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returned)*

AGREEMENT NUMBER: 02-725-550-0
GRANT NUMBER: WRCP-3804-030

1. This Agreement is entered into between

STATE AGENCY'S NAME

State Water Resources Control Board

CONTRACTOR'S NAME

City of Redlands

actor named below:

(Hereafter referred to as the "SWRCB")

(Hereafter referred to as "Agency" or "Contractor")

2. The term of this Agreement is: April 19, 2002 through March 31, 2005

3. The maximum amount of this Agreement is: \$ 5,000,000
Five million dollars

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

EXHIBIT A – SCOPE OF WORK	8 pages
EXHIBIT B – BUDGET DETAIL AND PAYMENT PROVISIONS	2 pages
EXHIBIT C – GENERAL TERMS AND CONDITIONS (201)	3 pages
EXHIBIT D – WATER RECYCLING GRANT SPECIAL CONDITIONS	1 page
EXHIBIT E – APPROVED PLANS AND SPECIFICATIONS	1 page
EXHIBIT F – FINAL PLANS AND SPECIFICATIONS APPROVAL AND APPROVAL TO AWARD LETTER	12 pages
EXHIBIT G – FACILITIES PLAN APPROVAL LETTER	13 pages
EXHIBIT H – SWRCB SPECIAL TERMS AND CONDITIONS	4 pages
EXHIBIT I – ELIGIBLE COST OF PROJECT	4 pages

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

City of Redlands

BY (Authorized Signature)

Karl N. Haws

DATE SIGNED (Do not type)

August 5, 2003

PRINTED NAME AND TITLE OF PERSON SIGNING

Karl N. Haws, Mayor, City of Redlands

Attest:

Lorrie Poyzer

ADDRESS

35 Cajon Street, Suite 15A, Redlands, CA 92373

Lorrie Poyzer, City Clerk

STATE OF CALIFORNIA

AGENCY NAME

State Water Resources Control Board

BY (Authorized Signature)

Bill Brown

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Bill Brown, Chief, Division of Administrative Services

ADDRESS

1001 I Street, Sacramento, CA 95814

California Department of General
Services Use Only

☐ Exempt per:

CCC201

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

<i>Contractor/Bidder Firm Name (Printed)</i>		<i>Federal ID Number</i>
City of Redlands, California		95-6000-766
<i>By (Authorized Signature)</i>		<i>Attest:</i>
By: 		By: 
<i>Printed Name and Title of Person Signing</i>		
Karl N. Haws, Mayor		Lorrie Poyzer, City Clerk
<i>Date Executed</i>	<i>Executed in the County of</i>	
August 5, 2003	San Bernardino	

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

4. UNION ORGANIZING Contractor hereby certifies that no request for reimbursement or payment under this agreement will

EXHIBIT A – SCOPE OF WORK

SECTION 1. PROJECT DESCRIPTION.

The Project shall be known as the Water Reclamation and Treatment Plant Upgrade Project. The Project generally consists of constructing advanced wastewater facilities at the existing wastewater treatment plant which will augment State and local water supplies by producing approximately 5600 acre-feet/year of recycled water. The Project will also provide recycled water to the Mountainview Power Plant, as described in the Grant Application from the Agency and the Facilities Plan Approval Letter, Exhibit G of this Agreement.

SECTION 2. OFFICIAL REPRESENTATIVES.

- (A) The SWRCB Water Recycling Program Assistance Coordinator shall be Chief of the Division of Financial Assistance.
- (B) The SWRCB Water Recycling Program Manager shall be Ms. Diana Robles, Chief of the Office of Water Recycling for administration of the Agreement and shall have authority to make determinations and findings with respect to any controversy arising under or in connection with interpretation of the Agreement.
- (C) The Agency's Authorized Representative shall be Mr. Karl N. Haws, Mayor, City of Redlands, or his designee, who shall administer the Agreement and who shall have full authority to act on behalf of the Agency, including authority to execute disbursement requests. All communications given to the Agency representative shall be as binding as if given to the Agency.
- (D) Either party may change its Official Representative upon written notice to the other party.

SECTION 3. INCORPORATION OF DOCUMENTS AND ORDER OF PRECEDENCE.

- (A) This Agreement incorporates herein, or by reference, the documents listed below. In the event of any inconsistency in the Agreement documents, except as otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order:
 - (1) Exhibit A, Scope of Work.
 - (2) Exhibit B, Budget Detail and Payment Provisions.
 - (3) Exhibit I, Eligible Cost of Project.
 - (4) Exhibit D, Water Recycling Grant Special Conditions.
 - (5) Exhibit G, Facilities Plan Approval Letter dated December 28, 2001, and any amendments thereto.
 - (6) Exhibit F, Final Plans and Specifications Approval Letter dated April 19, 2002, and any amendments thereto.
 - (7) Exhibit H, SWRCB Special Terms and Conditions.
 - (8) Exhibit C, General Terms and Conditions (GTC 201).

EXHIBIT A – SCOPE OF WORK

SECTION 4. GENERAL AGENCY COMMITMENTS.

The Agency accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Agency in its application, accompanying documents, and communications filed in support of its request for financing assistance.

SECTION 5. COMPLETION OF PROJECT.

The Agency agrees to expeditiously proceed with and complete construction of the Project in substantial accordance with Project plans and specifications approved by the SWRCB.

SECTION 6. FEDERAL, STATE, OR OTHER FINANCIAL ASSISTANCE.

If federal, state, or other financial assistance on account of Project costs is made available to the Agency, the Agency may retain all other funds up to an amount equal to the Agency's local share of Project costs. Any excess funds received, up to the total amount of SWRCB grant received, shall be remitted to the SWRCB.

SECTION 7. OPERATION AND MAINTENANCE; INSURANCE.

- (A) The Agency agrees to properly staff, operate and maintain all portions of the Project during its useful life in accordance with all applicable state and federal laws, rules and regulations.
- (B) The Agency will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by the maintenance of a self-insurance plan so long as any such plan provides for (i) the establishment by the Agency of a separate segregated self-insurance fund funded in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.
- (C) In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Agency shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens.

SECTION 8. USEFUL LIFE OF PROJECT.

For purposes of this Agreement, the parties agree that the useful life of the Project begins upon completion of construction and continues until 50 years thereafter for the pipelines and pump station structures and 20 years for the pumps.

SECTION 9. CONSTRUCTION ACTIVITIES; NOTIFICATIONS; PROTECTION OF ARCHEOLOGICAL AND HISTORICAL RESOURCES.

EXHIBIT A – SCOPE OF WORK

The Agency agrees to promptly notify the Division in writing of:

- (A) Any substantial change in scope of the Project. The Agency agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the Division and the Division has given written approval for such change;
- (B) Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of 30 days or more;
- (C) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of 90 days or more beyond the estimated date of Completion of Construction previously provided to the Division;
- (D) Discovery of any potential archeological or historical resource. Should a potential archeological or historical resource be discovered during construction of the Project, the Agency agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Agency agrees to implement appropriate actions as directed by the Division; and
- (E) Completion of Construction and Initiation of Operation of the Project.

SECTION 10. PROJECT ACCESS.

The Agency agrees to insure that the SWRCB, or any authorized representative thereof, will have suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of this Agreement.

SECTION 11. CONTINUOUS USE OF PROJECT; LEASE OR DISPOSAL OF PROJECT.

The Agency agrees that, except as provided in the Agreement, it will not abandon, substantially discontinue use of, lease, or dispose of the Project or any significant part or portion thereof during the useful life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all or any portion of all remaining Grant Project Funds covered by this Agreement together with accrued interest and any penalty assessments which may be due.

SECTION 12. REPORTS.

- (A) The Agency agrees to expeditiously provide quarterly progress reports during construction of the Project, and thereafter during the useful life of the Project, such reports, data, and information as may be reasonably required by the Division. In addition, the Agency shall immediately advise the State Board Program Assistance Coordinator of any significant problems arising during the course of the Construction.
- (B) The Agency shall submit to the SWRCB a Final Project Summary Report within 60 days following Completion of Construction. The report shall briefly describe the Project as completed, its features, capacity, current and planned recycled water uses and users, and a cost summary.

EXHIBIT A – SCOPE OF WORK

- (C) The Agency shall submit annual reports to the SWRCB for a period commencing with Completion of Construction through one full year after all proposed recycled water users included in the Project are connected for service (minimum of five years) or a maximum of nine years. The first annual report is due on February 28 following the first complete calendar year of operation and shall cover the period from the Completion of Construction through the end of the first full calendar year thereafter. Subsequent annual reports are due by February 28 following the year covered. Completion of Construction is currently scheduled for July 14, 2004. Therefore, the first annual report is due on February 28, 2006. If the Project construction schedule changes, the initial report due date may be amended to reflect these changes.

The reports shall be prepared in accordance with the "Water Recycling Construction Program Guidelines for Annual Progress Report", dated September 2002, or any successor guidelines. The reports shall briefly review the operation of the Project during the preceding year, identify current users and User Agreements, provide monthly Project water deliveries to each user and the monthly amounts of water from each source delivered through Project facilities, list the funds received from other State and Federal agencies for this Project during the period by Agency, the amount, whether grants or loans, and a description of the facilities, components, and items the funds were used for; list the power and maintenance costs associated with the Project for the period, indicate current plans and programs for use of any Project capacity not under contract, summarize Project financial experience, describe compliance with any special conditions of this Agreement, and provide such other information as may be reasonably required to evaluate Project benefits and use of Project facilities.

