



MANAGING RESOURCES FOR A BETTER FUTURE

NICK BRUNO,
JEFFREY D. COULTHARD,
SHANNON SIMONIAN,
ERIC BREAM
MATT CERNIGLIA
MIKE DELAGUERRA
HENK GRIFFIN

JULIA D. BERRY,
MIKE CUTTONE,
BRIAN EHLERS,
FRANK SPLENDORIO

SPECIAL MEETING OF THE BOARD OF DIRECTORS

will be held on
Monday, February 10, 2025
at 8 a.m.
at
The Lodge at Riverstone
370 Lodge Road South
Madera, California 93636

1. CALL TO ORDER

2. PUBLIC COMMENT

Members of the public may address the Board on any matter related to the District that is not included on the Agenda. Comments are limited to three (3) minutes per person.

3. CONVENE INTO CLOSED SESSION

- a. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Significant Exposure to Litigation (Gov. Code section 54956.9(d)(2)): 1 case
- b. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Initiation of Litigation (Gov. Code section 54956.9(d)(4)): 1 case

4. REPORT FROM CLOSED SESSION

5. POTENTIAL CONFLICT(S) OF INTEREST

(Any Board member who has a potential conflict of interest may now identify the item and recuse himself or herself from discussing and voting on the matter.)

6. CONSENT CALENDAR – Review and Consider for Action:

- a. Approval of minutes of the Regular Board Meeting on December 9, 2024.
- b. Acceptance of the financial statements for the month of November and December 2024.
- c. Approval of customer installment payment plans for delinquent accounts.

7. CORRESPONDENCE

Members of the Board or Staff may present any correspondence received on matters relating to the District.

8. BOARD ACTION ITEMS

- a. Wonderful Water Contract Amendment** – Review and consider action to approve the General Manager, or her designee, to sign a 12th amendment to the existing contract for water supply with Wonderful Nut Orchards, LLC, in a form approved by District Counsel.
- b. Cuttone and Mastro CPAs** – Review and consider action to approve the General Manager, or her designee, to revise the existing contract with Cuttone and Mastro CPAs for accounting services in a form approved by District Counsel, in the amount of \$9,740 per month, for the period covering January to June 2025, and make a budget adjustment accordingly.
- c. Wastewater Equipment Procurement** - Review and consider action to approve the General Manager, or her designee, to procure wastewater equipment through Cloacina, to expand existing wastewater facility, in the amount of \$4,071,306.00. *Budget Item 900.14-3.*
- d. District Audit Fiscal Year 2022** - Review and consider action to accept the District's 2022 Fiscal Year Audit.

9. DISTRICT ENGINEER'S REPORT - The Board may take action on any of the following:

- a.** Operations Monthly Report
- b.** Staff Report
- c.** Other District Matters

10. LEGAL COUNSEL REPORT – The Board may take action on any of the following items:

- a.** Legislation
- b.** Other District Matters

11. GENERAL MANAGER'S REPORT – The Board may take action on any of the following items:

- a.** Riverstone monthly building permits
- b.** Other District Matters

12. ADJOURN

- Items on the Agenda may be taken in any order.
- Action may be taken on any item listed on the Agenda.
- Writings relating to open session Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.
- ACCOMMODATIONS FOR PERSONS WITH DISABILITIES

A person with a qualifying disability under the Americans With Disabilities Act of 1990 may request the District to provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes appropriate alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for such assistance and for agendas and agenda packets shall be made in person, by telephone, or by written correspondence to the District at (559) 283-8011 or P.O. Box 27950, Fresno, California 93720, at least 48 hours before a District meeting.

LEVINE ACT PUBLIC PARTY/APPLICANT DISCLOSURE OBLIGATIONS:

Applicants, parties, and their agents who have made campaign contributions totaling more than \$250 (aggregated) to a Board Member over the past 12 months, must publicly disclose that fact for the official record of that agenda item. Disclosures must include the amount of the campaign contribution aggregated, and the name(s) of the campaign contributor(s) and Board member(s). The disclosure may be made either in writing to the Clerk prior to the agenda item consideration, or by verbal disclosure at the time of the agenda item consideration.



MANAGING RESOURCES FOR A BETTER FUTURE

DIRECTORS
NICK BRUNO, PRESIDENT
JEFFREY D. COULTHARD, VICE PRESIDENT
SHANNON SIMONIAN, TREASURER
ERIC BREAM
MATTHEW CERNIGLIA
HENK GRIFFIN
MIKE DELAGUERRA

JULIA D. BERRY, GENERAL MANAGER
MIKE CUTTONE, ASSISTANT TREASURER
BRIAN EHLERS, DISTRICT ENGINEER
FRANK SPLENDORIO, LEGAL COUNSEL

**Minutes of the Special Meeting of the Board of Directors
Root Creek Water District
held on
Monday December 9th, 2024**

1. Call to Order

The board meeting for the Root Creek Water District (RCWD) was called to order at 11:00 a.m. by President Nick Bruno. Board members present were Nick Bruno, Jeffrey Coulthard, Shannon Simonian, Mike DelaGuerra, and Henk Griffin. Board members absent: Eric Bream and Matt Cerniglia. Members of the public included Steve Pickens, Frank Splendorio, Al Solis, Julia Berry, Brian Ehlers, Steve Spencer and Tommy Lozano.

2. Public Comment

The district received no public comment.

3. Potential Conflicts of interest

There were no potential conflicts of interest identified.

4. Consent Calendar

A motion was made by Director DelaGuerra, seconded by Director Coulthard to approve the minutes from the November 18th, 2024 meeting, to accept the October 2024 financials and approve the customer payment plan. The motion carried.

5. Correspondence

Nitrate compliance letter

6. Board Action Items

- a. **Authorize Staff to Procure IT Services** – Director DelaGuerra made a motion, seconded by Director Coulthard, to approve the General Manager, or her designee, to revise the existing contract with iCAD Automation, in a form approved by District Counsel, to provide a dedicated SCADA System for the Water Treatment and Blending Facility in an amount not to exceed \$194,306.22. *Budget Item 550.06-2.* Upon satisfaction various contingent events have occurred, including the following: prevailing wage – Water Treatment Facility – not included, itemized equipment – for auditing purposes, reactant to president – board undecided, outbound freight, not to exceed, as opposed to T&M “estimate”

- b. **Authorize Staff to Procure IT Services** – Director Simonian made a motion, seconded by Director DelaGuerra to approve the General Manager, or her designee, to revise the existing contract with iCAD Automation, in a form approved by District Counsel, to provide Well 5 and Water Supply Storage Tank (Booster Site) improvements in an amount not to exceed \$299,723.75. *Budget Item 550.06-2.*
- c. **Design Wastewater Tertiary Treatment Facility** – Director Griffin made a motion, seconded by Director DelaGuerra to approve a task order for Provost and Pritchard Consulting Group., Inc. to design a tertiary treatment Facility in an amount not to exceed \$1,566,000, and to create a new budget line item.
- d. **Wastewater Equipment Procurement** – Director Griffin made a motion, seconded by Director DelaGuerra to approve the General Manager, or her designee, to procure wastewater equipment through Cloacina, to expand existing wastewater facility, and create new budget line item.
- e. **Water Treatment Facility Construction Management** – Director Coulthard made a motion, seconded by Director DelaGuerra to approve a task order for Provost and Pritchard Consulting Group., Inc. to provide construction management services through August 2025 in an amount not to exceed \$840,000.00. *Budget Item 900.09-2.*

7. District Engineers Report

Well 1 pump will be replaced, utilizing an oil lube pump. Well 5 shows its water use is down by 12 million gallons. At this time, the wastewater facility has 9 months of capacity left. The flows were 329,000 daily average in November, with a 400,000 peak in November. The PCL needed to be replaced entirely and was performed by Central Water Works successfully.

In the Granville Block, a sewer plug failed and crews were deployed to clear the stormwater out of the sewer lines during a rain event. The District is working to permit a new generator for Well 5 in coordination with Air Resources Control Board. The County has requested in the planning effort for Ave 12 widening, a 90% design of RCWD facilities North of Avenue 12. For Well 5, the District is ordering a check valve from Frank Olson & replacing equipment & booster pump to stop the slamming at the water supply tank.

8. Legal Counsel Report

The district received no legal counsel report.

9. District Manager's Report

129 builder permits were pulled in November 2024. Permit issuance is increased due to an approximate 30% increase in impact fee set to be in place January 2025 at the County level.

10. Adjournment

The meeting was adjourned unanimously at 12:05 pm.

Julia D. Berry, District Secretary

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
November 2024

| | Nov 24 | Jan - Nov 24 |
|---|------------|--------------|
| Ordinary Income/Expense | | |
| Income | | |
| 410 · Agricultural Revenues | | |
| 410.01 · Agricultural Surface Water Chgs | 272,653.97 | 992,235.04 |
| 410.02 · Ag Recharge Fees-Includes Prepd | 0.00 | 1,259,752.03 |
| 410.03 · Ag Capital Fee-Includes Prepaid | 0.00 | 263,195.76 |
| Total 410 · Agricultural Revenues | 272,653.97 | 2,515,182.83 |
| 420 · Municipal Revenues | | |
| 420.02 · Municipal Water Utility Charges | 220,505.98 | 2,070,721.36 |
| 420.03 · Municipal Storm Drain Charges | 13,734.36 | 152,005.27 |
| 420.04 · Municipal Wastewater Charges | 95,852.15 | 1,060,826.71 |
| 420.09 · Late Fees (Municipal) | 5,762.07 | 40,168.16 |
| 425.02 · Municipal Water Hydrant Usage | 1,182.55 | 41,273.55 |
| Total 420 · Municipal Revenues | 337,037.11 | 3,364,995.05 |
| 430.00 · Municipal Revenues-BuilderChrgs | | |
| 430.01 · Inspection Fees | 107,223.46 | 491,391.76 |
| Total 430.00 · Municipal Revenues-BuilderChrgs | 107,223.46 | 491,391.76 |
| 480 · Other Sources Revenues | | |
| 480.01 · Assessments | 0.00 | 508,167.20 |
| 480.03a · Grant Revenues | 0.00 | 1,335,501.86 |
| 480.03b · Grant Admin Revenue | 0.00 | 41,807.62 |
| 480.03c · Grant Costs-Passthrough | 0.00 | -306,064.96 |
| 480.03d · Grant Admin Costs | -2,020.20 | -35,258.49 |
| 480.04 · Interest Income. | 25,906.58 | 372,016.07 |
| 480.80 · Finance Charge income | 2,647.41 | 29,762.13 |
| Total 480 · Other Sources Revenues | 26,533.79 | 1,945,931.43 |
| Total Income | 743,448.33 | 8,317,501.07 |
| Gross Profit | 743,448.33 | 8,317,501.07 |
| Expense | | |
| 510 · Water Costs | | |
| 510.01 · Water Option Pymnt - MID | 0.00 | 100,000.00 |
| 510.02 · Water Purchased- MID | 0.00 | 260,722.00 |
| Total 510 · Water Costs | 0.00 | 360,722.00 |
| 520.01 · MID Assessments | 0.00 | 203,187.53 |
| 530.01 · MID Roof Top Fee | 135,800.00 | 858,157.82 |
| 540 · System Maintenance | | |
| 540.01 · Chemicals | 10,673.53 | 82,166.29 |
| 540.02 · Repairs & Maintenance | 9,544.20 | 229,797.83 |
| 540.03 · Lab Analysis | 2,734.00 | 33,788.80 |
| Total 540 · System Maintenance | 22,951.73 | 345,752.92 |
| 550 · System Management | | |
| 550.01 · Operator Contracted | 63,901.71 | 733,889.97 |
| 550.03 · Inspection Fees | 38,858.79 | 317,275.02 |
| 550.04 · Hauling and Discharge | 6,789.85 | 515,571.93 |
| 550.06 · Programming - IT | 1,172.50 | 22,591.14 |
| Total 550 · System Management | 110,722.85 | 1,589,328.06 |
| 560.01 · Permits | 0.00 | 25,042.82 |
| 570 · Groundwater Maintenance | | |
| 570.01 · Groundwater Measurements | 0.00 | 10,317.79 |
| 570.02 · Groundwater Sustainability | 0.00 | 49,117.64 |
| Total 570 · Groundwater Maintenance | 0.00 | 59,435.43 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
November 2024

| | Nov 24 | Jan - Nov 24 |
|---|---------------------|----------------------|
| 580 · Services | | |
| 580.01 · Power | 66,263.08 | 635,748.77 |
| 580.02 · Communications | 1,997.13 | 38,003.24 |
| 580.03 · Security | 322.50 | 2,889.40 |
| Total 580 · Services | 68,582.71 | 676,641.41 |
| 610 · Marketing | | |
| 610.02 · Website | 0.00 | 534.58 |
| Total 610 · Marketing | 0.00 | 534.58 |
| 620 · Professional Fees | | |
| 620.01 · Accounting | 5,794.00 | 47,429.00 |
| 620.02 · Audit | 0.00 | 10,500.00 |
| 620.03 · Administration | 15,626.66 | 153,705.34 |
| 620.04 · Engineering | 2,160.00 | 71,533.55 |
| 620.05 · Legal | 0.00 | 103,284.21 |
| 620.06 · GIS Services | 0.00 | 20,338.60 |
| 620.09 · Special Counsel | 0.00 | 49,726.34 |
| 620.10 · Public Finance | 6,562.29 | 26,194.14 |
| Total 620 · Professional Fees | 30,142.95 | 482,711.18 |
| 630 · Consultants | | |
| 630.01 · Grant Preparation | 0.00 | 5,669.00 |
| 630.04 · GSP | 0.00 | 648.40 |
| Total 630 · Consultants | 0.00 | 6,317.40 |
| 640.01 · Membership dues | 15,570.00 | 28,575.00 |
| 650.01 · Insurance | 2,812.38 | 28,933.72 |
| 660 · General & Administrative Costs | | |
| 660.01 · Printing & Reproduction | 0.00 | 1,806.94 |
| 660.03 · Conference & Meetings | 182.75 | 1,348.79 |
| 660.04 · Travel | 128.32 | 1,810.40 |
| 660.05 · Office Supplies | 0.00 | 457.80 |
| 660.06 · Postage | 414.14 | 471.30 |
| 660.07 · Bank Charges | 225.00 | 2,871.50 |
| 660.08 · Email Hosting & File Storage | 0.00 | 1,220.33 |
| 660.10 · Payroll Expenses | 666.90 | 9,783.90 |
| Total 660 · General & Administrative Costs | 1,617.11 | 19,770.96 |
| Total Expense | 388,199.73 | 4,685,110.83 |
| Net Ordinary Income | 355,248.60 | 3,632,390.24 |
| Other Income/Expense | | |
| Other Income | | |
| 430.02 · Rooftop Fees | 207,200.00 | 725,200.00 |
| 430.03 · Water Connection Fees | 888,014.00 | 3,130,621.00 |
| 430.04 · Wastewater Connection Fees | 1,994,300.00 | 6,961,990.00 |
| 430.05 · Storm Drain Connection Fees | 371,346.00 | 1,292,679.00 |
| 430.06 · Meter Installation Fees | 117,999.00 | 639,042.00 |
| 480.02 · CFD Assessments | 0.00 | 1,299,876.42 |
| Total Other Income | 3,578,859.00 | 14,049,408.42 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
November 2024

| | Nov 24 | Jan - Nov 24 |
|--|---------------------|----------------------|
| Other Expense | | |
| 900.01 · Capital Expenditures-Equipment | 907.00 | 195,533.53 |
| 900.02 · Capital Expenditures-Water Meters | 16,512.05 | 705,954.57 |
| 900.03 · Capital Expenditures - Improvements | 3,162.50 | 560,303.50 |
| 900.05 · New Well Construction | 153,900.00 | 614,786.36 |
| 900.07 · 400,000 gpd WWTF | 0.00 | 234,710.89 |
| 900.09 · Water Blending Facility | 1,104,540.30 | 17,330,245.43 |
| 900.11 · Wastewater Ultimate Facility | 25,445.60 | 136,992.95 |
| 900.12 · Ag System Expansion Project | 0.00 | 114,440.19 |
| 900.90 · Capital Projects Admin Costs | 20,471.67 | 329,327.57 |
| 930.02 · Bond Admin Cost | 0.00 | 8,200.00 |
| 960.00 · Debt Payments | | |
| 960.1 · Debt Principal | 0.00 | 193,599.55 |
| 960.2 · Interest Expense | 0.00 | 71,362.45 |
| Total 960.00 · Debt Payments | 0.00 | 264,962.00 |
| 970.00 · Bond Payments | | |
| 970.01 · Bond Payments-Principal | 0.00 | 320,000.00 |
| 970.02 · Bond Interest | 0.00 | 813,712.45 |
| Total 970.00 · Bond Payments | 0.00 | 1,133,712.45 |
| 990.01 · Transfers In | 0.00 | -10,208,070.55 |
| 990.02 · Transfers Out | 0.00 | 10,208,070.55 |
| Total Other Expense | 1,324,939.12 | 21,629,169.44 |
| Net Other Income | 2,253,919.88 | -7,579,761.02 |
| Net Income | 2,609,168.48 | -3,947,370.78 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues & Expenses Budget vs Cash Basis Actual
January through November 2024

| | Jan - Nov 24 | Budget | \$ Over Budget | % of Budget |
|---|---------------------|---------------------|----------------------|---------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 410 · Agricultural Revenues | | | | |
| 410.01 · Agricultural Surface Water Chgs | 992,235.04 | 356,440.00 | 635,795.04 | 278.4% |
| 410.02 · Ag Recharge Fees-Includes Prepd | 1,259,752.03 | 1,398,930.00 | -139,177.97 | 90.1% |
| 410.03 · Ag Capital Fee-Includes Prepaid | 263,195.76 | 234,000.00 | 29,195.76 | 112.5% |
| Total 410 · Agricultural Revenues | 2,515,182.83 | 1,989,370.00 | 525,812.83 | 126.4% |
| 420 · Municipal Revenues | | | | |
| 420.02 · Municipal Water Utility Charges | 2,070,721.36 | 1,810,206.00 | 260,515.36 | 114.4% |
| 420.03 · Municipal Storm Drain Charges | 152,005.27 | 159,486.00 | -7,480.73 | 95.3% |
| 420.04 · Municipal Wastewater Charges | 1,060,826.71 | 1,113,324.00 | -52,497.29 | 95.3% |
| 420.09 · Late Fees (Municipal) | 40,168.16 | | | |
| 425.02 · Municipal Water Hydrant Usage | 41,273.55 | 80,000.00 | -38,726.45 | 51.6% |
| Total 420 · Municipal Revenues | 3,364,995.05 | 3,163,016.00 | 201,979.05 | 106.4% |
| 430.00 · Municipal Revenues-BuilderChrgs | | | | |
| 430.01 · Inspection Fees | 491,391.76 | 310,128.00 | 181,263.76 | 158.4% |
| 430.07 · Sewer Plug Fee | 0.00 | 26,000.00 | -26,000.00 | 0.0% |
| Total 430.00 · Municipal Revenues-BuilderChrgs | 491,391.76 | 336,128.00 | 155,263.76 | 146.2% |
| 480 · Other Sources Revenues | | | | |
| 480.01 · Assessments | 508,167.20 | 344,000.00 | 164,167.20 | 147.7% |
| 480.03a · Grant Revenues | 1,335,501.86 | | | |
| 480.03b · Grant Admin Revenue | 41,807.62 | | | |
| 480.03c · Grant Costs-Passthrough | -306,064.96 | | | |
| 480.03d · Grant Admin Costs | -35,258.49 | | | |
| 480.04 · Interest Income. | 372,016.07 | | | |
| 480.80 · Finance Charge income | 29,762.13 | | | |
| Total 480 · Other Sources Revenues | 1,945,931.43 | 344,000.00 | 1,601,931.43 | 565.7% |
| Total Income | 8,317,501.07 | 5,832,514.00 | 2,484,987.07 | 142.6% |
| Gross Profit | 8,317,501.07 | 5,832,514.00 | 2,484,987.07 | 142.6% |
| Expense | | | | |
| 510 · Water Costs | | | | |
| 510.01 · Water Option Pymnt - MID | 100,000.00 | 100,000.00 | 0.00 | 100.0% |
| 510.02 · Water Purchased- MID | 260,722.00 | | | |
| 510.03 · Water Purchases - Wonderful | 0.00 | 2,056,656.00 | -2,056,656.00 | 0.0% |
| Total 510 · Water Costs | 360,722.00 | 2,156,656.00 | -1,795,934.00 | 16.7% |
| 520.01 · MID Assessments | 203,187.53 | 185,000.00 | 18,187.53 | 109.8% |
| 530.01 · MID Roof Top Fee | 858,157.82 | 560,000.00 | 298,157.82 | 153.2% |
| 540 · System Maintenance | | | | |
| 540.01 · Chemicals | 82,166.29 | 60,000.00 | 22,166.29 | 136.9% |
| 540.02 · Repairs & Maintenance | 229,797.83 | 114,560.00 | 115,237.83 | 200.6% |
| 540.03 · Lab Analysis | 33,788.80 | 40,000.00 | -6,211.20 | 84.5% |
| Total 540 · System Maintenance | 345,752.92 | 214,560.00 | 131,192.92 | 161.1% |
| 550 · System Management | | | | |
| 550.05 · Sewer Plugs | 0.00 | 13,000.00 | -13,000.00 | 0.0% |
| 550.01 · Operator Contracted | 733,889.97 | 897,200.00 | -163,310.03 | 81.8% |
| 550.03 · Inspection Fees | 317,275.02 | 310,000.00 | 7,275.02 | 102.3% |
| 550.04 · Hauling and Discharge | 515,571.93 | 36,000.00 | 479,571.93 | 1,432.1% |
| 550.06 · Programming - IT | 22,591.14 | 60,000.00 | -37,408.86 | 37.7% |
| Total 550 · System Management | 1,589,328.06 | 1,316,200.00 | 273,128.06 | 120.8% |
| 560.01 · Permits | 25,042.82 | 32,100.00 | -7,057.18 | 78.0% |
| 570 · Groundwater Maintenance | | | | |
| 570.01 · Groundwater Measurements | 10,317.79 | 20,000.00 | -9,682.21 | 51.6% |
| 570.02 · Groundwater Sustainability | 49,117.64 | 25,000.00 | 24,117.64 | 196.5% |
| Total 570 · Groundwater Maintenance | 59,435.43 | 45,000.00 | 14,435.43 | 132.1% |
| 580 · Services | | | | |
| 580.01 · Power | 635,748.77 | 600,000.00 | 35,748.77 | 106.0% |
| 580.02 · Communications | 38,003.24 | 37,000.00 | 1,003.24 | 102.7% |
| 580.03 · Security | 2,889.40 | 3,400.00 | -510.60 | 85.0% |
| Total 580 · Services | 676,641.41 | 640,400.00 | 36,241.41 | 105.7% |
| 610 · Marketing | | | | |
| 610.02 · Website | 534.58 | 2,000.00 | -1,465.42 | 26.7% |
| Total 610 · Marketing | 534.58 | 2,000.00 | -1,465.42 | 26.7% |

