

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**
Minutes of August 18, 2022

1. 4:00 PM OPEN SESSION / CALL TO ORDER / FLAG SALUTE

President Cousineau called the meeting to order at 4:00 pm and led the flag salute.

2. ROLL CALL

Secretary Gelos called the role. All Directors were present.

Staff present: General Manager Scott Duffield, Operations Manager Mike Wilcox, District Engineer Doug Groshart and District Counsel Jeff Minnery.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Director Capps spoke and handed out information on HAA5s. District customer, Sam Poppen passed his time onto Director Capps.

4. CONSENT ITEMS

- a. **Meeting Minutes:** Receive/approve minutes of regular meeting of July 21, 2022.
- b. **Warrant Register:** Receive/approve July 2022 warrants.
- c. **Treasurer's Report:** Receive/file July 2022 Report.
- d. **Fiscal Report:** Receive/file July 2022 status report.
- e. **Office Report:** Receive/file July 2022 report.

There were no public comments.

Director Burgess made a motion to approve all items presented. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

5. DISCUSSION ITEMS

- a. **Receive a presentation for the Water Resource Recovery Facility Upgrade project evaluating a package facility versus a site-constructed facility and provide direction to staff.**

Dylan Wade with WSC presented a power-point presentation and answered any questions the Board had.

Sam Poppen, a customer of the District asked President Cousineau who makes the final decision on the cost of the project. President Cousineau deferred the question to Dylan Wade with WSC. Wade said that the decision is ultimately that of the Board, Manager Duffield reiterated this.

Cheryl Fox, member of the public, asked President Cousineau if there were benefits to a Site-Build versus a Package facility, due to the volatility of the current market. President Cousineau deferred the question to Dylan Wade of WSC. Wade said each of them had their own benefits and were quite equal.

The Board's direction to staff was to move forward with a site-constructed facility.

b. Submittal for approval Resolution 22-11 fixing the employer contribution at an equal amount for employees and annuitants under the Public Employees' Medical and Hospital Care Act.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

There were no public comments.

Director Barker made a motion to approve Resolution 22-11 as written. Director Rowley seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

c. Request to approve the proposed 5-year Capital Improvement Program and provide direction to staff.

District Engineer Groshart provided a brief summary of the item and answered any questions the Board had.

There were no public comments.

Director Barker made a motion to approve the proposed 5-year Capital Improvement Program with the DBP and SCADA being priority. Director Rowley seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Cousineau, Rowley

Noes: Capps

d. Request to approve the Water System SCADA project at an estimated cost of \$300,000; authorize a corresponding budget adjustment from reserves; and approve a proposal from SPICE Integration LLC for design and integration of the project and authorize the General Manager to execute a professional services agreement in an amount not to exceed \$100,000.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

There were no public comments.

Director Rowley made a motion to approve staff's recommendation. Director Barker seconded the motion. The motion passed by the following roll call vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

e. Receive and file updates regarding disinfection byproducts.

Manager Duffield provided a brief summary of the item and answered any questions the Board had.

There were no public comments.

The report was received and filed.

6. MANAGER REPORT

Manager Duffield provided a brief summary of the report and answered any questions the Board had.

There were no public comments.

The August 2022 report was received and filed.

7. DISTRICT ENGINEER REPORT

District Engineer Groshart provided a brief summary of the report and answered any questions the Board had.

There were no public comments.

The August 2022 report was received and filed.

8. OPERATIONS MANAGER REPORT

Operations Manager Wilcox provided a brief summary of the and answered any questions the Board had.

There were no public comments.

The August 2022 report was received and filed.

9. COMMITTEE AND DIRECTOR REPORTS

There were no Committee reports.

Director Capps reiterated his position on water quality. Director Burgess made a motion to adjourn stating the conversation was no longer productive.

There were no public comments.

10. ADJOURNMENT

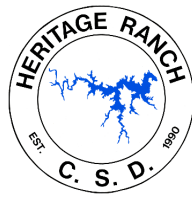
On a motion by Director Burgess and seconded by Director Barker the meeting adjourned at 6:59 pm to the next scheduled regular meeting on Thursday, September 15, 2022.

APPROVED:

**Reg Cousineau, President
Board of Directors**

ATTEST:

**Kristen Gelos, Secretary
Board of Directors**



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' SPECIAL MEETING**
Minutes of August 9, 2022

1. 6:00 PM OPEN SESSION / CALL TO ORDER / FLAG SALUTE

President Cousineau called the meeting to order at 6:00 pm and led the flag salute.

2. ROLL CALL

Manager Duffield called the roll. All Directors were present.

Staff present: General Manager Scott Duffield and District Engineer Doug Groshart.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Sam Poppin asked why the meeting sign was not out.

4. DISCUSSION ITEM

- a. Opportunity for the Board of Directors to discuss the recent KSBY article, "Report revealing hundreds of failing districts in California" dated July 28, 2022.

There were no public comments. Director Rowley left during discussion (6:10).

President Cousineau introduced the item and handed the floor to Director Capps to start the discussion. Discussion ensued. Director Burgess gained the floor and stated the discussion had become non-productive, so he made a motion to adjourn. The motion was seconded with discussion by Director Barker. Discussion remained non-productive; therefore, the motion was called to question by Director Burgess and seconded by Director Barker.

Director Burgess made a motion to adjourn the meeting since the discussion had become non-productive. Director Barker seconded the motion. The motion passed by the following voice vote:

Ayes: Burgess, Barker, Cousineau

Nays: Capps

Absent: Rowley

5. ADJOURNMENT

The meeting adjourned at 6:30 pm.

APPROVED:

**Reg Cousineau, President
Board of Directors**

ATTEST:

**Scott Duffield, Secretary
Board of Directors**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/1/2022	GREAT WESTERN ALARM ALARM & ANSWERING SERVICE	291.99	\$ 291.99
8/1/2022	FERGUSON ENTERPRISES INC SUPPLIES	88.83	\$ 88.83
8/1/2022	ADAMSKI, MOROSKI, MADDEN, CUMBERLAND & GREEN LEGAL & ATTORNEY	2,000.00	\$ 2,000.00
8/1/2022	AT&T TELEPHONE	78.11	\$ 78.11
8/1/2022	UNDERGROUND SERVICE ALERT DUES & SUBSCRIPTIONS	300.00	\$ 300.00
8/1/2022	KRITZ EXCAVATING & TRUCKING MAINTENANCE FIXED EQUIPMENT	897.14	\$ 897.14
8/1/2022	BRENNTAG PACIFIC, INC CHEMICALS	3,828.08	\$ 3,828.08
8/1/2022	PASO ROBLES SAFE & LOCK STRUCTURES & GROUNDS	267.41	\$ 267.41
8/1/2022	FGL ENVIRONMENTAL LAB TESTING	1,128.00	\$ 1,128.00
8/1/2022	CAL COAST IRRIGATION, INC. MAINTENANCE FIXED EQUIPMENT	18.16	\$ 18.16
8/1/2022	COUNTY OF SAN LUIS OBISPO PROFESSIONAL SRVICES	375.90	\$ 375.90
8/1/2022	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	18,884.73	\$ 18,884.73

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/1/2022	BURT INDUSTRIAL SUPPLY		
	MAINTENANCE FIXED EQUIPMENT	(21.10)	
	MAINTENANCE FIXED EQUIPMENT	35.44	
	SUPPLIES	90.89	
	SUPPLIES	227.82	
	MAINTENANCE FIXED EQUIPMENT	242.94	
	MAINTENANCE FIXED EQUIPMENT	39.32	
	SUPPLIES	43.84	\$ 659.15
8/1/2022	SCOTT DUFFIELD		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	WESTERN EXTERMINATOR		
	STRUCTURES & GROUNDS	102.15	
	STRUCTURES & GROUNDS	99.00	\$ 201.15
8/1/2022	MARK HUMPHREY		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	MID-STATE REPAIR SERVICE		
	VEHICLES	261.26	\$ 261.26
8/1/2022	BRIAN VOGEL		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	MIKE WILCOX		
	CELL PHONE/INTERNET ALLOWANCE	80.00	
	TRAINING & TRAVEL REIMB.	217.54	\$ 297.54
8/1/2022	JAMES R. GREEN		
	PROFESSIONAL SERVICES	3,000.00	\$ 3,000.00
8/1/2022	TROY SHOGREN		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/1/2022	DOUGLAS GROSHART		
	CELL PHONE/INTERNET ALLOWANCE	80.00	
	MEDICAL REIMBURSEMENT	1,100.00	\$ 1,180.00
8/1/2022	JORANDA MARKETING, INC. / JAN-PRO		
	STRUCTURES & GROUNDS	266.60	\$ 266.60

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/2/2022	MACLEOD WATTS, INC PROFESSIONAL SERVICES	4,900.00	\$ 4,900.00
8/3/2022	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	13,759.00 756.44 756.44 756.44	\$ 16,028.32
8/4/2022	SAN MIGUEL GARBAGE DELINQUENT SOLID WASTE FEES	1,378.54	\$ 1,378.54
8/5/2022	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE	161.79	\$ 161.79
8/8/2022	J.B. DEWAR. INC. FUEL & OIL	554.68	\$ 554.68
8/8/2022	PG&E ELECTRICITY	5,062.88	\$ 5,062.88
08/12/22	R. ARNOLD NET PAYROLL	2,789.87	\$ 2,789.87
08/12/22	M. HUMPHREY NET PAYROLL	2,131.38	\$ 2,131.38
08/12/22	B. VOGEL NET PAYROLL	2,064.26	\$ 2,064.26
08/12/22	T. SHOGREN NET PAYROLL	2,380.11	\$ 2,380.11
08/12/22	H. HALL NET PAYROLL	1,635.60	\$ 1,635.60
08/12/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
08/12/22	D. BURGESS NET PAYROLL	92.35	\$ 92.35
08/12/22	B. BARKER NET PAYROLL	92.35	\$ 92.35

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
08/12/22	M. ROWLEY NET PAYROLL	92.35	\$ 92.35
08/12/22	R. COUSINEAU NET PAYROLL	92.35	\$ 92.35
08/12/22	S. DUFFIELD NET PAYROLL	4,198.81	\$ 4,198.81
08/12/22	D. CAPPS NET PAYROLL	92.35	\$ 92.35
08/12/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
08/12/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
8/12/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
8/12/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	2,717.11 49.60 1,005.66	\$ 3,772.37
8/12/2022	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	377.05 1,142.59	\$ 1,519.64
8/12/2022	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	1,337.58 1,646.78 2,369.15 8.37	\$ 5,361.88
8/16/2022	FERGUSON ENTERPRISES INC SUPPLIES METERS & EQUIPMENT	88.83 169.78	\$ 258.61
8/16/2022	AT&T TELEPHONE	88.24	\$ 88.24