SECTION 13. RECORDS.

- (A) Without limitation of the requirement to maintain Project accounts in accordance with generally accepted accounting principles, the Agency agrees to:
- (1) Establish an official file for the Project which shall adequately document all significant actions relative to the Project;
 - (2) Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
 - (3) Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
 - (4) Establish an accounting system which will accurately depict final total costs of the Project, including both direct and indirect costs;
 - (5) Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
 - (6) If Force Account is used by the Agency for any phase of the Project, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee. Indirect Force Account costs may be paid with prior written approval by the Division of the Agency's indirect cost proposal.

EXHIBIT A – SCOPE OF WORK

- (B) Notwithstanding Section 4 of Exhibit C, the Agency agrees to require Project Subcontractors to maintain books, records, and other material relative to the Project in accordance with generally accepted accounting principles, and to require such Subcontractors to retain such books, records, and other material for a minimum of thirty-six years from the date of Project Completion.

The Agency further agrees to require that such books, records, and other material shall be subject at all reasonable times to inspection, copying, and audit by the SWRCB or any authorized representatives thereof.

- (C) Notwithstanding Section 4 of Exhibit C, the Agency agrees to retain its Project records for a minimum of thirty-six years from the date of Project Completion, and for such longer period as may be required for the State to fulfill federal reporting requirements under federal tax statutes and regulations. All Agency records relative to the Project shall be subject at all reasonable times to inspection, copying and audit by the SWRCB or any authorized representatives thereof.

SECTION 14. FINAL COSTS AND AUDIT.

- (A) Within 120 days after Completion of Construction, the Agency agrees to provide to the Division a final cost summary report on the Project. The summary shall include at a minimum, a statement of:
- (1) Total Eligible Project Costs;
 - (2) The amount of any unexpended Grant Project Funds.
 - (3) The total amount of assistance funds received from all sources and the allocation of those funds to the Project's costs;
 - (4) The amount of interest earned, if any, on Grant Project Funds before expenditure on incurred Project costs. If no interest has been earned, this fact shall be expressly stated.
 - (5) The report shall be accompanied by such other financial information as may be reasonably required by the Division to verify Agency entitlement to assistance, to assure program integrity of the WRCP. The report shall certify as correct by the duly Authorized Representative of the Agency that costs attributed to the Project have been incurred in the amounts and for the purposes represented and that the work or material for which payment has been requested is satisfactory. Any change in the information supplied shall be promptly reported to the SWRCB.
- (B) The Division, at its option, may call for an audit of financial information relative to the Project, where the Division determines that an audit is desirable to assure program integrity or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Agency and at the cost of the Agency. The audit shall be in the form required by the Division. Audit disallowances will be returned back to the SWRCB.
- (C) If after Completion of Construction the total amount of funds from all sources received by the Agency for the Project, for any portion of the Project, or for engineering, legal, and administrative costs of the Project exceeds the eligible cost of the Project, any portion of the Project, or the allowance for engineering, legal, and administrative costs of the Project, then the maximum grant amount under this Agreement shall be reduced by the amount of the excess, and the excess shall be remitted to the State within 60 days after Completion of Construction. In the event that Grant Project Funds disbursed to the Agency for construction and allowance exceed the eligible Project

EXHIBIT A – SCOPE OF WORK

costs incurred by the Agency, or the maximum grant amount specified in this Agreement, the Agency shall promptly remit such excess to the SWRCB within 60 days after Completion of Construction.

- (D) The Agency shall remit to the SWRCB within 60 days after Completion of Construction all interest earned by the Agency on Grant Project Funds disbursed to the Agency. The Agency is not required to pay to the SWRCB any interest earned on grant funds disbursed by the SWRCB to reimburse the Agency for costs already paid by the Agency.

SECTION 15. DEFINITIONS.

"Agency" means the City of Redlands.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible Project to help defray the engineering, legal, and administrative costs of the Project.

"Authorized Representative" or "Official Representative" means the Mayor of a City, the Chairperson of the County Board of Supervisors, the Chairperson of the Board of Directors of the Agency, or another duly appointed representative. For all authorized representatives, a certified original copy of the authorizing resolution that designates the authorized representative, by title, must accompany any contract, the first payment request, and any other documents or requests required or allowed under this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

"Contractor" means the City of Redlands.

"Completion of Construction" means the date, as determined by the Division after consultation with the Agency, that the work of building and erection of the Project is substantially complete.

"Day" means calendar day unless otherwise expressly indicated.

"Division" means the Division of Financial Assistance (formerly Clean Water Programs) of the SWRCB, or any other segment of the SWRCB authorized to administer the WRCP.

"Eligible Project cost" means, except as otherwise provided, reasonable and necessary Project costs actually incurred by the Agency in construction of the Project which are otherwise eligible for grant funds pursuant to state laws, rules, regulations, guidelines, and this Agreement. Such costs may include, but are not limited to:

- (1) Design and construction costs, and
- (2) Project related engineering, legal and administrative costs.

"Fiscal Year" means the period of twelve months terminating on June 30 of any year, or any other annual period hereafter selected and designated by the Agency as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Agency's own employees or equipment for construction of the Project.

EXHIBIT A – SCOPE OF WORK

"Ineligible Project cost" means all costs which are not eligible for grant funds pursuant to state laws, rules, regulations, guidelines, or this Agreement, even though incurred by the Agency, including those that are deemed by the SWRCB to be unreasonable or unnecessary. Such costs include, but are not limited to:

- (1) Facilities planning costs,
- (2) Costs of applying for a grant, and
- (3) Indirect costs of the Agency.
- (4) Construction costs incurred prior to issuance of Final Plans and Specification Approval.
- (5) Change Orders.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Initiation of Operation" means the date, as determined by the Division after consultation with the Agency, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Grant Project Funds" means any and all funds disbursed to the Agency under this Agreement.

"Guidelines" means SWRCB's "Water Recycling Funding Guidelines", dated April 17, 1997.

"Official Representative". See Authorized Representative.

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Agency for maintaining and operating the System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Agency that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement and obsolescence charges or reserves thereof and amortization of intangibles.

"Policy" means the SWRCB's "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities," adopted February 1995, as amended September 19, 2002.

"Project Completion" means formal acceptance of the Project by the Agency from the Subcontractor.

"Project Costs" means the incurred costs of the Agency which are eligible for financial assistance from the WRCP under the Statute, which are allowable costs as defined under the Guidelines and which are reasonable, necessary and allocable by the Agency to the Project under generally accepted accounting principles.

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Agency from the ownership or operation of the System, determined in accordance with generally accepted accounting principles, including all rates, fees and charges (including connection fees and charges) as

EXHIBIT A – SCOPE OF WORK

received by the Agency for the services of the System, and all other income and revenue however derived by the Agency from the ownership or operation of the System or arising from the System, and also including all income from the deposit or investment of any money in the Enterprise Fund established and maintained by the SWRCB or any rate stabilization fund, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"State" and "State Board" and "SWRCB" mean the California State Water Resources Control Board.

"Subcontract" means a written agreement between the Agency and another party and any tier of agreement thereunder for the furnishing of services, supplies, or equipment necessary to complete the Project for which this grant was made, including contracts and subcontracts for personal and professional services, agreements with consultants and purchase orders.

"Subcontractor" means a party to whom a Subcontract is awarded.

"System" means all recycled water supply, transport, treatment, distribution, application, storage and disposal facilities, including land and easements thereof, owned by the Agency, including the Project, and all other properties, structures or works hereafter acquired and constructed by the Agency and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

"User Agreement" means an agreement whereby the purveyor of recycled water agrees to deliver and a user agrees to accept recycled water from the purveyor subject to appropriate conditions which may include, but are not necessarily limited to, volumes, delivery schedules, payments and restrictions on use.

"Users" means the public or private entities that use the recycled water.

"WRCP" means the Water Recycling Construction Program.

EXHIBIT B – BUDGET DETAIL AND PAYMENT PROVISIONS

SECTION 1. ESTIMATED COST OF PROJECT.

The estimated reasonable cost of the total Project, for grant purposes, at the time of SWRCB approval, including associated eligible engineering, legal, and administrative, is twenty two million one hundred ninety-five thousand four hundred forty-seven dollars (\$22,195,447).

SECTION 2. MAXIMUM GRANT AMOUNT AND FINANCING PROVISIONS.