ROOT CREEK WATER DISTRICT
Statement of Revenues & Expenses Budget vs Cash Basis Actual
January through November 2024

| | Jan - Nov 24 | Budget | \$ Over Budget | % of Budget |
|---|----------------------|-----------------------|----------------------|-----------------|
| 620 · Professional Fees | | | | |
| 620.01 · Accounting | 47,429.00 | 64,845.25 | -17,416.25 | 73.1% |
| 620.02 · Audit | 10,500.00 | 20,000.00 | -9,500.00 | 52.5% |
| 620.03 · Administration | 153,705.34 | 160,000.00 | -6,294.66 | 96.1% |
| 620.04 · Engineering | 71,533.55 | 115,000.00 | -43,466.45 | 62.2% |
| 620.05 · Legal | 103,284.21 | 75,000.00 | 28,284.21 | 137.7% |
| 620.06 · GIS Services | 20,338.60 | 10,000.00 | 10,338.60 | 203.4% |
| 620.09 · Special Counsel | 49,726.34 | 125,000.00 | -75,273.66 | 39.8% |
| 620.10 · Public Finance | 26,194.14 | | | |
| Total 620 · Professional Fees | 482,711.18 | 569,845.25 | -87,134.07 | 84.7% |
| 630 · Consultants | | | | |
| 630.01 · Grant Preparation | 5,669.00 | | | |
| 630.04 · GSP | 648.40 | | | |
| 630.05 · MS4 Program | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| Total 630 · Consultants | 6,317.40 | 5,000.00 | 1,317.40 | 126.3% |
| 640.01 · Membership dues | 28,575.00 | 15,000.00 | 13,575.00 | 190.5% |
| 650.01 · Insurance | 28,933.72 | 30,000.00 | -1,066.28 | 96.4% |
| 660 · General & Administrative Costs | | | | |
| 660.01 · Printing & Reproduction | 1,806.94 | 5,000.00 | -3,193.06 | 36.1% |
| 660.03 · Conference & Meetings | 1,348.79 | 15,000.00 | -13,651.21 | 9.0% |
| 660.04 · Travel | 1,810.40 | 1,000.00 | 810.40 | 181.0% |
| 660.05 · Office Supplies | 457.80 | | | |
| 660.06 · Postage | 471.30 | 1,000.00 | -528.70 | 47.1% |
| 660.07 · Bank Charges | 2,871.50 | | | |
| 660.08 · Email Hosting & File Storage | 1,220.33 | 1,000.00 | 220.33 | 122.0% |
| 660.10 · Payroll Expenses | 9,783.90 | | | |
| Total 660 · General & Administrative Costs | 19,770.96 | 23,000.00 | -3,229.04 | 86.0% |
| Total Expense | 4,685,110.83 | 5,794,761.25 | -1,109,650.42 | 80.9% |
| Net Ordinary Income | 3,632,390.24 | 37,752.75 | 3,594,637.49 | 9,621.5% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 430.02 · Rooftop Fees | 725,200.00 | 560,000.00 | 165,200.00 | 129.5% |
| 430.03 · Water Connection Fees | 3,130,621.00 | 2,417,600.00 | 713,021.00 | 129.5% |
| 430.04 · Wastewater Connection Fees | 6,961,990.00 | 5,390,000.00 | 1,571,990.00 | 129.2% |
| 430.05 · Storm Drain Connection Fees | 1,292,679.00 | 1,012,000.00 | 280,679.00 | 127.7% |
| 430.06 · Meter Installation Fees | 639,042.00 | 372,200.00 | 266,842.00 | 171.7% |
| 480.02 · CFD Assessments | 1,299,876.42 | 1,306,600.00 | -6,723.58 | 99.5% |
| Total Other Income | 14,049,408.42 | 11,058,400.00 | 2,991,008.42 | 127.0% |
| Other Expense | | | | |
| 900.01 · Capital Expenditures-Equipment | 195,533.53 | 353,600.00 | -158,066.47 | 55.3% |
| 900.02 · Capital Expenditures-Water Meters | 705,954.57 | 366,808.00 | 339,146.57 | 192.5% |
| 900.03 · Capital Expenditures - Improvements | 560,303.50 | | | |
| 900.05 · New Well Construction | 614,786.36 | 1,641,800.00 | -1,027,013.64 | 37.4% |
| 900.06 · Well #5 Improvements | 0.00 | 63,560.00 | -63,560.00 | 0.0% |
| 900.07 · 400,000 gpd WWTF | 234,710.89 | 461,000.00 | -226,289.11 | 50.9% |
| 900.09 · Water Blending Facility | 17,330,245.43 | 22,664,366.00 | -5,334,120.57 | 76.5% |
| 900.10 · Wastewater UV Facility | 0.00 | 100,000.00 | -100,000.00 | 0.0% |
| 900.11 · Wastewater Ultimate Facility | 136,992.95 | 806,500.00 | -669,507.05 | 17.0% |
| 900.12 · Ag System Expansion Project | 114,440.19 | | | |
| 900.90 · Capital Projects Admin Costs | 329,327.57 | 610,000.00 | -280,672.43 | 54.0% |
| 930.02 · Bond Admin Cost | 8,200.00 | | | |
| 960.00 · Debt Payments | | | | |
| 960.1 · Debt Principal | 193,599.55 | 193,512.00 | 87.55 | 100.0% |
| 960.2 · Interest Expense | 71,362.45 | 71,450.00 | -87.55 | 99.9% |
| Total 960.00 · Debt Payments | 264,962.00 | 264,962.00 | 0.00 | 100.0% |
| 970.00 · Bond Payments | | | | |
| 970.01 · Bond Payments-Principal | 320,000.00 | | | |
| 970.02 · Bond Interest | 813,712.45 | 645,000.00 | 168,712.45 | 126.2% |
| Total 970.00 · Bond Payments | 1,133,712.45 | 645,000.00 | 488,712.45 | 175.8% |
| 990.01 · Transfers In | -10,208,070.55 | | | |
| 990.02 · Transfers Out | 10,208,070.55 | | | |
| Total Other Expense | 21,629,169.44 | 27,977,596.00 | -6,348,426.56 | 77.3% |
| Net Other Income | -7,579,761.02 | -16,919,196.00 | 9,339,434.98 | 44.8% |
| Net Income | -3,947,370.78 | -16,881,443.25 | 12,934,072.47 | 23.4% |

ROOT CREEK WATER DISTRICT
A/R Aging Summary
As of November 30, 2024

| | Current | 1 - 30 | 31 - 60 | 61 - 90 | > 90 | TOTAL |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| 01 Temporary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Alfred & Pearl J Lion, Trustee | 0.00 | 446.98 | 880.74 | 0.00 | 43,817.59 | 45,145.31 |
| ALW Enterprise, Inc. | 0.00 | 0.00 | 0.00 | 0.00 | -1,106.59 | -1,106.59 |
| Bonadelle Neighborhoods | 0.00 | -1,600.00 | 0.00 | 0.00 | 0.00 | -1,600.00 |
| Brockman Farming, Inc. | 0.00 | 0.00 | 0.00 | 0.00 | -2.00 | -2.00 |
| Browning Contractors Inc. | 0.00 | 162.44 | 7,739.10 | 0.00 | 0.00 | 7,901.54 |
| Central Valley Ag Management, LLC | 0.00 | 0.00 | 12,413.52 | 0.00 | 0.00 | 12,413.52 |
| Citrus Ranches LLC | 83,154.10 | 0.00 | 0.00 | 0.00 | 0.00 | 83,154.10 |
| Giffen Michael Ranch Inc. | 69,671.25 | 0.00 | 0.00 | 0.00 | 0.00 | 69,671.25 |
| Jaghllassian Moses & Seta TR | 33,650.92 | 880.91 | 1,735.72 | 0.00 | 86,354.89 | 122,622.44 |
| Jaghllassian Moses & Seta Trustee | 22,571.98 | 0.00 | 1,287.73 | 0.00 | 64,066.03 | 87,925.74 |
| JPKCK LLC | 13,159.08 | 0.00 | 0.00 | 0.00 | 0.00 | 13,159.08 |
| Lennar Homes of California Inc. | 0.00 | 1,969,716.00 | 515,878.00 | 0.00 | 1,493.78 | 2,487,087.78 |
| Lion Alfred JR Trustee | 17,841.86 | 0.00 | 1,494.57 | 0.00 | 74,356.37 | 93,692.80 |
| Lion Daniel A & Jacqueline Trustee-ETAL | 34.73 | 0.00 | 68.42 | 0.00 | 3,404.38 | 3,507.53 |
| Main Ranch Partners | 13,289.54 | 0.00 | 0.00 | 0.00 | 0.00 | 13,289.54 |
| Mark Wilson Construction, Inc. | 3,500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3,500.00 |
| Mesa Asset Management LLC TR | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Moses Jaghllassian / Seta Trs | 2,187.61 | 0.00 | 4,310.47 | 0.00 | 214,450.70 | 220,948.78 |
| Reynolds Constance M Trustee | 26,767.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26,767.00 |
| Riverstone Development LLC | 0.00 | 0.00 | 0.00 | 472,517.00 | 0.00 | 472,517.00 |
| Robert O Bream Inc | 13,329.57 | 0.00 | 0.00 | 0.00 | 0.00 | 13,329.57 |
| Utility Billing Customer | 938.55 | 132,074.23 | 0.00 | 0.00 | 0.00 | 133,012.78 |
| W A Allen | 0.00 | 0.00 | 0.00 | 0.00 | 0.96 | 0.96 |
| Wathen Castanos Homes | 0.00 | 176,933.00 | 0.00 | 0.00 | 4,600.00 | 181,533.00 |
| Woodside Homes | 0.00 | 46,898.00 | 23,449.00 | 46,898.00 | 266,139.00 | 383,384.00 |
| TOTAL | 300,096.19 | 2,325,511.56 | 569,257.27 | 519,415.00 | 757,575.11 | 4,471,855.13 |

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
December 2024

| | Dec 24 | Jan - Dec 24 |
|---|------------|--------------|
| Ordinary Income/Expense | | |
| Income | | |
| 410 · Agricultural Revenues | | |
| 410.01 · Agricultural Surface Water Chgs | 0.00 | 992,235.04 |
| 410.02 · Ag Recharge Fees-Includes Prepd | 214,837.14 | 1,474,589.17 |
| 410.03 · Ag Capital Fee-Includes Prepaid | 35,935.97 | 299,131.73 |
| Total 410 · Agricultural Revenues | 250,773.11 | 2,765,955.94 |
| 420 · Municipal Revenues | | |
| 420.02 · Municipal Water Utility Charges | 258,014.97 | 2,328,736.33 |
| 420.03 · Municipal Storm Drain Charges | 20,052.38 | 172,057.65 |
| 420.04 · Municipal Wastewater Charges | 139,960.24 | 1,200,786.95 |
| 420.09 · Late Fees (Municipal) | 11,101.32 | 51,269.48 |
| 425.02 · Municipal Water Hydrant Usage | 7,880.61 | 49,154.16 |
| Total 420 · Municipal Revenues | 437,009.52 | 3,802,004.57 |
| 430.00 · Municipal Revenues-BuilderChrgs | | |
| 430.01 · Inspection Fees | 40,735.81 | 532,127.57 |
| Total 430.00 · Municipal Revenues-BuilderChrgs | 40,735.81 | 532,127.57 |
| 480 · Other Sources Revenues | | |
| 480.01 · Assessments | 0.00 | 508,167.20 |
| 480.03a · Grant Revenues | 0.00 | 1,335,501.86 |
| 480.03b · Grant Admin Revenue | 0.00 | 41,807.62 |
| 480.03c · Grant Costs-Passthrough | 0.00 | -306,064.96 |
| 480.03d · Grant Admin Costs | -1,289.60 | -36,548.09 |
| 480.04 · Interest Income. | 22,343.09 | 394,359.16 |
| 480.80 · Finance Charge income | 0.00 | 29,762.13 |
| Total 480 · Other Sources Revenues | 21,053.49 | 1,966,984.92 |
| Total Income | 749,571.93 | 9,067,073.00 |
| Gross Profit | 749,571.93 | 9,067,073.00 |
| Expense | | |
| 510 · Water Costs | | |
| 510.01 · Water Option Pymnt - MID | 0.00 | 100,000.00 |
| 510.02 · Water Purchased- MID | 0.00 | 260,722.00 |
| Total 510 · Water Costs | 0.00 | 360,722.00 |
| 520.01 · MID Assessments | 0.00 | 203,187.53 |
| 530.01 · MID Roof Top Fee | 179,200.00 | 1,037,357.82 |
| 540 · System Maintenance | | |
| 540.01 · Chemicals | 8,095.38 | 90,261.67 |
| 540.02 · Repairs & Maintenance | 18,575.35 | 248,373.18 |
| 540.03 · Lab Analysis | 6,115.20 | 39,904.00 |
| Total 540 · System Maintenance | 32,785.93 | 378,538.85 |
| 550 · System Management | | |
| 550.01 · Operator Contracted | 99,216.22 | 833,106.19 |
| 550.03 · Inspection Fees | 90,782.42 | 408,057.44 |
| 550.04 · Hauling and Discharge | 9,076.45 | 524,648.38 |
| 550.06 · Programming - IT | 1,172.50 | 23,763.64 |
| Total 550 · System Management | 200,247.59 | 1,789,575.65 |
| 560.01 · Permits | 30,643.00 | 55,685.82 |
| 570 · Groundwater Maintenance | | |
| 570.01 · Groundwater Measurements | 9,430.31 | 19,748.10 |
| 570.02 · Groundwater Sustainability | 37,724.61 | 86,842.25 |
| Total 570 · Groundwater Maintenance | 47,154.92 | 106,590.35 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
December 2024

| | Dec 24 | Jan - Dec 24 |
|---|---------------------|----------------------|
| 580 · Services | | |
| 580.01 · Power | 54,248.93 | 689,997.70 |
| 580.02 · Communications | 12,660.02 | 50,663.26 |
| 580.03 · Security | 1,145.51 | 4,034.91 |
| Total 580 · Services | 68,054.46 | 744,695.87 |
| 610 · Marketing | | |
| 610.02 · Website | 0.00 | 534.58 |
| Total 610 · Marketing | 0.00 | 534.58 |
| 620 · Professional Fees | | |
| 620.01 · Accounting | 9,690.00 | 57,119.00 |
| 620.02 · Audit | 0.00 | 10,500.00 |
| 620.03 · Administration | 52,331.68 | 206,037.02 |
| 620.04 · Engineering | 12,141.77 | 83,675.32 |
| 620.05 · Legal | 18,696.64 | 121,980.85 |
| 620.06 · GIS Services | 3,277.90 | 23,616.50 |
| 620.09 · Special Counsel | 3,884.58 | 53,610.92 |
| 620.10 · Public Finance | 0.00 | 26,194.14 |
| Total 620 · Professional Fees | 100,022.57 | 582,733.75 |
| 630 · Consultants | | |
| 630.01 · Grant Preparation | 0.00 | 5,669.00 |
| 630.04 · GSP | 0.00 | 648.40 |
| Total 630 · Consultants | 0.00 | 6,317.40 |
| 640.01 · Membership dues | 2,850.00 | 31,425.00 |
| 650.01 · Insurance | 0.00 | 28,933.72 |
| 660 · General & Administrative Costs | | |
| 660.01 · Printing & Reproduction | 204.50 | 2,011.44 |
| 660.03 · Conference & Meetings | 395.50 | 1,744.29 |
| 660.04 · Travel | 186.21 | 1,996.61 |
| 660.05 · Office Supplies | 0.00 | 457.80 |
| 660.06 · Postage | 19.32 | 490.62 |
| 660.07 · Bank Charges | 225.00 | 3,096.50 |
| 660.08 · Email Hosting & File Storage | 336.00 | 1,556.33 |
| 660.10 · Payroll Expenses | 555.75 | 10,339.65 |
| Total 660 · General & Administrative Costs | 1,922.28 | 21,693.24 |
| Total Expense | 662,880.75 | 5,347,991.58 |
| Net Ordinary Income | 86,691.18 | 3,719,081.42 |
| Other Income/Expense | | |
| Other Income | | |
| 430.02 · Rooftop Fees | 144,928.50 | 870,128.50 |
| 430.03 · Water Connection Fees | 618,953.03 | 3,749,574.03 |
| 430.04 · Wastewater Connection Fees | 1,394,936.88 | 8,356,926.88 |
| 430.05 · Storm Drain Connection Fees | 259,173.59 | 1,551,852.59 |
| 430.06 · Meter Installation Fees | 50,837.50 | 689,879.50 |
| 480.02 · CFD Assessments | 0.00 | 1,299,876.42 |
| Total Other Income | 2,468,829.50 | 16,518,237.92 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues and Expenses-Cash Basis
December 2024

| | Dec 24 | Jan - Dec 24 |
|--|---------------------|----------------------|
| Other Expense | | |
| 900.01 · Capital Expenditures-Equipment | 0.00 | 195,533.53 |
| 900.02 · Capital Expenditures-Water Meters | 121,252.45 | 827,207.02 |
| 900.03 · Capital Expenditures - Improvements | 0.00 | 560,303.50 |
| 900.05 · New Well Construction | 103,121.72 | 717,908.08 |
| 900.07 · 400,000 gpd WWTF | 177,510.20 | 412,221.09 |
| 900.09 · Water Blending Facility | 941,456.26 | 18,271,701.69 |
| 900.11 · Wastewater Ultimate Facility | 34,163.10 | 171,156.05 |
| 900.12 · Ag System Expansion Project | 0.00 | 114,440.19 |
| 900.90 · Capital Projects Admin Costs | 50,035.00 | 379,362.57 |
| 930.02 · Bond Admin Cost | 0.00 | 8,200.00 |
| 960.00 · Debt Payments | | |
| 960.1 · Debt Principal | 0.00 | 193,599.55 |
| 960.2 · Interest Expense | 0.00 | 71,362.45 |
| Total 960.00 · Debt Payments | 0.00 | 264,962.00 |
| 970.00 · Bond Payments | | |
| 970.01 · Bond Payments-Principal | 0.00 | 320,000.00 |
| 970.02 · Bond Interest | 0.00 | 813,712.45 |
| Total 970.00 · Bond Payments | 0.00 | 1,133,712.45 |
| 990.01 · Transfers In | 0.00 | -10,208,070.55 |
| 990.02 · Transfers Out | 0.00 | 10,208,070.55 |
| Total Other Expense | 1,427,538.73 | 23,056,708.17 |
| Net Other Income | 1,041,290.77 | -6,538,470.25 |
| Net Income | 1,127,981.95 | -2,819,388.83 |

No assurance is provided on these financial statements.