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/16/2022	MCCLATCHY COMPANY LLC ADVERTISING	328.02	\$ 328.02
8/16/2022	COUNTY OF SLO ACTTC LAFCO 2022-23	7,254.43	\$ 7,254.43
8/16/2022	USA BLUEBOOK MAINT. FIXED EQUIP. / LAB TEST MAINTENANCE FIXED EQUIPMENT	559.46 61.59	\$ 621.05
8/16/2022	BRENNTAG PACIFIC, INC CHEMICALS CHEMICALS	8,871.73 3,346.84	\$ 12,218.57
8/16/2022	CAL COAST IRRIGATION, INC. MAINTENANCE FIXED EQUIPMENT	57.33	\$ 57.33
8/16/2022	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	DELTA LIQUID ENERGY VEHICLES	77.04	\$ 77.04
8/16/2022	ANTHONY'S TIRE STORE VEHICLES	468.74	\$ 468.74
8/16/2022	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	350.00	\$ 350.00
8/16/2022	ABALONE COAST ANALYTICAL, INC. LAB TESTING	2,548.00	\$ 2,548.00
8/16/2022	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT METERS & EQUIPMENT	2,380.63 127.18	\$ 2,507.81
8/16/2022	RHYTHM DESIGN UNIFORMS FY 2022/23	555.50	\$ 555.50

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/16/2022	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	34,547.50	
	WRRF PROJECT	17,508.30	\$ 52,055.80
8/16/2022	BURT INDUSTRIAL SUPPLY MAINTENANCE FIXED EQUIPMENT	28.94	
	MAINTENANCE FIXED EQUIPMENT	54.93	\$ 83.87
8/16/2022	DATA PROSE LLC JULY/AUGUST BILLING	2,607.71	\$ 2,607.71
8/16/2022	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES	816.66	
	COMPUTER/SOFTWARE	130.00	\$ 946.66
8/16/2022	MARK HUMPHREY CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	MIKE WILCOX CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	TROY SHOGREN CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	BEEBE'S WATER SYSTEMS, INC CHEMICALS	4,338.75	\$ 4,338.75
8/16/2022	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
8/16/2022	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	340.00	\$ 340.00
8/16/2022	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT	2,875.00	\$ 2,875.00

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/16/2022	SCADATEC MAINTENANCE FIXED EQUIPMENT	800.00	\$ 800.00
8/16/2022	COASTAL TREE EXPERS, INC STRUCTURES & GROUNDS	2,400.00	\$ 2,400.00
8/17/2022	MILLIGAN, MIKE US REFUND	191.15	\$ 191.15
8/19/2022	STATE WATER RESOURCES CONTROL LICENSES & PERMITS	90.00	\$ 90.00
8/22/2022	PG&E ELECTRICITY	1,065.42	\$ 1,065.42
8/23/2022	FIRSTNET INTERNET	40.24	\$ 40.24
8/24/2022	CALPERS RETIREMENT SYSTEM PERS UNFUNDED LIABILITY	8,996.83	\$ 8,996.83
8/25/2022	J.B. DEWAR. INC. FUEL & OIL	658.43	\$ 658.43
08/26/22	R. ARNOLD NET PAYROLL	2,338.79	\$ 2,338.79
08/26/22	M. HUMPHREY NET PAYROLL	2,412.52	\$ 2,412.52
08/26/22	B. VOGEL NET PAYROLL	2,326.83	\$ 2,326.83
08/26/22	T. SHOGREN NET PAYROLL	1,989.44	\$ 1,989.44
08/26/22	H. HALL NET PAYROLL	1,635.60	\$ 1,635.60
08/26/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
08/26/22	S. DUFFIELD NET PAYROLL	4,035.75	\$ 4,035.75
08/26/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
08/26/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
8/26/2022	CALPERS RETIREMENT SYSTEM PROFESSIONAL SVCS. - GASB 68	1,050.00	\$ 1,050.00
8/26/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
8/26/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,666.42 977.46	\$ 3,643.88
8/26/2022	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	370.76 1,095.63	\$ 1,466.39
8/26/2022	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	1,337.58 1,646.78 2,369.15 8.37	\$ 5,361.88
8/30/2022	GREAT WESTERN ALARM ALARM/ANSWERING SERVICE	295.21	\$ 295.21
8/30/2022	FERGUSON ENTERPRISES INC MAINTENANCE FIXED EQUIPMENT SUPPLIES SMALL TOOLS & EQUIPMENT	201.10 25.99 128.85	\$ 355.94
8/30/2022	USA BLUEBOOK STRUCTURES & GROUNDS CHEMICALS	46.93 101.92	\$ 148.85

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
AUGUST 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
8/30/2022	ROY ARNOLD LICENSES & PERMITS - T3 REIMB.	190.00	\$ 190.00
8/30/2022	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	545.00	\$ 545.00
8/30/2022	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT SUPPLIES SUPPLIES	310.80 290.03 65.29	\$ 666.12
8/30/2022	WESTERN EXTERMINATOR STRUCTURES & GROUNDS STRUCTURES & GROUNDS	102.15 99.00	\$ 201.15
8/30/2022	BRIAN VOGEL TRAINING & TRAVEL TRAINING & TRAVEL	291.25 902.14	\$ 1,193.39
8/30/2022	TROY SHOGREN TRAINING & TRAVEL MEDICAL REIMBURSEMENT	314.00 366.69	\$ 680.69
8/30/2022	JORANDA MARKETING, INC. / JAN-PRO STRUCTURES & GROUNDS	266.60	\$ 266.60
GRAND TOTAL FOR ALL WARRANTS			\$ 247,694.46

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
AUGUST 2022**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 4,960,517.65
Ending Balance:	\$ 4,902,758.01
Variance:	\$ (57,759.64)
Interest Earnings for the Month Reported:	\$ 313.34
Interest Earnings Fiscal Year-to-Date:	\$ 8,963.85

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 187,465.54
Non-operating income was:	\$ 313.34
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,978.72
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the Five Star Bank checking account was:	\$ 8.65
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 22.68
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 98.87
Interest earnings for the Mechanics Bank money market account was:	\$ 0.08

ANALYSIS OF EXPENSES

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 192,356.57
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STATEMENT OF COMPLIANCE

This report was prepared in accordance with the Heritage Ranch Community Services District Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 30 days obligations. Attached is a status report of all accounts and related bank statements.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
MAY 2022**

BEGINNING BALANCE ALL ACCOUNTS		\$4,960,517.65
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OPERATING CASH IN DRAWER		\$ 300.00
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FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):		
BEGINNING BALANCE 7/31/2022	26,086.53	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	22.68	
SEMI-ANNUAL PAYMENT	-	
ENDING BALANCE 8/31/2022		\$ 26,109.21
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FIVE STAR BANK DWR RESERVE ACCOUNT		
BEGINNING BALANCE 7/31/2022	113,693.00	
INTEREST EARNED	98.87	
ENDING BALANCE 8/31/2022		\$ 113,791.87
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FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT		
BEGINNING BALANCE 7/31/2022	285.91	
QUARTERLY DEPOSIT	-	
INTEREST EARNED	0.25	
SEMI-ANNUAL PAYMENT	-	
ENDING BALANCE 8/31/2022		\$ 286.16
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FIVE STAR BANK SDWSRF RESERVE ACCOUNT		
BEGINNING BALANCE 7/31/2022	58,834.84	
INTEREST EARNED	51.17	
REVENUE TRANSFER	-	
ENDING BALANCE 8/31/2022		\$ 58,886.01
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MECHANICS BANK MONEY MARKET ACCOUNT		
BEGINNING BALANCE 7/31/2022	6,700.93	
DEPOSIT REVENUE - CASH	1,303.10	
INTEREST EARNED	0.08	
REVENUE TRANSFER <i>To Five Star Checking</i>	(3,500.00)	
ENDING BALANCE 8/31/2022		\$ 4,504.11
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FIVE STAR BANK - MONEY MARKET		
BEGINNING BALANCE 7/31/2022	151,368.14	
INTEREST EARNED	131.64	
ENDING BALANCE 8/31/2022		\$ 151,499.78
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
STATUS REPORT FOR ALL ACCOUNTS
MAY 2022**

FIVE STAR BANK - CHECKING		
BEGINNING BALANCE 7/31/2022	123,240.47	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	192,356.57	
INTEREST EARNED	8.65	
TOTAL CHECKS, FEES AND EFT'S	(251,732.65)	
REVENUE TRANSFER <i>From Mechanics Money Market</i>	3,500.00	
ENDING BALANCE 8/31/2022		\$ 67,373.04

LOCAL AGENCY INVESTMENT FUND (LAIF)		
BEGINNING BALANCE 7/31/2022	4,480,007.83	
INTEREST EARNED	-	
REVENUE TRANSFERS	-	
ENDING BALANCE 8/31/2022		\$4,480,007.83

ENDING BALANCE ALL ACCOUNTS		\$4,902,758.01
DIFFERENCE FROM LAST MONTH	Decrease	\$ (57,759.64)

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget**

OPERATING REVENUE	Budget FY 22/23	Actual August	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,107,981	122,338	248,785	22%	
Sewer Fees	704,110	62,964	125,813	18%	
Hook-Up Fees	3,000	0	0	0%	
Turn on Fees	3,500	150	325	9%	
Late Fees	18,500	2,014	4,419	24%	
Plan Check & Inspection	10,000	0	0	0%	
Miscellaneous Income	500	0	3,270	654%	Delq. W/S Fees
TOTAL OPERATING	\$1,847,591	\$187,466	\$382,613	21%	

FRANCHISE REVENUE					
Solid Waste Franchise Fees	82,587	6,979	13,211	16%	
TOTAL FRANCHISE	\$82,587	\$6,979	\$13,211	16%	

TOTAL OPERATING \$1,930,178 \$194,444 \$395,824 21%

NON-OPERATING REVENUE					
Standby Charges	242,144	0	6,098	3%	
Property Tax	423,381	0	8,978	2%	
Interest	15,000	313	8,964	60%	
Connection Fees	70,580	0	0	0%	
TOTAL NON-OPERATING	\$751,105	\$313	\$24,039	3%	

RESERVE REVENUE					
Capital Reserves	503,512	24,829	24,829	5%	
Operating Reserves	1,413,759	46,111	46,111	3%	
TOTAL RESERVE	\$1,917,271	\$70,941	\$70,940	4%	

TOTAL NON-OPERATING \$2,668,376 \$71,254 \$94,979 4%

TOTAL ALL INCOME	\$4,598,554	\$265,698	\$490,803	11%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 22/23	Actual August	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	913,750	66,106	163,614	18%	
Health Insurance	159,110	11,244	21,769	14%	
Health Insurance - Retirees	47,600	3,948	7,892	17%	
Pers Retirement	149,871	15,065	34,282	23%	
OPEB Funding/Transfer	28,306				
Standby	13,200	956	2,410	18%	
Overtime	10,812	673	1,407	13%	
Workers Comp. Ins.	23,525	0	21,525	91%	Paid Annually
Directors' Fees	9,000	400	1,100	12%	
Medicare/FICA	13,182	1,016	2,519	19%	
Car Allowance	3,000	250	500	17%	
SUI/ETT	1,000	0	0	0%	
Uniforms	5,000	556	1,205	24%	
TOTAL SALARIES & BENEFITS	\$1,377,356	\$100,213	\$258,223	19%	

UTILITIES

Electricity	124,292	6,128	6,128	5%	
Propane	1,466	0	0	0%	
Water Purchase	23,114	0	0	0%	
Telephone/Internet	11,594	1,793	2,140	18%	
TOTAL UTILITIES	\$160,466	\$7,921	\$8,268	5%	