- (A) The maximum funding amount under this Agreement is five million dollars (\$5,000,000) from the Water Recycling Construction Program Account. Subject to the conditions and in accordance with the terms of this Agreement, and subject to the availability of state and federal funds as provided in Section 2 (C) the SWRCB hereby agrees to provide the Grant Project Funds. The Agency agrees to pay any and all costs connected with the Project, including, without limitation, any and all Project costs exceeding the SWRCB approved grant amount. If the Grant Project Funds are not sufficient to pay the Project Costs in full, the Agency shall nonetheless complete the Project and pay that portion of the Project Costs in excess of available Grant Project Funds, and shall not be entitled to any reimbursement therefor from the SWRCB.
- (B) Except as may be otherwise provided in this Agreement, disbursement of Grant Project Funds will be made as follows:
 - (1) Upon execution and delivery of this Agreement, the Agency may request immediate disbursement of any incurred allowance as specified in Exhibit A from the Grant Project Funds through submission to the SWRCB of the Disbursement Request duly completed and executed. The allowances will be disbursed promptly upon request after approval of this Agreement by the State Department of General Services. The Agency may request a grant allowance for engineering, legal, and administrative costs for the purposes of design and construction of the Project. The eligible allowance shall be at most 15 percent of the eligible construction cost of the Project, provided the allowance cannot exceed the actual costs incurred for the purposes of the allowance or of other purposes associated with the design or construction of the Project. For purposes of this provision, "construction cost" means the cost of erecting, installing, placing, altering, remodeling, improving, or extending facilities, whether accomplished by Subcontract or force account. The allowance will be subject to subsequent adjustment based upon actual construction cost incurred for the Project, provided, however, that total disbursements to the Agency, including such allowance, shall not exceed the maximum grant amount specified in this Agreement. The allowance provided for herein shall be the total amount allowed under this Agreement for engineering, legal, and administrative costs of the Project, regardless of the actual costs thereof.
 - (2) Additional Grant Project Funds will be promptly disbursed to the Agency upon receipt of Disbursement Request duly completed and executed by the Agency for incurred costs consistent with Exhibit G. All project work under this contract must be completed on or before March 31, 2006. Final disbursement request for such work must be submitted to the SWRCB by April 30, 2006.
 - (3) Disbursement shall not be made more frequently than once a month. The Agency agrees that it will not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Agency, although the actual payment of such cost by the Agency is not required as a condition of disbursement request or before payment

EXHIBIT B – BUDGET DETAIL AND PAYMENT PROVISIONS

of the eligible invoice amount has been paid to the Project Subcontractors prior to submitting the progress payment request to the Division. Certification of payments must be submitted to the Division with each payment request. The Division will then authorize the disbursement of the eligible payment amount. Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or State laws, rules, or regulations.

- (4) In the event that the Agency fails to disburse grant funds to Subcontractors or vendors within 30 days from receipt of the funds, the Agency shall immediately return such funds to the SWRCB. Interest shall accrue on such funds from the date of disbursement through the date of mailing of funds to the SWRCB. If the Agency held such funds in interest-bearing accounts, any interest earned on the funds shall also be due to the SWRCB.
- (C) The SWRCB's obligation to disburse any sum to the Agency under any provision of this Agreement is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the state government to appropriate funds necessary for disbursement of grant amounts, the SWRCB shall not be obligated to make any disbursements to the Agency under this Agreement. Nothing in this Agreement may be construed to provide the Agency with a right of priority for disbursement over any other grant recipient.

SECTION 3. WITHHOLDING OF GRANT DISBURSEMENTS.

The SWRCB may withhold all or any portion of the funds provided for by this Agreement in the event that:

- (A) The Agency has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Agreement; or
- (B) The Agency fails to maintain reasonable progress toward completion of the Project.

SECTION 4. FINANCIAL MANAGEMENT SYSTEM AND STANDARDS.

The Agency agrees to comply with federal standards for financial management systems. The Agency agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracing of Grant Project Funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Agency agrees to be bound by and to comply with, the provisions and requirements of the federal Single Audit Act of 1984 (Pub. L. 98-502) Office of Management and Budget (OMB) Circular No. A-133, and updates or revisions.

SECTION 5. ACCOUNTING AND AUDITING STANDARDS.

The Agency will maintain separate Project accounts in accordance with generally accepted government accounting Principles. The Agency and its Subcontractors shall comply with "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" promulgated by the U.S. General Accounting Office. (40 CFR § 35.3135(I).)

EXHIBIT C – GENERAL TERMS AND CONDITIONS (201)

1. **APPROVAL:** This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT:** No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. **ASSIGNMENT:** This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. **AUDIT:** Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).
5. **INDEMNIFICATION:** Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.
6. **DISPUTES:** Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. **TERMINATION FOR CAUSE:** The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.
8. **INDEPENDENT CONTRACTOR:** Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
9. **RECYCLING CERTIFICATION:** The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of recycled content, both post consumer waste and secondary waste as defined in the Public Contract Code, Sections 12161 and 12200, in materials, goods, or supplies offered or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in the Public Contract Code, Sections 12161 and 12200. Contractor may certify that the product contains zero recycled content. (PCC 10233, 10308.5, 10354)
10. **NON-DISCRIMINATION CLAUSE:** During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical

EXHIBIT C – GENERAL TERMS AND CONDITIONS (201)

disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

11. **CERTIFICATION CLAUSES:** The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC201 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.

12. **TIMELINESS:** Time is of the essence in this Agreement.

13. **COMPENSATION:** The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

14. **GOVERNING LAW:** This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

15. **ANTITRUST CLAIMS:** The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.

a. The Government Code Chapter on Antitrust claims contains the following definitions:

- 1). "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
- 2). "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.

b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing 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, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.

c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public

EXHIBIT C – GENERAL TERMS AND CONDITIONS (201)

body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.

d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.

16. CHILD SUPPORT COMPLIANCE ACT: "For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with, that:

a). The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

b) The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department."

17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be effected thereby.

18. UNION ORGANIZING For all contracts, except fixed price contracts of \$50,000 or less, the Contractor acknowledges that:

By signing this agreement Contractor hereby acknowledges the applicability of Government Code Section 16645 through Section 16649 to this agreement and agrees to the following:

a) Contractor will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.

b) No state funds received under this agreement will be used to assist, promote or deter union organizing.

c) Contractor will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors, if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.

d) If Contractor incurs costs, or makes expenditures to assist, promote or deter union organizing, Contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs, and that Contractor shall provide those records to the Attorney General upon request.

EXHIBIT D

WATER RECYCLING GRANT SPECIAL CONDITIONS

☐ None at this time.

☒ Special condition as follows:

The SWRCB will consider the Agency in material breach of this Agreement if the Agency fails to implement mitigation measures for water quality, specified in the Environmental Impact Report prepared by the City, and fails to meet Project Performance Standards based on Waste Discharge Requirements as specified in SWRCB Resolution 2002-0118 approving a Preliminary Loan Commitment to the Agency.

EXHIBIT E -- APPROVED PLANS AND SPECIFICATIONS

Incorporated by reference are the following supporting documents:

Final Plans and Specifications approved by the Division on April 19, 2002, and amendments thereto dated April 30, 2002 and May 29, 2002, which are the basis for the construction contract awarded by the City of Redlands to the J.R. Filanc Construction Company, Inc. following competitive advertising.

EXHIBIT F -- FINAL PLANS AND SPECIFICATIONS APPROVAL
AND APPROVAL TO AWARD LETTER

See the Final Plans and Specifications approval letter dated April 19, 2002, and amendments thereto dated April 30, 2002 and May 29, 2002 for the Water Reclamation and Treatment Plant Upgrade Project.



Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.swrcb.ca.gov.

MAY 29 2002

Mr. Gary G. Phelps, Utilities Director
City of Redlands
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Phelps:

APPROVAL OF ADDENDA NOS. 3 AND 4; CITY OF REDLANDS (CITY); WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT (PROJECT); STATE REVOLVING FUND LOAN PROGRAM; LOAN NO. C-06-4800-110; WATER RECYCLING CONSTRUCTION PROGRAM GRANT NO. 3804-110

Thank you for submitting Addenda Nos. 3 and 4 for the City's Project. These addenda address various corrections, deletions, and/or additions to the bid documents. The addenda also present responses to questions raised during the bid period and provide clarifications for various aspects of the project.

We have reviewed Addenda Nos. 3 and 4 and have determined that there is no change in the eligibility determination issued with the Final Plans and Specifications (P&S) Approval of April 2, 2002. We hereby approve Addenda Nos. 3 and 4, dated May 1, 2002, and May 9, 2002, respectively, for the City's Project.

Additionally, as clarified in your letter dated May 15, 2002, the performance specifications for the aeration diffusers to be included in the proposed project meet our competitive bidding requirements. Thank you for addressing our concerns regarding the pre-negotiation of the aeration equipment. The specification approval for this equipment, as described in the P&S Approval letter dated April 2, 2002, remains valid.

If you have any questions regarding this approval process, please contact me at (916) 324-8404 or stringes@cwpswrcb.ca.gov.

Sincerely,

Scott Stringer
Water Resource Control Engineer

Enclosure

cc: Mr. Sudhir Pardiwala
Black and Veatch
301 South Lake, Suite 803
Pasadena, CA 91101

bcc: Diana Robles, DCWP (w/enc.)

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California Environmental Protection Agency

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**CLEAN WATER PROGRAMS
ADDENDUM APPROVAL FORM**

Project No.	C-06-4800-110	Date Prepared:	May 15, 2002
Applicant	City of Redlands		
Address	35 Cajon Street, Suite 15A Redlands, CA 92373		
Auth. Rep.	Mr. Gary G. Phelps, Utilities Director	Engineer	Mr. Sudhir Pardiwala, PE
Address	(same as above)	Address	Black and Veatch, 301 South Lake, Suite 803 Pasadena, CA 91101
Phone	(909) 798-7698	Phone	(626) 583-1881
Project Description	WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT		

ADDENDA DESCRIPTIONS:

Addendum No. 1: Design change from ultraviolet disinfection system to chlorination disinfection system based on Value Engineering recommendation.

Addendum No. 2: Change of date in Notice Inviting Sealed Proposals (Document 00100, page 00100-1 of contract documents) from April 25, 2002 to May 16, 2002.

Addendum No. 3: Various corrections, deletions and/or additions to the bid documents;
Presents responses to questions raised during the bid period;
Provide clarifications for various aspects of the project.