ROOT CREEK WATER DISTRICT
Statement of Revenues & Expenses Budget vs Cash Basis Actual
January through December 2024

| | Jan - Dec 24 | Budget | \$ Over Budget | % of Budget |
|---|---------------------|---------------------|----------------------|---------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 410 · Agricultural Revenues | | | | |
| 410.01 · Agricultural Surface Water Chgs | 992,235.04 | 356,440.00 | 635,795.04 | 278.4% |
| 410.02 · Ag Recharge Fees-Includes Prepaid | 1,474,589.17 | 1,398,930.00 | 75,659.17 | 105.4% |
| 410.03 · Ag Capital Fee-Includes Prepaid | 299,131.73 | 234,000.00 | 65,131.73 | 127.8% |
| Total 410 · Agricultural Revenues | 2,765,955.94 | 1,989,370.00 | 776,585.94 | 139.0% |
| 420 · Municipal Revenues | | | | |
| 420.02 · Municipal Water Utility Charges | 2,328,736.33 | 1,810,206.00 | 518,530.33 | 128.6% |
| 420.03 · Municipal Storm Drain Charges | 172,057.65 | 159,486.00 | 12,571.65 | 107.9% |
| 420.04 · Municipal Wastewater Charges | 1,200,786.95 | 1,113,324.00 | 87,462.95 | 107.9% |
| 420.09 · Late Fees (Municipal) | 51,269.48 | | | |
| 425.02 · Municipal Water Hydrant Usage | 49,154.16 | 80,000.00 | -30,845.84 | 61.4% |
| Total 420 · Municipal Revenues | 3,802,004.57 | 3,163,016.00 | 638,988.57 | 120.2% |
| 430.00 · Municipal Revenues-BuilderChrgs | | | | |
| 430.01 · Inspection Fees | 532,127.57 | 310,128.00 | 221,999.57 | 171.6% |
| 430.07 · Sewer Plug Fee | 0.00 | 26,000.00 | -26,000.00 | 0.0% |
| Total 430.00 · Municipal Revenues-BuilderChrgs | 532,127.57 | 336,128.00 | 195,999.57 | 158.3% |
| 480 · Other Sources Revenues | | | | |
| 480.01 · Assessments | 508,167.20 | | | |
| 480.03a · Grant Revenues | 1,335,501.86 | 344,000.00 | 164,167.20 | 147.7% |
| 480.03b · Grant Admin Revenue | 41,807.62 | | | |
| 480.03c · Grant Costs-Passthrough | -306,064.96 | | | |
| 480.03d · Grant Admin Costs | -36,548.09 | | | |
| 480.04 · Interest Income. | 394,359.16 | | | |
| 480.80 · Finance Charge income | 29,762.13 | | | |
| Total 480 · Other Sources Revenues | 1,966,984.92 | 344,000.00 | 1,622,984.92 | 571.8% |
| Total Income | 9,067,073.00 | 5,832,514.00 | 3,234,559.00 | 155.5% |
| Gross Profit | 9,067,073.00 | 5,832,514.00 | 3,234,559.00 | 155.5% |
| Expense | | | | |
| 510 · Water Costs | | | | |
| 510.01 · Water Option Pymnt - MID | 100,000.00 | 100,000.00 | 0.00 | 100.0% |
| 510.02 · Water Purchased- MID | 260,722.00 | | | |
| 510.03 · Water Purchases - Wonderful | 0.00 | 2,056,656.00 | -2,056,656.00 | 0.0% |
| Total 510 · Water Costs | 360,722.00 | 2,156,656.00 | -1,795,934.00 | 16.7% |
| 520.01 · MID Assessments | 203,187.53 | 185,000.00 | 18,187.53 | 109.8% |
| 530.01 · MID Roof Top Fee | 1,037,357.82 | 560,000.00 | 477,357.82 | 185.2% |
| 540 · System Maintenance | | | | |
| 540.01 · Chemicals | 90,261.67 | 60,000.00 | 30,261.67 | 150.4% |
| 540.02 · Repairs & Maintenance | 248,373.18 | 114,560.00 | 133,813.18 | 216.8% |
| 540.03 · Lab Analysis | 39,904.00 | 40,000.00 | -96.00 | 99.8% |
| Total 540 · System Maintenance | 378,538.85 | 214,560.00 | 163,978.85 | 176.4% |
| 550 · System Management | | | | |
| 550.05 · Sewer Plugs | 0.00 | 13,000.00 | -13,000.00 | 0.0% |
| 550.01 · Operator Contracted | 833,106.19 | 897,200.00 | -64,093.81 | 92.9% |
| 550.03 · Inspection Fees | 408,057.44 | 310,000.00 | 98,057.44 | 131.6% |
| 550.04 · Hauling and Discharge | 524,648.38 | 36,000.00 | 488,648.38 | 1,457.4% |
| 550.06 · Programming - IT | 23,763.64 | 60,000.00 | -36,236.36 | 39.6% |
| Total 550 · System Management | 1,789,575.65 | 1,316,200.00 | 473,375.65 | 136.0% |
| 560.01 · Permits | 55,685.82 | 32,100.00 | 23,585.82 | 173.5% |
| 570 · Groundwater Maintenance | | | | |
| 570.01 · Groundwater Measurements | 19,748.10 | 20,000.00 | -251.90 | 98.7% |
| 570.02 · Groundwater Sustainability | 86,842.25 | 25,000.00 | 61,842.25 | 347.4% |
| Total 570 · Groundwater Maintenance | 106,590.35 | 45,000.00 | 61,590.35 | 236.9% |
| 580 · Services | | | | |
| 580.01 · Power | 689,997.70 | 600,000.00 | 89,997.70 | 115.0% |
| 580.02 · Communications | 50,663.26 | 37,000.00 | 13,663.26 | 136.9% |
| 580.03 · Security | 4,034.91 | 3,400.00 | 634.91 | 118.7% |
| Total 580 · Services | 744,695.87 | 640,400.00 | 104,295.87 | 116.3% |
| 610 · Marketing | | | | |
| 610.02 · Website | 534.58 | 2,000.00 | -1,465.42 | 26.7% |
| Total 610 · Marketing | 534.58 | 2,000.00 | -1,465.42 | 26.7% |

ROOT CREEK WATER DISTRICT
Statement of Revenues & Expenses Budget vs Cash Basis Actual
January through December 2024

| | Jan - Dec 24 | Budget | \$ Over Budget | % of Budget |
|---|----------------------|-----------------------|----------------------|-----------------|
| 620 · Professional Fees | | | | |
| 620.01 · Accounting | 57,119.00 | 64,845.25 | -7,726.25 | 88.1% |
| 620.02 · Audit | 10,500.00 | 20,000.00 | -9,500.00 | 52.5% |
| 620.03 · Administration | 206,037.02 | 160,000.00 | 46,037.02 | 128.8% |
| 620.04 · Engineering | 83,675.32 | 115,000.00 | -31,324.68 | 72.8% |
| 620.05 · Legal | 121,980.85 | 75,000.00 | 46,980.85 | 162.6% |
| 620.06 · GIS Services | 23,616.50 | 10,000.00 | 13,616.50 | 236.2% |
| 620.09 · Special Counsel | 53,610.92 | 125,000.00 | -71,389.08 | 42.9% |
| 620.10 · Public Finance | 26,194.14 | | | |
| Total 620 · Professional Fees | 582,733.75 | 569,845.25 | 12,888.50 | 102.3% |
| 630 · Consultants | | | | |
| 630.01 · Grant Preparation | 5,669.00 | | | |
| 630.04 · GSP | 648.40 | | | |
| 630.05 · MS4 Program | 0.00 | 5,000.00 | -5,000.00 | 0.0% |
| Total 630 · Consultants | 6,317.40 | 5,000.00 | 1,317.40 | 126.3% |
| 640.01 · Membership dues | 31,425.00 | 15,000.00 | 16,425.00 | 209.5% |
| 650.01 · Insurance | 28,933.72 | 30,000.00 | -1,066.28 | 96.4% |
| 660 · General & Administrative Costs | | | | |
| 660.01 · Printing & Reproduction | 2,011.44 | 5,000.00 | -2,988.56 | 40.2% |
| 660.03 · Conference & Meetings | 1,744.29 | 15,000.00 | -13,255.71 | 11.6% |
| 660.04 · Travel | 1,996.61 | 1,000.00 | 996.61 | 199.7% |
| 660.05 · Office Supplies | 457.80 | | | |
| 660.06 · Postage | 490.62 | 1,000.00 | -509.38 | 49.1% |
| 660.07 · Bank Charges | 3,096.50 | | | |
| 660.08 · Email Hosting & File Storage | 1,556.33 | 1,000.00 | 556.33 | 155.6% |
| 660.10 · Payroll Expenses | 10,339.65 | | | |
| Total 660 · General & Administrative Costs | 21,693.24 | 23,000.00 | -1,306.76 | 94.3% |
| Total Expense | 5,347,991.58 | 5,794,761.25 | -446,769.67 | 92.3% |
| Net Ordinary Income | 3,719,081.42 | 37,752.75 | 3,681,328.67 | 9,851.2% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 430.02 · Rooftop Fees | 870,128.50 | 560,000.00 | 310,128.50 | 155.4% |
| 430.03 · Water Connection Fees | 3,749,574.03 | 2,417,600.00 | 1,331,974.03 | 155.1% |
| 430.04 · Wastewater Connection Fees | 8,356,926.88 | 5,390,000.00 | 2,966,926.88 | 155.0% |
| 430.05 · Storm Drain Connection Fees | 1,551,852.59 | 1,012,000.00 | 539,852.59 | 153.3% |
| 430.06 · Meter Installation Fees | 689,879.50 | 372,200.00 | 317,679.50 | 185.4% |
| 480.02 · CFD Assessments | 1,299,876.42 | 1,306,600.00 | -6,723.58 | 99.5% |
| Total Other Income | 16,518,237.92 | 11,058,400.00 | 5,459,837.92 | 149.4% |
| Other Expense | | | | |
| 900.01 · Capital Expenditures-Equipment | 195,533.53 | 353,600.00 | -158,066.47 | 55.3% |
| 900.02 · Capital Expenditures-Water Meters | 827,207.02 | 366,808.00 | 460,399.02 | 225.5% |
| 900.03 · Capital Expenditures - Improvements | 560,303.50 | | | |
| 900.05 · New Well Construction | 717,908.08 | 1,641,800.00 | -923,891.92 | 43.7% |
| 900.06 · Well #5 Improvements | 0.00 | 63,560.00 | -63,560.00 | 0.0% |
| 900.07 · 400,000 gpd WWTF | 412,221.09 | 461,000.00 | -48,778.91 | 89.4% |
| 900.09 · Water Blending Facility | 18,271,701.69 | 22,664,366.00 | -4,392,664.31 | 80.6% |
| 900.10 · Wastewater UV Facility | 0.00 | 100,000.00 | -100,000.00 | 0.0% |
| 900.11 · Wastewater Ultimate Facility | 171,156.05 | 806,500.00 | -635,343.95 | 21.2% |
| 900.12 · Ag System Expansion Project | 114,440.19 | | | |
| 900.90 · Capital Projects Admin Costs | 379,362.57 | 610,000.00 | -230,637.43 | 62.2% |
| 930.02 · Bond Admin Cost | 8,200.00 | | | |
| 960.00 · Debt Payments | | | | |
| 960.1 · Debt Principal | 193,599.55 | 193,512.00 | 87.55 | 100.0% |
| 960.2 · Interest Expense | 71,362.45 | 71,450.00 | -87.55 | 99.9% |
| Total 960.00 · Debt Payments | 264,962.00 | 264,962.00 | 0.00 | 100.0% |
| 970.00 · Bond Payments | | | | |
| 970.01 · Bond Payments-Principal | 320,000.00 | | | |
| 970.02 · Bond Interest | 813,712.45 | 645,000.00 | 168,712.45 | 126.2% |
| Total 970.00 · Bond Payments | 1,133,712.45 | 645,000.00 | 488,712.45 | 175.8% |
| 990.01 · Transfers In | -10,208,070.55 | | | |
| 990.02 · Transfers Out | 10,208,070.55 | | | |
| Total Other Expense | 23,056,708.17 | 27,977,596.00 | -4,920,887.83 | 82.4% |
| Net Other Income | -6,538,470.25 | -16,919,196.00 | 10,380,725.75 | 38.6% |
| Net Income | -2,819,388.83 | -16,881,443.25 | 14,062,054.42 | 16.7% |

ROOT CREEK WATER DISTRICT
A/R Aging Summary
As of December 31, 2024

| | Current | 1 - 30 | 31 - 60 | 61 - 90 | > 90 | TOTAL |
|---|-------------------|---------------------|-------------------|------------------|---------------------|---------------------|
| 01 Temporary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Alfred & Pearl J Lion, Trustee | 0.00 | 451.45 | 446.98 | 880.74 | 43,817.59 | 45,596.76 |
| ALW Enterprise, Inc. | 0.00 | 0.00 | 0.00 | 0.00 | -965.08 | -965.08 |
| Bonadelle Neighborhoods | 0.00 | 89,632.00 | 0.00 | 0.00 | 0.00 | 89,632.00 |
| Browning Contractors Inc. | 0.00 | 1,531.08 | 162.44 | 0.00 | 0.00 | 1,693.52 |
| Central Valley Ag Managment, LLC | 0.00 | 0.00 | 0.00 | 12,413.52 | 0.00 | 12,413.52 |
| Granville Homes | 0.00 | 25,759.00 | 0.00 | 0.00 | 0.00 | 25,759.00 |
| Jaghlastian Moses & Seta TR | 33,650.92 | 889.71 | 880.91 | 1,735.72 | 86,354.89 | 123,512.15 |
| Jaghlastian Moses & Seta Trustee | 21,918.44 | 1,313.61 | 0.00 | 1,287.73 | 64,066.03 | 88,585.81 |
| Lennar Homes of California Inc. | 0.00 | 2,563,656.82 | 257,939.00 | 0.00 | 1,493.78 | 2,823,089.60 |
| Lion Alfred JR Trustee | 17,083.36 | 1,524.59 | 0.00 | 1,494.57 | 74,356.37 | 94,458.89 |
| Lion Daniel A & Jacqueline Trustee-ETAL | 0.00 | 69.83 | 0.00 | 68.42 | 3,404.38 | 3,542.63 |
| Main Ranch Partners | 13,289.54 | 0.00 | 0.00 | 0.00 | 0.00 | 13,289.54 |
| Mark Wilson Construction, Inc. | 0.00 | 3.19 | 0.00 | 0.00 | 0.00 | 3.19 |
| Mesa Asset Management LLC TR | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Moses Jaghlastian / Seta Trs | 0.00 | 4,397.10 | 0.00 | 4,310.47 | 214,450.70 | 223,158.27 |
| Riverstone Development LLC | 0.00 | 0.00 | 0.00 | 0.00 | 472,517.00 | 472,517.00 |
| San Joaquin River Ranch LLC | 0.00 | 48,821.59 | 0.00 | 0.00 | 0.00 | 48,821.59 |
| Utility Billing Customer | 139,691.79 | 0.00 | 0.00 | 0.00 | 0.00 | 139,691.79 |
| W A Allen | 0.00 | 0.00 | 0.00 | 0.00 | 0.96 | 0.96 |
| Wathen Castanos Homes | 0.00 | 328,286.00 | 0.00 | 0.00 | 4,600.00 | 332,886.00 |
| Woodside Homes | 0.00 | 23,449.00 | 46,898.00 | 23,449.00 | 313,037.00 | 406,833.00 |
| TOTAL | 225,634.05 | 3,089,784.97 | 306,327.33 | 45,640.17 | 1,277,133.62 | 4,944,520.14 |

**TWELFTH AMENDMENT TO WATER SUPPLY AGREEMENT
BETWEEN
WONDERFUL NUT ORCHARDS AND ROOT CREEK WATER DISTRICT**

This Twelfth Amendment To Water Supply Agreement (this “Amendment”) is entered into by and between Wonderful Nut Orchards LLC, a Delaware limited liability company (“WNO”), and Root Creek Water District, a California water district (“RCWD”), as of February ___, 2025, (the “Effective Date”). WNO and RCWD are collectively referred to herein as the “Parties,” and individually as a “Party” or by their individual names. Capitalized terms not otherwise provided for in this Amendment shall have the same meaning ascribed to them in the Agreement (defined below).

RECITALS

A. WHEREAS, the Parties entered into that certain Water Supply Agreement between Westside Mutual Water Company and RCWD dated November 1, 2006, as amended and assigned, for the sale and transfer of water (the “Agreement”).

B. WHEREAS, the Agreement provides for WNO to deliver water to RCWD under specified terms. The Agreement also provides for RCWD to make certain annual payments to WNO for water to be delivered to RCWD in the future. These payments are referred to as a “Standby Charge” in the Agreement.

C. WHEREAS, RCWD has developed, and continues to develop, water supply, infrastructure and management projects to ensure a long-term and cost-effective supply for RCWD, which requires adequate funds and water supply.

D. WHEREAS, the Parties desire to enter into this Amendment to the Agreement for the 2025 Water Year and to accommodate RCWD’s water management needs as further set forth below. The Parties also desire to modify WNO’s obligation to deliver water to RCWD in 2025, except as provided by the terms and subject to the conditions set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained and the above Recitals, which are deemed true and correct and incorporated herein, the Parties herein agree as follows:

1. Limited Applicability. The Parties agree that this Amendment shall only apply to the 2025 Water Year and shall have no further force or effect thereafter. Following the 2025 Water Year, the Agreement shall be interpreted and applied without reference to this Amendment.

2. 2025 Water Delivery Request. RCWD agrees that it will not request, and WNO shall not be obligated to provide, any water supply for the 2025 Water Year.

3. Standby Charges. Because no water is to be delivered, RCWD shall not be obligated to pay the annual Standby Charges pursuant to the Agreement.

4. Scope of Amendments; No Defaults. Except as specifically set forth in this Amendment, the Parties agree that all terms and conditions of the Agreement are in full force and effect. The Parties further agree that there are no defaults by either Party under the Agreement or conditions known to either Party that will become a default with the passage of time or that would allow either Party to avoid their obligations under the Agreement.

5. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6. Binding on Successors. The terms and conditions of this Amendment shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the respective parties hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date:

“WNO”

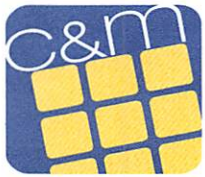
WONDERFUL NUT ORCHARDS LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____

“RCWD”

ROOT CREEK WATER DISTRICT, a
California water district

By: _____
Name: _____
Title: _____



CUTTONE & MASTRO

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Management
 Root Creek Water District
 PO Box 27950
 Fresno, CA 93729

We are pleased to confirm our acceptance and understanding of the services we are to provide for Root Creek Water District from January 1, 2025 through June 30, 2025.

You have requested that we perform the following services:

1) We will provide you with the following bookkeeping services:

| | Monthly | Quarterly | Annually |
|--|---------|-----------|----------|
| Bookkeeping Services | | | |
| Assist with bonds and notes accounting | X | | |
| Meetings (1 in 6 month period. Additional if needed) | X | | |
| Prepare and record check disbursements | X | | |
| Prepare and track billing of customers (other than municipal) (i.e. assessments, developer fees, permits) | X | | |
| Record and reconcile customer billings and collections | X | | |
| Record journals and post to general ledger | X | | |
| Reconcile bank statements | X | | |
| Record and make deposits | X | | |
| Track capital expenditures | X | | |
| Track expenditures in relation to budget | X | | |
| Financial Report | | | |
| Prepared cash basis financial reports | | | |
| Statement of assets, liabilities and equity | X | | |
| Statement of revenues and expenses (by class) | X | | |
| Other Schedules | X | | |
| Payroll Services | | | |
| Prepare payroll checks for board members | X | | |
| Prepare quarterly and year end payroll reports | | X | X |
| Tax Services (None) | | | |
| Other Services | | | |
| Prepare Annual Benefit Assessments invoices for non-resident individuals and update tracking | | | X |
| Prepare forms 1099 and 1096 | | | X |
| Prepare Annual State Controller's Financial Transactions Report | | | X |
| Assist with the Compilation of Accrual Basis Financial Statements for Audit | | | X |
| Prepare schedules and responses for financial audit | | | X |
| <i>No other unless subsequently and specifically requested.</i> | | | |

7543 North Ingram, Suite 102
 Fresno, California 93711

phone 559-261-4300

fax 559-261-4301

2) We will prepare the financial statements of the District, which comprise the annual statement of net position and the related statement of activities and individual fund statements of net position, revenues, expenses and changes in net position and cash flows for the year ended December 31, 2023, and the related notes to the financial statements, all to be audited by another accounting firm.

The objective of our preparation engagement is to—

- prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you and
- apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with the Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the AICPA and comply with applicable professional standards, including the AICPA's *Code of Professional Conduct* and its ethical principles of integrity, objectivity, professional competence, and due care, when performing the bookkeeping services and preparing the financial statements.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

The financial statement preparation portion of the engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARS:

- a) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- b) The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America and the inclusion of all informative disclosures that are appropriate for accounting principles generally accepted in the United States of America.
- c) The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- d) The prevention and detection of fraud.
- e) To ensure that the District complies with the laws and regulations applicable to its activities.
- f) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- g) To provide us with—
 - access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - additional information that we may request from you for the purpose of the compilation engagement.
 - unrestricted access to persons within the District of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our tax services, bookkeeping services and the preparation of your financial statements. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

As part of our engagement, we will prepare financial statements that will be audited by another accounting firm that you contract with, and accordingly, we will not express an opinion, a conclusion, nor provide any assurance on them.

Other Relevant Information

Michael B. Cuttone is the engagement partner and is responsible for supervising the engagement.

Our fees for these services will be \$9,740 per month for the months of January 1, 2025 through June 30, 2025 for the financial statement preparation, preparation of State Controllers report, and bookkeeping services as listed above. You will also be billed for out-of-pocket costs such as postage. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the work performed. The fee of \$9,740 applies to the months of service for January 1, 2025 through June 30, 2025. A new fee will be proposed for services after June 30, 2025 based on the amount of estimated time for the succeeding months. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

You agree to hold us harmless and to release, indemnify, and defend us from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you acknowledge and agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



ACKNOWLEDGED:

Root Creek Water District

Name

Title

ROOT CREEK WATER DISTRICT

CONSTRUCTION CONTRACT

DUPLEX MEMPAC-M300-200 EXPANSION MEMBRANE EQUIPMENT

1. PARTIES AND DATE.

This Contract is made and entered into this 1st day of February, 2025 by and between the Root Creek Water District, a public agency of the State of California (“District”) and Cloacina, LLC a limited liability corporation with its principal place of business at 2385 Precision Drive, Arroyo Grande, CA 93420] (“Contractor”). District and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Contract.

2. RECITALS.

2.1 District. District is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Contractor. Contractor desires to perform and assume responsibility for the provision of certain services and materials required by the District on the terms and conditions set forth in this Contract. Contractor represents that it is duly licensed and experienced in providing for the manufacture and operation of wastewater treatment plants and related equipment including but not limited to tankage, pumping equipment, electrical equipment, valves, diffusers, membranes that it and its employees or subcontractors have all necessary licenses and permits to perform the services in the State of California, and that it is familiar with the plans of District.

2.3 Project. District desires to engage Contractor to render such services for the DUPLEX MEMPAC-M300-200 EXPANSION MEMBRANE EQUIPMENT Project (“Project”) as set forth in this Contract and more fully set forth in Contractor’s proposal which sets forth the scope of work for this project, attached hereto as Exhibit “A” incorporated herein by reference.

2.4 Project Documents & Certifications. Contractor has obtained, and delivers concurrently herewith all insurance documentation, as required by the Contract.

3. TERMS

3.1 Incorporation of Documents. This Contract includes and hereby incorporates in full by reference the following documents, including all exhibits, drawings, specifications and documents therein, and attachments and addenda thereto and the Contract Documents shall govern in the following order:

- This Construction Contract with the attached Cloacina Proposal (Exhibit “A”)
- Attachment 1: Cloacina Standard Terms and Conditions dated 1/29/24
- Attachment 2: Spare Parts Recommendations
- Attachment 3: Cloacina Confidentiality and Non-Disclosure Agreement
- Engineering, drawings and specifications in respect of which, precedence shall be given to drawings of a larger scale over those of smaller, figured dimensions on the drawings shall control over scaled dimensions and noted materials shall control over undimensioned graphic indications

To the extent that any conflicts arise between the terms of this Construction Contract and the Cloacina Standard Terms and Conditions, or any of the other documents listed in this section, the explicit terms of this Construction Contract shall control.

3.2 Contractor's Basic Obligation; Scope of Work. Contractor promises and agrees, at its own cost and expense, to furnish to the District all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately complete the Project, described in the Contract (hereinafter sometimes referred to as the "Work"), for a Total Contract Price as specified pursuant to this Contract. All Work shall be subject to, and performed in accordance with the above referenced documents, as well as the exhibits attached hereto and incorporated herein by reference. The plans and specifications for the Work are further described in Exhibit "A" attached hereto and incorporated herein by this reference.

3.2.1 Change in Scope of Work. Any change in the scope of the Work, method of performance, nature of materials or price thereof, or any other matter materially affecting the performance or nature of the Work shall not be paid for or accepted unless such change, addition or deletion is approved in writing by a valid change order executed by the District. Should Contractor request a change order due to unforeseen circumstances affecting the performance of the Work, such request shall be made within five (5) business days of the date such circumstances are discovered or shall waive its right to request a change order due to such circumstances. If the Parties cannot agree on any change in price required by such change in the Work, the District may direct the Contractor to proceed with the performance of the change on a time and materials basis.

