits of at least $1,000,000 each accident, $1,000,000 by disease policy limit, $1,000,000 by disease each employee.

d. Builder's Risk Insurance. Contractor shall purchase Builder's Risk insurance for the entire Work by insurance companies rated A-VII or better by A.M. Best and on forms acceptable to District.

i. Such Builder's Risk insurance shall be maintained, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of such insurance, until final acceptance.

ii. This insurance shall include the interests of the District, the Contractor, Subcontractors, and Sub-subcontractors in the Project as well as those Parties identified in the Contract Documents.

iii. Such insurance shall be written on a completed value basis and cover the full replacement cost of the Work and shall also cover portions of the Work located away from the site but intended for use at the site, and shall also cover portions of the Work in transit. The policy shall cover the cost of removing debris, including demolition as may be made legally necessary by the operation of any law, ordinance, or regulation.

iv. Coverage shall be written to cover all risks of physical loss except those specifically excluded in the policy, and shall insure at least against the perils of fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, theft, vandalism, malicious mischief, and collapse.

v. Any deductible applicable to the Builder's Risk insurance shall be paid by the Contractor.

vi. District and Contractor waive all rights against each other and each of their Subcontractors, sub-Subcontractors, officers, directors, agents, and employees as well as other Parties identified in the Contract Document, for recovery for damages caused by fire and other perils to the extent covered by builders risk insurance applicable to the Work.

e. Contractor's Pollution Liability insurance ("CPL") naming the Indemnitees as additional insureds, with coverage of at least $1 million per occurrence and $2 million in the aggregate. The CPL shall provide coverage for cleanup costs, third-party bodily injury and property damage resulting from pollution conditions caused by contracting operations. The CPL shall also provide coverage for transportation and off-site disposal of materials, if any. The CPL shall not contain any provision or exclusion that would bar or otherwise preclude any insured or additional insured from making a claim that would otherwise be covered by the CPL.

f. Contractor agrees to purchase and maintain throughout the term of this Agreement technology/professional liability insurance and data protection liability insurance covering liabilities for financial loss resulting or arising from acts, errors, or omissions, in connection with the services provided under this agreement as well as all Contractor costs, including damages it is obligated to pay District or any third party, which are associated with any Security Breach or loss of Personal Data, regardless of cause (including, without limitation, Contractor negligence or gross negligence and unlawful third party acts). Such insurance shall provide coverage with minimum limits of $1,000,000 per occurrence or claim and $2,000,000 aggregate. Such insurance must address all of the foregoing without limitation if caused by an employee of the Contractor or an independent contractor working on behalf of the Contractor in performing services under this contract. Policy must provide coverage for wrongful acts, claims, and lawsuits anywhere in the world. Insurer must have a Best's rating of A- VII or better. Any material change in the policy or cancellation must be reported to the District with not less than thirty (30) days prior written notice. Contractor shall provide a Certificate of Insurance in compliance with these requirements and District reserves the right to obtain a copy of the professional liability and data protection liability insurance policy.

g. Contractor represents that this Agreement has been thoroughly reviewed by Contractor's insurance agent(s)/broker(s), who have been instructed by Contractor to procure the insurance coverage required by this Agreement. Allocated Loss Expense must be in addition to all policy limits for coverage referenced above. Not more frequently than once every five years. Failure to provide evidence as required by this section will entitle, but not require, District to terminate this Agreement immediately. Acceptance of a certificate that does not comply with this section will not operate as a waiver of a Contractor's obligations hereunder. The fact that insurance (including, without limitation, self-insurance) is obtained by Contractor will not be deemed to release or diminish the liability of Contractor including, without limitation, liability under indemnity provisions of this Agreement. Damages recoverable by District will not be limited by the amount of the required insurance coverage.

h. Contractor shall include in each subcontract the stipulation that Subcontractors maintain insurance coverage in the same amounts required of Contractor herein and name the Indemnitees as additional insureds, unless Contractor's insurance covers such Subcontractor's acts or omissions or District approves different coverage in its sole and absolute discretion. If requested by District, Contractor shall promptly provide certificates of insurance evidencing coverage for each Subcontractor.

12.2 Prior to commencement of any work at the project site, Contractor shall furnish to District's Contract Administrator a broker-issued insurance certificate, including an insurance company issued endorsement showing the required insurance coverages and further providing that:

a. The District and their respective officers, directors, employees and agents, as well as those Parties identified in the Contract Documents must be named as additional insured on Commercial General

Liability and Automobile Liability certificates and on the insurance policy endorsement with respect to performance hereunder; and

b. The coverage shall be primary and noncontributory as to any other insurance with respect to performance hereunder; and

c. All certificates shall state "SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED OR MODIFIED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS." An endorsement to the policy shall state Thirty (30) days prior written notice of cancellation or material change be given to District.

d. Failure of District to demand such certificate or other evidence of full compliance with these insurance requirements or failure of District to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractor 's obligation to maintain such insurance.

e. District shall have the right, but not the obligation, to prohibit Contractor or any Subcontractor from entering the Project site until such certificates or other evidence that insurance has been placed in complete compliance with these requirements is received and approved by District.

f. Failure to maintain the insurance required shall constitute an event of default of this Agreement and shall allow District to terminate this Agreement at District's option. If Contractor fails to maintain the insurance as set forth herein, District shall have the right, but not the obligation, to purchase said insurance at Contractor 's expense.

g. Contractor shall provide certified copies of all insurance policies required above within 10 days of District's written request for said copies.

12.3 "Occurrence," as used herein, means any event or related exposure to conditions, which results in bodily injury or property damage.

12.4 The Certificate of Insurance shall reference Agreement Number ________ and, the contract administrator, ______________.

12.5 Upon District's request, certified, true and exact copies of each of the insurance policies shall be provided to District.

12.6 District shall notify Contractor in writing of any changes in the requirements to insurance required to be provided by Contractor. Except as set forth in this Article, any additional cost from such change shall be paid by District and any reduction in cost shall reduce the GMP pursuant to a change order.

12.7 By requiring the insurance as set out in this section, District does not represent that coverage and limits will necessarily be adequate to protect Contractor, and such coverage and limits shall not be deemed as a limitation on Contractor 's liability under the indemnities provided to District in this Agreement, or any other provision of the Contract Documents.

12.8 The insurance requirements set in this section are independent from all other obligations of Contractor under this Agreement and apply whether or not required by any other provision of this Agreement.

12.9 All insurance required in this section shall be provided.

2.0 INDEMNIFICATION AND DEFENSE

13.1 Contractor shall indemnify, defend and hold harmless District and its agents, contractors and employees (collectively, the "Indemnities") from any claims liability, loss, injury or damage (including attorney's fees and reasonable costs of litigation or settlement) arising out of, or in connection with, the performance of this Agreement by the Contractor and/or its agents, employees or Subcontractors (collectively referred to as "Contractor

Entities") excepting only loss, injury, or damage arising from the sole or active negligence or willful misconduct of the Indemnitees. Such indemnification shall include, but not be limited to: (1) any release or threatened release of hazardous materials brought onto site by, or attributable to, Contractor Entities' negligence, willful misconduct or breach of applicable State or federal law; and (2) inverse condemnation, trespass, nuisance or similar taking or harm to real property by reason of any Contractor Entities' acts, omissions, failures to comply with this Agreement or any permit issued by a government agency.