Addendum No. 4: Various corrections, deletions and/or additions to the bid documents;
Presents responses to questions raised during the bid period;
Provide clarifications for various aspects of the project.

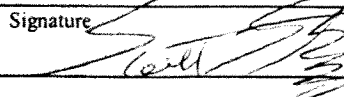
ADDENDUM APPROVAL AND ELIGIBILITY SUMMARY:

Addenda 1 and 2 were approved 04/30 02. A summary of our Eligibility Determination is shown in the following table.

Addendum Number	Original Bid Eligibility	Revised Bid Eligibility	Remarks
1	99.04%	99.04%	Eligibility determination recalculated based on revised P & S provided by the City of Redlands
2	N/A	N/A	Addendum does not effect eligibility.
3	N/A	N/A	Addendum does not effect eligibility.
4	N/A	N/A	Addendum does not effect eligibility.

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APPROVAL BY STATE

Date 5/23/02	Signature 	Name and Title Scott Stringer, WRC Engineer
------------------------	---	---



Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
Internet Address: <http://www.swrcb.ca.gov>



Gray Davis
Governor

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.
For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.swrcb.ca.gov.*

APR 30 2002

Mr. Gary G. Phelps, Utilities Director
City of Redlands
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Phelps:

APPROVAL OF ADDENDA NO. 1 AND 2; CITY OF REDLANDS (CITY); WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT (PROJECT); STATE REVOLVING FUND (SRF) LOAN PROGRAM; LOAN NO. C-06-4800-110; WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) GRANT NO. 3804-110

Thank you for submitting the two Addenda for the District's Project. Addendum No. 1 addresses a project design change, based on a Value Engineering report recommendation, from an ultraviolet disinfection system to a chlorination disinfection system. Addendum No. 2 addresses a change of date in the Notice Inviting Sealed Proposals (Document 00100, page 00100-1 of the contract documents) from April 25, 2002, to May 16, 2002.

We have reviewed the addenda and have determined that there is no change in the eligibility determination issued with the Final P&S Approval of April 2, 2002. We hereby approve the following addenda for the City's Project:

Addendum No. 1, dated March 26, 2002

Addendum No. 2, dated April 5, 2002

If you have any questions regarding this approval process, please contact Mr. Scott Stringer at (916) 324-8404 or stringes@cwpswrcb.ca.gov.

Sincerely,

Scott Stringer
Water Resource Control Engineer

cc: Mr. Sudhir Pardiwala
Black and Veatch
301 South Lake, Suite 803
Pasadena, CA 91101



State Water Resources Control Board

Division of Clean Water Programs

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707

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APR 30 2002

Mr. Gary G. Phelps, Utilities Director
City of Redlands
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Phelps:

APPROVAL OF ADDENDA NO. 1 AND 2; CITY OF REDLANDS (CITY); WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT (PROJECT); STATE REVOLVING FUND (SRF) LOAN PROGRAM; LOAN NO. C-06-4800-110; WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) GRANT NO. 3804-110

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We have reviewed the addenda and have determined that there is no change in the eligibility determination issued with the Final P&S Approval of April 2, 2002. We hereby approve the following addenda for the City's Project:

Addendum No. 1, dated March 26, 2002

Addendum No. 2, dated April 5, 2002

If you have any questions regarding this approval process, please contact Mr. Scott Stringer at (916) 324-8404 or stringes@cwpswrcb.ca.gov.

Sincerely,

Scott Stringer
Water Resource Control Engineer

cc: Mr. Sudhir Pardiwala
Black and Veatch
301 South Lake, Suite 803
Pasadena, CA 91101

bcc: Diana Robles, DCWP

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6/10/02
SURNAME

California Environmental Protection Agency

**CLEAN WATER PROGRAMS
ADDENDUM APPROVAL FORM**

Project No.	C-06-4800-110	Date Prepared:	April 23, 2002
Applicant	City of Redlands		
Address	35 Cajon Street, Suite 15A Redlands, CA 92373		
Auth. Rep.	Mr. Gary G. Phelps, Utilities Director	Engineer	Mr. Sudhir Pardiwala, PE
Address	(same as above)	Address	Black and Veatch, 301 South Lake, Suite 803 Pasadena, CA 91101
Phone	(909) 798-7698	Phone	(626) 583-1881
Project Description	WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT		

ADDENDA DESCRIPTIONS:

Addendum No. 1: Design change from ultraviolet disinfection system to chlorination disinfection system based on Value Engineering recommendation.

Addendum No. 2: Change of date in Notice Inviting Sealed Proposals (Document 00100, page 00100-1 of contract documents) from April 25, 2002 to May 16, 2002.

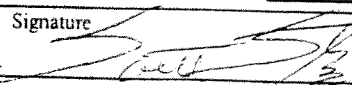
ADDENDUM APPROVAL AND ELIGIBILITY SUMMARY:

Addenda 1 and 2 are approved. A summary of our Eligibility Determination is shown in the following table.

Addendum Number	Original Bid Eligibility Percentage	Revised Bid Eligibility Percentage	Remarks
1	99.04%	99.04%	Eligibility determination recalculated based on revised Plans & Specifications provided by the City of Redlands
2	N/A	N/A	Addendum does not effect eligibility.

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APPROVAL BY STATE

Date 04/24/2002	Signature 	Name and Title Scott Stringer, WRC Engineer
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Winston H. Hickox
Secretary for
Environmental
Protection

State Water Resources Control Board

Division of Clean Water Programs

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
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Gray Davis
Governor

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APR 19 2002

Mr. Gary G. Phelps, Utilities Director
City of Redlands
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Phelps:

FINAL PLANS AND SPECIFICATIONS (P&S) APPROVAL; CITY OF REDLANDS (CITY);
WASTEWATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT
(PROJECT); STATE REVOLVING FUND (SRF) LOAN PROGRAM; LOAN NO. C-06-4800-110
WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) PROJECT NO. 3804-110

Thank you for submitting the signed P&S Approval forms and the Project Performance Standards for the City's Project. We hereby approve the Final P&S and will initiate preparation of the loan contract for the subject project.

Prior to receiving the Division of Clean Water Program's Approval-to-Award (ATA) the construction contract, the City must complete the following items:

During Advertisement of Construction Contract and Before the Opening of Bids:

- Correct specifications on equipment or components that do not meet "Sole-Source Requirements." Items that do not comply with Sole-Source Requirements will be ineligible for SRF Loan funding.
- Submit one copy of the As-Advertised P&S (preferably half-size drawings) and all addenda. Clearly note the location, purpose, and estimated cost of any subsequent changes in the final P&S.
- Make the P&S available to bidders for at least 30 days before bid opening.
- Provide all addenda to all potential bidders a minimum of ten working days prior to the bid opening date.

Enclosed are Minority and Women Business Enterprise (MBE/WBE) Compliance Guidelines to assist potential contractors' meeting MBE/WBE requirements.

After bid opening

- Assure that the selected bidder is not excluded (debarred) from participating on federally funded programs. You can determine if a contractor bidding on this project is among the list of debarred contractors by contacting Mr. Scott Stringer at (916) 324-8404.

California Environmental Protection Agency

APR 19 2002

Mr. Gary G. Phelps

- 2 -

- Notify Mr. Stringer of the Pre-construction meeting in advance of the scheduled date.
- Within five working days after the final selection of the contractor, please submit a complete ATA Request package including:
 - A. A transmittal letter listing all items enclosed in the submittal;
 - B. A completed "*State Revolving Fund Approval To Award Request*" form (enclosed); and
 - C. All items listed in Section IV of the form.

This package should be sent to:

Mr. Mike Harper, Chief
Financial & Administration Unit
Division of Clean Water Programs
State Water Resources Control Board
1001 I Street, 16th Floor
Sacramento, CA 95814

If the mailing cannot be made, please contact Mr. Harper immediately at (916) 341-5820.

Please note that the Final P&S Approval contained herein assumes that the City has obtained the necessary approval(s), permit(s), or exemption(s) from other regulatory agencies, especially where construction activities might affect public health or water quality. This approval does not supersede any Regional Water Quality Control Board or local health department orders or requirements.

If you have any questions regarding this letter or the enclosed P&S Approval forms, please contact Mr. Stringer by phone or stringes@cwpswrcb.ca.gov.

Sincerely,

ORIGINAL SIGNED BY

F. Wayne Pierson, Chief
Engineering Section
Loans and Grants Branch

Enclosures (MBE/WBE Guidelines, P&S Approval, Project Performance Standards, ATA Request)

cc: Mr. Gary Stewart
Santa Ana Regional
Water Quality Control Board
3737 Main Street, Suite 500
Riverside, CA 92501-3339

Mr. Sudhir Pardiwala
Black and Veatch
301 South Lake, Suite 803
Pasadena, CA 91101

APR 19 2002

Mr. Gary G. Phelps

- 3 -

Hidden Note: Diana gets copy only if project involves water recycling.

bcc: Diana Robles, DCWP (w/enc.)