3.2.2 Substitutions/"Or Equal". District agrees that the Work to be completed and the attached pricing is based on Cloacina standard designs and equipment. Should the District desire to make changes to the design and/or equipment, it shall be at the sole cost of the District.

3.3 Period of Performance.

3.3.1 Contract Time. Contractor shall perform and complete all Work required under this Contract to allow the District to beneficially occupy the project within two hundred forty (240) calendar days, beginning the date that Contractor receives written approval of all submittals from District and the District has issued the Notice to Proceed ("Contract Time"). Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed by the District. Such schedules or milestones may be included as part of Exhibits "A" or "B" attached hereto, or may be provided separately in writing to Contractor. Contractor agrees that if such Work is not completed within the aforementioned Contract Time and/or pursuant to any such completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, it is understood, acknowledged and agreed that the District will suffer damage.

3.3.2 Force Majeure. Neither District nor Contractor shall be considered in default of this Contract for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Contract, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; pandemics or epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Contract. Contractor's exclusive remedy in the event of delay covered under this section shall be a non-compensable extension of the Contract Time.

3.3.3 Liquidated Damages. Pursuant to Government Code Section 53069.85, Contractor shall pay to the District as fixed and liquidated damages the sum of Five Hundred (\$500) per day for each and every calendar day of delay beyond the Contract Time or beyond any completion schedule, construction schedule or Project milestones established pursuant to the Contract.

3.4 Standard of Performance; Performance of Employees. Contractor shall perform all Work under this Contract in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Work. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Work, including any required business license, and that such licenses and approvals shall be maintained throughout the term of this Contract. As provided for in the indemnification provisions of this Contract, Contractor shall perform, at its own cost and expense and without reimbursement from the District, any work necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein. Any employee who is determined by the District to be uncooperative, incompetent, a threat to the safety of persons or the Work, or any employee who fails or refuses to perform the Work in a manner acceptable to the District, shall be promptly removed from the Project by Contractor and shall not be re-employed on the Work.

3.5 Control and Payment of Subordinates; Contractual Relationship. District retains Contractor on an independent contractor basis and Contractor is not an employee of District. Any additional personnel performing the work governed by this Contract on behalf of Contractor shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance under this Contract and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

3.6 District's Basic Obligation. District agrees to engage and does hereby engage Contractor as an independent contractor to furnish all materials and to perform all Work according to the terms and conditions herein contained for the sum set forth above. Except as otherwise provided in the Contract, the District shall pay to Contractor, as full consideration for the satisfactory performance by Contractor of the services and obligations required by this Contract, the below-referenced compensation in accordance with compensation provisions set forth in the Contract.

3.7 Compensation and Payment.

3.7.1 Amount of Compensation. As consideration for performance of the Work required herein, District agrees to pay Contractor the Total Contract Price of **Four Million Seventy One Thousand, Three Hundred Six dollars (\$4,071,306)** ("Total Contract Price") provided that such amount shall be subject to adjustment pursuant to the applicable terms of this Contract or written change orders approved and signed in advance by the District.

3.7.2 Payment of Compensation. If the Work is scheduled for completion in thirty (30) or less calendar days, District will arrange for payment of the Total Contract Price upon completion and approval by District of the Work. If the Work is scheduled for completion in more than thirty (30) calendar days, District will pay Contractor on a monthly basis as provided for herein. On or before the fifth (5th) day of each month, Contractor shall submit to the District an itemized application for payment in the format

supplied by the District indicating the amount of Work completed since commencement of the Work or since the last progress payment. These applications shall be supported by evidence which is required by this Contract and such other documentation as the District may require. The Contractor shall certify that the Work for which payment is requested has been done and that the materials listed are stored where indicated. Contractor may be required to furnish a detailed schedule of values upon request of the District and in such detail and form as the District shall request, showing the quantities, unit prices, overhead, profit, and all other expenses involved in order to provide a basis for determining the amount of progress payments.

3.7.3 Prompt Payment. District shall review and pay all progress payment requests in accordance with the provisions set forth in Section 20104.50 of the California Public Contract Code. However, no progress payments will be made for Work not completed in accordance with this Contract. Contractor shall comply with all applicable laws, rules and regulations relating to the proper payment of its employees, subcontractors, suppliers or others.

3.7.4 Contract Retentions. From each approved progress estimate, five percent (5%) will be deducted and retained by the District, and the remainder will be paid to Contractor. All Contract retention shall be released and paid to Contractor and subcontractors pursuant to California Public Contract Code Section 7107.

3.7.5 Other Retentions. In addition to Contract retentions, the District may deduct from each progress payment an amount necessary to protect District from loss because of: (1) liquidated damages which have accrued as of the date of the application for payment; (2) any sums expended by the District in performing any of Contractor's obligations under the Contract which Contractor has failed to perform or has performed inadequately; (3) defective Work not remedied; (4) stop notices as allowed by state law; (5) reasonable doubt that the Work can be completed for the unpaid balance of the Total Contract Price or within the scheduled completion date; (6) unsatisfactory prosecution of the Work by Contractor; (7) unauthorized deviations from the Contract; (8) failure of Contractor to maintain or submit on a timely basis proper and sufficient documentation as required by the Contract or by District during the prosecution of the Work; (9) erroneous or false estimates by Contractor of the value of the Work performed; (10) any sums representing expenses, losses, or damages as determined by the District, incurred by the District for which Contractor is liable under the Contract; and (11) any other sums which the District is entitled to recover from Contractor under the terms of the Contract or pursuant to state law, including Section 1727 of the California Labor Code. The failure by the District to deduct any of these sums from a progress payment shall not constitute a waiver of the District's right to such sums.

3.7.6 Substitutions for Contract Retentions. In accordance with California Public Contract Code Section 22300, the District will permit the substitution of securities for any monies withheld by the District to ensure performance under the Contract. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the District, or with a state or federally chartered bank in California as the escrow agent, and thereafter the District shall then pay such monies to Contractor as they come due. Upon satisfactory completion of the Contract, the securities shall be returned to Contractor. For purposes of this Section and Section 22300 of the Public Contract Code, the term "satisfactory completion of the contract" shall mean the time the District has issued written final acceptance of the Work and filed a Notice of Completion as required by law and provisions of this Contract. Contractor shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon. The escrow agreement used for the purposes of this Section shall be in the form provided by the District.

3.7.7 Title to Work. Per the Cloacina Standard Terms and Conditions, Title to Work shall pass to the District when that Cloacina has been paid in full for all sums due under this Contract. Such

transferred title shall in each case be good, free and clear from any and all security interests, liens, or other encumbrances. Contractor promises and agrees that it will not pledge, hypothecate, or otherwise encumber the items in any manner that would result in any lien, security interest, charge, or claim upon or against said items. Such transfer of title shall not imply acceptance by the District, nor relieve Contractor from the responsibility to strictly comply with the Contract, and shall not relieve Contractor of responsibility for any loss of or damage to items.

3.7.8 Labor and Material Releases. Contractor shall furnish District with labor and material releases from all subcontractors performing work on, or furnishing materials for, the Work governed by this Contract prior to final payment by District.

3.7.9 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., (“Prevailing Wage Laws”), which require the payment of prevailing wage rates and the performance of other requirements on “public works” and “maintenance” projects. Since the Services are being performed as part of an applicable “public works” or “maintenance” project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. District shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Contract upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at Contractor’s principal place of business and at the project site. Contractor shall defend, indemnify and hold the District, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. Contractor and any subcontractor shall forfeit a penalty of up to \$200 per calendar day or portion thereof for each worker paid less than the prevailing wage rates.

3.7.10 Apprenticeable Crafts. When Contractor employs workmen in an apprenticeable craft or trade, Contractor shall comply with the provisions of Section 1777.5 of the California Labor Code with respect to the employment of properly registered apprentices upon public works. The primary responsibility for compliance with said section for all apprenticeable occupations shall be with Contractor. The Contractor or any subcontractor that is determined by the Labor Commissioner to have knowingly violated Section 1777.5 shall forfeit as a civil penalty an amount not exceeding \$100 for each full calendar day of noncompliance, or such greater amount as provided by law.

3.7.11 Hours of Work. Contractor is advised that eight (8) hours labor constitutes a legal day’s work. Pursuant to Section 1813 of the California Labor Code, Contractor shall forfeit a penalty of \$25.00 per worker for each day that each worker is permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except when payment for overtime is made at not less than one and one-half (1-1/2) times the basic rate for that worker.

3.7.12 Payroll Records. Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. The payroll records shall be certified and shall be available for inspection at all reasonable hours at the principal office of Contractor in the manner provided in Labor Code section 1776. In the event of noncompliance with the requirements of this section, Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects such Contractor must comply with this section. Should noncompliance still be evident after such 10-day period, Contractor shall, as a penalty to District, forfeit

not more than \$100.00 for each calendar day or portion thereof, for each worker, until strict compliance is effectuated. The amount of the forfeiture is to be determined by the Labor Commissioner. A contractor who is found to have violated the provisions of law regarding wages on Public Works with the intent to defraud shall be ineligible to bid on Public Works contracts for a period of one to three years as determined by the Labor Commissioner. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, such penalties shall be withheld from progress payments then due. The responsibility for compliance with this section is on Contractor. The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

3.7.13 Contractor and Subcontractor Registration. Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work. Contractor is directed to review, fill out and execute the Public Works Contractor Registration Certification attached hereto as Exhibit "E" prior to contract execution. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

3.8 Performance of Work; Jobsite Obligations.

3.8.1 Water Quality Management and Compliance.

3.8.1.1 Water Quality Management and Compliance. Contractor shall keep itself and all subcontractors, staff, and employees fully informed of and in compliance with all local, state and federal laws, rules and regulations that may impact, or be implicated by the performance of the Work including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); local ordinances regulating discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

3.8.1.2 Compliance with the Statewide Construction General Permit. Contractor shall comply with all conditions of the most recent iteration of the National Pollutant Discharge Elimination System General Permit for Storm Water Discharges Associated with Construction Activity, issued by the California State Water Resources Control Board ("Permit"). It shall be Contractor's sole responsibility to file a Notice of Intent and procure coverage under the Permit for all construction activity which results in the disturbance of more than one acre of total land area or which is part of a larger common area of development or sale. Prior to initiating work, Contractor shall be solely responsible for preparing and implementing a Storm Water Pollution Prevention Plan (SWPPP) as required by the Permit. Contractor shall be responsible for procuring, implementing and complying with the provisions of the Permit and the SWPPP, including the standard provisions, and monitoring and reporting requirements as required by the Permit. The Permit requires the SWPPP to be a "living document" that changes as necessary to meet the conditions and requirements of the job site as it progresses through different phases of construction and is subject to different weather conditions. It shall be Contractor's sole responsibility to update the SWPPP as necessary to address conditions at the project site.

3.8.1.3 Other Water Quality Rules Regulations and Policies. Contractor shall comply with the lawful requirements of any applicable municipality, drainage District, or local agency regarding discharges of storm water to separate storm drain systems or other watercourses under their jurisdiction, including applicable requirements in municipal storm water management programs.

3.8.1.4 Cost of Compliance. Storm, surface, nuisance, or other waters may be encountered at various times during construction of The Work. Therefore, the Contractor, by submitting a Bid, hereby acknowledges that it has investigated the risk arising from such waters, has prepared its Bid accordingly, and assumes any and all risks and liabilities arising therefrom.

3.8.1.5 Liability for Non-Compliance. Failure to comply with the Permit is a violation of federal and state law. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to defend, indemnify and hold harmless the District and its officials, officers, employees, volunteers and agents for any alleged violations. In addition, District may seek damages from Contractor for any delay in completing the Work in accordance with the Contract, if such delay is caused by or related to Contractor's failure to comply with the Permit.

3.8.1.6 Reservation of Right to Defend. District reserves the right to defend any enforcement action brought against the District for Contractor's failure to comply with the Permit or any other relevant water quality law, regulation, or policy. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to be bound by, and to reimburse the District for the costs (including the District's attorney's fees) associated with, any settlement reached between the District and the relevant enforcement entity.

3.8.1.7 Training. In addition to the standard of performance requirements set forth in paragraph 3.4, Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them without impacting water quality in violation of the laws, regulations and policies described in paragraph 3.8.1. Contractor further warrants that it, its employees and subcontractors will receive adequate training, as determined by District, regarding the requirements of the laws, regulations and policies described in paragraph 3.8.1 as they may relate to the Work provided under this Contract. Upon request, District will provide the Contractor with a list of training programs that meet the requirements of this paragraph.

3.8.2 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work. In carrying out its Work, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the Work and the conditions under which the Work is to be performed. Safety precautions as applicable shall include, but shall not be limited to, adequate life protection and lifesaving equipment; adequate illumination for underground and night operations; instructions in accident prevention for all employees, such as machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and adequate facilities for the proper inspection and maintenance of all safety measures. Furthermore, Contractor shall prominently display the names and telephone numbers of at least two medical doctors practicing in the vicinity of the Project, as well as the telephone number of the local ambulance service, adjacent to all telephones at the Project site.

3.8.3 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the

performance of the Contract or the Work, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Work. If Contractor observes that the drawings or specifications are at variance with any law, rule or regulation, it shall promptly notify the District in writing. Any necessary changes shall be made by written change order. If Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the District, Contractor shall be solely responsible for all costs arising therefrom. District is a public entity of the State of California subject to certain provisions of the Health & Safety Code, Government Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a municipality are a part of this Contract to the same extent as though set forth herein and will be complied with. Contractor shall defend, indemnify and hold District, its officials, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Contract, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.8.4 Permits and Licenses. Contractor shall be responsible for securing District permits and licenses necessary to perform the Work described herein, including, but not limited to, any required business license. While Contractor will not be charged a fee for any District permits, Contractor shall pay the District's business license fee, if any. Any ineligible contractor or subcontractor pursuant to Labor Code Sections 1777.1 and 1777.7 may not perform work on this Project.

3.8.5 Trenching Work. If the Total Contract Price exceeds \$25,000 and if the Work governed by this Contract entails excavation of any trench or trenches five (5) feet or more in depth, Contractor shall comply with all applicable provisions of the California Labor Code, including Section 6705. To this end, Contractor shall submit for District's review and approval a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards, the plan shall be prepared by a registered civil or structural engineer.

3.8.6 Hazardous Materials and Differing Conditions. As required by California Public Contract Code Section 7104, if this Contract involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, Contractor shall promptly, and prior to disturbance of any conditions, notify District of: (1) any material discovered in excavation that Contractor believes to be a hazardous waste that is required to be removed to a Class I, Class II or Class III disposal site; (2) subsurface or latent physical conditions at the site differing from those indicated by District; and (3) unknown physical conditions of an unusual nature at the site, significantly different from those ordinarily encountered in such contract work. Upon notification, District shall promptly investigate the conditions to determine whether a change order is appropriate. In the event of a dispute, Contractor shall not be excused from any scheduled completion date and shall proceed with all Work to be performed under the Contract, but shall retain all rights provided by the Contract or by law for making protests and resolving the dispute.

3.8.7 Underground Utility Facilities. To the extent required by Section 4215 of the California Government Code, District shall compensate Contractor for the costs of: (1) locating and repairing damage to underground utility facilities not caused by the failure of Contractor to exercise reasonable care; (2) removing or relocating underground utility facilities not indicated in the construction drawings; and (3) equipment necessarily idled during such work. Contractor shall not be assessed liquidated damages for delay caused by failure of District to provide for removal or relocation of such utility facilities.

3.8.8 Air Quality.

Contractor shall fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the air pollution control district or air quality management district with jurisdiction (Air District) and/or California Air Resources Board (CARB). Although the Air District and CARB limits and requirements are more broad, Contractor shall specifically be aware of their application to "portable equipment", which definition is considered by Air District and CARB to include any item of equipment with a fuel-powered engine.

The California Air Resources Board ("CARB") implemented amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulations ("Regulation") which are effective on January 1, 2024 and apply broadly to all self-propelled off road diesel vehicles 25 horsepower or greater and other forms of equipment used in California. A copy of the Regulation is available at <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2022/off-roaddiesel/appa-1.pdf>. Bidders are required to comply with all CARB and Regulation requirements, including, without limitation, all applicable sections of the Regulation, as codified in Title 13 of the California Code of Regulations section 2449 *et seq.* throughout the term of the Project. Bidders must provide, with their Bid, copies of Bidder's and all listed subcontractors the most recent, valid Certificate of Reported Compliance ("CRC") issued by CARB. Failure to provide valid CRCs as required herein in "Exhibit G" may render the Bid non-responsive.

Contractor shall comply, and shall ensure all subcontractors comply, with all applicable requirements of Title 13, California Code of Regulations Division 3, Chapter 9 and all pending amendments ("Regulation").

Throughout the Project, and for three (3) years thereafter, Contractor shall make available for inspection and copying any and all documents or information associated with Contractor's and any subcontractors' fleet including, without limitation, all Certificates of Reported Compliance, fuel/refueling records, maintenance records, emissions records, and any other information the Contractor is required to produce, keep or maintain pursuant to the Regulation upon two (2) calendar days' notice from the District.

Contractor shall indemnify District against any fines or penalties imposed by Air District, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Contractor, its subcontractors, or others for whom Contractor is responsible under its indemnity obligations provided for in this Agreement.

3.8.9 State Recycling Mandates. Contractor shall comply with State Recycling Mandates. Any recyclable materials/debris collected by the contractor that can be feasibly diverted via reuse or recycling must be hauled by the appropriate handler for reuse or recycling.

3.9 Completion of Work. When Contractor determines that it has completed the Work required herein, Contractor shall so notify District in writing and shall furnish all labor and material releases required by this Contract. District shall thereupon inspect the Work. If the Work is not acceptable to the District, the District shall indicate to Contractor in writing the specific portions or items of Work which are unsatisfactory or incomplete. Once Contractor determines that it has completed the incomplete or unsatisfactory Work, Contractor may request a reinspection by the District. Once the Work is acceptable to District, District shall pay to Contractor the Total Contract Price remaining to be paid, less any amount which District may be authorized or directed by law to retain and issue a Notice of Completion. Payment of retention proceeds due to Contractor shall be made in accordance with Section 7107 of the California Public Contract Code.

3.10 Claims; Government Code Claim Compliance.

3.10.1 Intent. Effective January 1, 1991, Section 20104 et seq., of the California Public Contract Code prescribes a process utilizing informal conferences, non-binding judicial supervised mediation, and judicial arbitration to resolve disputes on construction claims of \$375,000 or less. Effective January 1, 2017, Section 9204 of the Public Contract Code prescribes a process for negotiation and mediation to resolve disputes on construction claims. The intent of this Section is to implement Sections 20104 et seq. and Section 9204 of the California Public Contract Code. This Section shall be construed to be consistent with said statutes.

3.10.2 Claims. For purposes of this Section, “Claim” means a separate demand by the Contractor, after a change order duly requested in accordance with the terms of this Contract has been denied by the District, for (A) a time extension, (B) payment of money or damages arising from Work done by or on behalf of the Contractor pursuant to the Contract, or (C) an amount the payment of which is disputed by the District. A “Claim” does not include any demand for payment for which the Contractor has failed to provide notice, request a change order, or otherwise failed to follow any procedures contained in the Contract Documents. Claims governed by this Section may not be filed unless and until the Contractor completes all procedures for giving notice of delay or change and for the requesting of a time extension or change order, including but not necessarily limited to the change order procedures contained herein, and Contractor’s request for a change has been denied in whole or in part. Claims governed by this Section must be filed no later than fourteen (14) days after a request for change has been denied in whole or in part or after any other event giving rise to the Claim. The Claim shall be submitted in writing to the District and shall include on its first page the following in 16 point capital font: “THIS IS A CLAIM.” Furthermore, the claim shall include the documents necessary to substantiate the claim. Nothing in this Section is intended to extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims, including all requirements pertaining to compensation or payment for extra Work, disputed Work, and/or changed conditions. Failure to follow such contractual requirements shall bar any claims or subsequent lawsuits for compensation or payment thereon.

3.10.3 Supporting Documentation. The Contractor shall submit all claims in the following format:

3.10.3.1 Summary of claim merit and price, reference Contract Document provisions pursuant to which the claim is made

3.10.3.2 List of documents relating to claim:

- (A) Specifications
- (B) Drawings
- (C) Clarifications (Requests for Information)
- (D) Schedules
- (E) Other

3.10.3.3 Chronology of events and correspondence

3.10.3.4 Analysis of claim merit

3.10.3.5 Analysis of claim cost

3.10.3.6 Time impact analysis in CPM format

3.10.3.7 If Contractor's claim is based in whole or in part on an allegation of errors or omissions in the Drawings or Specifications for the Project, Contractor shall provide a summary of the percentage of the claim subject to design errors or omissions and shall obtain a certificate of merit in support of the claim of design errors and omissions.

3.10.3.8 Cover letter and certification of validity of the claim, including any claims from subcontractors of any tier, in accordance with Government Code section 12650 *et seq.*

3.10.4 District's Response. Upon receipt of a claim pursuant to this Section, District shall conduct a reasonable review of the claim and, within a period not to exceed 45 days, shall provide the Contractor a written statement identifying what portion of the claim is disputed and what portion is undisputed. Any payment due on an undisputed portion of the claim will be processed and made within 60 days after the public entity issues its written statement.

3.10.4.1 If District needs approval from its governing body to provide the Contractor a written statement identifying the disputed portion and the undisputed portion of the claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a claim sent by registered mail or certified mail, return receipt requested, District shall have up to three days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the Contractor a written statement identifying the disputed portion and the undisputed portion.

3.10.4.2 Within 30 days of receipt of a claim, District may request in writing additional documentation supporting the claim or relating to defenses or claims District may have against the Contractor. If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of District and the Contractor.

3.10.4.3 District's written response to the claim, as further documented, shall be submitted to the Contractor within 30 days (if the claim is less than \$50,000, within 15 days) after receipt of the further documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information or requested documentation, whichever is greater.

3.10.5 Meet and Confer. If the Contractor disputes District's written response, or District fails to respond within the time prescribed, the Contractor may so notify District, in writing, either within 15 days of receipt of District's response or within 15 days of District's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand, District shall schedule a meet and confer conference within 30 days for settlement of the dispute.