MAINTENANCE & SUPPLIES

Chemicals	79,000	20,487	20,487	26%	
Computer/Software	33,900	130	2,660	8%	
Equip. Rental/Lease	2,500	0	205	8%	
Fixed Equip.	187,000	8,889	10,806	6%	
Fuel & Oil	15,000	1,213	2,683	18%	
Lab Testing	59,000	4,255	4,255	7%	
Office Supplies	1,500	34	34	2%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	14,940	3,650	4,892	33%	
Small Tools/Equip.	3,000	650	737	25%	
Supplies	4,500	922	957	21%	
Meters/Equip.	12,000	297	297	2%	
Vehicles	6,000	954	954	16%	
TOTAL MAINT. & SUP.	\$418,340	\$41,482	\$48,968	12%	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget**

GENERAL & ADMINISTRATION	Budget FY 22/23	Actual August	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	328	328	22%	
Alarm/Answering Service	4,000	587	587	15%	
Audit	10,000	0	0	0%	
Bank Charges/Fees	1,000	0	36	4%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	10,000	300	300	3%	
Elections	5,000	0	0	0%	
Insurance	39,330	0	-67	0%	
LAFCO	6,930	7,254	7,254	105%	
Legal/Attorney	25,000	2,000	2,000	8%	
Licenses/Permits	29,000	280	340	1%	
Plan Check & Inspection	10,000	0	0	0%	
Postage/Billing	15,000	2,770	2,770	18%	
Professional Service	89,300	11,038	12,071	14%	
Tax Collection	6,200	0	0	0%	
Staff Training & Travel	12,000	1,725	2,000	17%	
Board Training & Travel	1,000	0	0	0%	
TOTAL G & A	\$275,260	\$26,282	\$27,618	10%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	1,513,607	70,941	70,941	5%	
Equipment	155,000	0	0	0%	
TOTAL CAPITAL EXPENSE	\$1,668,607	70,941	70,941	4%	

DEBT

State Loan Payment	103,629	0	0	0%	
State Loan Payment Phase II	58,740	0	0	0%	
Western Alliance Lease-PVS	152,638	0	0	0%	
TOTAL DEBT	\$315,007	\$0	\$0		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$48,000	17%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$4,503,037	\$270,839	\$462,019	10%	
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CAPACITY CHARGES TRANSFER \$70,580 \$0 \$0 0%

SOLID WASTE FEES TRANSFER \$24,937 \$682 \$227 1%

FUND TOTAL	\$1	(\$5,822)	\$28,558		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Office Report For the Month of August 2022

Utility Billing

- On September 1st, 1,936 bills were processed for a total dollar amount of \$ 182,367 for water and sewer user fees for the month of August.
- We processed 231 Late Notices for bills that were due by August 25th.

Customer Service Orders

- Staff completed a total of 28 service orders for the month of July. The breakdown by job code is as follows:

USA	12	TURN-OFF	1
OCCUPANT CHANGE	9	DIRTY WATER	1
LEAK	1	MISC	3
DATA LOG	1		

Administration

- Nothing to report

San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of July was \$ 6,978.76
The breakdown is as follows:

Residential Garbage Collection - \$ 5,627.61
Commercial Garbage Collection - \$ 1,065.52
Roll-Off Collection - \$ 285.63

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of September 2022

In addition to normal operations, engineering, and administrative duties, below are updates for several areas of work:

Administration

- The Manager and staff will have met with LAFCO regarding the District Sphere of Influence and Municipal Service Review updates. The San Luis Obispo Local Agency Formation Commission (LAFCO) is responsible for updating the Sphere of Influence (SOI) for each city and special district in San Luis Obispo County. Every five years, or as necessary, each SOI should be reviewed and updated per the Cortese-Knox-Hertzberg Act. SOI updates may also trigger a Municipal Service Review (MSR) Update. A MSR provides information about the service capabilities and creates an opportunity for jurisdictions and LAFCO to evaluate service issues and determine the SOI for the District. The last updates were published in 2013 and is available here:

<https://slo.lafco.ca.gov/files/f424f3af6/bd83780e16083ad50832cce343704f09.pdf>

LAFCO previously reached out to the District in April 2020 to notify the district that LAFCO was initiating the MSR Update. Due to unforeseen circumstances at LAFCO, this effort was put on hold. LAFCO is now relaunching the MSR program and HRCSD is one of the agencies in queue for a MSR and SOI update. The Manager and staff will need to assist LAFCO with this work effort by providing information, data, and review.

- The Manager attended the MCWRA Reservoir Operations Committee meeting.
- The water and sewer rates study is progressing and our consultant has prepared an initial draft of the financial plans for District review. It is anticipated that a special Board meeting will be scheduled in the next few weeks to present the draft of the financial plans for Board direction to staff.

Water Resource Recovery Project

- The Manager and WSC met with County Planning about permitting requirements. The County Planning front counter staff indicated a Land Use Permit may be required and suggested we schedule a consultation with a County Planner to review further. The position of District staff is that a Land Use Permit is not required for several reasons that we will present to the County. For example, when the County constructed the WRRF in 1978 a Land Use Permit was not

required, and since we are modifying the existing facility a Land Use Permit may not be required now. In addition, there is section in the Government Code that seems to state that Land Use Permits and Building Permits are not required for agency facilities of these types. The consultation will be scheduled soon.

- The extension of the Time Schedule Order (TSO) for our discharge permit is going well. The Regional Water Quality Control Board requires a public comment period before the final approval can be considered by their Board. That comment period ended September 2 and there were zero comments received. Their Board meeting is scheduled for October, and we anticipate approval extending the TSO for five years. The WRRF will need to meet requirements at that time.
- After your Board's direction at the August meeting in favor of a site-built MBR facility, WSC is working on furthering the design. The District Secretary received a letter from a local vendor of a package MBR facility which was forwarded to each Director. If your Board requests to revisit the previous direction to staff, then your Board should consider that the design work can only progress so far before it would be an impact to the schedule and budget if that direction is changed.
- The first rough draft of the Preliminary Engineering Report prepared by WSC and staff was informally submitted to the USDA. The PER is a very important document and is the document that USDA will reference for everything related to the project; engineering, environmental, financials, etc. It is an iterative process and USDA will be our partner in getting it completed.
- The Environmental Document is being drafted by WSC sub-consultant Rincon. We will need to comply with California (CEQA) and National (NEPA) requirements since we are seeking funding from USDA. The document is anticipated to be straight forward and any impacts will be minimal since we are adding to the existing facility. In addition, the District will need to comply with AB 52. AB 52 requires public agencies to consult with tribes during the CEQA process. The goal of AB 52 is to promote the involvement of California Native American Tribes in the decision-making process when it comes to identifying and developing mitigation for impacts to resources of importance to their culture. Rincon is also assisting with this process.

Solid Waste

- The Manager attended a meeting with CalRecycle and IWMA. The purpose of the meeting was just to check-in with some of the discussion topics being:
 - Review of HRCSD Franchise Agreement with San Miguel Garbage Company

- Review of HRCSD Solid Waste Ordinance
- Review of HRCSD solid waste collection containers
 - 3 container system is in place
- SB 1383 Route Reviews
 - No need for route review due to low population waiver
- Review paper procurement policy:
 - Any barriers, challenges finding paper, feedback etc.
 - Paper Procurement Policy is on file and backup is stored via SharePoint Server
 - Cal Recycle Enforcement will start with record keeping
- Edible Food Recovery Program
 - One edible food generator - Oak Hill Market
 - IWMA will conduct inspection of Tier 1 and Tier 2 edible food generators and will provide Education and Outreach
- Educational material is posted on HRCSD website
- Capacity planning – Study performed by the County to ensure there is enough capacity for the region for:
 - Edible Food Recovery
 - Organic Waste Recycling

- Electronic Annual Reporting
 - IWMA will be doing reports for all. EAR (normally due Aug 1st) and SB 1383 report (Oct 1st) – this year only, combined in Oct, next year back to normal.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of September 6, 2022, the reservoir was at approximately 722.90 feet in elevation, 20% of capacity, or 75,280-acre feet of storage. MCWRA water releases were shown as 60 cfs.

- The reservoir is currently within the District's Stage I drought elevations.

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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

District Engineer Report For the Month of September 2022

In addition to normal engineering and administrative duties, below are updates for several areas of work:

Operations Support

- Working with Staff re: DBPs and operational modifications with current equipment. Scoping potential pilot study (see separate Board item re: DBPs) and the potential piping/equipment modifications to accommodate it.
- Additional updates regarding operations can be found in the Operations Report.

Capital Improvement Program and Projects

Projects / equipment replacement planned for this fiscal year and their status include:

- DBP/Compliance: See separate Board item for GAC Pilot Study. We are also continuing to look at overall system function and potential modifications, including alternative disinfection methods, modifications to the plate settler, etc.
- SCADA water system: Working with SPICE Integration to finalize their Professional Services Agreement. They are in the process of making some modifications to their insurance coverage, etc. but the agreement should be finalized shortly. The next step for them will be to begin the SCADA design. The procurement of the software licensing and additional hardware are not required for them to begin their work. We will solicit quotes and provide them to the Board for authorization in the coming months, but the project can proceed without the new equipment for now. Pricing for procurement should be brought to your Board at the October meeting.
- WTP Filter Media Replacement: Working with Operations to complete this project. Operations has a plan in place for procurement of the remaining media materials and third-party quotes for potential additional labor to complete the remaining three filters in rapid succession over the fall/winter.
- SCADA collection system: Planning to work with SPICE Integration on this project upon completion or (if efficient) in conjunction with the SCADA Water System project and the telemetry survey/upgrade.
- Lift Station 1-5 rehabilitation design phase: Lift Stations 2 and 3 included in 5-year CIP. These projects will be brought before your Board for authorization to

proceed with design as soon as the SCADA and DBP projects are sufficiently underway, ideally at the October meeting but possibly November.

- Wastewater collection system model and infiltration / inflow: Staff will be preparing an RFQ for selecting a consultant. Targeted date for completion of the RFQ by the end of 2022.

Development Review

- Engineer continues to work with the development team for Snug Harbor and is awaiting revised plans. We have received no updates from the design team in months, despite several attempts to contact them.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Operations Report For the Month of September 2022

Water treatment

- Staff has solicited third party quotes to renovate the final three filters and we should be able to report back soon with additional updates.

Water distribution

- Staff has repair two water leaks this past month: one on Bluegill Dr., and one on Windmill Rd. Both required parts that we did not previously stock in inventory.

Wastewater collection

- Staff is still struggling with the excessive temperatures and keeping lift stations fully operational. Some temporary shade has been installed to facilitate this.

Wastewater treatment

- The treatment plant lost the functionality of one the dissolved oxygen probes causing the aerators to run full time which in turn has raised dissolved oxygen considerably.

Facilities

- Nothing to report.

Vehicles and equipment

- Staff has received an updated status for the F550. It is now listed as scheduled for production, and we have a vehicle identification number.
- All of the district owned backup generators have had a complete maintenance inspection and been fully serviced.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager
Doug Groshart, District Engineer

DATE: September 15, 2022

SUBJECT: Request to consider approval of a granular activated carbon pilot study in an amount not to exceed \$75,000, authorize the General Manager to execute a rental agreement with Evoqua Water Technologies LLC for rental of the equipment, and authorize a corresponding budget adjustment from reserves.

Recommendation

Request to consider approval of a granular activated carbon pilot study in an amount not to exceed \$75,000, authorize the General Manager to execute a rental agreement with Evoqua Water Technologies LLC for rental of the equipment, and authorize a corresponding budget adjustment from reserves.