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**CLEAN WATER PROGRAMS
PLANS AND SPECIFICATIONS APPROVAL FORM**

Project No.	SRF C-06- 4800-110, WR-3804-110	Date Prepared:	March 26, 2002
Applicant	City of Redlands (City)		
Address	35 Cajon Street, Suite 15A, Redlands CA 92373		
Auth. Rep.	Mr. Gary G Phelps, Utilities Director	Engineer	Mr. Sudhir D. Pardiwala, PE
Address	(same as above)	Address	Black and Veatch, 201 S. Lake, Suite 803 Pasadena, CA 91101
Phone	(909)798-7698	Phone	(626) 583-1881
Project Description	WATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT		

List the eligible items (identify by bid item and schedule):

The eligibility determinations and conditions of approval identified below are based on the review of the:

- Final Plans and Specifications dated January 2002;
- Engineers estimate updated March 25, 2002;
- The project report dated November 7, 2001;
- The February 20, 2002 detailed cost estimates; and
- The Amended Facilities Plan Approval letter dated March 7, 2002.

I. ELIGIBILITY DETERMINATION AGREEMENT

The eligibility determination for the bid items shown in Bid Schedule Section 00410 of the contract specifications are as follows:

Bid Item	Description	Percent Eligibility
6.01	Lump Sum	100%
6.01 A.1.	Sheeting, Shoring and Bracing	100%
	Alternative Bid Items	
6.01 B.1 Add or Deduct	Asphalt Paving	100% (See Condition No. 1)
6.01 B.2 Add or Deduct	Removal of Asphalt Paving	100% (See Condition No. 2)
6.01 B.3 Add or Deduct	Importing native or select materials from an offsite borrow sources	100% (See Condition No. 2)
6.01 C.1 Add	Insurance	50% (See Condition No. 3)

APPROVAL BY STATE

Date	Signature	(Name and Title)
4/15/02		Scott Stringer, WRC Engineer

PLANS AND SPECIFICATIONS APPROVAL FORM*(CONTINUATION SHEET)*

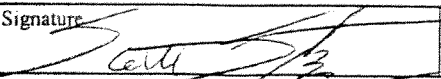
Project No.	SRF C-06- 4800-110, WR-3804-110	Date Prepared:	March 26, 2002
Applicant	City of Redlands		

II. CONDITIONS OF APPROVAL

Plans and Specifications for your project are approved with the following conditions:

1. Road re-pavement eligibility is determined on the basis of trench width plus 1 foot on either side of the trench required for all pipelines. The eligibility for Bid Item 6.01 B.1 is based on the pavement allocation cost estimates provided by the Engineer.
2. Bid Items 6.01 B.2 and 6.01 B.3 are fully eligible up to the quantity indicated in the bid documents of the awarded construction contract. Actual quantity of item greater than amount established by the awarded contract is a change order and is not eligible for funding.
3. Necessary insurance directly related to the construction contract and extending throughout the period of the construction contract will be eligible for funding. This includes builder risk insurance, public liability insurance, fire, and project specific insurance. Earthquake insurance and "Act of God" insurance are ineligible for loan funding. Maintenance and subcontractor bonds are also ineligible.
4. The cost of local permits and licenses other than those issued by the City are eligible for funding.
5. The cost of furniture and other movable furnishings and appliances, architectural specialties, and artwork are ineligible for funding.
6. Approval of the P&S by the Division of Clean Water Programs (Division) is conducted to determine eligibility and for administrative compliance with the SRF Policy. Issuance of the P&S Approval does not relieve the City and the design engineer of their legal liability for the adequacy of the design.
7. The review of P&S is for eligibility and administrative purposes as well as to assess the likelihood that the project will achieve its wastewater treatment purposes. The structural, mechanical, and electrical aspects of the P&S were not reviewed in detail.
8. The SRF loan contract will be issued after the State Water Resources Control Board has approved the Preliminary Loan Commitment for the subject project. Issuance of the Final P&S Approval does not guarantee issuance of a loan contract.

APPROVAL BY STATE

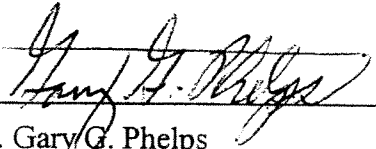
Date	Signature	(Name and Title)
4/15/02		Scott Stringer, WRC Engineer

PLANS AND SPECIFICATIONS APPROVAL FORM*(CONTINUATION SHEET)*

Project No.	SRF C-06- 4800-110, WR-3804-110	Date Prepared:	March 26, 2002
Applicant	City of Redlands		

9. The applicant's authorized representative must sign and return this form indicating agreement with the eligibility decisions and conditions contained herein along with a signed copy of the attached Project Performance Standards. Upon receipt of the signed documents, the Division will issue a separate letter for the Final P&S Approval.

I agree with the above eligibility determination agreement and the conditions of approval.



Mr. Gary G. Phelps
Utilities Director
Authorized Representative
City of Redlands

4-10-02

Date

3/00: S:\2002 Filing System\Engineering\Unit 3\Stringer\REDLANDS\Design\P&SElig(SRF).doc

APPROVAL BY STATE

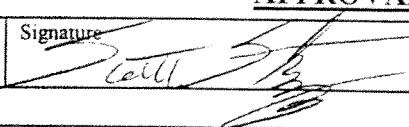
Date 4/15/02	Signature 	(Name and Title) Scott Stringer, WRC Engineer
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EXHIBIT G -- FACILITIES PLAN APPROVAL LETTER

See the Facilities Plan/Concept Approval letter dated December 28, 2001 and an amendment thereto dated March 7, 2002.



State Water Resources Control Board



Gray Davis
Governor

Winston H. Hickox
Secretary for
Environmental
Protection

Division of Clean Water Programs

1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
Internet Address: <http://www.swrcb.ca.gov>

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.swrcb.ca.gov.

MAR - 7 2002

Mr. Gary G. Phelps
Utilities Director
City of Redlands
Municipal Utilities Department
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Phelps:

AMENDED FACILITIES PLAN APPROVAL (FPA); CITY OF REDLANDS (CITY); WATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT (PROJECT); WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) GRANT NO. 3804-110 AND STATE REVOLVING FUND (SRF) LOAN NO. C-06-4800-110.

In accordance with the State Water Resources Control Board's (SWRCB) February 16, 1995, *Policy for Implementing the SRF for Construction of Wastewater Treatment Facilities* (Policy), amended on June 18, 1998, and the *Water Recycling Funding Guidelines* (Guidelines) dated April 17, 1997, the Division of Clean Water Programs (Division) approves the amended facilities plan for the subject project. This amended FPA supercedes the FPA dated December 28, 2001, previously issued to the city. Our amended approval is based on the following determinations:

- 1) A feasibility study dated April 2001 and supplemental information submitted December 18, 2001 have been received and comply with Section IX. A. of the Policy and the Guidelines.
- 2) A value engineering study performed during the project design concludes with a recommendation of the use of a chlorination disinfection process in place of the originally proposed ultraviolet disinfection process.
- 3) The City has provided a Mitigated Negative Declaration (MND), a Notice of Determination dated June 23, 2001, comments on the MND dated June 10, 2001, and a City council resolution adopting the MND. The Division's Environmental Review Unit has issued a California Environmental Quality Act level environmental clearance for the Project.
- 4) The City has provided an Urban Water Management Plan dated December 2000 and a City Council resolution adopting the plan.
- 5) The Project will augment the State and local water supplies from the State Water Project, the Colorado River, and local groundwater basins.

The SWRCB has authorized a WRCP grant commitment for the project at the February 2002 Board meeting. However, due to circumstances outside the scope of the Project, the SWRCB is not authorizing preliminary SRF loan commitments at this time. When the SWRCB resumes authorizing SRF loan commitments, the Division will request the SWRCB to authorize a loan commitment for the remaining eligible portion of the Project. This letter does not constitute an offer for a WRCP grant or an SRF Loan.

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SURNAME

5 March 2002

California Environmental Protection Agency



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PROJECT DESCRIPTION

The Project includes the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant and the installation of a recycled water pipeline to a power generating facility. The proposed project will augment State and local water supplies by producing approximately five million gallons per day (MGD) (5600 acre-feet/year) of recycled water. The Project will also help achieve local watershed goals by reducing the amount of salts returned to the local groundwater basin.

The City owns and operates the wastewater treatment facility proposed to be upgraded. The facility was originally built in 1960. Through upgrades, the facility's capacity is 9.5 MGD. The plant currently receives an average dry weather flow of 6.5 MGD. The existing treatment processes include primary and secondary clarification, activated sludge, anaerobic digestion, and chlorination disinfection of the secondary effluent. Secondary effluent is currently discharged to percolation ponds approximately one-half mile from the plant. In order to provide recycled water to the nearby power plant, a tertiary treatment process will be added to the existing facilities. The higher quality effluent will meet all Title 22 discharge requirements.

As a result of negotiations between the City and the Mountain Valley Power Authority (MVPA), tertiary treatment will be provided by micro-filtration instead of sand filtration, eliminating the need for the power plant to additionally treat the recycled water prior to its use. In return, the MVPA will give the City a credit for the quantity of salts deferred from the basin groundwater through its use of recycled water.