3.10.6 Mediation. Within 10 business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, District shall provide the Contractor a written statement identifying the portion of the claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after District issues its written statement. Any disputed portion of the claim, as identified by the Contractor in writing, shall be submitted to nonbinding mediation, with District and the Contractor sharing the associated costs equally. District and Contractor shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing, unless the parties agree to select a mediator at a later time.

3.10.6.1 If the Parties cannot agree upon a mediator, each Party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each Party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator.

3.10.6.2 For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the Parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

3.10.6.3 Unless otherwise agreed to by District and the Contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

3.10.6.4 The mediation shall be held no earlier than the date the Contractor completes the Work or the date that the Contractor last performs Work, whichever is earlier. All unresolved claims shall be considered jointly in a single mediation, unless a new unrelated claim arises after mediation is completed.

3.10.7 Procedures After Mediation. If following the mediation, the claim or any portion remains in dispute, the Contractor must file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the Contractor submits his or her written claim pursuant to subdivision (a) until the time the claim is denied, including any period of time utilized by the meet and confer conference or mediation.

3.10.8 Civil Actions. The following procedures are established for all civil actions filed to resolve claims subject to this Section:

3.10.8.1 Within 60 days, but no earlier than 30 days, following the filing or responsive pleadings, the court shall submit the matter to non-binding mediation unless waived by mutual stipulation of both parties or unless mediation was held prior to commencement of the action in accordance with Public Contract Code section 9204 and the terms of these procedures. The mediation process shall provide for the selection within 15 days by both parties of a disinterested third person as mediator, shall be commenced within 30 days of the submittal, and shall be concluded within 15 days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court.

3.10.8.2 If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1114.11 of that code. The Civil Discovery Act of 1986 (Article 3 (commencing with Section 2016) of Chapter 3 of Title 3 of Part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

3.10.8.3 In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, (A) arbitrators shall, when possible, be experienced in construction law, and (B) any party appealing an arbitration award who does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, also pay the attorney's fees on appeal of the other party.

3.10.9 Government Code Claims. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Contractor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the District. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Contractor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Contractor shall be barred from bringing and maintaining a valid lawsuit against the District. A Government Code claim must be filed no earlier than the date the work is completed or the date the Contractor last performs work on the Project, whichever occurs first. A Government Code claim shall be inclusive of all unresolved claims unless a new unrelated claim arises after the Government Code claim is submitted.

3.10.10 Non-Waiver. District's failure to respond to a claim from the Contractor within the time periods described in this Section or to otherwise meet the time requirements of this Section shall result in the claim being deemed rejected in its entirety. District's failure to respond shall not waive District's rights to any subsequent procedures for the resolution of disputed claims.

3.11 Loss and Damage. Except as may otherwise be limited by law, Contractor shall be responsible for all loss and damage which may arise out of the nature of the Work agreed to herein, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the Work until the same is fully completed and accepted by District. In the event of damage proximately caused by an Act of God, as defined by Section 7105 of the Public Contract Code, the District may terminate this Contract pursuant to Section 3.17.3; provided, however, that the District needs to provide Contractor with only one (1) day advanced written notice.

3.12 Indemnification.

3.12.1 Mutual Indemnification. Each party to this Agreement (the "Indemnifying Party") agrees to accept all responsibility for loss or damage to any person or entity, and to defend, indemnify, hold harmless and release the other party (the "Indemnified Party"), and the Indemnified Party's supervisors, officers, agents, and employees, from and against any and all liabilities, actions, claims, damages, disabilities, or expenses (including legal costs and reasonable attorneys' fees) that may be asserted by any person or entity, including the Indemnifying Party, to the extent resulting from the Indemnifying Party's breach of any material term of or representation made in this Agreement, or Indemnifying Party's negligence or willful misconduct in connection with this Agreement, but excluding liabilities, actions, claims, damages, disabilities, or expenses to the extent arising from Indemnified Party's breach of any material term of this Agreement, or Indemnified Party's negligence or willful misconduct in connection with the performance of this Agreement. The Indemnified Party shall have the right to select its legal counsel at the Indemnifying Party's expense, subject to the Indemnifying Party's approval, which shall not be unreasonably withheld or delayed.

3.12.2 Additional Indemnity Obligations. Contractor shall defend, with counsel of District's choosing and at Contractor's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against District or its officials, employees, agents and authorized volunteers. In addition, Contractor shall pay and satisfy any judgment, award or decree that may be rendered against District or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Contractor shall also reimburse District for the cost of any settlement

paid by District or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for District's attorney's fees and costs, including expert witness fees. Contractor shall reimburse District and its officials, employees, agents and authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the District, its officials, employees, agents and authorized volunteers.

3.13 Insurance.

3.13.1 Time for Compliance. Contractor shall not commence Work under this Contract until it has provided evidence satisfactory to the District that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the District that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the District to terminate this Contract for cause.

3.13.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage:

3.13.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01) OR Insurance Services Office Owners and Contractors Protective Liability Coverage Form (CG 00 09 11 88) (coverage for operations of designated contractor); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 00 01, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Policies shall not contain exclusions contrary to this Contract.

3.13.2.2 Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability*: \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury, personal injury and property damage; (2) *Automobile Liability*: \$2,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 each accident, policy limit bodily injury or disease, and each employee bodily injury or disease. Defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the parties required to be named as additional insureds pursuant to this Contract.

3.13.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the District to add the following provisions to the insurance policies:

3.13.3.1 General Liability. (1) Such policy shall give the District, its officials, employees, agents and authorized volunteers additional insured status using ISO endorsements CG20 10 10 01 plus CG20 37 10 01, or endorsements providing the exact same coverage, with respect to the Work

or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the District, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it.

3.13.3.2 Automobile Liability. (1) Such policy shall give the District, its officials, employees, agents and authorized volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the District, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

3.13.3.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the District, its officials, employees, agents and authorized volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

3.13.3.4 All Coverages. Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the District; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the District, its officials, employees, agents and authorized volunteers.

3.13.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the District, its officials, employees, agents and authorized volunteers.

3.13.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the District. Contractor shall guarantee that, at the option of the District, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officials, employees, agents and authorized volunteers; or (2) the Contractor shall procure a bond or other financial guarantee acceptable to the District guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.13.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A:-VII, licensed to do business in California, and satisfactory to the District. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

3.13.7 Verification of Coverage. Contractor shall furnish District with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the District. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the District. All certificates and endorsements must be received and approved by the District before work commences. The District reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.13.8 Subcontractors. All subcontractors shall meet the requirements of this Section before commencing Work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the District, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the District in writing.

3.13.9 Reporting of Claims. Contractor shall report to the District, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Work under this Contract.

3.14 Bond Requirements.

3.14.1 Payment Bond. If required by law or otherwise specifically requested by District in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to District concurrently with this Contract a Payment Bond in an amount required by the District and in a form provided or approved by the District. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the District.

3.14.2 Performance Bond. If specifically requested by District in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to District concurrently with this Contract a Performance Bond in an amount required by the District and in a form provided or approved by the District. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the District.

3.14.3 Bond Provisions. Should, in District's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the effected bond within (ten) 10 days of receiving notice from District. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the District, and Contractor shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. No further payments shall be deemed due or will be made under this Contract until any replacement bonds required by this Section are accepted by the District. To the extent, if any, that the Total Contract Price is increased in accordance with the Contract, Contractor shall, upon request of the District, cause the amount of the bond to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the District. If Contractor fails to furnish any required bond, the District may terminate the Contract for cause.

3.14.4 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in California Code of Civil Procedure Section 995.120, shall be accepted. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the District.

3.15 Warranty. See the Cloacina Equipment and Membrane Warranty contained in Attachment 1: Cloacina Standard Terms and Conditions dated 1/29/25. 3.16 Employee/Labor Certifications.

3.16.1 Contractor's Labor Certification. By its signature hereunder, Contractor certifies that he is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Work. A certification form for this purpose, which is attached to this Contract as Exhibit "D" and incorporated herein by reference, shall be executed simultaneously with this Contract.

3.16.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.16.3 Verification of Employment Eligibility. By executing this Contract, Contractor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subcontractors and sub-subcontractors to comply with the same.

3.17 General Provisions.

3.17.1 District's Representative. The District hereby designates Julia Berry, General Manager, or his or her designee, to act as its representative for the performance of this Contract ("District's Representative"). District's Representative shall have the power to act on behalf of the District for all purposes under this Contract. Contractor shall not accept direction or orders from any person other than the District's Representative or his or her designee.

3.17.2 Contractor's Representative. Before starting the Work, Contractor shall submit in writing the name, qualifications and experience of its proposed representative who shall be subject to the review and approval of the District ("Contractor's Representative"). Following approval by the District, Contractor's Representative shall have full authority to represent and act on behalf of Contractor for all purposes under this Contract. Contractor's Representative shall supervise and direct the Work, using his best skill and attention, and shall be responsible for all construction means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Contract. Contractor's Representative shall devote full time to the Project and either he or his designee, who shall be acceptable to the District, shall be present at the Work site at all times that any Work is in progress and at any time that any employee or subcontractor of Contractor is present at the Work site. Arrangements for responsible supervision, acceptable to the District, shall be made for emergency Work which may be required. Should Contractor desire to change its Contractor's Representative, Contractor shall provide the information specified above and obtain the District's written approval.

3.17.3 Termination. This Contract may be terminated by District at any time, either with or without cause, by giving Contractor three (3) days advance written notice. In the event of termination by District for any reason other than the fault of Contractor, District shall pay Contractor for all Work performed up to that time as provided herein. In the event of breach of the Contract by Contractor, District may terminate the Contract immediately without notice, may reduce payment to Contractor in the amount

necessary to offset District's resulting damages, and may pursue any other available recourse against Contractor. Contractor may not terminate this Contract except for cause. In the event this Contract is terminated in whole or in part as provided, District may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated. Further, if this Contract is terminated as provided, District may require Contractor to provide all finished or unfinished documents, data, diagrams, drawings, materials or other matter prepared or built by Contractor in connection with its performance of this Contract; however, Contractor shall not be liable for District's use of incomplete and/or unfinished documents or drawings. District shall not be liable for any costs other than the charges or portions thereof which are specified herein. Contractor shall not be entitled to payment for unperformed Work including, without limitation, any overhead and profit on the portion of the Work that is terminated and shall not be entitled to damages or compensation of any kind or nature for termination of Work.

3.17.4 Contract Interpretation. Should any question arise regarding the meaning or import of any of the provisions of this Contract or written or oral instructions from District, the matter shall be referred to District's Representative, whose decision shall be binding upon Contractor.

3.17.5 Anti-Trust Claims. This provision shall be operative if this Contract is applicable to California Public Contract Code Section 7103.5. In entering into this Contract to supply goods, services or materials, Contractor hereby offers and agrees to assign to the District 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. Section 15) or under the Cartwright Act (Chapter 2, commencing with Section 16700, of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the District tender final payment to Contractor, without further acknowledgment by the Parties.

3.17.6 Notices. All notices hereunder and communications regarding interpretation of the terms of the Contract or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CONTRACTOR: Cloacina, LLC

2385 Precision Drive
Arroyo Grande, CA 93420
ATTN: Abraham Mitchell, Project Manager

DISTRICT: Root Creek Water District
PO Box 27950
Fresno, CA 93729
Attn: Julia D. Berry

Any notice so given shall be considered received by the other Party three (3) days after deposit in the U.S. Mail as stated above and addressed to the Party at the above address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.17.7 Time of Essence. Time is of the essence in the performance of this Contract.

3.17.8 Assignment Forbidden. Contractor shall not, either voluntarily or by action of law, assign or transfer this Contract or any obligation, right, title or interest assumed by Contractor herein without the prior written consent of District. If Contractor attempts an assignment or transfer of this Contract or any obligation, right, title or interest herein, District may, at its option, terminate and revoke

the Contract and shall thereupon be relieved from any and all obligations to Contractor or its assignee or transferee.

3.17.9 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.17.10 Laws and Venue. This Contract shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Contract, the action shall be brought in the Superior Court of California for the County of Fresno.

3.17.11 Counterparts. This Contract may be executed in counterparts, each of which shall constitute an original.

3.17.12 Successors. The Parties do for themselves, their heirs, executors, administrators, successors, and assigns agree to the full performance of all of the provisions contained in this Contract.

3.17.13 [Reserved]

3.17.14 Solicitation. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Contract. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, District shall have the right to terminate this Contract without liability.

3.17.15 Conflict of Interest. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, District shall have the right to rescind this Contract without liability. For the term of this Contract, no official, officer or employee of District, during the term of his or her service with District, shall have any direct interest in this Contract, or obtain any present or anticipated material benefit arising therefrom. In addition, Contractor agrees to file, or to cause its employees or subcontractors to file, a Statement of Economic Interest with the District's Filing Officer as required under state law in the performance of the Work.

3.17.16 Certification of License.

3.17.16.1 Contractor certifies that as of the date of execution of this Contract, Contractor has a current contractor's license of the classification indicated below under Contractor's signature.

3.17.16.2 Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

3.17.17 Authority to Enter Contract. Each Party warrants that the individuals who have signed this Contract have the legal power, right and authority to make this Contract and bind each respective Party.

3.17.18 Entire Contract; Modification. This Contract contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Contract may only be modified by a writing signed by both Parties.

3.17.19 Non-Waiver. None of the provisions of this Contract shall be considered waived by either party, unless such waiver is specifically specified in writing.

3.17.20 District's Right to Employ Other Contractors. District reserves right to employ other contractors in connection with this Project or other projects.


[SIGNATURES ON NEXT PAGE]

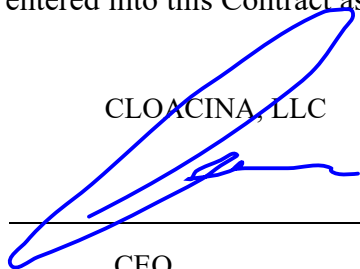
**SIGNATURE PAGE FOR CONSTRUCTION CONTRACT
BETWEEN THE ROOT CREEK WATER DISTRICT
AND CLOACINA, LLC**

IN WITNESS WHEREOF, the Parties have entered into this Contract as of the 1st day of February, 2025.

ROOT CREEK WATER DISTRICT

CLOACINA, LLC

By: 
Julia D. Berry
General Manager


Its: CEO

Printed Name: Troy Ellison

EXHIBIT "A"

CLOACINA PROPOSAL (SCOPE OF WORK)



DUPLEX MEMPAC-M300-200 EXPANSION MEMBRANE EQUIPMENT PROPOSAL

PROJECT NAME Root Creek Expansion
CONTACT NAME Julia Berry
CONTACT EMAIL julia@rootcreekwd.com
CONTACT NUMBER

PROPOSAL DATE 11/22/24
PROJECT NUMBER CL24-156
REVISION NUMBER 4
REVISION DATE 1/15/25

THE DOCUMENTS CHECKED BELOW AND ATTACHED TO AND/OR FOLLOWING THIS COVERSHEET CONTAIN TRADE SECRETS AND CONFIDENTIAL AND PROPRIETARY INFORMATION OWNED BY CLOACINA, LLC:

CHECK ALL THAT APPLY:

- Referral Fee Agreement
- Proposal, Terms and Conditions, Warranty, Process Guarantee and Contract Documents
- Specification Documents
- Illustrations, Drawings, Models and Plan Sets
- Submittals
- Installation and Commissioning Documents
- Operation and Maintenance Manual and all other Manuals
- Other:
- Other:
- Other:
- Other:

Cloacina submits the Trade Secrets and Confidential and Proprietary Information (CPI) attached to and/or following this coversheet for evaluation by Client **only**. By receiving and possessing this CPI, Client agrees not to reveal or share part or all of it with any third party, except those in their organization necessary for evaluation, without the prior written consent of Cloacina. Copies and/or facsimiles of the CPI may not be made in whole or in part without the prior written consent of Cloacina. Client may not use the CPI in any manner that is adverse or detrimental to the interests of Cloacina, including and/or using any part of it to compete with Cloacina.

Client understands that the intrinsic value of any manufacturer trade secret or CPI is in its inherently secret nature and that a leak or disclosure of any CPI would cause a reduction in its value for which Client will be responsible for. Client is hereby notified that improper use or disclosure of Cloacina's CPI to any third party will result in legal action against Client.

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1. PROJECT INFORMATION

1.1 PROCESS FLOW DESCRIPTION

The following describes the process flow of the MEMPAC-M unit:

Headworks

The influent flow will pass through a Cloacina provided influent flow meter prior to discharge into the influent screen inlet. The influent screen will be a 1-2MM fine bar screen with a washer and compactor. Screened solids will be discharged through the compactor discharge piping, to be dumped into a client provided receptacle, typically a 2-4 yard dumpster. Screened influent will discharge either directly into one of the following (dependent on M-path options):

1. Directly into the M-Path anoxic tank
2. ~~Directly into an integrated EQ tank~~
3. ~~Directly into an integrated flow control box where flow above PEAK Hour Flow will be transferred, by gravity, to equalization storage (by Cloacina or others, project dependent), all other flow will flow into the anoxic chamber.~~

Biological Nutrient Removal

Screened influent will mix with return activated sludge (RAS) which has gravity-returned from the pre-anoxic chamber to form "mixed liquor." Nitrates conveyed by RAS flow from the aeration basin to the oxygen-lean anoxic chamber serve to oxidize some of the influent biological oxygen demand (BOD) by which process these nitrates are converted to nitrogen gas, ultimately lowering effluent total nitrogen (TN). Mixed liquor travelling through the anoxic tankage will stay suspended and homogenized by utilizing submersible mixers.

Secondary Treatment

Mixed liquor proceeds from the anoxic process to the aeration process where nitrification occurs by which process BOD is oxidized and ammonia is converted to nitrates, ultimately lowering their respective effluent concentrations. This is achieved by introducing compressed air through fine bubble diffusers on a carefully designed aeration network.

Forward Activated Sludge (FAS) Chamber

At the end of the aeration process, wastewater gravities into the FAS Chamber, where mixed liquor is pumped from the FAS chamber to the individual membrane cassette chambers using forward activated sludge (FAS) pumps. These FAS pumps are submersible style pumps on slide rail systems, each individually metered for the purposes of providing the ideal Q rate for its respective membrane train's permeate rate. It also allows for tuning for idealistic BNR results.

Membrane Clarification

Cloacina utilizes 2-4 membranes for M-path projects in order to meet the necessary redundancy requirements for the project. These membrane cassettes have a vacuum applied across them by permeate pumps, pulling clear water "permeate" through the membranes and leaving solids at the membrane barrier. The permeate pumps convey their permeate to a "clear well" reservoir sufficiently sized for periodic membrane cleaning, i.e. "backpulsing," and clean-in-place (CIP) procedures which are fully automated. FAS flow will gravity overflow weirs in each membrane chamber, which allows for consistent membrane chamber operating levels and the most accurate TMP readings possible.

Pre-Anoxic

All membrane chambers online will overflow each membrane chamber weir into the communal pre-anoxic chamber, which has an underflow interconnect with the anoxic chamber. The pre-anoxic chamber serves to both, convey all the now return activated sludge as well as allows for pre-releasing of dissolved oxygen as a result of the cascade effect from the membrane chamber overflow weirs, thus reducing the oxygen going into the anoxic chamber.

Waste Activated Sludge

Solids concentration will be monitored by an on-line suspended solids meter located in the FAS Chamber. A sludge wasting pump will remove a calibrated portion of waste activated sludge (WAS) to an exterior sludge storage (DRYPAC system provided by Cloacina). This WAS will be pulled from the pre-anoxic chamber, which is the most concentrated activated sludge point in the system, thereby providing the most effective WAS rate.

Flow Channels

Flow will be transferred between anoxic, aerobic and FAS chambers by way of flow channels, with integrated isolation plates which allow the Operator to isolate individual chambers for the purposes of internal tank inspection/equipment replacement/repairs.

Clearwell Chamber

Permeate drawn from the membranes will be pumped into the clearwell, which is specifically designed to store a requisite volume of treated effluent for the purposes of CIP's, maintenance cleans and/or recovery cleans. It also can serve as the final conjoined sampling point for many systems. Flow leaves the clearwell by gravity, typically at 9' elevation. This chamber is covered with an access hatch, for the purposes of maintaining the clearwell cleanliness.