Background

On January 2, 2020, the District officially received a citation from the Division of Drinking Water for our treated water exceeding the haloacetic acids maximum contaminant level. Haloacetic acids (HAA5) along with total trihalomethanes (TTHM) are disinfection by-products (DBPs) regulated by the EPA and by State Primary Drinking Water Standards via the Disinfection Byproducts Rule.

After the Operations & Engineering Committee convened and discussed potential methods for addressing this issue over the ensuing months, while regularly updating your Board at monthly meetings. At the May 21, 2020 meeting your Board requested that granular activated carbon (GAC) be discussed with the full Board rather than with the Operations & Engineering Committee alone.

Staff worked with consultants (MKN & Associates) and the District Engineer (Wallace Group) and prepared a presentation detailing the potential options for using GAC (including a pilot study, rental options, and permanent installation) and the associated costs. These options were presented to and discussed with the Board at the June 18, 2020 Board meeting (see attached Staff Report) At that time, the Board received the report and it was filed with direction given to staff to continue working on solutions for the elevated HAA5.

Since the June 2020 meeting, Staff has continued to work (in consultation with the Division of Drinking Water) to make system and operational adjustments. Some of those system and operational modifications to date include:

- Directed Wallace Group to perform a water system water age analysis.
- Consulted with MKN who developed a chemical optimization pilot testing plan.
- Routinely clean the inside of the water storage tanks.
- Adjusted the arrangement of the raw water tank mixing system to improve circulation and minimize settling of powder activated carbon.
- Initiated a more robust waterline flushing program to increase circulation.
- Adjusted pressure reducing valves in the water distribution system to further increase circulation.
- Installed a water mixing system at the 2-million-gallon water storage tank.
- Constructed Vertical Intake No. 1 to primarily supplement gallery well flows but also assess if lower TOC could be realized.
- Commenced WTP filters renovation maintenance project.
- Reviewed current chemical use and performed several scaled down chemical optimization trials in coordination with the State Water Resources Control Board, Division of Drinking Water.

Despite the efforts listed above, along with other system and operational modifications, the DBP exceedance issue has not been resolved to date. Staff continues to work closely with the local representatives from the State Water Resources Control Board, Division of Drinking Water to make modifications to the system and the operation of it (including chemical modifications).

Discussion

Considering the system and operational modifications are an iterative process it requires time for the changes to have any impact on DBPs, and even more time to see those impacts in the form of potentially lower DBP levels. Also considering the large cost associated with the implementation (and ongoing use) of GAC, Staff is working to exhaust as many other less expensive options as possible for mitigating the DBP issue.

Staff has continued discussions with vendors with respect to the use of GAC and has researched the installation of a pilot study. This pilot study would route a portion of the system water (approximately 75-150 gpm) through a small GAC system and Staff would monitor the results. The GAC-filtered water would then be blended back in with the rest

of system's water. The purpose of this test would be two-fold: The test will show how effective the vendor-recommended type of GAC is in lowering the water's TOCs (and thereby lowering DBPs) and, if so, the effective life cycle of the GAC in treating the District's water. Additionally, the test will show how much of an impact the treatment of 75-150 gpm will have on overall DBP levels. This will assist in sizing any future, permanent treatment modifications.

With this information, Staff can better provide your Board with an estimate of the required installation costs for a permanent installation (if warranted) and the required operational and maintenance costs associated with the new system. GAC will only treat water for a certain duration depending upon the type of GAC and the makeup of the water flowing through it. Once the GAC is no longer effective, it will need to be removed, hauled off and reactivated offsite. Fresh GAC will need to be installed in the spent GAC's place. There are considerable costs associated with each step of this process, so a pilot study will help Staff to determine the expected costs associated with the usage of GAC with the District's specific water and system operations.

The expected duration of the pilot study would be 6-9 months in total. During this time, the water exiting the pilot installation will be tested the same as the rest of the system. This testing will show the efficacy of the GAC and alert Staff to when that efficacy is dropping to the point where replacement will be required.

Staff has solicited proposals from three vendors: CalgonCarbon (through JBI Water & Wastewater Equipment) (Calgon/JBI), Evoqua, and H2O Engineering. Evoqua has provided the attached proposal for your review and consideration. H2O Engineering declined to propose at this time but would like to be considered if a permanent installation is considered in the future. Calgon/JBI also expressed interest in proposing, however they did not submit a proposal prior to the completion of the Board packet.

The proposed pilot study rental from Evoqua will provide two GAC vessels, rated for a total of 200 gpm (in parallel). The initial cost associated with the pilot study will be \$11,550 for the delivery of the equipment to the WTP and the initial cost of filling it with GAC. The monthly rental will be \$1,400 per month (estimated 6-9 months for the study). At the completion of the study, there will be a system demobilization charge of \$2,045 and a \$450 profiling fee for the testing of the spent GAC at Evoqua's reactivation facilities. There will be freight charges associated with the mobilization and demobilization as well, but an estimate will be provided within 30 days of shipping the equipment. The expected costs for the pilot study are tabulated on the following page.

HRCSD - GAC PILOT STUDY - ESTIMATED COSTS	
Item	Cost
System Mobilization	\$830
Initial Carbon Cost	\$10,720
Monthly Lease Rate	\$1,400
System Demobilization	\$2,045
Non-Haz Profiling Fee	\$450
Freight Costs	TBD
Subtotal of Rental Related Costs (All items listed above and assuming 9-month duration with no GAC refill required) Excluding Freight	\$26,645
Estimated Piping/Equipment Modifications	\$35,000
Estimated additional laboratory fees, freight charges, etc.	\$13,355
Estimated Total Pilot Study Costs (9-month Duration)	\$75,000

Fiscal Implications

The Board should consider all options before making large capital expenses for any project. The proposed pilot study will allow Staff to determine the best direction moving forward (should GAC prove to be effective and a desired solution) while limiting the costs in the short term.

Fiscal implications in the short term would be the installation, piping modification, rental, and removal costs in the attached quotes, as well as additional operational staff time, additional small equipment costs (as necessary for the piping modifications) and laboratory costs.

Other future fiscal implications are capital outlay, recurring operational/maintenance costs, potential consultant costs and Staff time associated with a permanent installation. The current 5-Year CIP includes \$1,000,000 for DBP/Compliance-related project(s) but it is not included in this year's budget. If your Board chooses to proceed with the pilot study, a corresponding budget adjustment from reserves would be required.

Results

The recommended pilot study will allow Staff to determine the expected efficacy of a GAC system in meeting the compliance requirements for DBPs and the expected capital and recurring costs associated with a permanent GAC system.

Attachments: Memorandum to Board of Directors re: GAC Information dated June 18, 2020
Evoqua Proposal dated September 1, 2022 – Pilot Study Rental

File: Projects/DBP 2020/2022

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: June 18, 2020

SUBJECT: Request to receive and file a report on granular activated carbon.

Recommendation

Request to receive and file a report on granular activated carbon.

Background

On January 2, 2020, the District officially received a citation from the Division of Drinking Water for our treated water exceeding the haloacetic acids maximum contaminant level.

The Operations & Engineering Committee convened to start discussion on how to address the issue at the following meetings:

- January 9, 2020
- February 12, 2020
- March 4, 2020

Your Board has also been updated on the issue at the following meetings:

- January 16, 2020
- February 20, 2020
- March 19, 2020
- April 16, 2020
- May 21, 2020

At the May 21st meeting your Board requested that granular activated carbon be discussed with the full Board rather than with the Operations & Engineering Committee.

Discussion

Staff, the District Engineer, and the District's consultant MKN & Associates have been researching and developing several options that may address the haloacetic acids issue. These options include but are not limited to enhanced coagulation treatment process, distribution system adjustments, distribution system improvements, a vertical intake

facility, and granular activated carbon (GAC). This item today focuses on providing information about GAC as requested by your Board at the May 21st meeting.

In February, staff met with JBI Water & Wastewater Equipment (JBI) representative, Simon Morris. In March JBI provided the following information on GAC options:

“Sizing basis:

185 M/gal per year of drinking water treated

Typically 720 gpm instantaneous flow, for 12 hours per day

4x Pacer II are 240 gpm each, so three in service and one redundant

1. GAC adsorption system in new tanks:

- Install downstream of Pacer II units, upstream of final chlorination.*
- Two 10’ vessels in lead lag configuration*
- Equipment cost approx. \$350,000*
- Installed cost approx. \$700,000 assuming no additional pumping, epic pipe runs or odd ground conditions.*
- Head loss through units approx. 15 psig, see attached curve. Please review your possible pumping needs.*
- Lead time currently about 35 weeks (although they do have tanks on hand from a cancelled order that could be there in a few weeks, that’s just a fluke situation at the moment though)*
- GA drawings with footprint to follow*
- Carbon change out approx. 1/year pending review of water quality info*
- Carbon replacement approx. \$20,000 per exchange using Calgon’s reactivated carbon program*

2. Add GAC to Pacer II units – we will need some additional information for this please:

- Dimensional information*
- Plant hydraulics (we would look at raising media depth to create additional volume if hydraulics allow)*
- TSS in/out of the filters. (Do you have a sample point after the integrated adsorptive clarifier and before the filter?) We need to gauge how much work the filter is doing.*
- This is potentially the quickest and lowest cost solution but managing carbon life/breakthrough and media change outs becomes tougher. Plus we need to consider the filtration performance.*

3. Brief overview of the carbon life analysis that we can do:

- Modelling based on water quality – this is free of charge if you can supply the water quality info.*
- Lab work – send 50 gallons to Pittsburgh, PA for accelerated testing. Runs about \$12,000 plus freight. Most of this cost is in the analytical work that needs to be done as well as the lab technician’s time. With that test we can provide a good estimate on the carbon usage rates that we would be willing to put on paper.*

- *On-site testing – I think Calgon can provide a filter column but I don't have a cost on that and I don't believe it can be accelerated so I think you'd be testing for a year or so to prove how it works."*

Staff communicated with JBI a couple of times since March, and in May JBI provided the following additional information, and a filter column test cost proposal which is attached to this staff report:

"Filter Column Testing Cost Proposal. It had been held up and MKN had not been pushing but obviously Calgon must still have been working on it in the background and no sooner did our call finish than it showed up so that is good news! Price is better than I expected as well but bear in mind there is very little oversight included from Calgon because it's been worked up as if an engineer is running the show. If you did want to do the pilot work directly with Calgon I think we'd be back around \$10,500-\$11,000 to provide more technical and engineering support with developing the testing protocol and preparing the results and report – stuff that MKN would be taking on so far as this proposal is concerned. Plus this is a 6 month study, so if you went out to 12 months it would add a little cost as well.

You will need to add testing to your projected pilot study costs. The test frequency is shown on page 3 of the pilot proposal. 5 parameters, biweekly testing. What I am double checking is the number of samples each time. I think it should be 6:

*Pre-chlor In
Pre-chlor column 1 out
Pre-chlor column 2 out
No chlor in
No chlor col 1 out
No chlor col 2 out*

Once I get that clarified I will let you know but if you want to go ahead and get a price per test rate from your lab then once we confirm the total number of samples each time then we can just multiply that by the test duration and analysis cost per sample and determine your lab costs.

We discussed rentals and why your 1 year rental price was the same as the capital cost for buying a system outright."

The District also discussed the potential for GAC with another vendor, Evoqua Water Technologies (Evoqua), also over the February through March timeframe. In March, staff met with Evoqua onsite. Evoqua provided a budgetary proposal to rent a GAC system. That budgetary proposal is attached.