PROJECT ELIGIBILITY

1. The Division has determined the items listed below are eligible for WRCF grant and SRF loan funding. Detailed project component eligibility and eligible component size will be determined during the review of the Plans and Specifications (P&S) and will be consistent with this amended FPA letter.
 - A. Nitrification basin construction;
 - B. Membrane basin, filters and accessories;
 - C. Citric acid facility;
 - D. Chlorine disinfection equipment;
 - E. Upgrades to existing facilities including:
 - 1) Headworks improvements
 - 2) One sewage pump station
 - 3) Peak pond pumps
 - 4) Blowers & high pressure air system
 - 5) Return activated sludge & waste activated sludge pumps and drives
 - 6) Dissolved air flotation system
 - 7) Chlorination system

Mr. Phelps

- 3 -

- 8) Electrical and control building improvements
- 9) Site preparation and yard piping
- 2. The following items are not eligible for grant and loan funding:
 - A. Any items that replace/repair facilities that were previously constructed with Clean Water Grant monies;
 - B. Facilities under construction or contracts given "Notice to Proceed" prior to the issuance of Final P&S Approval by the Division;
 - C. Temporary job-site office trailers
 - D. Computer and office equipment for City or contractor staff
 - E. Costs of land, easements and rights of way;
 - F. Costs of retrofitting and modifications on private user sites;
 - G. Costs associated with operation and maintenance, extended warranties and/or certificates for equipment, and earthquake insurance;
 - H. Costs of mitigation and/or clean up activities at sites/locations where hazardous materials are found;
 - I. Construction contingencies
 - J. Construction change orders and claims;
 - K. Costs of applying for the WRCP grant and the SRF loan; and
 - L. Generally ineligible project items as provided in Appendix H of the Policy.

The estimated total construction cost of the Project is \$23.7 million. The estimated eligible construction cost is \$19 million of which \$5 million will be funded with a WRCP construction grant and \$6.7 million will be funded with an SRF loan. The City will also be receiving a \$5 million grant from the Santa Ana Watershed Project Authority for the Project. The City will utilize \$7 million from their own reserves towards the Project to maintain a total subsidy on the eligible portion of the project at 50 percent. Actual eligibility will be determined during the P&S review. The WRCP construction grant amount of \$4.35 million plus \$0.65 million (a 15 percent allowance for engineering, legal and administration costs) is fixed. The SRF loan amount will be based on the actual bid amount of the eligible facilities plus allowances as specified on Appendix I of the Policy.



PROJECT MILESTONES

The following is a schedule of project milestones with estimated dates of completion:

<u>Milestone</u>	<u>Date</u>
Submit Loan Application	November 9, 2001 (completed)
Submit Value Engineering Report and Submit Draft Revenue Program	March 18, 2002
Submit Final P&S	April 18, 2002
Issue Final P&S Approval¹	June 7, 2002
Advertise for Bids	June 14, 2002
Open Bids	July 19, 2002
Submit Approval To Award Package	August 5, 2002
Initiate Construction (Notice-to-Proceed)	August 19, 2002
Execute funding contracts	August 30, 2002
Submit Final Revenue Plan	June 1, 2004
Complete Construction	July 14, 2004
Submit Final Project Summary Report, Final Financial Report and Final Payment Request	October 16, 2004
Initiate Facilities Operation	August 14, 2004
Certify Project Performance	August 14, 2005

Normal Font – SWRCB / DCWP Activity

Bold Font – City of Redlands Activity

These dates are estimates and are subject to change. This schedule does not supersede any regulatory enforcement schedule. Schedules must be compatible with requirements of the Santa Ana Regional Water Quality Control Board (SARWQCB) enforcement actions related to the proposed facilities. Special attention to the project milestone schedule is critical. Please contact the Division's project manager immediately upon any changes to the above dates.

CONDITIONS OF APPROVAL

The FPA is conditional upon the following:

1. The approval includes only the project described herein and does not include any associated projects that may have been referred to in the project documents or supplemental submittal. This approval

¹ The estimated date of issuance of Final P&S Approval may change due to the status of the SRF loan program.

does not guarantee that a loan will be awarded for this project or for any subsequent project that may be necessary to assure that the approved project is functional.

2. Copies of the notification to the recycled water user subject to the user agreement, a statement of whether the notified user appealed the conditions of recycled water use, and documentation showing the disposition of any appeals are to be submitted to the Division prior to Final P&S Approval and Approval-to-Award the construction contract.
3. A draft revenue program is to be submitted and approved by the Division prior to Final P&S Approval.
4. The identified user is to be connected at the time this project becomes operational. If the user is not connected, or changes occur, the Division shall be notified.
5. When the project begins operation, it will be monitored for progress in delivering recycled water. Annual reports must be submitted for five years after the first year of operation. These reports shall contain information of the actual recycled water delivered during each calendar year and be submitted by the end of February.
6. The Project's cultural resources documents must receive clearance from the State Historic Preservation Officer prior to Final P&S Approval.

The City will jeopardize WRCP grant and SRF loan funding for portions of the project if construction begins prior to the Division's issuance of Final P&S Approval. Construction after Final P&S Approval and prior to execution of the funding contract is eligible for funding.

This letter constitutes a Final Staff Decision. The Division will request that the SWRCB make a preliminary loan commitment for this project **AFTER** an agreement in writing on the eligibility decisions, schedule, and other conditions in this letter has been received from you. To expedite this process, please notify the Division immediately in writing if you agree with this letter, so the Division staff can initiate the process of requesting SWRCB's approval for the SRF loan.

If you are **NOT** in agreement, then you must request a Final Division Decision **within ten working days** from the date of this letter. Your request should be specific on the items of disagreement and suggest the exact changes with which you would agree. Please send the request to:

Ms. Barbara L. Evoy, Chief
Division of Clean Water Programs
P.O. Box 944212
Sacramento, CA 94244-2120

Again, we must reach agreement in writing before your proposed project can be scheduled for SWRCB approval of a preliminary funding commitment.

MAR - 7 2002

Mr. Phelps

- 6 -

Please contact Mr. Scott Stringer at (916) 324-8404 if you have any questions or comments regarding this letter.

Sincerely,

ORIGINAL SIGNATURE

James D. Kuykendall, Chief
Loans & Grants Branch

cc: Mr. Gerald J. Thibeault
Executive Officer
Santa Ana Regional Water
Quality Control Board
3737 Main Street, Suite 500
Riverside, CA 92501-3339

Mr. Douglas Headrick, P.E.
Chief of Water Resources
City of Redlands
Municipal Utilities Department
35 Cajon Street, Suite 15A
Redlands, CA 92373

Mr. Sudhir Pardiwala
Black & Veatch
201 South Lake, Suite 803
Pasadena, CA 91101

bcc: Wayne Pierson, DCWP
Jim Hockenberry, DCWP
Eva Kawada, DCWP

Diana Robles, DCWP
Madeleine Hirn, DWCP
Ron Blair, DCWP

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State Water Resources Control Board



Winston P. Hickox
Secretary for
Environmental
Protection

Division of Clean Water Programs
1001 I Street • Sacramento, California 95814 • (916) 341-5700 FAX (916) 341-5707
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
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Gray Davis
Governor

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.
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DEC 28 2001

CERTIFIED MAIL NO. Z 444 482 819
Return Receipt Requested

Mr. Douglas Headrick, P.E.
Chief of Water Resources
City of Redlands
Municipal Utilities Department
35 Cajon Street, Suite 15A
Redlands, CA 92373

Dear Mr. Headrick:

FACILITIES PLAN APPROVAL (FPA); CITY OF REDLANDS (CITY); WATER RECLAMATION AND TREATMENT PLANT UPGRADE PROJECT (PROJECT); WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) GRANT NO. 3804-110 AND STATE REVOLVING FUND (SRF) LOAN NO. C-06-4800-110.

In accordance with the State Water Resources Control Board's (SWRCB) February 16, 1995, *Policy for Implementing the SRF for Construction of Wastewater Treatment Facilities (Policy)*, amended on June 18, 1998, and the *Water Recycling Funding Guidelines (Guidelines)* dated April 17, 1997, the Division of Clean Water Programs (Division) approves the facilities plan for the subject project. Our approval is based on the following determinations:

- 1) A feasibility study dated April 2001 and supplemental information submitted December 18, 2001, have been received and comply with Section IX. A. of the Policy and the Guidelines.
- 2) The City has provided a Mitigated Negative Declaration (MND), a Notice of Determination dated June 23, 2001, comments on the MND dated June 10, 2001, and a city council resolution adopting the MND. The Division's Environmental Review Unit has issued a California Environmental Quality Act level environmental clearance for the Project.
- 3) The City has provided an Urban Water Management Plan dated December 2000 and a City Council resolution adopting the plan.
- 4) The Project will augment the State and local water supplies from the State Water Project, the Colorado River, and local groundwater basins.

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California Environmental Protection Agency

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Mr. Headrick

- 2 -

Due to circumstances outside the scope of the Project, the SWRCB is not authorizing preliminary SRF loan commitments at this time. However, in order to proceed with the Project, the Division will request the SWRCB to authorize a WRCP grant commitment at the February 2002 Board meeting. When the SWRCB resumes authorizing SRF loan commitments, the Division will request the SWRCB to authorize a loan commitment for the remaining eligible portion of the Project. This letter does not constitute an offer for a WRCP grant or an SRF Loan.

PROJECT DESCRIPTION

The Project includes the construction of advanced wastewater treatment facilities at the existing wastewater treatment plant and the installation of a recycled water pipeline to a power generating facility. The proposed project will augment State and local water supplies by producing approximately five million gallons per day (MGD)(5600 acre-feet/year) of recycled water. The Project will also help achieve local watershed goals by reducing the amount of salts returned to the local groundwater basin.

The City owns and operates the wastewater treatment facility that is to be upgraded. The facility was originally built in 1960. Through upgrades, the facility's capacity is 9.5 MGD. The plant currently receives an average dry weather flow of 6.5 MGD. The existing treatment processes include primary and secondary clarification, activated sludge, anaerobic digestion, and disinfection of the secondary effluent. Secondary effluent is currently discharged to percolation ponds approximately one half mile from the plant. In order to provide recycled water to the nearby power plant, a tertiary treatment process will be added to the existing facilities. The higher quality effluent will meet all Title 22 discharge requirements.