13.2 The Contractor shall indemnify, defend, and hold harmless the Indemnities from any claim, liability, loss, injury or damage arising out of, or in connection with, the performance of the Agreement by the Contractor and/or its agents, employees, or Subcontractors, excepting only loss, injury, or damage arising from the sole active negligence or willful misconduct of such Indemnitees, their agents, servants, or independent contractors who are directly responsible to the indemnitees, or for defects in design furnished by the District, as provided in Civil Code §2782 et seq. It is the intent of the parties to this Agreement to provide the broadest possible coverage for the District and all Indemnitees. The Contractor shall reimburse the District and all Indemnitees for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which the Contractor is obligated to indemnify, defend and hold harmless the District and other Indemnitees under this Agreement.

13.3 The Contractor's indemnification obligations pursuant to this Section shall survive the termination of this Agreement. Contractor shall require the same indemnification from all Subcontractors.

3.0 BONDS

14.1 Labor and Materials and Performance Bonds. Concurrently with execution of this Agreement, Contractor shall deliver to District a labor and materials bond and a performance bond each in the sum of the amount of this Agreement, in the forms provided by the District Clerk, which secures the faithful performance of this Agreement. The bonds shall contain the original notarized signature of an authorized officer of the surety and affixed thereto shall be a certified and current copy of his power of attorney. The bonds shall be unconditional and remain in force during the entire term of the Agreement and shall be null and void only if the Contractor promptly and faithfully performs all terms and conditions of this Agreement.

14.2 Substitution of Securities. Pursuant to California Public Contract Code Section 22300, substitution of eligible equivalent securities for any monies withheld to ensure performance under the contract for the work to be performed will be permitted at the request and expense of the Contractor.

ATTACHMENT I

CLAIMS PROCEDURE

SUMMARY OF PUBLIC CONTRACT CODE § 9204

The following procedure will apply to any claims by the Contractor on the District:

A "claim" is a separate demand on the District by a contractor on a public works project and sent by registered mail or certified mail with return receipt requested, for one or more of the following:

- A time extension, including relief from penalties for delay
- Payment by the District of money damages under the terms of the contract
- Payment of an amount that is disputed by the District

Initial Review

The claim must be supported by appropriate documentation. The District has 45 days within which to review the claim and provide the contractor with a written statement identifying the disputed and undisputed portions of the claim. If the District does not issue a written statement, the claim is deemed rejected in its entirety. The District will pay any undisputed portion of the claim within 60 days of issuing the statement.

Meet & Confer

If the contractor disputes the District's written response, or if the District does not issue one, the contractor may request in writing an informal conference to meet and confer for possible settlement of the claim. The District will schedule the meet and confer conference within 30 days of this request and provide a written statement identifying the remaining disputed and undisputed portions of the claim within 10 business days of the meet and confer. The District will pay the undisputed portion within 60 days of issuing this statement.

Mediation

With respect to any disputed portion remaining after the meet and confer, the District and contractor will submit the matter to nonbinding mediation, agree to a mediator within 10 business days after issuing the written statement, and share mediation costs equally. If mediation is unsuccessful, then the terms of the public works agreement and applicable law will govern resolution of the dispute.

Miscellaneous Provisions

Amounts not paid by the District in a timely manner bear interest at 7% per annum. Subcontractors may submit claims via this procedure through the general contractor. The District and contractor may waive the requirement to mediate but cannot otherwise waive these claim procedures.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339
1600 Aloha Place Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

Staff Report

To: Board of Directors
From: Wendy Stockton, District Legal Counsel
Date: September 2, 2026

Subject: **2026 AMENDMENT TO THE DISTRICT'S CONFLICT OF INTEREST CODE**

RECOMMENDATION:

Adopt Resolution No. 2026-474 proposing an amendment to the District's conflict of interest code to include the position of Business and Accounting Analyst as part of the District's biennial review.

BACKGROUND AND DISCUSSION:

The Political Reform Act requires all local agencies to adopt a local conflict of interest code that enumerates the positions within the agency that involve making or participating in decisions that may foreseeably have a material effect on a financial interest. These codes must be reviewed every two years and amended when circumstances change such as when new positions are created or eliminated or the duties of existing positions change.

During the District's biennial review of its conflict-of-interest code, it became apparent that the Business and Accounting Analyst position includes duties that involve making or participating in decisions that may foreseeably have a material effect on economic interests. For example, the Business and Accounting Analyst presents and recommends the District's annual budget to the District Board. Consequently, the District's conflict of interest code should be revised to include this position and to require disclosure of economic interests in the applicable disclosure categories. An updated Appendix "B" to the District's Conflict of Interest Code has been prepared, and accompanies this report.

Following action by the District Board, the proposed amended Code will be submitted to San Luis Obispo County, which is the District's Code reviewing body. The proposed amendment will become effective following approval by the County.

FISCAL CONSIDERATION:

None.

Attachments:
No. 1 Resolution 2026-474
No. 2 Appendix "A" – Text of 2 CCR 18730 (2025)
No. 3 Appendix "B" – List of designated positions and disclosure categories

RESOLUTION NO. 2026 - 474

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT AMENDING ITS CONFLICT OF INTEREST CODE

WHEREAS, Government Code Section 87300 requires the District to "adopt and promulgate" a conflict of interest code according to the provisions of Article 3 of Chapter 7 of Title 9 of the Government Code which designates where Form 700 disclosure statements are filed and retained; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act; and

WHEREAS, The District has adopted by reference Section 18730 of Title 2 of the California Code of Regulations which provides the rules for disqualification procedures, reporting financial interests, and references the current gift limit; and

WHEREAS, the Fair Political Practices Commission amended Section 18730 of Title 2 of the California Code of Regulations in 2025, and the District intends to incorporate and adopt the updated language of Section 18730 as its conflict of interest code; and

WHEREAS, each conflict of interest code must list all agency positions that involve the making or participation in making of decisions that "may foreseeably have a material effect on any financial interest;" and

WHEREAS, each conflict of interest code must be regularly reviewed to identify potential updates reflecting the current structure of the agency and properly identify all officials and employees who should be filing a Form 700; and

WHEREAS, the District's conflict of interest code needs revision to accurately reflect the current staffing of positions within the District.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The terms of Section 18730 of Title 2 of the California Code of Regulations, as amended by the Fair Political Practices Commission in 2025 and set forth in the attached **Appendix "A"** and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated into this Resolution and are re-adopted by reference.

SECTION 2. Upon approval by the Code Reviewing Body, Section 18730 of Title 2 of the California Code of Regulations and the attached **Appendix "B,"** designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the South San Luis Obispo County Sanitation District ("District").