After meeting with Evoqua, they also provided a proposal for a smaller system with the intention that it would act as a pilot study only, a similar concept but different from the filter column test proposal provided by JBI. The effort, time, and costs for both proposed pilot test methods appear to be similar. That proposal is also attached.

Additionally, in April staff reached out to the City of Paso Robles after learning from Evoqua that the City has an Evoqua GAC system. Staff received information from the City that does not directly transfer to the District, but it could help understand the process; again, not easy, quick, nor cheap. In June, Staff and the Operations & Engineering Committee members visited the City's Water Treatment Plant and met with staff and toured their GAC system.

Please note that GAC itself nor any of these options or information provided to the District have been reviewed or vetted with our District Engineer nor MKN at this time. GAC may not even totally address the haloacetic acids issue. Before any large capital project or expenses are made for a GAC system, the Manager recommends that the District Engineer, MKN, and/or other consultant(s) vet out all options that may address the haloacetic acids issue, including but not limited to distribution system and other treatment system options. The Division of Drinking Water will need to be consulted, informed, and ultimately approve of anything the District is considering implementing to address the haloacetic acids issue.

It should also be noted that all this effort related to GAC is only one of several things we are working on to address the haloacetic acids issue, and that the haloacetic acids issue itself is only one of many challenging operational and administrative things we are working on and do to run and manage the District.

Fiscal Implications

As can be seen GAC systems are not cheap, for permanent installation nor for rental use. The Board should consider all options before making large capital expenses for any project.

Other fiscal implications are District Engineer and/or consultant labor costs and Manager and Staff time. Each fiscal year budget includes some level of Engineering & Consulting expense. The draft FY 2020/21 operating budget includes a total of \$85,000 for Engineering & Consulting. Additional funding could be provided from reserves if/when that becomes necessary and if your Board chooses.

Results

This is a receive and file item.

Attachments: Calgon Carbon Column Test Proposal dated May 28, 2020
Evoqua Budgetary Proposal dated March 16, 2020 – Full System Rental
Evoqua Proposal dated March 18, 2020 – Pilot Study Rental

File: Projects_DBP 2020



CALGON CARBON CORPORATION
GAC PILOT COLUMNS & TECHNICAL SUPPORT – MKN Associates

Contact: Stefanos Word, EIT	Email: sword@mknassociates.us
Project: City of Heritage Ranch	Date: May 28, 2020
Location: Heritage Ranch, CA	Title: GAC Pilot Columns & Support Proposal

Proposal Price: \$8,667.00
Scope: Please see attached proposal outline.

TERMS AND CONDITIONS:

1. Payment Terms: Net 30 days or major credit cards accepted.
2. Pricing provided is exclusive of any applicable Sales Tax.
3. Pricing does not include laboratory costs to be incurred by work outlined in this proposal.
4. The quoted price is valid for 30 days from the date of this proposal.

If you have questions or would like to proceed ordering the proposed work and equipment, please contact:

Tim Brekke
Technical Sales Representative
Tim.Brekke@kuraray.com
m.310.740.7782

Proposed Pilot Test Plan for the City of Heritage Ranch

DBP Mitigation Pilot

1. Test Background

- a. The Community of Heritage Ranch seeks to evaluate the performance of granular activated carbon (GAC) to mitigate Total Trihalomethane (TTHM) and the Five regulated Haloacetic Acids (HAA5) in order to comply with the respective 80 ppb and 60 ppb Locational Running Annual Average (LRAA) Maximum Contaminant Levels (MCL).
- b. The pilot system design is based on a conceptual treatment layout for GAC with the current treatment capacity (1 MGD).
- c. MKN Associates (MKN) has asked Calgon Carbon Corporation (Calgon) to provide a pilot test plan and proposal, presented herein.
- d. Calgon will provide pilot equipment (Figure 1 & Appendix A) for pilot-scale evaluation of GAC at Heritage Ranch WTP.
- e. The Community, with assistance from MKN, will monitor and maintain the pilot equipment.
- f. The pilot test is anticipated to last six to nine months.

2. Test Objectives

- a. Compare the performance of GAC with and without pre-chlorination for the City's coagulated water.
- b. Operate GAC pilot system at a steady flow rate and maintain a daily record of volume of water processed.
- c. Collect and analyze effluent samples for multiple water quality parameters (see below).
- d. Compare effluent concentrations during the test period by plotting effluent concentrations versus bed volumes treated to identify which treatment approach presents the most favorable performance in those terms.

3. Test Configuration

a. GAC Pilot Design

i. Full-Scale Design

1. Design Flow: 720 gpm (1.0 MGD)
2. Flow per System: 720 gpm
3. Number of Systems: 1
4. Contact Time per System: 13.6 min.
5. Contact Time per Vessel: 6.8 min. (1/2 of system)
6. Vessel Type:
 - a. Diameter: 10 ft
 - b. Underdrain: 30° cone-bottom
 - c. Fill volume: 660 ft³

- d. Bed Depth: 8.3 ft
- e. Hydraulic Loading Rate: 9.2 gpm/ft²

- ii. Corresponding Pilot-Scale Design (per column)
 - 1. No. Columns in Series: 2
 - 2. Contact Time per Column: 2.6 min.
 - 3. Bed Depth: 3.2 ft
 - 4. Column Inside Diameter: 4.0 inches
 - 5. Column X-Section Area: 0.087 ft²
 - 6. Bed Volume: 0.28 ft³ (2.1 gal)
 - 7. Flow: 0.8 gpm
 - 8. Empty Bed Contact Time Total: 5.2 min (77% of full-scale vessel)
 - 9. Feed Pressure: 20 psi minimum; 40 psi recommended.

b. Pilot Test Media Types

- i. All four columns will be filled with Filtrasorb 400 (F400)
- ii. Two columns will operate with prechlorination, while the other two will operate without.

4. Data Collection

- a. Pilot columns to be monitored on a daily basis recording:
 - i. Instantaneous flow;
 - ii. Total flow; &
 - iii. Influent/Effluent Pressure.
- b. Influent and Effluent Analyses (biweekly) will involve measuring:
 - i. TOC;
 - ii. DOC;
 - iii. UV254;
 - iv. TTHM Formation Potential
 - v. HAA5 Formation Potential

5. Schedule

- a. Installation – Summer/Fall 2020.
- b. MKN and City staff are responsible for placing the pilot system in a secure indoor location. If no indoor location is available, provide an enclosed structure to house the equipment.
- c. Calgon will provide a technician for all required installation.
- d. Test start – upon installation
- e. Test completion – Spring 2021 (anticipated)

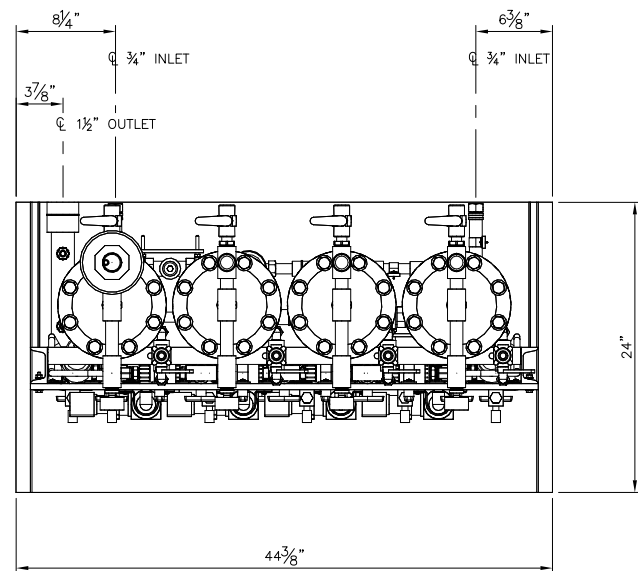
6. Data Review and Test Conclusion

- a. Calgon will be available for 1 or 2 calls per month (2 hours total) to review the data with MKN as requested.
- b. MKN will prepare a report summarizing the results and any significant conclusions arising from the test.
- c. Calgon will provide the results of characterization of the GACs by standard ASTM and AWWA test methods.
- d. If the test conclusions are novel, Calgon would be interested in presenting them at an American Water Works Association conference, or similar; Calgon would welcome any collaboration from the City or MKN.

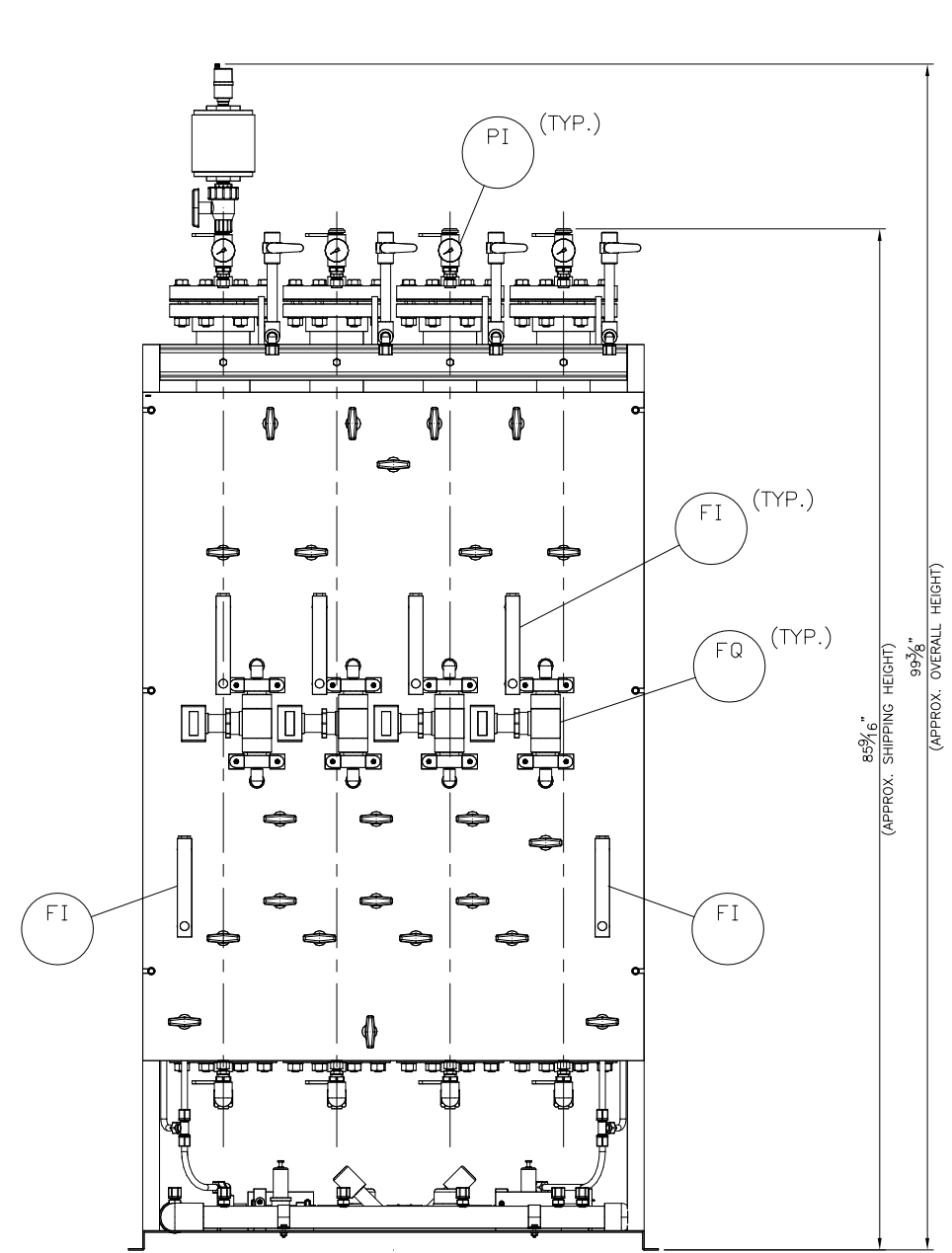


Figures 1 & 2: Photos of front and rear of pilot unit showing 4 columns, flow meters, and interconnecting piping.