As a result of negotiations between the City and the Mountain Valley Power Authority (MVPA), tertiary treatment will be provided by micro-filtration instead of sand filtration, eliminating the need for the power plant to additionally treat the recycled water prior to its use. In return, the MVPA will give the City a credit for the quantity of salts deferred from the basin groundwater through its use of recycled water.

PROJECT ELIGIBILITY

1. The Division has determined the items listed below are eligible for WRCP grant and SRF loan funding. Detailed project component eligibility and eligible component size will be determined during the review of the Plans and Specifications (P&S) and will be consistent with this FPA letter.
 - A. Nitrification basin construction;
 - B. Membrane basin, filters and accessories;
 - C. Citric acid facility;
 - D. Ultra-Violet disinfection equipment;

- E. Upgrades to existing facilities including:
 - 1) Headworks improvements
 - 2) One sewage pump station
 - 3) Peak pond pumps
 - 4) Blowers & high pressure air system
 - 5) Return activated sludge & waste activated sludge pumps and drives
 - 6) Dissolved air flotation system
 - 7) Chlorination system
 - 8) Electrical and control building improvements
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- 2. The following items are not eligible for grant and loan funding:
 - A. Any items that replace/repair facilities that were previously constructed with Clean Water Grant monies;
 - B. Facilities under construction or contracts given "Notice to Proceed" prior to the issuance of Final P&S Approval by the Division;
 - C. Temporary job-site office trailers
 - D. Computer and office equipment for City or contractor staff
 - E. Costs of land, easements and rights of way;
 - F. Costs of retrofitting and modifications on private user sites;
 - G. Costs associated with operation and maintenance, extended warranties and/or certificates for equipment, and earthquake insurance;
 - H. Costs of mitigation and/or clean up activities at sites/locations where hazardous materials are found;
 - I. Construction contingencies
 - J. Construction change orders and claims;
 - K. Costs of applying for the WRCP grant and the SRF loan; and
 - L. Generally ineligible project items as provided in Appendix H of the Policy.

The estimated total construction cost of the Project is \$27.3 million. The estimated eligible construction cost is \$19 million of which \$5.0 million will be funded with a WRCP construction grant and \$6.7 million will be funded with an SRF loan. The City will also be receiving a \$5.0 million grant from the Santa Ana Watershed Project Authority for the Project. The City will utilize \$7.0 million from their own reserves towards the Project to maintain a total subsidy on the eligible portion of the project at 50 percent.

Actual eligibility will be determined during the P&S review. The WRCP construction grant amount of \$4.35 million plus \$0.65 million (a 15 percent allowance for engineering, legal and administration costs) is fixed. The SRF loan amount will be based on the actual bid amount of the eligible facilities plus allowances as specified on Appendix I of the Policy.

PROJECT MILESTONES

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<u>Milestone</u>	<u>Date</u>
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Submit Final P&S	February 18, 2002
Issue Final P&S Approval ¹	April 8, 2002
Advertise for Bids	April 15, 2002
Open Bids	May 20, 2002
Submit Approval To Award Package	June 5, 2002
Initiate Construction (Notice-to-Proceed)	June 19, 2002
Execute funding contracts	June 30, 2002
Submit Final Revenue Plan	April 1, 2004
Complete Construction	May 14, 2004
Submit Final Project Summary Report, Final Financial Report and Final Payment Request	August 16, 2004
Initiate Facilities Operation	June 14, 2004
Certify Project Performance	June 14, 2005

Normal Font – SWRCB / DCWP Activity

Bold Font – City of Redlands Activity

These dates are estimates and are subject to change. This schedule does not supersede any regulatory enforcement schedule. Schedules must be compatible with requirements of the Santa Ana Regional Water Quality Control Board (SARWQCB) enforcement actions related to the proposed facilities. Special attention to the project milestone schedule is critical. Please contact the Division's project manager immediately upon any changes to the above dates.

¹ The estimated date of issuance of Final P&S Approval may change due to the status of the SRF loan program.

A Value Engineering (VE) study and report is required for the Project. Please consult with Division staff at the ten percent design stage regarding VE requirements. The VE study and report should be completed during the early stages of design and shall describe all recommendations. If any VE recommendations are not being implemented, the report must discuss the reasons for rejection.

CONDITIONS OF APPROVAL

The FPA is conditional upon the following:

1. The approval includes only the project described herein and does not include any associated projects that may have been referred to in the project documents or supplemental submittal. This approval does not guarantee that a grant and loan will be awarded for this project or for any subsequent project that may be necessary to assure that the approved project is functional.
2. Copies of the notification to the recycled water user subject to the user agreement, a statement of whether the notified user appealed the conditions of recycled water use, and documentation showing the disposition of any appeals are to be submitted to the Division prior to Final P&S Approval and Approval-to-Award the construction contract.
3. A draft revenue program is to be submitted and approved by the Division prior to Final P&S Approval.
4. The identified user is to be connected at the time this project becomes operational. If the user is not connected, or changes occur, the Division shall be notified.
5. When the project begins operation, it will be monitored for progress in delivering recycled water. Annual reports must be submitted for five years after the first year of operation. These reports shall contain information of the actual recycled water delivered during each calendar year and be submitted by the end of February.
6. The Project's cultural resources documents must receive clearance from the State Historic Preservation Officer prior to Final P&S Approval.

The City will jeopardize WRCP grant and SRF loan funding for portions of the project if construction begins prior to the Division's issuance of Final P&S Approval. Construction after Final P&S Approval and prior to execution of the funding contract is eligible for funding.

This letter constitutes a Final Staff Decision. The Division will request that the SWRCB make a preliminary grant and loan commitment for this project **AFTER** an agreement in writing on the eligibility decisions, schedule, and other conditions in this letter has been received from you. To expedite this process, please notify the Division immediately in writing if you agree with this letter, so the Division staff can initiate the process of requesting SWRCB's approval for the City's WRCP grant and SRF loan.

If you are **NOT** in agreement, then you must request a Final Division Decision **within ten working days** from the date of this letter. Your request should be specific on the items of disagreement and suggest the exact changes with which you would agree. Please send the request to:

Ms. Barbara L. Evoy, Chief
Division of Clean Water Programs
P.O. Box 944212
Sacramento, CA 94244-2120

Again, we must reach agreement in writing before your proposed project can be scheduled for SWRCB approval of a preliminary funding commitment.

Please contact Mr. Bruce Locken at (916) 341-5718 if you have any questions or comments regarding this letter.

Sincerely,

ORIGINAL SIGNED BY

James D. Kuykendall, Chief
Loans & Grants Branch

cc: Mr. Sudhir Pardiwala
Black & Veatch
201 S. Lake, Suite 803
Pasadena, CA 91101

Mr. Gerald J. Thibeault, EO
Santa Ana Regional Water Quality Control Board
3737 Main Street, Suite 500
Riverside, CA 92501-3339

bcc: Wayne Pierson, DCWP
Diana Robles, DCWP
Jim Hockenberry, DCWP
Madeleine Hirn, DWCP
Eva Kawada, DCWP
Ron Blair, DCWP
Scott Stringer, DCWP

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EXHIBIT H – SWRCB SPECIAL TERMS AND CONDITIONS

SECTION 1. STATE REVIEWS AND INDEMNIFICATION.

The parties agree that review or approval of Project plans and specifications by the SWRCB is for administrative purposes only and does not relieve the Agency of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Agency agrees to indemnify, defend and hold harmless the SWRCB and its officers and employees (collectively, "Indemnified Persons") against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct or management of, work done in or about, or the planning, design, acquisition, installation or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the California Hazardous Waste Control Law and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Agency for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement. To the fullest extent permitted by law, the Agency agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the discharge of the Agency's obligation hereunder.

SECTION 2. TERMINATION; IMMEDIATE REPAYMENT; INTEREST.

- (A) This Agreement may be terminated by written notice during construction of the Project, or thereafter at any time, at the option of the SWRCB, upon violation by the Agency of any material provision of this Agreement after such violation has been called to the attention of the Agency and after failure of the Agency to bring itself into compliance with the provisions of this Agreement within a reasonable time as established by the Division. Termination may occur but not limited to the following material breaches in this Agreement:
- (1) Inadequate Project Use. Failure of the Agency to obtain necessary User Agreements or to provide other assurances of use acceptable to the SWRCB, or failure of the Agency to take reasonable steps to promote use of Project capacity; or failure to enforce User Agreements; or failure to deliver recycled water at the quantities identified in the Facility Plan Approval Letter, Exhibit G; or
 - (2) Contractual Violations. Failure of the Agency, after written notice from the State Board Program Assistance Coordinator of the nature of the failure, to comply with any material provisions or conditions of this Agreement, or
 - (3) Lack of Local Funding. Failure of the Agency, during construction, to provide the local share of the Project costs necessary for completion of construction, or failure thereafter to

EXHIBIT H – SWRCB SPECIAL TERMS AND CONDITIONS

properly operate or maintain Project facilities.

- (B) In the event of such termination, the Agency agrees, upon demand, to immediately repay to the SWRCB an amount equal to the grant disbursements received by the Agency, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Agency to the date of full repayment by the Agency.