SECTION 3. Individuals holding designated positions shall file their statements of economic interests with the County of San Luis Obispo, which will make the statements available for public inspection and reproduction (Gov. Code Sec. 81008).

PASSED AND ADOPTED at a regular meeting of the South San Luis Obispo County Sanitation District held September 2,2026.

____
Board Chair

ATTEST:

____
DISTRICT SECRETARY

APPROVED AS TO FORM:

BY:___________________________
DISTRICT COUNSEL

CONTENTS:

BY:___________________________
DISTRICT ADMINISTRATOR

Appendix "A"

2 CCR § 18730. Provisions of Conflict of Interest Codes

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict of interest code within the meaning of Section 87300 or the amendment of a conflict of interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict of interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict of interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict of interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict of interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict of interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in the employee's statement of economic interests those economic interests the employee has which are of the kind described in the disclosure categories to which the employee is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories are the kinds of economic interests which the employee foreseeably can affect materially through the conduct of the employee's office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1. If a person reports for military service as defined in the Servicemember's Civil Relief Act, the deadline for the annual statement of economic interests is 30 days following the person's return to office, provided the person, or someone authorized to represent the person's interests, notifies the filing officer in writing prior to the applicable filing deadline that the person is subject to that federal statute and is unable to meet the applicable deadline, and provides the filing officer verification of the person's military status.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided the person did not make or participate in the making of, or use the person's position to influence any decision and did not receive or become entitled to receive any form of payment as a result of the person's appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation the person did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property is required to be reported, the statement shall contain the following:

1. A statement of the nature of the investment or interest;

2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;

3. The address or other precise location of the real property;

4. A statement whether the fair market value of the investment or interest in real property equals or exceeds $ 2,000, exceeds $ 10,000, exceeds $ 100,000, or exceeds $ 1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported, the statement shall contain:

1. The name and address of each source of income aggregating $ 500 or more in value, or $ 50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was $ 1,000 or less, greater than $ 1,000, greater than $ 10,000, or greater than $ 100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than $ 10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which the employee is a director, officer, partner, trustee, employee, or in which the employee holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

(D) This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of $ 590.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than $ 590 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on the member's or employee's statement of economic interests.

(B) This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

(C) Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of the election to office through the date that the officer vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while the official holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed $ 500 at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of the officer's election to office through the date the officer vacates office, receive a personal loan of $ 500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.

2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

a. The date the loan was made.

b. The date the last payment of $ 100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than $ 250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use the employee's official position to influence the making of any governmental decision which the employee knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of the official's immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth $ 2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth $ 2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating $ 500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating $ 590 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

(9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent the employee's participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make the employees' participation legally required for purposes of this section.

(9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use the official's position to influence any governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of the official's immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value $ 1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that the employee should not make a governmental decision because the employee has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of the duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for the employee's agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003. Designated employees who are required to file statements of economic interests under any other agency's conflict of interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004. See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer. For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer. Investments and interests in real property which have a fair market value of less than $ 2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater. A designated employee's income includes the employee's community property interest in the income of the employee's spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency. Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

APPENDIX “B”

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT
2026 CONFLICT OF INTEREST CODE
APPENDIX OF DESIGNATED OFFICERS & EMPLOYEES
WITH DISCLOSURE CATEGORIES

I. DESIGNATED POSITIONS

The persons occupying the positions listed below are hereby considered designated officers and employees and are deemed to make, or participate in the making of, decisions, which may have a material effect on a financial interest.

DESIGNATED POSITION	ASSIGNED DISCLOSURE CATEGORIES
District Legal Counsel	1,2,3
Plant Superintendent	1,2,3
Business & Accounting Analyst	1,2,3
Consultants, contractors, and Contract Employees that are identified by contract.	1,2,3

II. OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

Disclosure is required of the following positions and shall be provided as stated in Government Code section 87200 et seq.

DESIGNATED POSITION
Members of the Board of Directors
District Administrator

III. DISCLOSURE CATEGORIES

Category 1: All persons in this disclosure category shall disclose all interests in real property located in the District or within two miles of the District’s boundaries. This disclosure is not applicable to the person’s principal residence or real property interests with a fair market value of less than $2,000.

Category 2: All persons in this disclosure category shall disclose all investments in business entities and business positions in business entities that have an interest in real property in the District, or that have done business with the District during the year prior to the date of the person’s disclosure statement, or that are likely to do business with District during the year subsequent to the date of the person’s disclosure statement. This disclosure category is not applicable to investments with a fair market value of less than $2,000.

Category 3: All persons in this disclosure category shall disclose all sources of personal and business entity income from entities that provide services, materials, machinery equipment, or supplies of the type utilized by the District or that are located within the District, including gifts, loans and travel payments. This disclosure category is not applicable to income received from the District.

Consultants. "Consultant" means an individual who, pursuant to a contract with the District, either: (A) Makes a governmental decision whether to (1) approve a rate, rule, or regulation; (2) adopt or enforce a law; (3) issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement; (4) authorize the District to enter into, modify, or renew a contract provided it is the type of contract that requires District approval; (5) grant District approval to a contract that requires District approval and to which the District is a party, or to the specifications for such a contract; (6) grant District approval to a plan, design, report, study, or similar item; or (7) adopt or grant District approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or (B) Serves in a staff capacity with the District and in that capacity participates in making a governmental decision as defined in California Code of Regulations, title 2, section 18704 or performs the same or substantially all the same duties for the District that would otherwise be performed by an individual holding a position specified in the District's conflict of interest code. (California Code of Regulations, title 2, section 18700.3(a).)

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339
1600 Aloha Place Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

Staff Report

To: Board of Directors
From: Jeremy Ghent, District Administrator
Date: September 2, 2026

Subject: **CANYON CREST REQUEST FOR ANNEXATION**

RECOMMENDATION:

Provide informal District support for the applicant's proposal to consolidate wastewater service from the Canyon Crest HOA to the South San Luis Obispo County Sanitation District's treatment facility via the Arroyo Grande City Sewer System.

BACKGROUND AND DISCUSSION:

This report largely mimics a similar presentation of information previously provided to the City of Arroyo Grande. Much of the technical information is verbatim to establish consistency in communication to the agencies involved.

The Canyon Crest homeowners association (Canyon Crest HOA) serves a 55-lot subdivision located between Stagecoach Road and Huasna Road, outside city limits. The subdivision is comprised of 54 single-family residential lots and the final lot dedicated for the leach field that supports a wastewater system for the tract. The Canyon Crest Mutual Benefit Water Company (the "Water Company") operates the wastewater treatment system that was permitted under regulatory standards in effect at the time of development approval by the County of San Luis Obispo. Individual septic tanks collect wastewater from each residential lot, which is then discharged into the community leach field.