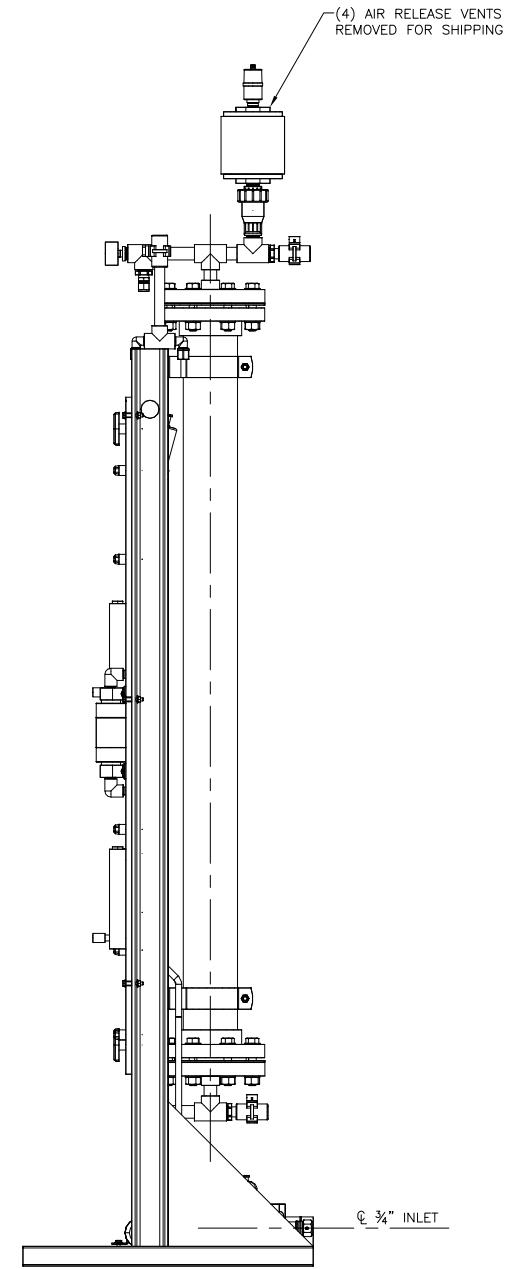
Appendix A: Drawing of pilot unit



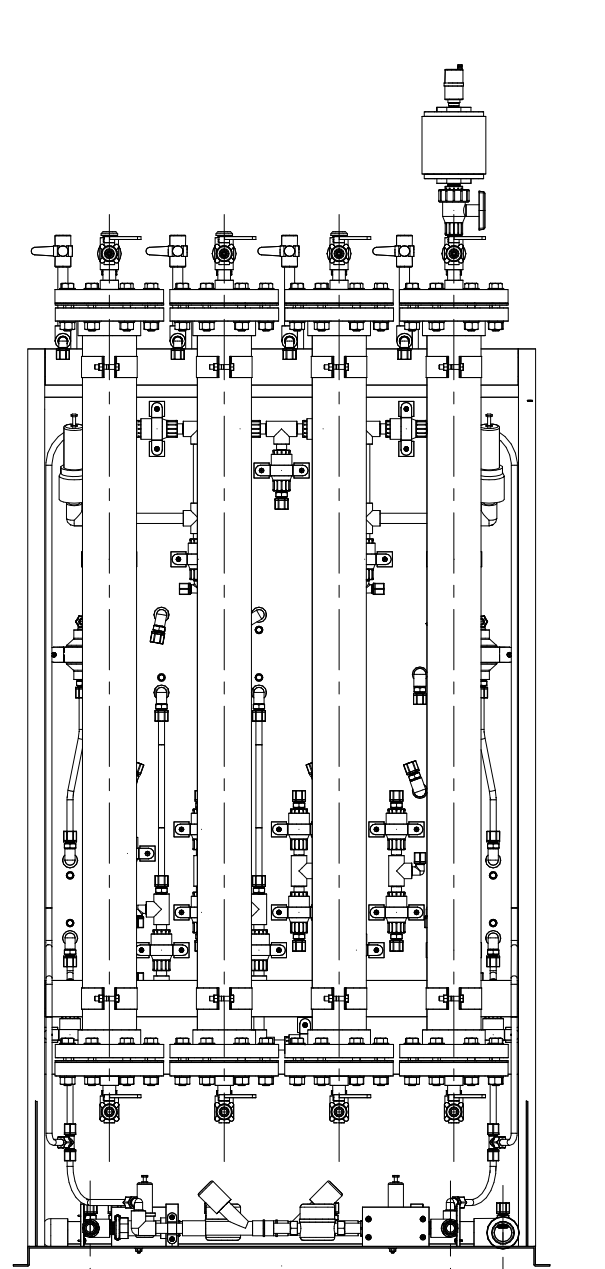
PLAN



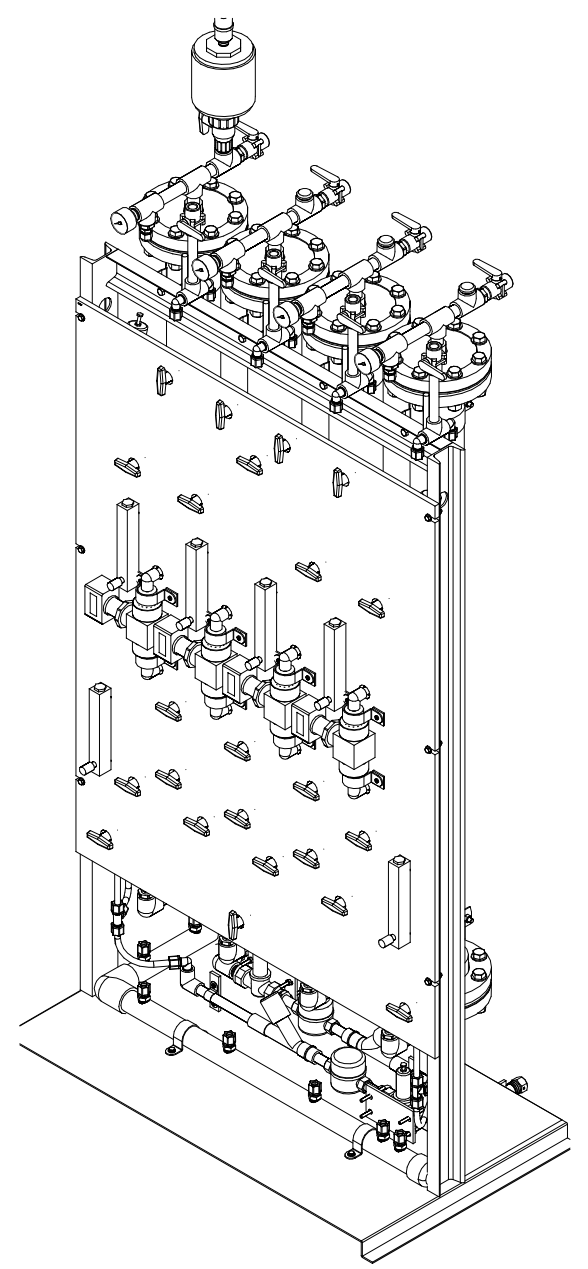
FRONT ELEVATION



SIDE ELEVATION



BACK ELEVATION



ISOMETRIC VIEW

NOTES:
1. WEIGHT: 375 LBS, (APPROX.)

C			
B			
O	ISSUED FOR FABRICATION	RES	9/24/15
REV	DESCRIPTION	APP	DATE
REVISIONS			

TOLERANCES (unless otherwise specified)			
ANGULAR	±0°30'	DECIMAL (2 PLACES)	±.010
FRACTIONAL	±1/16"	DECIMAL (3 PLACES)	±.005
DECIMAL (1 PLACE)	±.015	DECIMAL (4 PLACES)	±.0005



CLIENT: STANDARD

TITLE: 4 COLUMN PILOT DUAL INLET GENERAL ARRANGEMENT

THIS DRAWING AND DESIGN IS THE PROPERTY OF CALGON CARBON CORPORATION AND IS NOT TO BE REPRODUCED IN WHOLE OR IN PART NOR EMPLOYED FOR ANY PURPOSE OTHER THAN SPECIFICALLY PERMITTED IN WRITING BY CALGON CARBON CORPORATION. THIS DRAWING LOANED SUBJECT TO RETURN ON DEMAND.

DRAFTER	BKM	DATE	9/23/15
DESIGNER			
CHECKER	RES	DATE	9/23/15
APPROVAL			
PROJECT No.	STANDARD		

DWG. Size	D	SHEET No.	1 OF 1	SCALE	NONE
DWG. No.	90150317			REV.	0

Heritage Ranch Community Services District
4870 Heritage Rd
Paso Robles, CA 93446
ATTN: Scott Duffield

Subject: Evoqua Water Technologies LLC Budgetary Proposal # 466600-09302014

Dear Scott,

Thank you for taking time out of your schedule to meet with me regarding your upcoming TOC treatment system. I have put together the below budgetary figures based on my conversation with Jason Molinari. Below you will find the application summary and the information on our HP1220 carbon systems.

Application Overview

Municipal Drinking Water
750 GPM

Treating for TOC – carcinogenic by products are forming with the addition of chlorine.

HP1220 SYSTEM RENTAL MOBILIZATION

Pricing includes:

- System includes two durable, carbon steel adsorbers with vinyl ester liners and an interconnecting piping manifold.
 - Dimensions of approximately 28'10" L x 16'4" W x 13'2" H.
 - Rated for maximum of 1100 gpm series/2200 gpm parallel and 125 psig.
 - Inlet and outlet connections 8in 150lb flange. Shipping weight of 35,000 lbs.
 - Each adsorber holds 700 cubic feet of carbon.
- Freight to deliver system to customer site.
- 62,000 lbs of carbon UC1240LD loaded into adsorbers onsite via slurry trailer.
- Mobilization and 24 hours onsite for Evoqua technician to supervise installation.
- *Customer is responsible for providing pipefitters for installation.*
- *Customer is responsible for crane for offloading upon delivery and installation.*
- *Customer is responsible for providing clean water for initial backwash and collection of backwash water.*
- *Customer is responsible for providing air and clean water for slurry loading, and initial backwash.*
- *Customer is responsible for providing a Suitable Location for HP1220 Carbon System.*

NOTE: The carbon system proposed must be placed on a firm and level surface capable of supporting the weight of the system, including carbon and water. Typically a concrete area, blacktop area covered with steel plates, or compacted road gravel area covered with steel plates is sufficient. See attached data on system leg configuration and operating weight. Failure to adequately support the system could result in system instability and failure.