SECTION 3. DAMAGES FOR BREACH AFFECTING TAX EXEMPT STATUS.

In the event that any breach of any of the provisions of this Agreement by the Agency shall result in the loss of tax exempt status for any State bonds, or if such breach shall result in an obligation on the part of the state to reimburse the federal government by reason of any arbitrage profits, the Agency shall immediately reimburse the State in an amount equal to any damages paid by or loss incurred by the State due to such breach.

SECTION 4. DISPUTES.

- (A) Any dispute arising under this Agreement which is not otherwise disposed of by agreement shall be decided by the Division Chief, or his or her Authorized Representative. The decision shall be reduced to writing and a copy thereof furnished to the Agency and to the SWRCB's Executive Director. The decision of the Division shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Division decision to the Agency, the Agency mails or otherwise furnishes a written appeal of the decision to the SWRCB's Executive Director. The decision of the SWRCB's Executive Director shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal under this clause, the Agency shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Agency shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this Agreement.
- (B) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the SWRCB, or any official or representative thereof, on any question of law.

SECTION 5. VENUE.

The SWRCB and the Agency hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California.

SECTION 6. RIGHTS IN DATA.

The Contractor agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Contractor may

EXHIBIT H – SWRCB SPECIAL TERMS AND CONDITIONS

copyright the same, except that, as to any work which is copyrighted by the Contractor, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. (40 CFR 31.34, 31.36)

SECTION 7. INCOME RESTRICTIONS.

The Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor under this Agreement shall be paid by the Contractor to the State, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by the State under this Agreement.

SECTION 8. PERMITS, SUBCONTRACTING, WAIVER, AND REMEDIES.

- (A) The Contractor shall procure all permits and licenses necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work.
- (B) Any Subcontractors, outside associates, or consultants required by the Contractor in connection with the services covered by this Agreement shall be limited to such individuals or firms as were specifically identified and agreed to during negotiations for this Agreement, or as are specifically authorized by the SWRCB's Project Manager during the performance of this Agreement. Any substitutions in, or additions to, such Subcontractors, associates, or consultants, shall be subject to the prior written approval of the SWRCB's Project Manager.
- (C) Any waiver of rights with respect to a default or other matter arising under the Agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter.
- (D) Any rights and remedies of the State provided for in this Agreement are in addition to any other rights and remedies provided by law.

SECTION 9. CONTRACT MODIFICATIONS.

- (A) The SWRCB may, at any time, without notice to any sureties, by written order designated or indicated to be a "contract modification", make any change in the work to be performed under this Agreement so long as the modified work is within the general scope of work called for by this Agreement, including but not limited to changes in the specifications or in the method, manner, or time of performance of work. If the Contractor intends to dispute the change, the Contractor must, within ten (10) days after receipt of a written "contract modification", submit to the SWRCB a written statement setting forth the disagreement with the change.
- (B) Notwithstanding the above, no modification may be made which in any way alters the provisions of Exhibit B without formal amendment of this Agreement.

SECTION 10. COMPUTER SOFTWARE.

Contractor certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

EXHIBIT H – SWRCB SPECIAL TERMS AND CONDITIONS

SECTION 11. COMPLIANCE WITH LAWS AND REGULATIONS.

- (A) The Agency agrees that it will, at all times, comply with and require its Subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, the Agency agrees that, to the extent applicable, the Agency will:
- (1) Comply with the provisions of the adopted environmental mitigation plan for the term of the Agreement; and
 - (2) Comply with the SWRCB's "Water Recycling Funding Guidelines" dated April 17, 1997 and "Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities", adopted February 1995 and amended September 19, 2002.

SECTION 12. SWRCB ACTION; COSTS AND ATTORNEY FEES.

The Contractor agrees that any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the SWRCB as a result of breach of this Agreement by the Contractor, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the SWRCB shall not preclude the SWRCB from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.

SECTION 13. SMALL AND MINORITY-, WOMEN-, AND DISABLED VETERANS-OWNED BUSINESS PARTICIPATION

The Agency shall comply with, and require its subcontractors to comply with, applicable federal, state, and local requirements regarding small business and minority-, women-, and disabled veterans-owned business enterprises.

SECTION 14. PREVAILING WAGES.

The Agency agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. The Agency shall monitor all subcontracts subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of State Labor Code 1771 are met.

EXHIBIT I – ELIGIBLE COST OF PROJECT



State Water Resources Control Board

Division of Financial Assistance

Winston H. Hickox
Secretary for
Environmental
Protection

1001 I Street • Sacramento, California 95814 • (916) 341-5683
Mailing Address: P.O. Box 944212 • Sacramento, California • 94244-2120
FAX (916) 341-5707 • Internet Address: <http://www.swrcb.ca.gov>

V.1000



Gray Davis
Governor

*The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption.
For a list of simple ways you can reduce demand and cut your energy costs, see our Web-site at <http://www.swrcb.ca.gov>.*

APR 23 2003

CERTIFIED MAIL NO. 7001 0320 0000 9689 2960
Return Receipt Requested

Mr. Gary Phelps
Municipal Utilities Director
City of Redland
35 Cajon Street, Suite 15A
Redland, CA 92373

Dear Mr. Phelps:

APPROVAL TO AWARD (ATA) – CITY OF REDLANDS, CONSTRUCTION OF 2003 WATER RECYCLING PROJECT, STATE REVOLVING FUND (SRF) LOAN NO. C-06-4800-110 AND WATER RECYCLING CONSTRUCTION PROGRAM (WRCP) GRANT NO. WRCP-3804-030

We have reviewed the ATA request package submitted with the ATA Form 555-1 executed on March 25, 2003. The Division of Financial Assistance approves the SRF and WRCP ATA construction budget as follows:

CONTRACTOR	AMOUNT BID	APPROVED CONSTRUCTION COSTS
J.R. Filanc Construction Co., Inc.	\$19,014,655	\$19,014,655

	REQUESTED	SRF LOAN ELIGIBLE	WRCP GRANT ELIGIBLE	TOTAL ELIGIBLE
A. Construction	\$19,014,655	\$6,471,382	\$4,347,826	*\$10,819,208
B. Allowances				
Planning	\$420,992	\$420,992	\$0	\$420,992
Design	\$861,763	\$654,671	\$207,092	\$861,763
Construction	\$1,680,908	\$1,276,956	\$403,952	\$1,680,908
Administration	\$171,132	\$130,002	\$41,130	\$171,132
Prime Engineering	\$45,997	\$45,997	\$0	\$45,997
Value Engineering	\$55,000	\$0	\$0	\$0
Total Requested by Agency	\$22,250,447			
Total Eligible SRF Loan Project Costs (C-06-4800-110)	\$9,000,000			
Total Eligible WRCP Grant Project Costs (WRCP-3804-030)			\$5,000,000	
Total Eligible Project Costs for SRF & WRCP(Construction & Allowances)				\$14,000,000

Refer to the enclosed Construction Contractor Spreadsheet (Form No. 259) for the eligibility calculations.

* The eligible construction costs of \$10,819,208 + \$5,310,133 (Cash on hand) + \$2,885,314 (SAWPA Grant)
= \$19,014,655 total eligible construction costs.

California Environmental Protection Agency

SURNAME

4-23-03

Recycled Paper

04/23/03

4/23/03

Please provide this office with a written response within 30 days of the date of this letter stating your agreement or disagreement with this decision.

Send your response to:

Mr. Fred Johansen, Chief
Administration and Certification Section
State Water Resources control Board
Post Office Box 944212
Sacramento, CA 94244-2120

If you have not contacted Mr. Johansen within 30 days, this letter will serve as our final decision.

DISBURSEMENT SCHEDULE

1. Within 30 days, please submit to Ms. Lisa Fernandez, at the above address, a **preliminary SRF Disbursement Schedule** (see enclosed format) which shows the estimated monthly amounts to be requested during the construction period. The total should equal the approved SRF ATA budget amount. This is needed to establish a preliminary disbursement schedule for your proposed loan contract.
2. The processing of the binding loan contract will be delayed until funding becomes available. Your agreement on the **SRF ATA budget**, submittal of a **preliminary SRF Disbursement Schedule** and the completion of any other prerequisites should still be processed.
3. Please remember that the disbursements for costs incurred prior to the binding loan commitment may be subject to the refinance rules in the SRF Policy.

CONSTRUCTION CONTRACT REQUIREMENTS

1. The enclosed **Notice to Labor Unions or Other Organizations of Workers** must be reproduced in the quantity desired, completed by the contractor, and distributed to all unions and organizations that might represent workers on the job.
2. Mail the following documents, if you have not already done so, to Mr. Vinoo Jain at the above address as soon as they become available:
 - A. One copy of the form (see enclosed format) entitled **Certification of Bond and Insurance Coverage**;
 - B. One copy of the **Executed Construction Contract**; and
 - C. One copy of the **Notice to Proceed**.

Mr. Gary Phelps

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3. Recipients of the SRF assistance program are required to report MBE/WBE utilization to the Division. **Form MBE/WBE UR334** and the associated **instructions for completing the UR 334** are enclosed.

If you have any questions, please contact Mr. Ken Gonzales at (916) 341-5683.

Sincerely,

ORIGINAL SIGNED BY

Mike Harper, Chief
Financial and Administration Unit

Enclosures

bcc: Fred Johansen, DFA
Vino Jain, DFA
Eva Kawada, DFA
Lisa Fernandez, DFA

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