On October 14, 2022, the Central Coast Regional Water Quality Control Board (RWQCB) issued the Water Company a Notice of Violation (NOV) because the septic system discharges are resulting in elevated nitrate concentrations in the underlying groundwater. The NOV notes that elevated nitrates in groundwater present a public health and environmental concern, as groundwater impacts extend beyond individual parcels and affect surrounding water resources. In response to the NOV, the Water Company explored two potential solutions:

- Building an on-site wastewater treatment facility to serve the 54 residential units; or
- Consolidating wastewater and conveying it to the South San Luis Obispo County Sanitation District (the "Sanitation District") treatment plant.

Consolidation of the wastewater for conveyance to the Sanitation District for treatment has been deemed the preferred solution by the applicant, the Canyon Crest HOA. The HOA prepared a project description which is included as Attachment 1. The applicant prepared a cost analysis for both the initial startup costs and the ongoing operation costs for the two solutions (Attachment 2).

Costs for the wastewater consolidation solution will require an initial investment of $700,000-$1.0 million with annual operation costs of approximately $50,000-$60,000. Establishing an on-site wastewater treatment facility will cost approximately $1.5-2.0 million, plus an additional $83,000-$108,000 annually for operations. The RWQCB supports wastewater consolidation and off-site treatment to prevent further degradation of the groundwater.

The purpose of the discussion is to provide the Board with an opportunity to ask questions of staff and provide input on any concerns that may need addressed by the applicant prior to or as a condition of the annexation.

RWQCB VIOLATIONS:

To abate the violations, the 54 homes would discontinue on-site wastewater treatment and disposal and instead consolidate wastewater service for treatment by the Sanitation District. This would be accomplished by the installation of approximately 1,000 feet of 8-inch sewer pipe between the connection point in the Canyon Crest development and the existing manhole located on Huasna Road, near Pearwood Drive, to convey wastewater through the City's sewer infrastructure to the Sanitation District treatment plant. Attachment 3 shows the points of connection and approximate location of the new 8-inch sewer line. Maintenance of the new sewer main extension between Canyon Crest and the point of connection on Huasna Road would be the responsibility of the Water Company. Those specific terms and maintenance responsibilities would be described in an annexation agreement and plan for service.

The annexation agreement would involve three separate parties, subject to San Luis Obispo Local Agency Formation Commission (LAFCO) approval:

- Canyon Crest HOA;
- South San Luis Obispo County Sanitation District; and
- City of Arroyo Grande.

The District has capacity to treat the wastewater volumes and concentrations Canyon Crest is anticipated to produce. However, to receive service from SSLOCSD, Canyon Crest would need to be annexed into the Sanitation District's service area. The District, City and HOA would need to approve a three-party annexation agreement discussed above in order for such annexation to occur. Attachment 4 shows the location of the Canyon Crest subdivision in relation to the boundary of the service area. Annexation, in this context would only consist of a change to the boundary of the service area of the Sanitation District and would not involve annexation of Canyon Crest subdivision into the City. The application for annexation would specify that a maximum of 59 parcels would be annexed into the service area. This number consists of the 54 existing residential parcels and up to five additional parcels. If the wastewater consolidation is accomplished, Canyon Crest HOA intends to sell the existing leach field parcel to a third-party developer for the construction of up to five new homes after site remediation to help offset the costs associated with this project.

LAFCO is authorized to approve or deny the annexation request by Canyon Crest into the Sanitation District service area. LAFCO is a regional planning and regulatory agency with county-wide jurisdiction established by State Law to encourage orderly and efficient provision of governmental services, such as water, sewer, and fire protection. This responsibility includes reviewing and approving proposed agency jurisdictional boundary changes, including annexations and detachments of territory to and/or from cities and special districts, incorporations of new cities, formations of new special districts, and consolidations, mergers, and dissolutions of existing districts. Staff have met with LAFCO, the City and the Applicant, on multiple occasions to understand the procedure for annexation of the Canyon Crest subdivision into the Sanitation District. That process is described in Attachment 5.

The process for annexation begins with the three parties—the Canyon Crest HOA, the Sanitation District, and the City—negotiating a Memorandum of Understanding (MOU) to establish the framework for the annexation agreement. The MOU would identify items that need to be mutually agreed upon and included in the annexation agreement. These items include infrastructure use, maintenance responsibilities, service delivery, connection and service fees, and any other items deemed necessary by the parties. Upon concurrence of the framework, the applicant would prepare and submit the application for annexation to LAFCO.

To the SSLOCSD the MOU would establish a service structure that mimics service with all other Arroyo Grande residents. SSLOCSD would treat the conveyed wastewater and we would receive payment through the already established Arroyo Grande water billing for Canyon Crest. The City's role in the proposed arrangement includes allowing pass-through of wastewater effluent to the Sanitation District treatment facility. This would also require the City to provide billing and administration for the new customer wastewater account. Canyon Crest already receives its water from the Oceano Community Service District (OCSD) that is wheeled through City water system infrastructure. Wastewater bill amounts would be added to the City water bills already being administered to the Canyon Crest HOA. The exact amount of fees will be determined during the MOU negotiations.

Should the Board be conceptually supportive of the annexation, staff negotiation of the MOU would center on items that limit District expense or any added complexity to District operations. This will require the MOU to establish maintenance and billing responsibilities by the Mutual Water Company and City respectively.

ADVANTAGES:

The District's participation in the wastewater consolidation project will allow for the abatement of a public health and environmental concern that potentially impacts groundwater beyond this development. The District would also receive connection fees for the new residences that will use District infrastructure, as well as ongoing rates and charges for 59 new residences.

DISADVANTAGES:

Canyon Crest would be a unique use situation that may require more frequent District interaction than if the development were actually fully annexed into the City. Development of a detailed MOU is intended to identify and address these responsibilities to minimize new roles for District staff.

FISCAL CONSIDERATION:

No financial impact is associated with the informational presentation. Future approval of annexation would show approximately $146,000 in one time connection fees and $22,000 in new rates and charges annually.

Attachments:

1) Project Description
2) Cost Comparison Analysis
3) Sewer Line Extension Exhibit
4) Sanitation District Service Area
5) LAFCO Annexation Process Overview

Canyon Crest Wastewater Consolidation

The Canyon Crest community is an existing residential development consisting of 54 single-family homes served by a privately operated on-site wastewater treatment and disposal system. A 55th parcel within the community is currently dedicated exclusively to use as a leach field supporting wastewater disposal for the existing residences. No residential development currently exists on that parcel.

The on-site wastewater system was permitted under regulatory standards in effect at the time of development in the 1990s. Since that time, environmental regulations and groundwater protection requirements have become more stringent. The Central Coast Regional Water Quality Control Board has issued a Notice of Violation (NOV) related to elevated nitrate concentrations, confirming that the existing wastewater treatment and disposal system no longer meets current water quality and permitting requirements. Elevated nitrates in groundwater present a public health and environmental concern, as groundwater impacts extend beyond individual parcels and affect surrounding water resources.

The Regional Water Quality Control Board has expressed strong support for wastewater consolidation as the most viable and protective solution to address the NOV and prevent ongoing groundwater degradation. Achieving compliance is mandatory and time-sensitive, and continued reliance on on-site treatment is no longer a feasible long-term option for this community.