HP1220 SYSTEM RENTAL DEMOB TURNKEY

Pricing includes:

- Freight to deliver slurry trailers to customer site.
- Mobilization and time onsite for driver to remove carbon from system.
- Removal of spent carbon via transfer into slurry trailer.
- Freight to deliver spent carbon to Evoqua reactivation facility.
- Reactivation of spent carbon.
- Mobilization and 10 hours onsite for Evoqua technician to supervise demobilization.
- Freight to return system to Evoqua.
- *Customer is responsible for providing pipefitters for demobilization of system.*
- *Customer is responsible for crane for demobilization and loading of system.*
- *Customer is responsible for providing air, water, and a dewatering area near the system.*

SERVICE - SLURRY 40,000 LB TURNKEY

Pricing includes:

- 40,000 lb of UC1240LD
- Freight to deliver fresh carbon to customer site via slurry trailer.
- Standard service time onsite: 40,000lb-6hr
- Removal of spent carbon and reloading with the fresh carbon.
- Freight to deliver spent carbon to Evoqua's reactivation facility.
- Reactivation of spent carbon.
- *Customer is responsible for providing air, water, and a dewatering area near the system.*

CUSTOMER RESPONSIBILITY:

- Customer is responsible for providing offloading/loading equipment (i.e. forklift) for delivery, pick-up, and onsite service.
- Delivered pricing includes standard freight. Unless otherwise noted, Hot Shot freight is prepaid and added to invoice.
- Pricing is based on standard weekday service hours of 8 am - 5 pm. Weekend and after-hours callouts have a 4-hour minimum charge and time and a half rates.
- Demurrage hours due to customer operations, requests, or carbon condition are \$165/hr/tech.
- Pricing is contingent upon free flowing spent carbon that can be removed with Evoqua' vacuum or slurry equipment. If additional equipment is needed, it is charged to the customer at cost plus 15%. If additional time is needed, it is charged at demurrage rates.
- Returns of unused materials are charged a restocking fee plus freight and rental fees incurred. Restocking fee is 25% if made within 30 days; 50% within 31-60 days; and 100% after 60 days.
- Onsite service pricing is contingent upon (1) service truck access within 25' of adsorber; (2) work being performed in level "C" or "D" PPE; (3) minimum manway opening of 4"; and (4) minimum overhead clearance of 4'.
- Evoqua rental equipment is to be serviced by Evoqua.

SPENT CARBON PROFILE AND REACTIVATION

All spent carbon returning for reactivation require a valid, approved spent carbon profile prior to scheduling the shipment. Prior to the initial spent carbon pickup, the spent carbon must be analyzed and an application submitted for approval. Once the profile is approved, the spent carbon can be scheduled for pickup. A new profile takes approximately 3 weeks to complete and has a one-time profile fee of:

RCRA Non-Hazardous or Sludge Exempt Spent Carbon	\$450
RCRA Hazardous Spent Carbon	\$750

FUEL & ENERGY SURCHARGE

Evoqua has established a Fuel & Energy Surcharge to serve as a fair and equitable means to capture the recent volatile changes of fuel and energy costs in our pricing to our customers. The surcharge is adjusted quarterly and is charged as a percentage of the invoice total for carbon service, reactivated carbons, and spent carbon reactivation services. The current F&E Surcharge is 5.69% and has been included in the pricing.

If you have questions, please do not hesitate to contact me. We look forward to working with you now, and on future applications.

Sincerely,

Bailey Nelson
Sales Engineer

Rental Quote:

<u>Item</u>	<u>Description</u>	<u>Item Number</u>	<u>Qty</u>	<u>UOM</u>	<u>Unit Price</u>	<u>Extended Price</u>
1	Dual HP1220SYS-ACRS Rental Installs: includes 2 HP1220 rental systems delivered, 2 x 31,000 lb loads carbon delivered & installed via slurry trailer, installation supervisor for up to 40 hours onsite.	W3TSP4283	1	EA	\$112,600.00	~ \$112,600.00
2	Dual HP1220SYS Rental Demob – EST. includes demob supervisor for up to 24 hours onsite, spent carbon removal, transportation, & reactivation, equipment returned to Evoqua ➤ Demob not charged until end of rental ➤ Firm pricing giving at time of rental return	W3TSP4283	1	EA	\$46,136.00	\$46,136.00
3	Dual HP1220SYS Monthly Systems Rental *assumes 2 systems for 12 months	W3TSP3014	12	MO	<u>\$16,000.00</u>	~ \$192,000.00
4	SLURRY CHANGEOUT 31,000 LB Includes fresh carbon delivered via slurry trailer, Spent carbon removal via slurry trailer, refill with fresh carbon, spent carbon reactivation	W3TSP4283	1	EA	<u>\$59,520.00</u>	\$59,520.00

Shipping Information:

- Freight is F.O.B. Destination, freight prepaid.

Terms:

- Evoqua Water Technologies (Evoqua) is pleased to submit this budgetary proposal. Please be advised that this budgetary proposal is a non-binding commitment, being utilized for review and informational purposes and does not constitute an offer for acceptance.

**Evoqua Water Technologies
Terms and Conditions**

1. **Applicable Terms.** These terms, together with any quotation, purchase order or acknowledgement issued or signed by Seller (the "Seller's Documentation"), comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Customer's documents, unless separately signed by Seller. Whether the terms set forth herein are included in an offer, acceptance or acknowledgment by Seller, such offer, acceptance or acknowledgment is conditioned on Customer's assent to these terms. Seller rejects all additional or different terms in any of Customer's forms or documents. The Agreement governs the scope of work set forth in Seller's Documentation. For the purposes of this Agreement, goods shall include equipment, leased equipment and media goods (collectively, the "Goods").
2. **Payment.** Customer shall pay Seller the full fee as set forth in Seller's Documentation. Seller's price does not include, and Seller shall not be responsible for, any taxes, permits, tariffs, duties or fees (or any incremental increases to such taxes, permits, tariffs, duties or fees enacted by governmental agencies) unless specifically agreed in Seller's Documentation or otherwise by Seller in writing. If Seller is required to pay any such charges, Customer shall immediately reimburse Seller. All payments are due within 30 days after receipt of invoice. Customer shall be charged the lower of 1 ½% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval.
3. **Scope of Services.** Seller shall provide the Goods and services specifically described in Seller's Documentation during normal business hours, unless otherwise specified in Seller's Documentation. Performance by Seller that is requested or required by the Customer outside of these hours will be charged at Seller's then current schedule of rates and will be in addition to the charges outlined in Seller's Documentation. Where the Customer requests additional Goods or services which are outside of the scope of work itemized in Seller's Documentation, Seller may provide those Goods and services at standard time and material rates and conditions then in effect.
4. **Ownership of Materials.** All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information prepared or disclosed by Seller in connection with the provision of Goods and services hereunder, and all related intellectual property rights, shall remain Seller's property. Seller grants Customer a non-exclusive, non-transferable license to use any such material solely for Customer's use of the Goods at the location originally installed. Customer shall keep confidential and not disclose any such material to third parties without Seller's prior written consent.
5. **Changes.** Seller shall not implement any changes in the scope described in Seller's Documentation unless Customer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law.
6. **Warranty.** Seller warrants to Customer that (i) the Goods, except as otherwise set forth in this Section, shall materially conform to the description in Seller's Documentation as of acceptance testing of the Goods and shall be free from defects in material and workmanship and (ii) the services shall be performed in a good and workmanlike manner. The foregoing warranty shall not apply to any Goods that are specified or otherwise demanded by Customer and are not manufactured or selected by Seller, as to which (i) Seller hereby assigns to Customer, to the extent assignable, any warranties made to Seller and (ii) Seller shall have no other liability to Customer under warranty, tort or any other legal theory. If Customer gives Seller prompt written notice of breach of this warranty within 18 months from delivery or 1 year from acceptance of Goods or 90 days from performance of services, as the case may be, whichever occurs first (the "Warranty Period") and otherwise within thirty days of discovering such breach, Seller shall, at its sole option and as Customer's sole remedy: (i) repair or replace the subject parts or refund the price paid therefore in the event of a warranty claim for Goods and/or (ii) reperform the services in the event of a warranty claim for services. If Seller determines that any warranty claim is not, in fact, covered by this warranty, Customer shall pay Seller its then customary charges for any additionally required Goods or service. Seller's warranty is conditioned on Customer (a) operating and maintaining the Goods in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover (a) media goods (such as, but not limited to, granular activated carbon media) once such media goods are installed and testing proves material conformance to Seller's Documentation; (b) damage caused by chemical action or abrasive material or misuse which has damaged the equipment serviced and (c) improper installation (unless installed by Seller). **THE WARRANTIES AND REMEDIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND BUYER'S SOLE AND EXCLUSIVE REMEDIES, AND SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.**
7. **Indemnity.** Seller shall indemnify, defend and hold Customer harmless from any claim, cause of action or liability incurred by Customer as a result of third party claims for (i) personal injury, (ii) death or (iii) damage to tangible property, to the extent any of the foregoing are caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Customer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.
8. **Force Majeure.** Under no circumstances shall either Seller or Customer have any liability for any breach (except for payment obligations) caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, change in law or other act of government or any other cause beyond such party's reasonable control.
9. **Cancellation.** Either party may terminate the scope of work specified in Seller's Documentation by providing reasonable notice sufficient to avoid costs incurred by the other party. If Customer cancels or suspends any such scope of work for any reason other than Seller's breach, Customer shall pay Seller for work performed prior to cancellation or suspension and any other direct costs incurred by Seller as a result of such cancellation or suspension.
10. **LIMITATION OF LIABILITY.** NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY AND EVEN IF ANY REMEDIES PROVIDED UNDER THE AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, LIQUIDATED, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE GOODS AND/OR SERVICES SHALL NOT EXCEED THE PRICE PAID TO SELLER THEREFOR. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.
11. **Leased Equipment.** Any leased or rented equipment ("Leased Equipment") provided by Seller shall at all times be the property of Seller with the exception of certain miscellaneous installation materials purchased by the Customer, and no right or property interest is transferred to the Customer, except the right to use any such Leased Equipment as provided herein. Customer agrees that it shall not pledge, lend, or create a security interest in, part with possession of, or relocate the Leased Equipment. Customer shall be responsible to maintain the Leased Equipment in good and efficient working order. Upon the expiration or termination of this Agreement, Customer shall promptly make any Leased Equipment available to Seller for removal. Customer hereby agrees that it shall grant Seller access to the Leased Equipment location and shall permit Seller to take possession of and remove the Leased Equipment without resort to legal process and hereby releases Seller from any claim or right of action for trespass or damages caused by reason of such entry and removal.
12. **Miscellaneous.**
 - a. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Customer.
 - b. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement.
 - c. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect.
 - d. Customer may not assign or permit any other transfer of the Agreement without Seller's prior written consent.

- e. The Agreement shall be governed by the laws of the State of Delaware without regard to its conflict of law's provisions.

Purchaser acknowledges that Seller is required to comply with applicable export laws and regulations relating to the sale, exportation, transfer, assignment, disposal and usage of the goods and/or services provided under the Contract, including any export license requirements. Purchaser agrees that such goods and/or services shall not at any time directly or indirectly be used, exported, sold, transferred, assigned or otherwise disposed of in a manner which will result in non-compliance with such applicable export laws and regulations. It shall be a condition of the continuing performance by Seller of its obligations hereunder that compliance with such export laws and regulations be maintained at all times. PURCHASER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.