2. SCOPE OF SUPPLY

2.1 HEADWORKS

| Equipment | Description | Quantity |
|--------------------------|---|----------|
| Influent Flowmeter | Endress+Hauser, electromagnetic flowmeter | 2 |
| Influent Screen | 2 mm screw screen with washer compactor | 2 |
| Screening Platform | Structural platform, grating, access ladder, handrail, electrical disconnect mount(s), and hardware for a complete screening on a standalone platform | 2 |
| Installation/Integration | Electrical disconnect, integration, controls and Factory Acceptance Testing of equipment. | 1 |

2.2 ANOXIC PROCESS

| Equipment | Description | Quantity |
|--------------|---|--------------|
| Anoxic Tank | Stainless Steel Anoxic Tank, 1L and 2R (10'W X 10'H X 45'L) 30,000 gallons. | 2 |
| Level Sensor | Endress+Hauser hydrostatic level transducer | 1 (per tank) |
| ORP Probe | Endress+Hauser, ORP probe | 1 (per tank) |
| Anoxic Mixer | Submersible on Slide Rail | 2 (per tank) |

2.3 AERATION PROCESS

| Equipment | Description | Quantity |
|-------------------------|---|---------------|
| Aeration Tank | Stainless Steel Aeration Tank, 1L and 2R (10'W X 10'H X 52'L) 32,000 gallons. | 2 |
| Dissolved Oxygen Sensor | Endress+Hauser, DO Sensor | 1 (per tank) |
| Aeration Blower | FPZ regenerative blower | 2 (per tank) |
| Blower Pressure Sensor | Endress+Hauser, pressure sensor | 4 (per tank) |
| Aeration Diffusers | OTT, Magnum 2000 Flexsil fine bubble | 44 (per tank) |



2.4 ELECTRICAL AND CONTROL EQUIPMENT

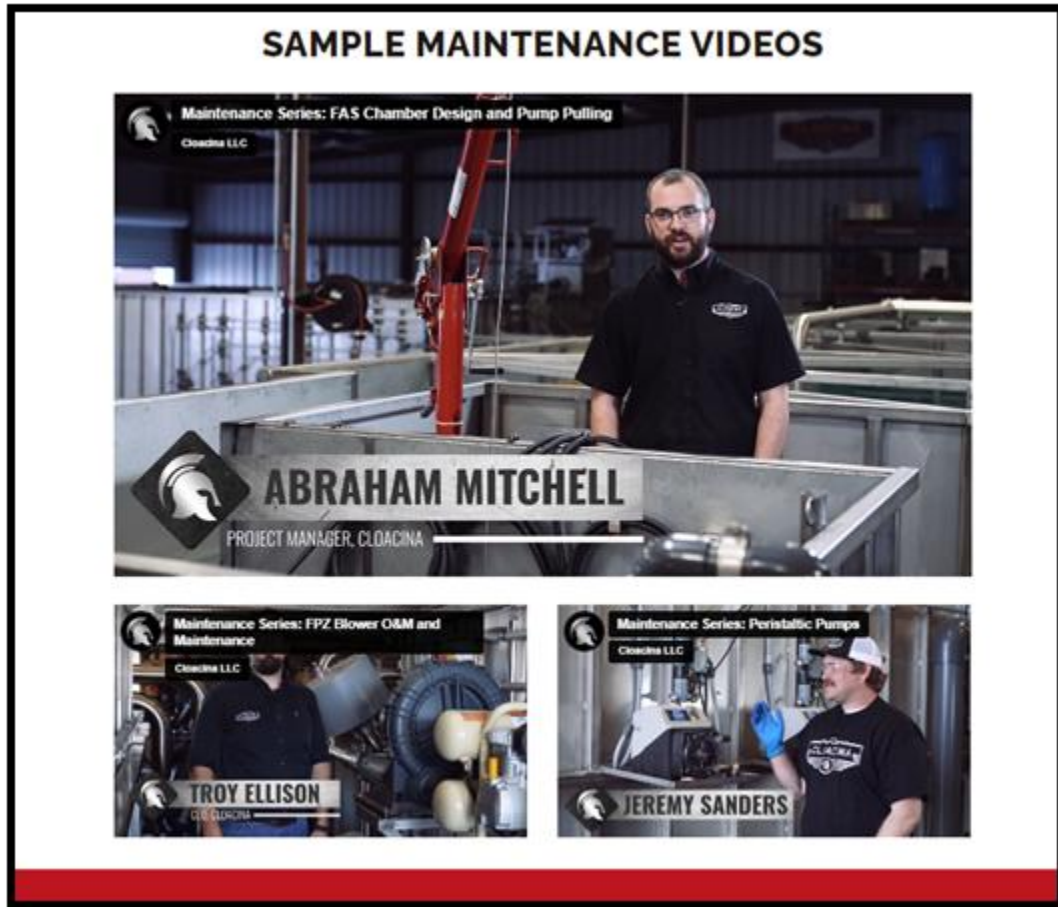
| Equipment | Description | Quantity |
|-----------|---|----------|
| Controls | Programming updates and integration into existing MCC | 1 |



3. PROJECT SUPPORT

3.1 LABOR

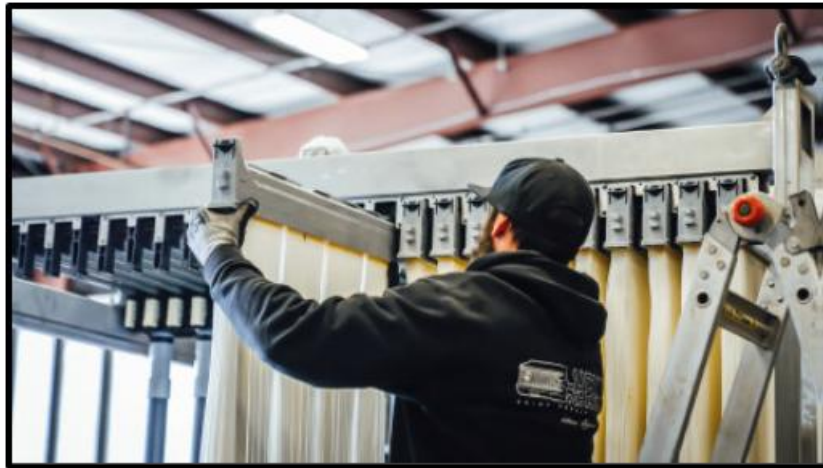
| Scope | Description | Hrs |
|-------------------|---|----------------|
| On-site Startup | On-site startup and commissioning | 80 (per train) |
| Operator Training | On-site Operator training | 24 |
| Remote Support | Phone and web support after completion of startup | 40 |



4. OPTIONAL EQUIPMENT

4.1 MEMBRANE EQUIPMENT

| Equipment | Description | Quantity |
|-------------------------------|--|----------|
| Membrane Modules per Cassette | Re-populate SUEZ ZW500D cassette from 30/52 modules to 52/52 modules (22 additional membrane modules per cassette—1 lot) | 6 (lots) |



4.2 DRYPAC – DEWATERING PRESS EXPANSION

Cloacina can provide a sludge dewatering press expansion by providing an additional drum.

| Equipment | Description | Quantity |
|--------------|---|----------|
| Volute Press | PWT Model ES-202 (2 installed dewatering drums) capable of 35 gpm of throughput | 1 |

4.3 MEMBRANE CHAMBER MIXERS

Cloacina will provide one tank mount shaft propeller mixer with disconnect and panel changes to mix the empty membrane chamber in each MBR train.

5. PRICING SUMMARY

| SECTION | EQUIPMENT/SERVICE | DESCRIPTION | PRICE | QTY | EXTENDED PRICE |
|------------|---|--|----------------|-----|-----------------------|
| Base Price | MEMPAC-M Expansion | Duplex MEMPAC-M300-200 Expansion (installation included) | \$2,666,125.90 | 1 | \$2,666,125.90 |
| 4.1 | Membrane Expansion | Per Scope (Installation included) | \$636,307.80 | 1 | \$636,307.80 |
| 4.2 | DRYPAC – Dewatering Press Expansion | Per Scope (Installation Included) | \$189,426.00 | 1 | \$189,426.00 |
| 4.3 | Membrane Chamber Mixers | Per Scope (Installation Included) | \$40,000.00 | 2 | \$80,000.00 |
| 8.1 | Client Requested Spare Parts | Per Email Requests (Shipping to site Included) | \$154,234.91 | 1 | \$154,234.91 |
| | Estimated Bonding Costs | | \$37,808.21 | 1 | \$37,808.21 |
| | Estimated Sales tax on 4.1,4.2,4.3 and 9.1 (Unknown decision - not applied 6.1-6.4) | Medera County Combined Tax Rate @ 8.25% | \$307,402.81 | 1 | \$307,402.81 |
| | Subtotal | | | | \$4,071,305.63 |

Notes:

- 1) The above pricing does not include items that will be negotiated during the Due Diligence Period such as additional insurance policies or riders, extended warranties and/or any other contractual items that need to be included. Final pricing to be determined during the Due Diligence Period.
- 2) Subtotal, Taxes and Bonding stated above are for estimate purposes only.
- 3) The above pricing is subject to the Cloacina Standard Terms and Conditions.
- 4) The pricing shown above is valid for 30 days.

6. STANDARD ASSUMPTIONS

6.1 DOMESTIC FACILITY

The system will be designed to receive only domestic wastewater, as outlined in Section 2, above.

6.2 UNNECESSARY WASTE

All unnecessary process waste will be diverted from entering the treatment system. Examples of unnecessary process waste are:

- Rainwater, excess flow during rain events should be prevented by identifying areas with potential for Infiltration and Intrusion (I & I).
- Industrial Dischargers, high strength dischargers should be identified, and associated waste streams should be evaluated for impact on the treatment facility. Industrial waste can increase the loading on the treatment facility and result in poor performance or reduction in hydraulic capacity.
- Inorganic Solids, efforts should be made to keep excess dirt and grit from entering the treatment facility.
- Fats, Oils and Greases (FOG) should be prevented from entering the facility by ensuring all restaurants have properly installed and maintained grease traps.

6.3 EFFLUENT DISPOSAL

Effluent will flow by gravity from Clear Well, the final disposal location is to be determined. Effluent pumps can be provided in addition to this package.

6.4 INSTALLATION LOCATION

The package will be installed outdoors on an engineered concrete slab. The site and facilities will have enough access to allow the delivery of the individual treatment tanks fully assembled.

7. EXCLUSIONS

7.1 ESTIMATED TAXES ARE INCLUDED IN THE ABOVE PRICING

7.2 EQUALIZATION

Any diurnal flows needing to be attenuated are by others.

7.3 INSTALLATION

Treatment package quoted includes installation costs.

7.4 CIVIL ENGINEERING

There is no civil engineering assumed or included in this proposal offering.

7.5 SLAB

Equipment slab design and construction is not included as part of this budgetary proposal

7.6 PERMITTING

Permit costs of any kind are not included as part of this budgetary proposal

7.7 SECONDARY CONTAINMENT

Secondary containment is not included in this budgetary proposal.

7.8 THERMAL PROTECTION

Thermal protection of hydraulic piping is not included in this budgetary proposal.

7.9 PAINTING

No surface preparation and/or painting of any surfaces is included in above pricing unless specifically mentioned.

7.10 SECURITY

Safety and security items such as fencing, locking ladders, lighting etc. are not included in this budgetary proposal.

7.11 SHIPPING

Shipping and Crane are included in this budgetary proposal.

7.12 DISSOLVED SOLIDS (TDS)

The unit will not address dissolved solids through biological treatment. Dissolved Solids should be managed through source control.

7.13 INITIAL SEED SLUDGE

Adequate and acceptable seed sludge is the responsibility of the Client.

7.14 BONDING

Estimated bonding is included in the proposal.

7.15 INSURANCE

Pricing is based on Cloacina's standard general liability insurance coverage(s), including Workers' Compensation, and coverage for product liability. Requested or additional endorsement, policies or riders shall be at sole cost of Client unless specifically mentioned.

7.16 DISINFECTION

Disinfection is not included in the base pricing unless specifically stated or offered as an option.

8. ATTACHMENTS

- 8.1 SPARE PARTS PACKAGE**
- 8.2 TERMS AND CONDITIONS**

EXHIBIT B

PROJECT SCHEDULE AND PAYMENT SCHEDULE

EXHIBIT - B

CONSTRUCTION SCHEDULE
PROJECT: WWTP MEMPAC-M300 EXPANSION
CONTRACTOR: CLOACINA, LLC
DISTRICT: ROOT CREEK WATER DISTRICT
PREPARED BY: BRIAN PARTRIDGE
DATE: 01/30/25

| ITEM | DESCRIPTION | CALENDAR DAY DURATION | START DATE | END DATE | NOTES |
|------|-----------------------------------|-----------------------|------------|----------|--|
| 1 | NOTICE TO PROCEED | 1 | 02/01/25 | 02/02/25 | IF DISTRICT CAUSES SCHEDULE DELAYS ADDITIONAL CALENDAR DAYS SHALL BE GRANTED. SCHEDULE FREE FLOAT BELONGS TO CONTRACTOR. |
| 2 | SUBMITTALS | 10 | 02/02/25 | 02/12/25 | CONTRACTOR COMPLETE SUBMITTALS ARE DUE ON 02/02/25. INCOMPLETE SUBMITTALS SHALL BE RETURNED. DISTRICT SUBMITTAL REVIEW COMMENTS WILL BE RETURNED NO LATER THAN 02/12/25. IF DISTRICT REQUIRES ADDITIONAL SUBMITTAL REVIEW TIME THE CONTRACT TIME SHALL BE EXTENDED BY DISTRICT BY MEANS OF A WRITTEN CHANGE ORDER. |
| 3 | MANUFACTURE | 180 | 02/12/25 | 08/11/25 | THIS ITEM INCLUDES MEMPAC-M, MEMBRANE, DRYPAC, & MIXER EXPANSION WORK ITEMS. |
| 4 | INSTALLATION | 21 | 08/11/25 | 09/01/25 | THIS ITEM INCLUDES DELIVERY & DISTRICT RECEIPT OF ALL SPARE PARTS ON OR BEFORE END DATE. |
| 5 | STARTUP | 28 | 09/01/25 | 09/29/25 | THIS ITEM INCLUDES DELIVERY & RCWD RECEIPT OF <u>ALL</u> RECORD PLANS AND OPERATIONS & MAINTENANCE MANUALS ON OR BEFORE END DATE. |
| 6 | PUNCH LIST | 27 | 09/29/25 | 10/26/25 | |
| 7 | ACCEPTANCE & NOTICE OF COMPLETION | 1 | 10/26/25 | 10/27/25 | RCWD SHALL HOLD 5% AS RETENTION UNTIL ACCEPTANCE & NOTICE OF COMPLETION DATE. |
| | CONTRACT TIME | 268 | | | |

CLOACINA DURATIONS & DATES RECEIVED 01/17/25

| | days in step | days from 1/21 | Date |
|--------------|--------------|----------------|------------|
| NTP | 1 | 1 | 1/21/2025 |
| Submittal | 10 | 11 | 2/1/2025 |
| Manufacture | 180 | 191 | 7/31/2025 |
| Installation | 21 | 212 | 8/21/2025 |
| Startup | 28 | 240 | 9/18/2025 |
| Punchlist | 28 | 268 | 10/16/2025 |

EXHIBIT - B

PAYMENT SCHEDULE

PROJECT: WWTP MEMPAC-M300 EXPANSION

CONTRACTOR: CLOACINA, LLC

DISTRICT: ROOT CREEK WATER DISTRICT

PREPARED BY: BRIAN PARTRIDGE

DATE: 01/30/25

| ITEM | DESCRIPTION | AMOUNT | PAYMENT DATE | NOTES |
|------|-----------------------|-----------------------|--------------|---|
| 1 | PAYMENT | \$429,748.96 | 02/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 2 | PAYMENT | \$429,748.96 | 03/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 3 | PAYMENT | \$429,748.96 | 04/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 4 | PAYMENT | \$429,748.96 | 05/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 5 | PAYMENT | \$429,748.96 | 06/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 6 | PAYMENT | \$429,748.96 | 07/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 7 | PAYMENT | \$429,748.96 | 08/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 8 | PAYMENT | \$429,748.96 | 09/01/25 | PROGRESS PAYMENT LESS 5% RETENTION |
| 9 | PAYMENT | \$429,748.96 | 10/01/25 | PROGRESS PAYMENT LESS 5% RETENTION. PAYMENT AMOUNT ADJUSTMENT TO MATCH TOTAL CONTRACT AMOUNT TO NEAREST WHOLE DOLLAR. |
| 10 | RETENTION PAYMENT | \$203,565.36 | TBD | ACTUAL RETENTION PAYMENT DATE SHALL BE SUBJECT TO NOTICE OF COMPLETION FILING & PROCESS CONSTRAINTS. PAYMENT TO BE ISSUED ONCE NOTICE OF COMPLETION IS FULLY PERFECTED. |
| | PAYMENT TOTALS | \$4,071,306.00 | | |

ATTACHMENT 1
CLOACINA STANDARD TERMS AND CONDITIONS AS OF 1/29/25

ROOT CREEK WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

**ROOT CREEK WATER DISTRICT
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DECEMBER 31, 2022**

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**ROOT CREEK WATER DISTRICT
BOARD OF DIRECTORS AND ADMINISTRATION
DECEMBER 31, 2022**

Board of Directors

| | |
|----------------------|----------------|
| Nick Bruno | President |
| Jeffrey D. Coulthard | Vice President |
| Eric Bream | Director |
| Dan Hoffman | Director |
| Lynn Hoffman | Director |
| Amber Mendoza | Director |
| Toni Scarborough | Director |

Administration

| | |
|--------------|-------------------|
| Julia Berry | Manager |
| Brian Ehlers | District Engineer |
| Lauren Layne | Attorney |

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
Root Creek Water District
Madera, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Root Creek Water District (the “District”), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-6 and 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Bryant L. Jolley, CPA
January 30, 2025

ROOT CREEK WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Root Creek Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial performance during the year ended December 31, 2022. Please read in conjunction with the District's financial statements, which follow this section.

Financial Highlights

Following are the financial highlights of the Root Creek Water District for the fiscal year ended December 31, 2022.

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$26,478,504 (net position). Of this amount, there is \$4,856,679 of unrestricted net position.
- The District's net position increased by \$5,595,902.
- At the close of the fiscal year, the District's governmental fund reported ending fund balance of \$(53,865), an increase of \$133,655 from the prior year.
- At the close of the fiscal year, the District's proprietary funds reported ending net position of \$26,532,369, an increase of \$5,462,247.
- For the year, the District modified an existing agreement reflecting the acquisition of additional assets/infrastructure and adding additional debt of \$28,582,040.

Overview of the Financial Statements

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements and notes to the financial statements. The first statements are condensed and present a government-wide view of the Special District's finances. Within this view, all operations are categorized and reported as either governmental or business-type activities. Business-type activities include municipal water, sewer, storm drain and agriculture water services. Governmental activities include general services of the District. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Special District.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Special District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. The governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses gross and net costs of the Special District's programs and the extent to which such programs rely upon general assessments and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. Statements for the Special District's proprietary funds follow the governmental funds and include net position, revenue, expenses and changes in net position and cash flow.

**ROOT CREEK WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Special District's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. Significant changes from the prior year are explained in the following paragraphs.

FINANCIAL HIGHLIGHTS FOR YEAR ENDED DECEMBER 31, 2022

| | Net Position at Year-End December 31, 2022 | | | Prior Year Total Government |
|------------------------------------|---|-------------------------------------|-----------------------------|-----------------------------------|
| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total Government</u> | |
| ASSETS | | | | |
| Current and Other Assets | \$ (47,349) | \$ 17,702,121 | \$ 17,654,772 | \$ 30,283,958 |
| Capital Assets | - | 61,562,502 | 61,562,502 | 18,228,109 |
| Total Assets | <u>(47,349)</u> | <u>79,264,623</u> | <u>79,217,274</u> | <u>48,512,067</u> |
| LIABILITIES | | | | |
| Short & Long Term Debt Outstanding | - | 47,530,135 | 47,530,135 | 21,203,196 |
| Other Liabilities | 6,516 | 5,202,119 | 5,208,635 | 6,426,269 |
| Total Liabilities | <u>6,516</u> | <u>52,732,254</u> | <u>52,738,770</u> | <u>27,629,465</u> |
| NET POSITION | | | | |
| Invested In Capital Assets | - | 21,114,665 | 21,114,665 | 8,643,534 |
| Restricted | - | 507,160 | 507,160 | 507,135 |
| Unrestricted (Deficit) | (53,865) | 4,910,544 | 4,856,679 | 11,731,933 |
| Total Net Position | <u>\$ (53,865)</u> | <u>\$ 26,532,369</u> | <u>\$ 26,478,504</u> | <u>\$ 20,882,602</u> |

During the year ended December 31, 2022, significant events that changed the balance of Net Position consisted of the following:

- During 2022, the District continued to add a significant amount of residential homes to its service area. This provided the District with additional connection fees paid for by the builders and developers. This continued to add cash and receivables to the District.
- In 2022, the District received infrastructure from the developer in exchange for connection fees charged the developer and accumulated over prior years.
- During 2022, the District issued additional debt for the acquisition of the additional infrastructure from the developer for the amount that exceeded the accumulated connection fees exchanged and noted above.

**ROOT CREEK WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

**Governmental and Business-Type Activities
For the Year Ended December 31, 2022**

| | Governmental Activities | Business-Type Activities | Total Government | Prior Year Total Government |
|--------------------------------------|----------------------------|-----------------------------|----------------------|-----------------------------------|
| REVENUES | | | | |
| Program Revenues | | | | |
| Charges For Services | \$ - | \$ 6,697,950 | \$ 6,697,950 | \$ 5,568,047 |
| Grants and Contributions | - | 6,859,185 | 6,859,185 | 7,883,003 |
| General Revenues | | | | |
| Assessments | 295,173 | - | 295,173 | 324,319 |
| Interest Income | - | 659 | 659 | 571 |
| Total Revenues | <u>295,173</u> | <u>13,557,794</u> | <u>13,852,967</u> | <u>13,775,940</u> |
| EXPENSES | | | | |
| General | 161,518 | - | 161,518 | 254,306 |
| Water Municipal | - | 3,947,331 | 3,947,331 | 3,349,227 |
| Sewer | - | 1,887,318 | 1,887,318 | 1,266,154 |
| Storm Drain | - | 928,725 | 928,725 | 442,136 |
| Water Agriculture | - | 1,332,173 | 1,332,173 | 1,301,515 |
| Total Expenses | <u>161,518</u> | <u>8,095,547</u> | <u>8,257,065</u> | <u>6,613,338</u> |
| Changes In Net Position | 133,655 | 5,462,247 | 5,595,902 | 7,162,602 |
| Beginning Net Position (Deficit) | (187,520) | 21,070,122 | 20,882,602 | 13,720,000 |
| Ending Net Position (Deficit) | <u>\$ (53,865)</u> | <u>\$ 26,532,369</u> | <u>\$ 26,478,504</u> | <u>\$ 20,882,602</u> |

During the year ended December 31, 2022, significant events that affected the revenues and expenses consisted of the following:

- There continues to be a significant number of residential housing constructed in the District and as a result, additional service revenue and connection fees are generated.
- With additional construction in the District, costs have increased.
- During the year, the District had a one-time sale of water of \$3,380,000, however, did incur some water costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Surface water supplies and infrastructure construction will continue to dominate the costs in the budget.
- Acquisition of the M & I systems will add liabilities however will also include acquisition of assets.

FINANCIAL CONTACT

The Special District's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional financial information, please contact the Root Creek Water District, P.O. Box 27950, Fresno, CA 93729.

ROOT CREEK WATER DISTRICT
STATEMENT OF NET POSITION
December 31, 2022

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Cash | \$ 457,740 | \$ 9,722,335 | \$ 10,180,075 |
| Restricted Cash | - | 507,160 | 507,160 |
| Accounts Receivable | 78,103 | 3,080,203 | 3,158,306 |
| Internal Balances | (583,192) | 583,192 | - |
| Other Receivables | - | 1,326,659 | 1,326,659 |
| Total Current Assets | (47,349) | 15,219,549 | 15,172,200 |
| Capital Assets (Net of Accumulated Depreciation) | - | 61,562,502 | 61,562,502 |
| Prepaid Water Charges | - | 2,482,572 | 2,482,572 |
| Total Assets | (47,349) | 79,264,623 | 79,217,274 |
| LIABILITIES | | | |
| Accounts Payable | 6,516 | 1,482,698 | 1,489,214 |
| Interest Payable | - | 1,887,645 | 1,887,645 |
| Deposits | - | 1,831,776 | 1,831,776 |
| Non Current Liabilities: | | | |
| Due Within One Year | - | 641,772 | 641,772 |
| Due In More Than One Year | - | 46,888,363 | 46,888,363 |
| Total Liabilities | 6,516 | 52,732,254 | 52,738,770 |
| NET POSITION | | | |
| Net Investment in Capital Assets | - | 21,114,665 | 21,114,665 |
| Restricted for Debt Service | - | 507,160 | 507,160 |
| Unrestricted (Deficit) | (53,865) | 4,910,544 | 4,856,679 |
| Total Net Position | \$ (53,865) | \$ 26,532,369 | \$ 26,478,504 |

The accompanying notes are an integral part of these financial statements.