The proposed project would discontinue on-site wastewater treatment and disposal and instead consolidate wastewater service by conveying flows from Canyon Crest to existing public sewer infrastructure. Wastewater would be conveyed through the City of Arroyo Grande's sewer system for conveyance purposes only and treated by the South San Luis Obispo County Sanitation District, which has confirmed available treatment capacity.

Upon connection to public sewer service, the existing leach field would be permanently abandoned in accordance with regulatory requirements, eliminating a known source of groundwater risk. To help offset the substantial costs associated with achieving environmental compliance, the leach field parcel may be sold to a third-party developer for the construction of up to five (5) single-family homes, subject to all applicable land use approvals. If approved, the wastewater consolidation request would therefore serve a maximum of 59 homes (the existing 54 residences plus up to 5 additional units). No additional development or intensification beyond this limited scope is proposed.

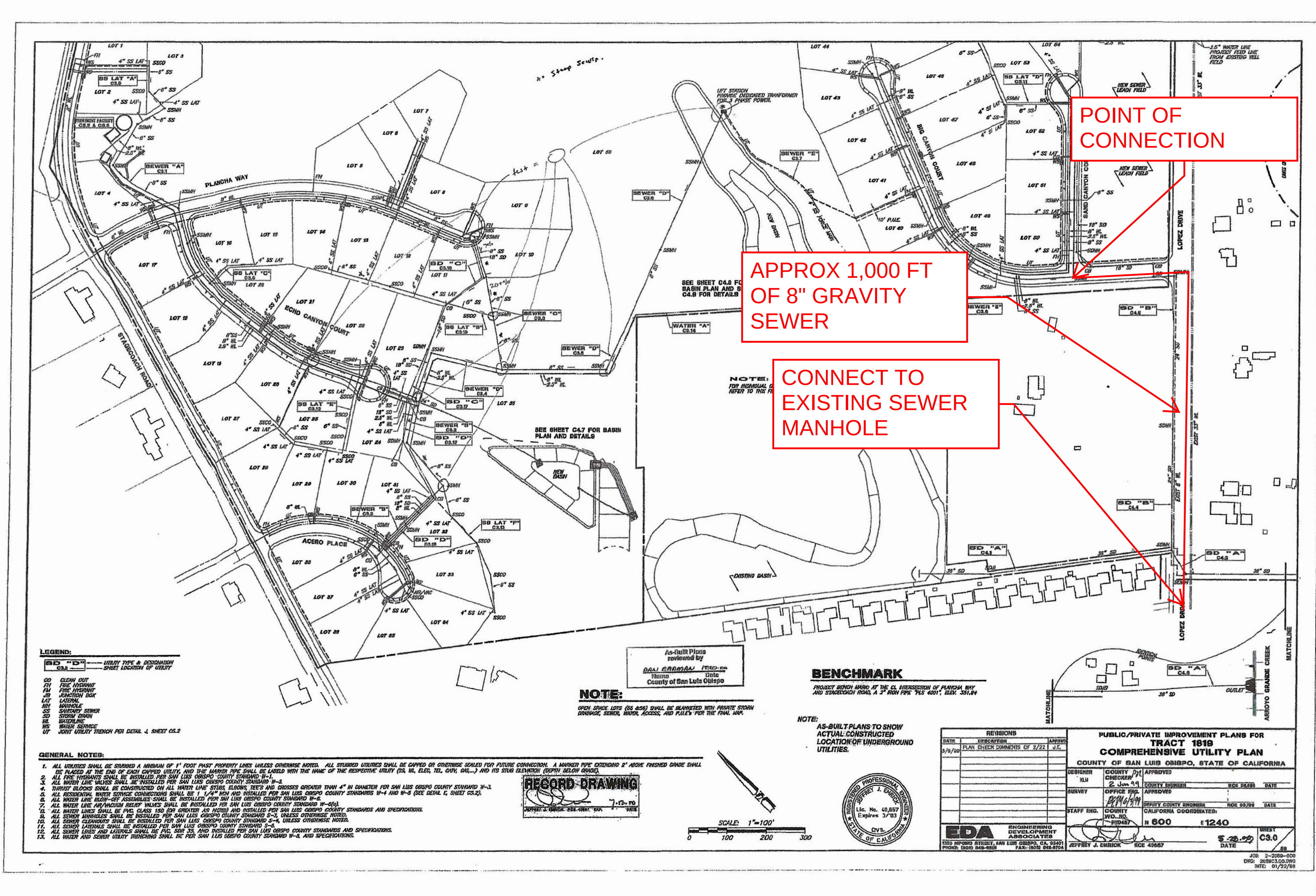
The fundamental purpose of this project is environmental and public health protection, not growth, increased density, or profit. This request is distinct from surrounding properties and neighboring communities because it is driven by a documented State regulatory violation and the need to remediate groundwater impacts affecting the broader area, rather than by development objectives.