**ROOT CREEK WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | |
|------------------------------------|---------------------|----------------------------|--|--|---|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| General | \$ 161,518 | \$ - | \$ - | \$ - | \$ (161,518) | \$ - | \$ (161,518) |
| Total Governmental Activities | <u>161,518</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(161,518)</u> | <u>-</u> | <u>(161,518)</u> |
| Business-Type Activities: | | | | | | | |
| Water Municipal | 3,947,331 | 1,392,708 | 18,912 | 2,017,479 | - | (518,232) | (518,232) |
| Sewer | 1,887,318 | 408,345 | - | 4,004,862 | - | 2,525,889 | 2,525,889 |
| Storm Drain | 928,725 | 101,680 | - | 815,421 | - | (11,624) | (11,624) |
| Water Agriculture | 1,332,173 | 4,795,217 | 2,511 | - | - | 3,465,555 | 3,465,555 |
| Total Business-Type Activities | <u>8,095,547</u> | <u>6,697,950</u> | <u>21,423</u> | <u>6,837,762</u> | <u>-</u> | <u>5,461,588</u> | <u>5,461,588</u> |
| Total | <u>\$ 8,257,065</u> | <u>\$ 6,697,950</u> | <u>\$ 21,423</u> | <u>\$ 6,837,762</u> | | | |
| General Revenues: | | | | | | | |
| Assessments | | | | | 295,173 | - | 295,173 |
| Interest Income | | | | | - | 659 | 659 |
| Total General Revenues | | | | | <u>295,173</u> | <u>659</u> | <u>295,832</u> |
| Change In Net Position | | | | | 133,655 | 5,462,247 | 5,595,902 |
| Net Position - Beginning, Restated | | | | | <u>(187,520)</u> | <u>21,070,122</u> | <u>20,882,602</u> |
| Net Position - Ending | | | | | <u>\$ (53,865)</u> | <u>\$ 26,532,369</u> | <u>\$ 26,478,504</u> |

The accompanying notes are an integral part of these financial statements.

**ROOT CREEK WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

| | <u>General Fund</u> |
|--|------------------------------|
| ASSETS | |
| Cash | \$ 457,740 |
| Receivables | <u>78,103</u> |
| Total Assets | <u><u>\$ 535,843</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 6,516 |
| Due to Other Funds | <u>583,192</u> |
| Total Liabilities | <u>589,708</u> |
| FUND BALANCE | |
| Unassigned | <u>(53,865)</u> |
| Total Liabilities and Fund Balance | <u><u>\$ 535,843</u></u> |

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

| | <u>General Fund</u> |
|-----------------------------------|---------------------|
| REVENUES | |
| Assessments | \$ 295,173 |
| EXPENDITURES | |
| Administration | 52,748 |
| Dues | 5,825 |
| Professional Services | 102,945 |
| Total Expenditures | 161,518 |
| Net Change in Fund Balance | 133,655 |
| Fund Balance at Beginning of Year | (187,520) |
| Fund Balance at End of Year | \$ (53,865) |

RECONCILIATION TO STATEMENT OF ACTIVITIES:

| | |
|--|-------------|
| Net Change in Fund Balance - Governmental Funds | \$ (53,865) |
| Total Adjustments | - |
| Total Change in Net Position - Governmental Activities | \$ (53,865) |

The accompanying notes are an integral part of these financial statements.

**ROOT CREEK WATER DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
December 31, 2022**

| | Water Municipal Fund | Sewer Fund | Storm Drain Fund | Water Agriculture Fund | Total |
|---|----------------------------|----------------------|------------------------|------------------------------|----------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 1,710,489 | \$ 2,202,187 | \$ 3,442,504 | \$ 2,367,155 | \$ 9,722,335 |
| Restricted Cash | 169,054 | 169,053 | 169,053 | - | 507,160 |
| Accounts Receivable | 551,357 | 933,495 | 94,192 | 1,501,159 | 3,080,203 |
| Other Receivables | 672,998 | 458,245 | 192,776 | 2,640 | 1,326,659 |
| Due From Other Funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,460,159</u> | <u>1,460,159</u> |
| Total Current Assets | 3,103,898 | 3,762,980 | 3,898,525 | 5,331,113 | 16,096,516 |
| Capital Assets (Net of Accumulated Depreciation) | 20,528,054 | 26,100,079 | 12,703,691 | 2,230,678 | 61,562,502 |
| Prepaid Water Charges | <u>1,241,286</u> | <u>-</u> | <u>-</u> | <u>1,241,286</u> | <u>2,482,572</u> |
| Total Assets | <u>24,873,238</u> | <u>29,863,059</u> | <u>16,602,216</u> | <u>8,803,077</u> | <u>80,141,590</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Current Portion of Long-Term Debt | 334,412 | 59,720 | 59,720 | 187,920 | 641,772 |
| Accounts Payable | 791,402 | 451,576 | 173,762 | 65,958 | 1,482,698 |
| Interest Payable | 1,237,891 | 273,751 | 349,999 | 26,004 | 1,887,645 |
| Due to Other Funds | 592,890 | 217,733 | 66,344 | - | 876,967 |
| Deposits Payable | <u>1,358,992</u> | <u>249,392</u> | <u>223,392</u> | <u>-</u> | <u>1,831,776</u> |
| Total Current Liabilities | 4,315,587 | 1,252,172 | 873,217 | 279,882 | 6,720,858 |
| Noncurrent Liabilities - Long-Term Debt: | | | | | |
| Bonds Payable, Less Current Portion | 2,999,649 | 2,999,649 | 2,999,649 | - | 8,998,947 |
| Notes Payable, Less Current Portion | <u>16,043,551</u> | <u>8,933,246</u> | <u>10,485,831</u> | <u>2,426,788</u> | <u>37,889,416</u> |
| Total Liabilities | <u>23,358,787</u> | <u>13,185,067</u> | <u>14,358,697</u> | <u>2,706,670</u> | <u>53,609,221</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 7,007,201 | 14,107,464 | - | - | 21,114,665 |
| Restricted for Debt Service | 169,054 | 169,053 | 169,053 | - | 507,160 |
| Unrestricted | <u>(5,661,804)</u> | <u>2,401,475</u> | <u>2,074,466</u> | <u>6,096,407</u> | <u>4,910,544</u> |
| Total Net Position | <u>\$ 1,514,451</u> | <u>\$ 16,677,992</u> | <u>\$ 2,243,519</u> | <u>\$ 6,096,407</u> | <u>\$ 26,532,369</u> |

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
For the Year December 31, 2022

| | Water Municipal Fund | Sewer Fund | Storm Drain Fund | Water Agriculture Fund | Total |
|---|----------------------------|----------------------|------------------------|------------------------------|----------------------|
| OPERATING REVENUES | | | | | |
| Service Revenues | \$ 917,978 | \$ 357,815 | \$ 51,150 | \$ 1,415,217 | \$ 2,742,160 |
| Other Charges | 474,730 | 50,530 | 50,530 | 3,380,000 | 3,955,790 |
| Total Revenues | <u>1,392,708</u> | <u>408,345</u> | <u>101,680</u> | <u>4,795,217</u> | <u>6,697,950</u> |
| OPERATING EXPENSES | | | | | |
| Depreciation | 417,878 | 358,698 | 177,918 | 55,191 | 1,009,685 |
| Fees To MID | 510,740 | - | - | - | 510,740 |
| Miscellaneous | 1,718 | 3,066 | 2,164 | 2,055 | 9,003 |
| Permits | 6,519 | 24,334 | - | - | 30,853 |
| Professional Services | 357,392 | 233,348 | 180,658 | 160,139 | 931,537 |
| Repairs and Maintenance | 113,263 | 64,359 | 928 | 21,484 | 200,034 |
| Services | 451,998 | 193,944 | - | - | 645,942 |
| System Management | 378,522 | 693,825 | 146,947 | - | 1,219,294 |
| Water Costs | <u>1,012,890</u> | <u>-</u> | <u>-</u> | <u>1,012,890</u> | <u>2,025,780</u> |
| Total Expenditures | <u>3,250,920</u> | <u>1,571,574</u> | <u>508,615</u> | <u>1,251,759</u> | <u>6,582,868</u> |
| Operating Income (Loss) | <u>(1,858,212)</u> | <u>(1,163,229)</u> | <u>(406,935)</u> | <u>3,543,458</u> | <u>115,082</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment Income | 147 | 116 | 116 | 280 | 659 |
| Interest Expense | (696,411) | (315,744) | (420,110) | (80,414) | (1,512,679) |
| Grant Revenues | <u>21,423</u> | <u>-</u> | <u>-</u> | <u>2,511</u> | <u>23,934</u> |
| Total Nonoperating Revenues (Expenses) | <u>(674,841)</u> | <u>(315,628)</u> | <u>(419,994)</u> | <u>(77,623)</u> | <u>(1,488,086)</u> |
| Income (Loss) Before Contributions and Transfers | <u>(2,533,053)</u> | <u>(1,478,857)</u> | <u>(826,929)</u> | <u>3,465,835</u> | <u>(1,373,004)</u> |
| Capital Contributions | | | | | |
| Assessments-Community Facilities | 232,209 | 232,209 | 232,209 | - | 696,627 |
| Capital Grants | 155,840 | - | - | - | 155,840 |
| Private Developers for Improvements | 1,626,919 | 3,772,653 | 583,212 | - | 5,982,784 |
| Transfers In (Out) | <u>2,000,000</u> | <u>-</u> | <u>-</u> | <u>(2,000,000)</u> | <u>-</u> |
| Total Transfers and Contributions | <u>4,014,968</u> | <u>4,004,862</u> | <u>815,421</u> | <u>(2,000,000)</u> | <u>6,835,251</u> |
| Changes In Net Position | 1,481,915 | 2,526,005 | (11,508) | 1,465,835 | 5,462,247 |
| Net Position at Beginning Year, Restated | <u>32,536</u> | <u>14,151,987</u> | <u>2,255,027</u> | <u>4,630,572</u> | <u>21,070,122</u> |
| Net Position at End of Year | <u>\$ 1,514,451</u> | <u>\$ 16,677,992</u> | <u>\$ 2,243,519</u> | <u>\$ 6,096,407</u> | <u>\$ 26,532,369</u> |

The accompanying notes are an integral part of these financial statements.

**ROOT CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year December 31, 2022**

| | Water Municipal Fund | Sewer Fund | Storm Drain Fund | Water Agriculture Fund | Total |
|---|----------------------------|---------------------|------------------------|------------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash Received From Customers | \$ 3,760,101 | \$ 7,760,473 | \$ 1,123,533 | \$ 5,102,589 | \$ 17,746,696 |
| Cash Payments to Suppliers | | | | | |
| For Goods and Services | <u>(3,039,115)</u> | <u>(3,166,974)</u> | <u>(381,520)</u> | <u>(1,215,693)</u> | <u>(7,803,302)</u> |
| Net Cash Provided By (Used For) | | | | | |
| Operating Activities | <u>720,986</u> | <u>4,593,499</u> | <u>742,013</u> | <u>3,886,896</u> | <u>9,943,394</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers From Other Funds | 2,000,000 | - | - | (2,000,000) | - |
| Operating Grants | 18,912 | - | - | 2,511 | 21,423 |
| Change in Due to Other Funds | <u>(1,412,342)</u> | <u>2,466,020</u> | <u>70,771</u> | <u>(1,111,643)</u> | <u>12,806</u> |
| Net Cash Provided By (Used for) Non- | | | | | |
| Capital Financing Activities | <u>606,570</u> | <u>2,466,020</u> | <u>70,771</u> | <u>(3,109,132)</u> | <u>34,229</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition Of Capital Assets | (15,245,029) | (17,283,734) | (11,815,315) | - | (44,344,078) |
| Capital Contributions | 1,859,128 | 4,004,862 | 815,421 | - | 6,679,411 |
| Capital Grants | 158,351 | - | - | - | 158,351 |
| Principal Paid on Debt | (56,837) | (1,955,508) | (56,836) | (185,921) | (2,255,102) |
| Note Proceeds | 10,461,484 | 7,634,726 | 10,485,831 | - | 28,582,041 |
| Interest Paid on Debt | <u>(207,413)</u> | <u>(106,084)</u> | <u>(106,084)</u> | <u>(79,040)</u> | <u>(498,621)</u> |
| Net Cash Provided By (Used For) | | | | | |
| Capital And Related Financing Activities | <u>(3,030,316)</u> | <u>(7,705,738)</u> | <u>(676,983)</u> | <u>(264,961)</u> | <u>(11,677,998)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment Income | <u>147</u> | <u>116</u> | <u>116</u> | <u>280</u> | <u>659</u> |
| Net Cash Provided By (Used For) | | | | | |
| Investing Activities | <u>147</u> | <u>116</u> | <u>116</u> | <u>280</u> | <u>659</u> |
| Net Increase (Decrease) In Cash and Cash Equivalents | (1,702,613) | (646,103) | 135,917 | 513,083 | (1,699,716) |
| Cash at The Beginning of Year | <u>3,582,156</u> | <u>3,017,343</u> | <u>3,475,640</u> | <u>1,854,072</u> | <u>11,929,211</u> |
| Cash at The End of Year | <u>\$ 1,879,543</u> | <u>\$ 2,371,240</u> | <u>\$ 3,611,557</u> | <u>\$ 2,367,155</u> | <u>\$ 10,229,495</u> |

The accompanying notes are an integral part of these financial statements.

**ROOT CREEK WATER DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year December 31, 2022
(Continued)**

| | Water Municipal Fund | Sewer Fund | Storm Drain Fund | Water Agriculture Fund | Total |
|---|----------------------------|---------------------|------------------------|------------------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating Activities | \$ (1,858,212) | \$ (1,163,229) | \$ (406,935) | \$ 3,543,458 | \$ 115,082 |
| Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities: | | | | | |
| Depreciation | 417,878 | 358,698 | 177,918 | 55,191 | 1,009,685 |
| Net Changes In Assets And Liabilities | | | | | |
| Accounts Receivable | 2,832,811 | 7,457,095 | 1,081,327 | 310,012 | 11,681,245 |
| Other Receivables | (462,776) | (116,721) | (67,227) | (2,640) | (649,364) |
| Prepaid Water Charges | (12,983) | - | - | (12,983) | (25,966) |
| Accounts Payable | (193,090) | (1,954,098) | (50,823) | (6,142) | (2,204,153) |
| Unearned Revenue | - | - | - | - | - |
| Deposits Payable | (2,642) | 11,754 | 7,753 | - | 16,865 |
| Net Cash Provided By (Used For) Operating Activities | <u>\$ 720,986</u> | <u>\$ 4,593,499</u> | <u>\$ 742,013</u> | <u>\$ 3,886,896</u> | <u>\$ 9,943,394</u> |

The accompanying notes are an integral part of these financial statements.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

(1) Description of Entity

(a) Description of Operations

Root Creek Water District (the “District”) was formed October 1, 1996 as a special district in the State of California and is governed by a seven-person Board of Directors. The District operates entirely within the County of Madera, California. Principal functions of the District include the managing and distributing of water, sewer and storm drain services within the District boundaries.

On June 8, 2016 the District elected to also become a Groundwater Sustainability Agency.

(b) Reporting Entity

The District’s financial reporting entity comprises the Root Creek Water District, the Root Creek Water District Groundwater Sustainability Agency and the Community Facilities District No. 2016.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization’s governing board and (1) if is able impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example any one of the following conditions exist:

1. The primary government is legally entitled to or can otherwise access the organization’s resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

The financial statements for the Root Creek Water District do not include any component units.

(2) Summary of Significant Accounting Policies

(a) Basic Financial Statements

The financial statements of the Root Creek Water District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s policies are described below.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

Basic financial statements are presented at both the government-wide and fund financial level.

Government-wide financial statements report information about the reporting unit as a whole. For the most, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund balances/net position, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Currently, the District has only governmental and proprietary type funds.

Governmental Fund

The general fund is the primary operating fund of the District. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the public generally within its boundaries. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds include Enterprise and internal Service Funds. The District currently maintains four enterprise funds and has no internal service funds.

The District reports the following enterprise funds:

Water Municipal Fund

This fund accounts for the water service charges which are used to finance the municipal water system operating expenses and the capital outlay debt.

Sewer Fund

This fund accounts for the sewer service charges which are used to finance the sewer system operating expenses and the capital outlay debt.

Storm Drain Fund

This fund accounts for the disposal service charges which are used to finance the storm drain services operating expenses and the capital outlay debt.

Water Agriculture Fund

This fund accounts for the charges for water service which are used to finance the agriculture water delivery services operating expenses and the agriculture capital outlay debt.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

(b) Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as noted for the proprietary fund funds below. Revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Proprietary fund financial statements utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's purpose. The principal operating revenues and expenses are charges to customers for sales and services, costs of providing the services, including administrative and depreciation expenses. All other revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

(c) Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents.

(d) Accounts Receivable

Receivables consist of revenues earned at year-end and not yet received. Uncollectible accounts included in receivables are considered to be immaterial. Therefore, no allowance for uncollectible accounts has been established.

(e) Prepays

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid assets.

(f) Capital Assets

Capital assets which include property, water treatment plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the estimated useful life using the straight-line method of depreciation. The estimated useful lives of the various assets of the District are as follows:

| <u>Type of Assets</u> | <u>Estimated Useful Life in Years</u> |
|--------------------------------------|---------------------------------------|
| Water, Sewer and Storm Drain Systems | 10 – 50 years |
| Equipment | 5 – 20 years |

(g) Long-Term Obligations

In the Government-Wide Financial Statements, and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type Statement of Net Position. Debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position.

(h) Net Position / Fund Balance Classifications

The Government-wide and Proprietary Fund financial statements utilize a net position presentation and is classified in the following categories:

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents all other net position of the District that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash within one year.
- Restricted fund balance category includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislations.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

- Committed fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Directors is the highest level of decision-making authority that can commit fund balance.
- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. The District Manager through the Board of Directors has the authority to assign fund balances.
- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

(i) Assessments Revenue

The County of Madera is the collection agency for assessments only within the area of the Community Facilities District of the Root Creek Water District. The remainder of the assessments are billed once a year and collected directly through the District. Assessments are recognized as revenues in the year when the District bills for the assessments or are notified by the County of the amounts it bills and collects. They become a lien against the property on the date of levy. Assessments are generally due and payable at the County on April 10 and December 10, and collections are remitted to the District generally twice a year.

(j) Budgets

The District adopts annual budgets for all funds of the District. The General Fund budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles ("GAAP").

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the District's year, the District prepares a budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. At a regular meeting of the Board of Directors, the Board adopts the budget as presented or after adjustments as the Board deems necessary.
3. Once a budget is approved, it can be amended by approval of the Board.
4. All budget appropriations lapse at year-end.

(k) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

(3) Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2022 consisted of the following:

| | |
|---|----------------------|
| Premier Valley Bank | |
| Operating Account | \$ 1,537,018 |
| Municipal & Urban Account | 252,926 |
| Connection Fees/Community Facilities District Account | 7,071,197 |
| Agriculture Account | 1,318,934 |
| US Bank - Bond Funds Held In Trust | <u>507,160</u> |
| | 10,687,235 |
| Restricted Cash | <u>(507,160)</u> |
| Non Restricted Cash | <u>\$ 10,180,075</u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District’s deposit portfolio at December 31, 2022 is 100% in cash in banks, \$10,180,075 with Premier Valley Bank and \$507,160 with US Bank. Both exceeding the FDIC limit of \$250,000. The District does not have a formal investment policy that would further limit exposure to concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

(4) Interfund Activities

Interfund receivables and payables represent short-term advances from one fund to another fund. These loans are expected to be repaid as soon as the borrowing fund has available cash resources. Individual fund interfund receivables and payables balances as of December 31, 2022 are as follows:

| | Due From | Due To |
|------------------------|--------------|--------------|
| Governmental Fund: | | |
| General Fund | \$ - | \$ 583,192 |
| Enterprise Fund: | | |
| Water Municipal Fund | - | 592,890 |
| Sewer Fund | - | 217,733 |
| Storm Drain Fund | - | 66,344 |
| Water Agriculture Fund | 1,460,159 | - |
| | \$ 1,460,159 | \$ 1,460,159 |

(5) Capital Assets

Capital asset activity for business-type activities for the year ended December 31, 2022 was as follows:

| | Balance January 1, 2022 | Increases | Decreases | Balance December 31, 2022 |
|-----------------------------------|----------------------------|---------------|-----------|------------------------------|
| Capital assets, being depreciated | | | | |
| Groundwater Recharge System | \$ 5,430,310 | \$ - | \$ - | \$ 5,430,310 |
| Other District Improvements | 13,872,863 | 44,344,078 | - | 58,216,941 |
| | 19,303,173 | 44,344,078 | - | 63,647,251 |
| Less Accumulated Depreciation | (1,075,065) | (1,009,684) | - | (2,084,749) |
| Business-Type Activities | | | | |
| Capital Assets, Net | \$ 18,228,108 | \$ 43,334,394 | \$ - | \$ 61,562,502 |

(6) Long-Term Debt

Noncurrent liabilities for the year ended December 31, 2022 was as follows:

| | Balance January 1, 2022 | Additions | Retirements | Balance December 31, 2022 | Amounts Due Within One Year |
|----------------------------------|----------------------------|---------------|--------------|------------------------------|--------------------------------|
| <u>Business Type Activities:</u> | | | | | |
| Direct Borrowings: | | | | | |
| Installment Sale Agreement | \$ 2,800,629 | \$ - | \$ 185,922 | \$ 2,614,707 | \$ 187,920 |
| Urban Reimbursement Agreement | 5,856,759 | 28,582,041 | - | 34,438,800 | 274,692 |
| Warrants Payable | 3,197,191 | - | 1,898,671 | 1,298,520 | - |
| Bonds Payable | 9,348,617 | - | 170,509 | 9,178,108 | 179,159 |
| | \$ 21,203,196 | \$ 28,582,041 | \$ 2,255,102 | \$ 47,530,135 | \$ 641,771 |

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

On December 11, 2017, the District signed two debt agreements with the major developer (“Developer”) within the District that has provided funds to the District. The debt agreements are as follows:

Installment Sale Agreement (Agriculture System) – The Developer and its predecessors previously advanced funds on behalf of the District to purchase certain water rights and contracts and prepaid water and to pay associated legal and environmental costs (collectively, the “Completed Project”), for the benefit of the District and its agricultural customers. Pursuant to various agreements, the District had agreed to repay the Developer for such advances. Under the agreement, in consideration for the advances that financed the acquisition of the Completed Project, the District was obligated to pay the developer \$3,963,278. At December 31, 2022, the unpaid balance is \$2,614,707.