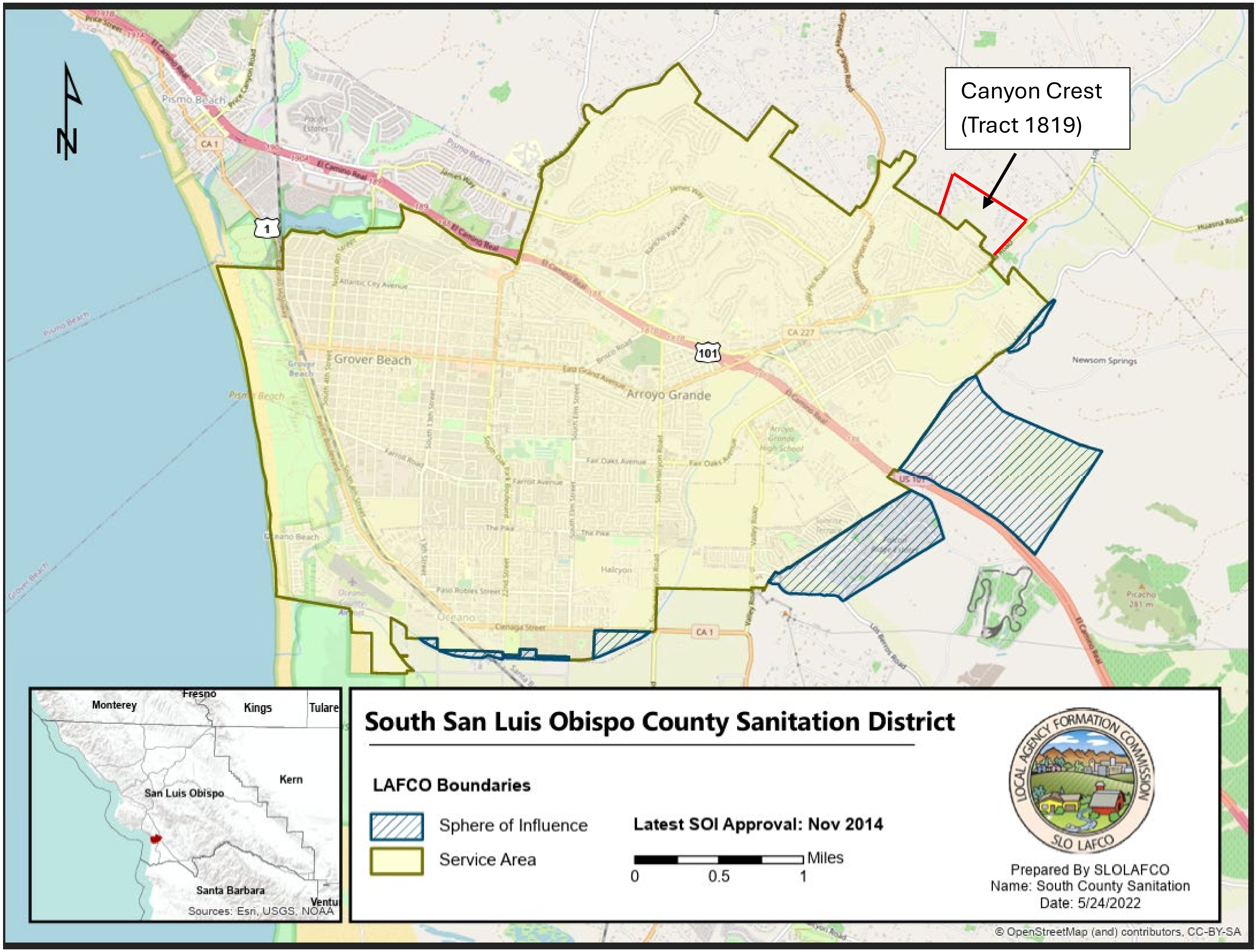
Canyon Crest Annexation Cost Analysis

Capital Cost Item Description	Estimated Cost Range (Low to High)	
	Option A: On Site Treatment	Option B: City Sewer Connection
1. Gravity sewer: Install 2,000 linear feet of 8" PVC gravity sewer with 3 new sewer manholes and two system connnections to City (see display)	N/A	$500k to $700k
2. Wastewater treatment plant for 50% nitrogen removal, 0.02 mgd, equipment only assuming least cost alternative (Orenco Systems)	$700k to $1M	N/A
3. Wastewater treatment plant installation and commissioning	$800k to $1M	N/A
4. Future treatment upgrade to achieve less than 10 mg/L total nitrogen	Undefined risk factor not included, but could exceed $1M	N/A
5. City sewer impact fees for 54 homes, assuming $1850 per home ($0.59 per sq ft) for City and $2475 for SSLOCSD	N/A	$200k to $300k
Total Estimated Capital Cost	**$1.5M to $2.0M**	**$0.7M to $1.0M**

Operating/Life Cycle Item Description	Option A: On Site Treatment	Option B: City Sewer Connection
1. City sewer fees per year assuming $48/mo SSLOCSD, $30/mo City	N/A	$50k to $60k per year
2. Contract operations for wastewater treatment facility, including power and consumables	$50k to $60k	N/A
3. Regional Board annual fees	$9k to $12k	N/A
4. Lab and sampling fees	$4k to $6k	N/A
5. Minimum recommended capital reserve for equipment replacement	$20k to $30k	N/A
Total Estimated Operating Cost	**$83k to $108k per year**	**$50k to $60k per year**

ATTACHMENT 3





Canyon Crest
(Tract 1819)
N
Pismo Beach
Grover Beach
Arroyo Grande
Oceano
Halcyon
Newsom Springs
South San Luis Obispo County Sanitation District
LAFCO Boundaries
Sphere of Influence
Service Area
Latest SOI Approval: Nov 2014
0
0.5
1
Miles
Prepared By SLOLAFCO
Name: South County Sanitation
Date: 5/24/2022
Monterey
Fresno
Kings
Tulare
Kern
San Luis Obispo
Santa Barbara
Sources: Esri, USGS, NOAA
© OpenStreetMap (and) contributors, CC-BY-SA

San Luis Obispo Local Agency Formation Commission

MEMORANDUM

TO: INTERESTED PARTIES

FROM: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: LAFCO PROCESS OVERVIEW FOR CANYON CREST ANNEXATION INTO SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Purpose

The memorandum is intended to outline LAFCO's procedural steps to facilitate annexation of the Canyon Crest development into the South San Luis Obispo County Sanitation District's service area. The process outlined below reflects continued coordination among affected agencies, feasibility considerations, and adherence to applicable provisions of the Government Code.

Background

The Canyon Crest Mutual Benefit Water Company operates a wastewater treatment system that includes wastewater collection, treatment, and disposal service for 54 residential homes in the Canyon Crest neighborhood in unincorporated Arroyo Grande. Each residence has an individual septic tank. Wastewater from residential units is conveyed to dosing tanks before it is discharged to a community leach field. The Central Coast Water Board issued a notice of violation in October 2022 to the Canyon Crest Mutual Water Company, noting that its septic system discharges are causing an increase in nitrate in the underlying groundwater. Addressing this issue would require either substantial upgrades to the existing onsite wastewater treatment system or consolidation with a nearby public wastewater system. The nearest public system service provider is the South San Luis Obispo County Sanitation District (SSLOCSD).

Procedure

Consistent with LAFCO policies and regulations, the most logical and orderly change of governmental organization is annexation into the SSLOCSD. The following steps outline key procedural steps:

1. ***Pre-Application Coordination***
   - A three-party annexation agreement will be required between the following parties, subject to LAFCO approval. This does not need to be finalized prior to application submittal but will be required prior to the

LAFCO hearing. A Memorandum of Understanding (MOU) is recommended; see the bullet further below. Parties include:
   - Applicant (Canyon Crest Homeowners Association)
   - SSLOCSD (primary service provider for wastewater)
   - City of Arroyo Grande (to allow pass-through of effluent to the SSLOCSD treatment facility, no annexation into the City is necessary)
- While not required, the three parties may consider entering into a Memorandum of Understanding (MOU) to establish a mutually agreed-upon framework prior to undertaking significant work. Early discussion and coordination of a potential MOU during the pre-application phase is recommended to support project success; however, execution of a final agreement would not be necessary until a later stage in the process.
- The annexation agreement should address infrastructure use, responsibilities, service delivery, and any other factor deemed necessary by any party
- A Plan for Service consistent with Government Code Requirements is also required. This does not need to be finalized prior to application submittal but will be required prior to the LAFCO hearing.

2. ***Application Submittal***
   - The applicant shall submit a petition of application to LAFCO proposing annexation to SSLOCSD
3. ***Agency Referrals***
   - Upon receipt of the application, LAFCO will initiate the standard referral process, including:
     - Referral to all affected agencies
     - Referral to the County Assessor
       - The County Assessor initiates the property tax exchange negotiation period per Section 99 of the Revenue and Taxation Code
4. ***60-Day Termination Period***
   - Per Government Code Section 56857, upon receipt of the application by the LAFCO Commission, SSLOCSD will have 60 days to adopt and submit a resolution to LAFCO requesting termination of the proceedings
     - The resolution requesting termination shall be based upon written findings supported by substantial evidence in the record that the request is justified by a financial or service-related concern.
   - If no request for termination is received, LAFCO will continue processing the application.
5. ***Three Party Annexation Agreement and Plan for Service***
   - If SSLOCSD does not make the required findings to terminate the proceedings, the next phase of the process should focus on development of a detailed Three-Party Annexation Agreement and a comprehensive Plan for Service.
6. ***Agency Consideration of Each Required Item***
   - City of Arroyo Grande

  - City Council consideration of the Three-Party Annexation Agreement should occur first
- SSLOCSD
  - Following the City's action, SSLOCSD should consider the following items:
    - Three-Party Annexation Agreement
    - Plan for Service
    - Property Tax Exchange Agreement
- All approvals should be structured as "Subject to LAFCO Approval"

7. ***LAFCO Consideration***
   - Following agency approvals and once the application is found complete and acceptable for filing:
     - LAFCO will set the item for hearing
     - LAFCO will consider the annexation proposal at a public hearing and has the authority to approve, conditionally approve or deny the application.
8. ***Protest Proceedings***
   - If approved by LAFCO, the proposal will proceed to the protest hearing process
   - Depending on the level of protest received:
     - The annexation may be ordered
     - An election may be required
     - Or the proposal may be terminated

The above represents a high-level overview, and numerous details remain to be addressed as the process advances. Throughout the application review process, staff may request additional information. Given the unique nature of this proposal, the process is expected to take approximately 9 to 12 months. However, the timeline by be extended if delays are encountered.

SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

Post Office Box 339 Oceano, California 93475-0339
1600 Aloha Oceano, California 93445-9735
Telephone (805) 489-6666 FAX (805) 489-2765
www.sslocsd.org

Staff Report

To: Board of Directors
From: Jeremy Ghent, District Administrator; Mychal Jones, Plant Superintendent
Date: September 2, 2026

Subject: **DISTRICT ADMINISTRATOR AND PLANT OPERATIONS REPORT**

This report represents ongoing information on the latest District staff activities on major capital projects and studies, programmatic initiatives, regional collaboration, miscellaneous activities, and Plant Operations. *Updates since the last report are provided in italics below:*

Capital Projects:

Cogeneration Project:

- *Presentation Tonight.*

Misc:

- *District Administrator Participated in a science panel meeting with SLO County Public Works, National Marine Fisheries Service, State Parks, Creeklands, Army Corps of Engineers, and the Resource Conservation District, to assist in developing a Meadow Creek Lagoon Restoration Project.*
- *District is participating in an Environmental Protection Agency sponsored cybersecurity assessment*

Plant Tours:

None

Upcoming Meetings:

October 7th – Standard Business
November 4th – Plant Superintendent and Business Accounting Analyst will not be present (Possible Cancelation)

Plant Operations Report

There were no violations of the District's National Pollutant Discharge Elimination System (NPDES) Permit during the August 2026 reporting period. All regulatory required analyses were within Permit limitations.

August 2026 Plant Data

August 2026	INF Flow MGD	INF Peak Flow MGD	INF BOD mg/L	EFF BOD mg/L	BOD % Removal	INF TSS mg/L	EFF TSS mg/L	TSS % Removal	Fecal Coliform MPN/100 mL	Chlorine Usage lbs/day
Low	2.13	3.2	320	9.0		309	11.0		<1	119
High	2.47	3.9	353	13.0		376	19.0		2	534
Aug 2026 AVG	2.29	3.48	338	10.9	96.8	354	16.1	95.5	1.4	212
Aug 2025 AVG	2.25	3.39	423	11.9	97.2	411	8.6	97.9	3.4	109
Limit	5.0			40/60/90	>80		40/60/90	>80	2000	

Operation and Maintenance Tasks

- Drained Aeration Basin No. 2 (AB2) in preparation for process transfer
- Troubleshot and cleared polymer blockage on Rotary Drum Thickener (RDT)
- Checked and marked Underground Service Alerts
- Performed process transfer of Aeration Basin No.1 (AB1) to Aeration Basin No. 2 (AB2)
- Shutdown Secondary Clarifier No. 2 (SC2) and placed Secondary Clarifier No.1 (SC1) into operation
- Rinsed down AB1 following process transfer to AB2
- Setup temporary pump and hoses at SC2 and began pump out
- AutoSys performed the installation of a new uninterruptible power supply (UPS) on the Chlorine Contact Tank (CCT) programmable logic controller (PLC)
- Continued work on front entry landscaping project
- JNE Concrete poured concrete landscape curbing
- JNE Concrete demolished utility vault and manhole concrete rings and poured new concrete rings
- Continued manhole inspections in preparation of Trunk Sewer Cleaning and Inspection Project
- Troubleshot both RDTs due to continued polymer blockage issue on RDT No. 1 and TWAS pump No. 2 pump efficiency issues
- Performed weed abatement throughout plant grounds
- Exercised aeration basin diffusers
- Removed and installed new TWAS pump No. 2 rotors
- Troubleshot blower No. 1 and found large oil leak. Scheduled Aerzen technical service to further inspect, identify potential cause of leak and perform a repair on site, or if necessary, send unit in for in depth inspection and repair.
- Performed landscaping of plant grounds
- Fluid Resource Management began interior cleanout of SC2 and AB1
- Gold Coast Environmental installed 4 new flow and level meters in the trunk sewer system

- Began excavation at Grit King to locate water leak
- Carollo on site to perform Operations staff interviews as part of the on-going WWTP Condition Assessment Project
- Inspected outfall manholes and junction boxes to verify access in preparation for interior inspection

Work Orders Completed

- Test ran emergency generators and emergency bypass pump
- Inspected digester vacuum/pressure relief valves
- Performed algae control on all clarifiers
- De-ragged primary sludge pump

Training

- Operations staff performed Laboratory Demonstration of Capabilities on Total Coliform and Fecal Coliform analyses.