The District has adopted rates and charges for its agriculture water system. The District intends to apply revenues of its agriculture water system remaining after the payment of operation and maintenance costs thereof to repay the advances. Payments of \$132,481 are due semiannually through September 1, 2034 with interest at 3.00% per annum. In December 2022, the District paid \$185,922 of principal.

Urban Reimbursement Agreement – The Developer and its predecessors provided advance funding to the District to develop water supplies, infrastructure and other necessary functions and services of the District. The District agreed to reimburse the Developer on payment terms consistent with the District’s cash flow as set forth in the agreement. The agreement memorializes the reimbursement obligation of the District to Developer for advances made to the District for the benefit of the urban utilities. The original amount of the Urban Reimbursement Obligation was \$5,856,759. Effective January 1, 2022 the original agreement was amended to acquire facilities and infrastructure from the major developer within the District. This amended agreement increased the amount of debt of the District payable to the developer in the amount of \$28,582,041. An amount due from the developer of \$11,955,870 reduced the amount of the District obligation under the agreement of \$40,537,911. Urban utility revenue sources are pledged to the payment of the obligation. Interest is accrued at 3% per annum on the unpaid balance.

Warrants Series 2021

In September 2021, the District issued the Root Creek Water District Warrants, Series 2021. These warrants were issued to replace and document the funds previously borrowed from a major developer within the District and to provide a future source of funds for operations if needed. The total amount available under the warrants is \$15,000,000 and the interest rate shall not exceed 8% per annum. At December 31, 2022, the balance was \$1,298,520 with interest at 3% per annum, due July 1, 2026. In October 2022, a principal payment of \$1,898,671 was made. In November 2023 the District borrowed an additional \$1,000,000 on the warrants.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

The District's future debt service requirements relating to outstanding loan obligations consist of the following.

| Year Ending December 31, 2022 | Principal | Interest | Total |
|-------------------------------|----------------------|----------------------|----------------------|
| 2023 | \$ 462,612 | \$ 2,031,060 | \$ 2,493,672 |
| 2024 | 613,711 | 1,300,914 | 1,914,625 |
| 2025 | 632,165 | 1,116,786 | 1,748,951 |
| 2026 | 651,175 | 1,097,776 | 1,748,951 |
| 2027 | 211,690 | 1,078,195 | 1,289,885 |
| 2028 - 2032 | 1,158,381 | 5,291,044 | 6,449,425 |
| 2033 - 2037 | 458,185 | 5,139,552 | 5,597,737 |
| Thereafter | <u>34,164,108</u> | <u>1,024,924</u> | <u>35,189,032</u> |
| | <u>\$ 38,352,027</u> | <u>\$ 18,080,251</u> | <u>\$ 56,432,278</u> |

Bonds Payable

In June 2021, the District issued the Community Facilities District No. 2016-1 of the Root Creek Water District Improvement Area No. 1 Series 2021 Special Tax Bonds of \$5,830,000 and the Community Facilities District No. 2016-1 of the Root Creek Water District Improvement Area No. 2 Series 2021 Special Tax Bonds of \$2,565,000. These bonds were issued at premiums of \$724,568 and \$229,049 respectively. The bonds are to be used to provide funds for continued expansion of the District's infrastructure. The bonds will mature on September 1 each year from 2022 through 2050 with principal variable payments from \$50,000 to \$330,000. The bonds will bear interest at rates 2.75% to 4.0% per annum and is due semiannually. The bonds are payable from the levy of special taxes within the Improvement Area.

The District's future debt service requirements relating to outstanding bond consist of the following. The future maturities presented below does not include the amortization of the bond premium.

| Year Ending December 31, 2022 | Principal | Interest | Total |
|-------------------------------|---------------------|---------------------|----------------------|
| 2023 | \$ 179,159 | \$ 318,812 | \$ 497,971 |
| 2024 | 186,178 | 313,713 | 499,891 |
| 2025 | 199,816 | 308,462 | 508,278 |
| 2026 | 213,513 | 301,263 | 514,776 |
| 2027 | 220,539 | 293,663 | 514,202 |
| 2028 - 2032 | 1,254,806 | 1,344,713 | 2,599,519 |
| 2033 - 2037 | 1,497,578 | 1,108,174 | 2,605,752 |
| 2038 - 2042 | 1,751,379 | 841,738 | 2,593,117 |
| 2043 - 2047 | 2,160,464 | 509,000 | 2,669,464 |
| 2048 - 2050 | <u>1,514,676</u> | <u>109,800</u> | <u>1,624,476</u> |
| | <u>\$ 9,178,108</u> | <u>\$ 5,449,338</u> | <u>\$ 14,627,446</u> |

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

(7) Agreements

Madera Irrigation District Agreement

On March 13, 2002, Root Creek Water District entered into an agreement with Madera Irrigation District. The agreement covers water purchase requirements of each District. The charges assessed by Madera Irrigation District to Root Creek Water District for the long-term assurance of availability of Reserved Capacity to convey Root Creek Water District water supplies through the Madera Canal and Lateral 6.2 and for the other assistance and cooperation provided to Root Creek Water District pursuant to this Agreement include three components: Fixed Reimbursement Payments for the MID costs to develop the Contract, fees on residential and commercial development within the Riverstone Development and annual deposits that are prepayments for the option to purchase surplus water from Madera Irrigation District. As of December 31, 2022, the District had a deposit balance in the amount of \$300,000.

Commencing in 2004 (per the contract), two other fees on residential and commercial development shall then be paid to Madera Irrigation District by Root Creek Water District: An Impact Fee and an Annual Assessment Fee. The Impact Fee shall be a one-time fee paid by Root Creek Water District at the time a building permit is issued for each "Equivalent Dwelling Unit" for the purpose of defraying all or a portion of the cost of Madera Irrigation District facilities related to the development project. The Annual Fee shall be applied annually to all "Equivalent Dwelling Units" existing at that time. Building permits started to be issued for housing in 2017.

Westside Mutual Water Company, LLC Agreement / Paramount Land Company

The District has an agreement with Westside Mutual Water Company, LLC, (Westside) whereby Westside agrees to sell the District banked groundwater or other non-Federal Reclamation project waters available to Westside each year as requested by the District. An agreed upon "maximum delivery quantity" limit exists. Commencing January 1, 2009, the Commencement Date, the District had an obligation to pay to Westside a standby charge of \$180 per acre-foot of the maximum delivery quantity available each calendar year as specified in the agreement. Wonderful Orchard's/Paramount Farming has subsequently assumed Westside's obligation under this agreement. The total deposit at December 31, 2022 (net of utilized) is \$2,182,572.

Gateway Village Development, LLC/Riverstone Development, LLC Agreement

On June 23, 2008, Root Creek Water District entered into an agreement with Castle & Cooke Madera Properties, LLC (Developer) for Root Creek Water District to provide various water supply, storm water management and wastewater treatment and disposal services necessary for the development of the Village of Gateway/Riverstone. Gateway Village Development, LLC/Riverstone Development, LLC purchased the property from Castle & Cooke in August 2008 and assumed this agreement.

In consideration of the agreements, Root Creek Water District has paid deposits funded by the Developer for future delivery of water supplies. Root Creek Water District is obligated to deliver these prepaid water supplies upon request by the Developer.

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

Gateway Village Development, LLC/Riverstone Development, LLC Agreement, continued

Castle & Cooke had a covenant with landowners within the district to pay all District assessments, formation costs, acquisition of water supply costs, and other costs incurred prior to the delivery of any services. These costs are to be reimbursed by each individual landowner, in proportion to their share, when they request services from the District. As the purchaser of the land from Castle & Cooke, Gateway Village Development, LLC, now Riverstone Development, LLC, now has that future reimbursement right. The District will act on behalf of Riverstone to impose charges to reimburse Riverstone pursuant to the terms of this covenant. On December 11, 2017, the District signed agreements with Riverstone memorializing the amounts due to Riverstone. These agreements are reflected in the "Installment Sale Agreement (Agriculture System) and the "Urban Reimbursement Agreement".

The District and the Developer originally entered into a lease dated May 1, 2017 pending transfer of ownership of the "Initial RCWD Facilities" (the "Facilities") to the District. That lease was intended to expire December 31, 2017 or upon the purchase of the Facilities by the District. The lease has been extended to December 31, 2022. Effective January 1, 2022, the District acquired \$40,537,911 of assets from the Developer in exchange for \$11,955,870 of fees owed by the Developer to the District and a note payable to the developer for \$28,582,041.

(8) Grants

In 2022, the District was awarded a \$7,600,000 grant by the State of California Department of Water Resources. The grant includes five components for the benefit of Root Creek Water District Groundwater Sustainability Act (GSA), four Groundwater Sustainability Plans (GSP) that cover the entire Madera Subbasin, the Madera Water District Groundwater Sustainability Act (GSA), and the County of Madera Groundwater Sustainability Act (GSA). Root Creek Water District is the lead agency and administers the grant for the beneficiaries. All grant funds are received by the Root Creek Water District and then paid out to the respective beneficiary for the costs that are not administrative. Root Creek Water District pays the administrative costs and is reimbursed from the grant funds received. These receipts for the grant administrative costs are shown as grant revenues. The grant fund expenditures for the Root Creek Water District's in-lieu pipeline expansion project were capitalized. For the year ended December 31, 2022, the District received and disbursed \$168,551 on behalf of the grant beneficiaries other than the Root Creek Water District and received \$18,912 for administration of the grant.

(9) Deficit Fund Balances

Governmental Activities - General Fund

The General Fund had a deficit net position/fund balance at December 31, 2022 \$ 53,865

ROOT CREEK WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

(10) Excess Expenditures Over Budget

The General Fund had excess expenditures over budget for the year ended December 31, 2022.

| | <u>Budgeted</u> <u>Expenditures</u> | <u>Actual</u> <u>Expenditures</u> | <u>Excess of Actual</u> <u>Over Budgt</u> <u>Expenditures</u> |
|--------------|--|--------------------------------------|---|
| General Fund | \$ 82,000 | \$ 161,518 | \$ (79,518) |

(11) Net Position, Beginning - Restatement

During the year the District determined that prior year water costs were higher and prepaid water charges were lower by \$305,272. This resulted in the Statement of Revenues, Expenses and changes in net position, beginning being restated to \$32,536 for the Water Fund and \$4,630,572 for the Water Agriculture Fund resulting in the Statement of Revenues, Expenses and Changes in Net Position for the Proprietary Funds net position, beginning total being restated to \$21,070,122.

(12) Subsequent Events

In June 2023, the District issued the Community Facilities District No. 2016-1 of the Root Creek Water District Improvement Area No. 2 Series 2023 Special Tax Bonds of \$10,060,000. These bonds were issued at a premium of \$15,392. The bonds are to be used to provide funds for continued expansion of the District's infrastructure. The bonds are payable from the levy of special taxes within the Improvement Area.

The District evaluated subsequent events for recognition and disclosure through January 30, 2025 the date which these financial statements were available to be issued. Management concluded that no additional material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ROOT CREEK WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

| | General Fund | | | |
|--------------------------------|-------------------|-----------------------|-----------------------|--|
| | Budget Amounts | | Actual | Variance Favorable (Unfavorable) |
| | Original | Final | | |
| REVENUES | | | | |
| Assessments | \$ 82,500 | \$ 335,988 | \$ 295,173 | \$ (40,815) |
| Grant Administration | 9,000 | - | - | - |
| Total Revenues | <u>91,500</u> | <u>335,988</u> | <u>295,173</u> | <u>(40,815)</u> |
| EXPENDITURES | | | | |
| Administration | 47,000 | 47,000 | 52,748 | (5,748) |
| Dues | 5,000 | 5,000 | 5,825 | (825) |
| Professional Services | 39,000 | 30,000 | 102,945 | (72,945) |
| Total Expenditures | <u>91,000</u> | <u>82,000</u> | <u>161,518</u> | <u>(79,518)</u> |
| Net Change in Fund Balance | <u>\$ 500</u> | <u>\$ 253,988</u> | <u>\$ 133,655</u> | <u>\$ (120,333)</u> |



January 2025 Operational Report

| Water Meter Connections: | Dec | | Jan | | Billed | Dec | | Jan | | Sum |
|--------------------------|--------------|--------------|-----|--|----------------|-----|-------|-------|--|-----|
| | | | | | | | | | | |
| 1,2 Residential | 2,566 | 2,589 | | | Residential | 968 | 1,618 | 2,586 | | |
| 3 Commercial | 15 | 15 | | | Commercial | 15 | 0 | 15 | | |
| 4 Irrigation | 89 | 103 | | | Landscape Irr. | 0 | 103 | 103 | | |
| Agriculture | 5 | 5 | | | Total | 983 | 1,721 | 2,704 | | |
| Well Sites | 6 | 6 | | | | | | | | |
| Total | 2,681 | 2,718 | | | | | | | | |

System Operating Pressure: (psi)

| | Dec | Jan |
|-------|-----|-----|
| High: | 60 | 65 |
| Low: | 37 | 39 |
| Avg: | 49 | 52 |

| Well Production: (Gallons) | Dec | | Jan | | kWh | | Gallons per kWh | |
|----------------------------|-------------------|-------------------|---------------|---------------|------------|------------|-----------------|-----|
| | | | | | Dec | Jan | Dec | Jan |
| Well # 1 | 0 | 0 | 1,323 | 1,418 | 0 | 0 | | |
| Well # 2 | 9,911,410 | 9,587,346 | 28,231 | 28,606 | 351 | 335 | | |
| Well # 5 | 12,391,766 | 11,744,233 | 32,700 | 33,483 | 379 | 351 | | |
| Total | 22,303,176 | 21,331,579 | 62,253 | 63,507 | 730 | 686 | | |

Water Deliveries:

| | Dec | Jan |
|-----------------------------|-------------------|-------------------|
| 1,2 Municipal | 13,367,307 | 13,239,863 |
| 4 Landscape Irrigation | 3,883,218 | 3,010,606 |
| 3 Commercial | 218,200 | 231,025 |
| System Hydrant Flushing | 71,346 | 87,860 |
| Construction flushing | 4,044,799 | 4,505,264 |
| Construction Hydrant meters | 247,065 | 2,099 |
| WWTP operations | 31,364 | 41,546 |
| Total | 21,863,299 | 21,118,263 |

| Waste Water: (Gallons) | Dec | | Jan | | kWh | | Gallons per kWh | |
|------------------------|------------|------------|---------|---------|-----|-----|-----------------|-----|
| | | | | | Dec | Jan | Dec | Jan |
| Volume treated | 10,419,895 | 10,766,795 | 101,150 | 111,395 | 103 | 97 | | |
| Average daily volume | 336,126 | 347,316 | | | | | | |

Waste Water:

| | Dec | Jan |
|--------------------------|---------|---------|
| Peak Day Flow: (Gallons) | 403,229 | 440,559 |

PROVOST & PRITCHARD CONSULTING GROUP

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www.provostandpritchard.com

Memorandum

To: Julia Berry/Board of Directors – Root Creek Water District

From: Steve Spencer

Subject: Status report for Activities through the end of January 2025

Date: January 29, 2024

Riverstone Development

Utility Issues:

1. Municipal –
 - a. Water Use
 - i. Sequestering Study – The pilot study continues.
 - ii. Working with DDW to modify permit conditions to incorporate Well 7 and the Water Treatment Plant once construction is completed.
 - iii. Awaiting water masterplan on expanded water system to serve municipal demands to complete water assessment. – **On hold**
 - b. Wastewater –
 - i. Operations – Nothing to report
 - c. Storm Water – Nothing to report
2. Agriculture –
 - a. Road 40 pipeline has been repaired. Working with Lennar to sever Laterals 1 and 2 so that the pipeline can be refilled. Ag extension is in process of repair by Lawrence Backhoe.
3. Overall –
 - a. Need to finalize ownership of land for project features under acquisition agreement (See Section 2.b.ii, below)
 - b. Need to finalize transfer of in block facilities for Village A blocks 3, 4, 5, 7, 8 and 9 as well as Village B parcels 18, 19, 23, 24, 25, 26, 27, 28, 32, 33.

Projects in Design

Project Status:

1. 80-acre recharge basin – Nothing to report.
2. Well 5 and Tank –
 - a. Manager has initiated contracting for services from iCAD.
3. Wastewater Improvements – Road 40
 - a. Manager in process of contracting with Cloacina to purchase the additional tankage and mechanical equipment required to expand the two existing

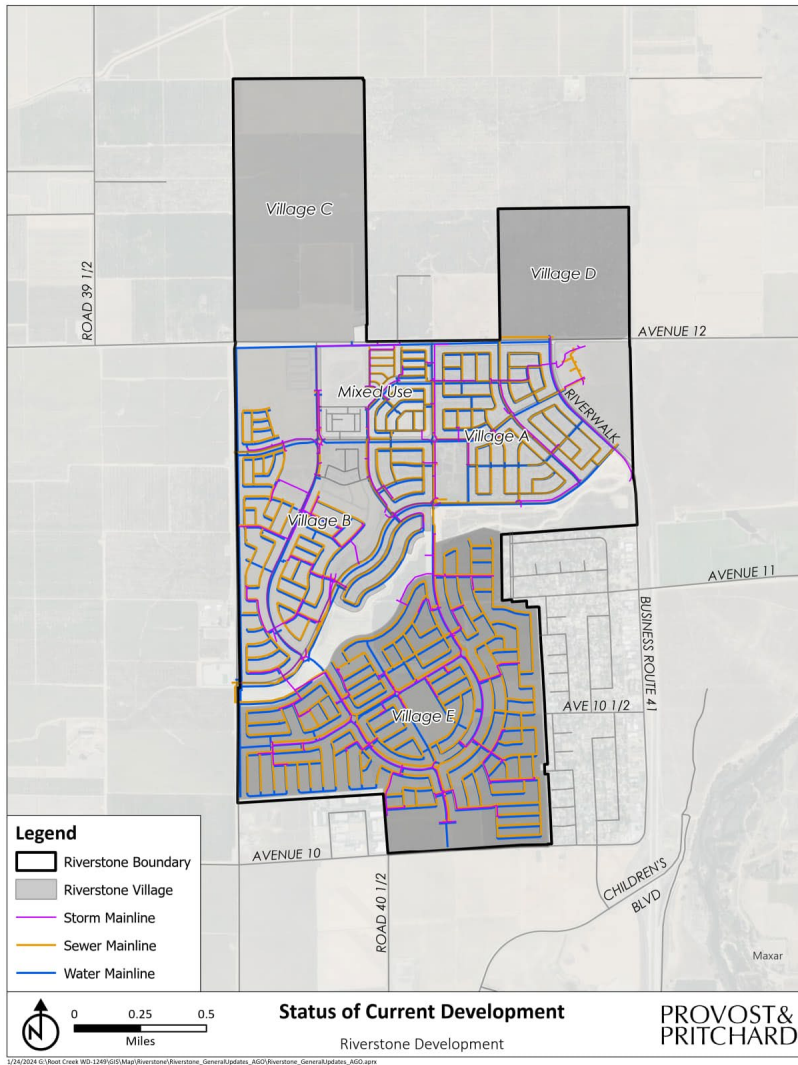
- package MBRs to their full capacity. The expansion will add interim capacity to the WWTP while the new 600K gal/day plant is designed and constructed.
- b. Design of a 600K per day conventional plant to be located on the existing site has been prepared and went out for bid on February 4, 2025.
 - c. Once completed, the two expansions will provide service for the projected community.
4. Wastewater Ultimate Facility – Ave 10
 - a. Odor study in the process of being completed for the Conditional Use Permit.

Projects in Construction

Construction status:

1. Municipal System -
 - a. Groundwater Treatment and Blending – See separate report.
 - b. Ag Well 277 conversion to Well 7 – Coordination with Lennar on walls and electrical service. Underground utilities being installed.
2. **Proposition 1 Grant Administration** – Have initiated and submitted multiple quarterly reports and pay estimates to the DWR.

Status of current development



1. Developer Reviews –

- a. Received, Reviewed, and Responded to the following submittals:
 - i. Village E
 - a. Backbone – 1st phase – Rd 40 and Parkway Blvd
 - b. Phase 2 Block 4
 - c. Phase 2 Block 5
 - ii. Village C
 - a. Backbone
 - b. Phase 1
- b. Issues:
 - i. Purchase of Well 277 outlot
 - ii. Purchase of WWTP 40 acres for Ultimate WWTP.
 - iii. Purchase of storm basins in Village E (two)
 - iv. Separation of Agricultural Lateral 1 and 2 has been initiated.
 - v. Conversations with developer engineer in Village C to remove a proposed lift station.

2. In-Tract Construction Review-issues with construction in support of the following construction.

- a. Village B
 - i. Parcel 2-4 Granville
 - ii. Parcel 14-17, 21 Lennar
- b. Village E
 - i. Backbone
 - ii. Phase 1
 - iii. Phase II
- c. Issues:
 - i. Continue discussion with Developer on flushing backbone for Village E to Cardinal Ave.

10. Other Subjects

- a. Avenue 12 widening. Continue follow up.
- b. GSP Update 2025 – Submitted revised and adopted GSP. Davids submitted periodic evaluation. Preparing annual report for 2024
- c. Acquisition of construction in progress – At request of Legal counsel work with Precision Engineering to develop deeds and easement for transfer of properties.
- d. Infrastructure – Gather shape files from developers to build a GIS map of facilities.
- e. Execution and acceptance of developer in tract improvements