Callouts

- August 3rd at 6:27pm – Headworks Barscreen Fault. Operations staff reset and monitored system remotely via SCADA.
- August 5th at 5:30pm – Low Dissolved Oxygen in AB2. Operations staff responded, inspected system, and made minor setting adjustments.
- August 7th at 2:30am and 5:30am – CCT Low Inlet ORP. Operations staff responded and monitored system. System reached low limit briefly during low flows. Additionally, Operations staff shutdown clarifier sprayers which were impacting the CCT inlet ORP during low flows due to excessive Sodium Bisulfite in reclaim water used for sprayers.
- August 9th at 10:00pm – Headworks Barscreen Fault. Operations staff reset and monitored system remotely via SCADA.
- August 10th at 2:00am – Low Dissolved Oxygen in AB2. Operations staff responded, inspected system. Made additional control adjustments to ensure adequate air being supplied to the activated sludge process.
- August 12th at 9:41pm – Low Dissolved Oxygen in AB2. Operations staff responded and monitored system remotely via SCADA. System returned to normal.
- August 13th at 11:43pm – RDT 1 and RDT 2 Failure. Operations staff responded and inspected both systems. Reset both systems and placed RDT 1 back into operation.
- August 15th at 9:43pm – Low Dissolved Oxygen in AB2. Operations staff responded and verified equipment operation. Monitored system to ensure return to normal values.
- August 16th at 5:30pm – Low Dissolved Oxygen in AB2. Operations staff responded and monitored blower system. Switched blowers due to sporadic operation of Blower No. 1 and aeration system stabilized.
- August 27th at 3:11am – Sodium Bisulfite Pump No. 2 Failed to Start. Operations staff responded and inspected system. Reset system and restarted. Failure appears to be due to a brief loss of communication to the control system.

There were multiple callouts associated with low dissolved oxygen (DO) in Aeration Basin No. 2 following its return to service after an extended shutdown period. Initially, the callouts were primarily related to the need to adjust process control setpoints and alarm thresholds after placing the basin back into operation.

Operations staff subsequently identified a significant oil leak on Blower No. 1, which caused the blower to operate intermittently and contributed to additional low DO alarms. Following the removal of Blower No. 1 from service, adjustments to the process setpoints, and revisions to the alarm thresholds, the aeration system has been operating within normal ranges without further low DO-related callouts.

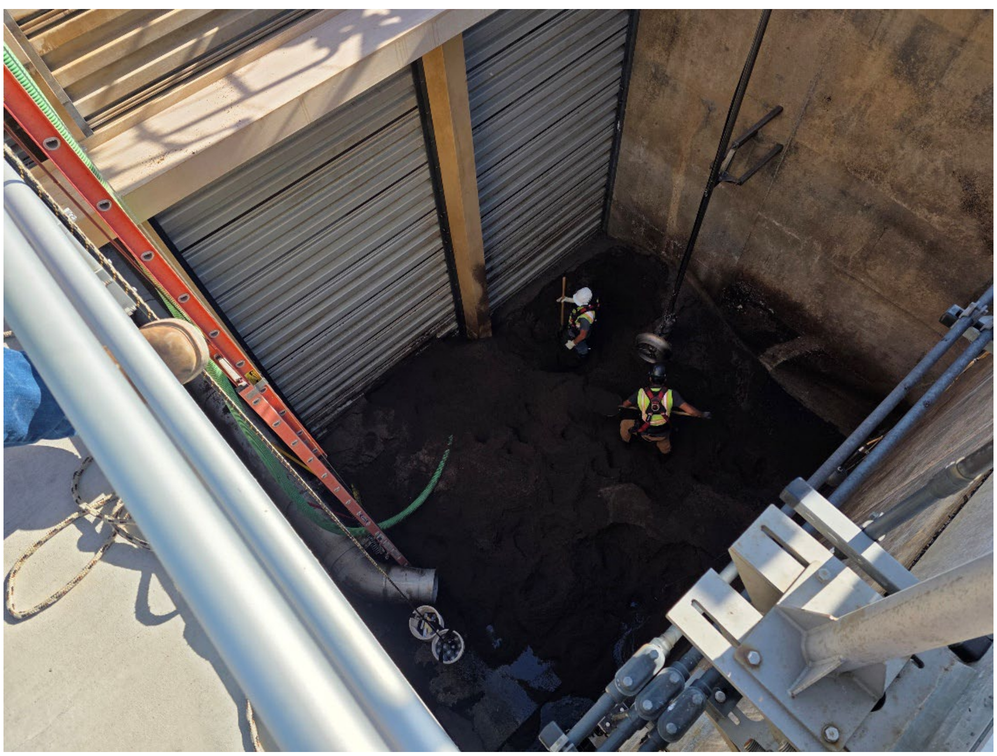
Staff

Operator Justin Musick monitoring the aeration basin process transfer.

Justin Music and Mario De Leon observing the pump out of Secondary Clarifier No. 2 into Primary Clarifier No. 2.

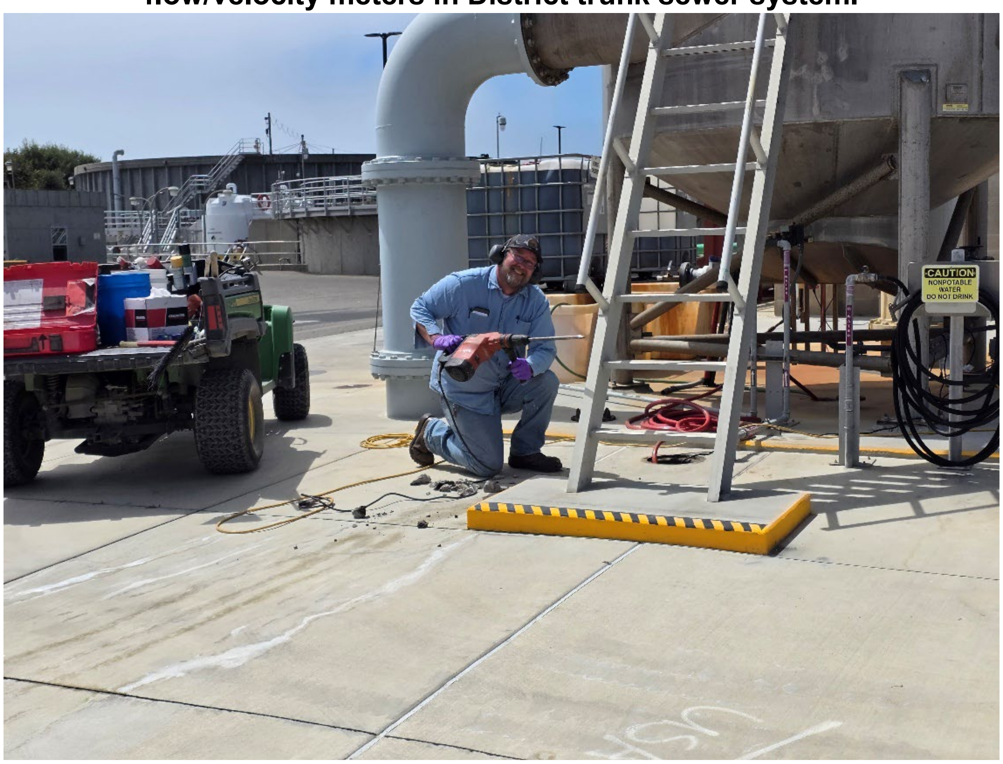
JNE Concrete pouring concrete landscape curbing

Fluid Resource Management performing the cleanout of Secondary Clarifier No. 2.



Fluid Resource Management performing the cleanout of Aeration Basin No. 1.

Gold Coast Environmental performing a confined space entry to install new permanent flow/velocity meters in District trunk sewer system.



Senior Operator, Chris Rigoni, using a rotary hammer to locate an active water leak near the Grit King.