Seller's price does not include, and Seller shall not be responsible for, any taxes, permits, tariffs, duties or fees (or any incremental increases to such taxes, permits, tariffs, duties or fees enacted by governmental agencies) unless specifically agreed herein or otherwise by Seller in writing.



March 18, 2020

Heritage Ranch Community Services District
4870 Heritage Road
Paso Robles, Ca 93446

Attn: Scott Duffield

Re: Proposal for 2 x PV2000 Carbon Adsorption Rental System with UltraCarb® 1240LD

Dear Scott,

Evoqua Water Technologies, LLC (Evoqua) is pleased to provide you with this proposal for one PV2000 carbon adsorption vessel prefilled with UltraCarb® 1240LD virgin coal carbon. Based upon your requirements, we have selected the appropriate equipment for your needs, as detailed in the attached proposal.

Note the following related to this project:

- Contaminants of concern are primarily TOCs.
- Equipment configuration to be one -PV2000 vessel. Designed to achieve 15 minutes of empty bed contact time at 30 gpm.
- Vessel will be delivered pre-filled with 1,760 lbs of UltraCarb® 1240LD coal-based granular activated carbon media.
- PV2000 vessels are configured with 3-inch male camlocks fittings on inlet & outlet unless otherwise directed.
- Vessel return and removal from rental is contingent upon a valid Evoqua spent carbon profile.
- Rental fees terminate when Evoqua demobilizes the equipment. Prorated rental fees are prohibited unless otherwise agreed to in advance of equipment mobilization.

Should you have any questions regarding this proposal, please do not hesitate to contact. Evoqua looks forward to working with you to meet your project goals, and we thank you for your continued interest in our products and services.

Sincerely,

Bailey Nelson
Account Manager
Evoqua Water Technologies LLC
ProAct Environmental Solutions
Cell Phone: 562-228-8796
Email: Bailey.Nelson@evoqua.com

cc: Courtney.Nguyen@evoqua.com

Proposal: Carbon Rental Equipment

MAJOR COMPONENTS

Mobilization Fee:

- (1) PV® 2000 carbon adsorption vessel.
- Initial fill of 1,7600 lbs. of UltraCarb® 1240LD carbon.
- Freight to site from the Evoqua service branch located in La Mirada, CA.
Note: system ships to site with initial load of GAC preinstalled in each vessel.
- Forklift Rental: \$1000 (if client cannot provide).

Demobilization Fee:

- On-site labor for media removal and equipment transportation.
- Return freight from jobsite to Evoqua service branch. Note: vessels can ship back to branch filled with spent media provided the spent media profiles as non-haz.
- Minor maintenance and repair of adsorbers. Note: major repairs to the adsorbers due to improper handling or use of the systems on-site will be the customer's responsibility.
- Reactivation of the spent carbon at one of Evoqua's reactivation facilities (pending completion of spent carbon profiling process).
- Forklift Rental: \$1000 (if client cannot provide).

Service Cost:	
System Mobilization / Initial Fill Delivery of (1) PV® 2000 vessels and initial fill of UC1240LD. Freight to site and off-loading as described. *Forklift optional at an additional \$1000/day.	\$4,980
Monthly Lease Rate Lease rate per month for (1) PV® 2000 vessel. First month's rental fee is not included in the system mobilization fee. Minimum 3 month rental.	\$470
System Demobilization Spent media removal and equipment removal from the job site. Non-Hazardous spent carbon disposal via reactivation at our Red Bluff, CA facility. Pricing will increase for Hazardous spent media. *Forklift optional at an additional \$1000/day.	\$3,745
Non-Haz Profiling Fee <i>One-time charge to complete profiling and approval for non-haz spent carbon return at Evoqua reactivation facilities</i>	\$450

Notes on Pricing Above:

- Includes (1) OSHA Trained field service technician on-site for (1) hour(s). Any additional demurrage due to the customer or additional site time beyond this time will be billed at \$350/hr.
- Mobilization pricing does not include installation or installation supervision.
- Fee is contingent upon work being performed in level “C” or “D” PPE.
- Overhead clearance above the adsorber is a minimum of 4 feet.
- Spent carbon/media must be free-flowing and free of foreign contaminants or debris.

Terms & Conditions

- Pricing is exclusive of any local, state, or federal taxes or fees.
- Please refer to the above date and proposal number on all purchase orders.
- Evoqua’s price does not include, and Evoqua shall not be responsible for, any taxes, permits, tariffs, duties or fees (or any incremental increases to such taxes, permits, tariffs, duties or fees enacted by governmental agencies) unless specifically agreed herein or otherwise by Evoqua in writing. Should Evoqua be required at any time to pay any such Import Duties (either to the government or to Evoqua’s vendors) in connection with activated carbon delivered to the customer, customer shall reimburse the full amount of such Import Duties to Evoqua promptly upon customer’s receipt of Evoqua’s invoice for such Import Duties.
- Pricing is valid for thirty (30) days from the date of this proposal.
- Payment terms are net 30 days with approved credit.
- This proposal is conditioned upon the terms and conditions contained herein, such terms and conditions to take precedence in the event of conflict with any other terms or documents incorporated into the contract arising out of this proposal unless otherwise agreed in writing by Evoqua.
- *This proposal and all information contained herein, including without limitation, any design concepts or drawings accompanying this document, are the property of Evoqua Water Technologies LLC and/or its affiliates, and is provided for use solely by the named recipient for evaluating the purchase of the equipment and/or services described herein and may not be disclosed, reproduced, loaned or used in any other manner without the express written consent of Evoqua.*

Attachments:

Evoqua Water Technologies LLC, Terms and Conditions

EVOQUA WATER TECHNOLOGIES LLC
Standard Terms of Sale

1. **Applicable Terms.** These terms govern the purchase and sale of equipment, products, related services, leased products, and media goods if any (collectively herein "Work"), referred to in Seller's proposal ("Seller's Documentation"). Whether these terms are included in an offer or an acceptance by Seller, such offer or acceptance is expressly conditioned on Buyer's assent to these terms. Seller rejects all additional or different terms in any of Buyer's forms or documents.
2. **Payment.** Buyer shall pay Seller the full purchase price as set forth in Seller's Documentation. Unless Seller's Documentation specifically provides otherwise, freight, storage, insurance and all taxes, levies, duties, tariffs, permits or license fees or other governmental charges relating to the Work or any incremental increases thereto shall be paid by Buyer. If Seller is required to pay any such charges, Buyer shall immediately reimburse Seller. If Buyer claims a tax or other exemption or direct payment permit, it shall provide Seller with a valid exemption certificate or permit and indemnify, defend and hold Seller harmless from any taxes, costs and penalties arising out of same. All payments are due within 30 days after receipt of invoice. Buyer shall be charged the lower of 1 ½% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval by Seller. Back charges without Seller's prior written approval shall not be accepted.
3. **Delivery.** Delivery of the Work shall be in material compliance with the schedule in Seller's Documentation. Unless Seller's Documentation provides otherwise, delivery terms are ExWorks Seller's factory (Incoterms 2010). Title to all Work shall pass upon receipt of payment for the Work under the respective invoice. Unless otherwise agreed to in writing by Seller, shipping dates are approximate only and Seller shall not be liable for any loss or expense (consequential or otherwise) incurred by Buyer or Buyer's customer if Seller fails to meet the specified delivery schedule.
4. **Ownership of Materials and Licenses.** All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data, software and other documents or information prepared or disclosed by Seller, and all related intellectual property rights, shall remain Seller's property. Seller grants Buyer a non-exclusive, non-transferable license to use any such material solely for Buyer's use of the Work. Buyer shall not disclose any such material to third parties without Seller's prior written consent. Buyer grants Seller a non-exclusive, non-transferable license to use Buyer's name and logo for marketing purposes, including but not limited to, press releases, marketing and promotional materials, and web site content.
5. **Changes.** Neither party shall implement any changes in the scope of Work described in Seller's Documentation without a mutually agreed upon change order. Any change to the scope of the Work, delivery schedule for the Work, any Force Majeure Event, any law, rule, regulation, order, code, standard or requirement which requires any change hereunder shall entitle Seller to an equitable adjustment in the price and time of performance.
6. **Force Majeure Event.** Neither Buyer nor Seller shall have any liability for any breach or delay (except for breach of payment obligations) caused by a Force Majeure Event. If a Force Majeure Event exceeds six (6) months in duration, the Seller shall have the right to terminate the Agreement without liability, upon fifteen (15) days written notice to Buyer, and shall be entitled to payment for work performed prior to the date of termination. "**Force Majeure Event**" shall mean events or circumstances that are beyond the affected party's control and could not reasonably have been easily avoided or overcome by the affected party and are not substantially attributable to the other party. Force Majeure Event may include, but is not limited to, the following circumstances or events: war, act of foreign enemies, terrorism, riot, strike, or lockout by persons other than by Seller or its sub-suppliers, natural catastrophes or (with respect to on-site work), unusual weather conditions.
7. **Warranty.** Subject to the following sentence, Seller warrants to Buyer that the (i) Work shall materially conform to the description in Seller's Documentation and shall be free from defects in material and workmanship and (ii) the Services shall be performed in a timely and workmanlike manner. Determination of suitability of treated water for any use by Buyer shall be the sole and exclusive responsibility of Buyer. The foregoing warranty shall not apply to any Work that is specified or otherwise demanded by Buyer and is not manufactured or selected by Seller, as to which (i) Seller hereby assigns to Buyer, to the extent assignable, any warranties made to Seller and (ii) Seller shall have no other liability to Buyer under warranty, tort or any other legal theory. The Seller warrants the Work, or any components thereof, through the earlier of (i) eighteen (18) months from delivery of the Work or (ii) twelve (12) months from initial operation of the Work or ninety (90) days from the performance of services (the "Warranty Period"). If Buyer gives Seller prompt written notice of breach of this warranty within the Warranty Period, Seller shall, at its sole option and as Buyer's sole and exclusive remedy, repair or replace the subject parts, re-perform the Service or refund the purchase price. Unless otherwise agreed to in writing by Seller, (i) Buyer shall be responsible for any labor required to gain access to the Work so that Seller can assess the available remedies and (ii) Buyer shall be responsible for all costs of installation of repaired or replaced Work. If Seller determines that any claimed breach is not, in fact, covered by this warranty, Buyer shall pay Seller its then customary charges for any repair or replacement made by Seller. Seller's warranty is conditioned on Buyer's (a) operating and maintaining the Work in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations, and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover (i) damage caused by chemical action or abrasive material, misuse or improper installation (unless installed by Seller) and (ii) media goods (such as, but not

limited to, resin, membranes, or granular activated carbon media) once media goods are installed. THE WARRANTIES SET FORTH IN THIS SECTION 7 ARE THE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND ARE SUBJECT TO THE LIMITATION OF LIABILITY PROVISION BELOW. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.

8. **Indemnity.** Seller shall indemnify, defend and hold Buyer harmless from any claim, cause of action or liability incurred by Buyer as a result of third party claims for personal injury, death or damage to tangible property, to the extent caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Buyer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.

9. **Assignment.** Neither party may assign this Agreement, in whole or in part, nor any rights or obligations hereunder without the prior written consent of the other party; provided, however, the Seller may assign its rights and obligations under these terms to its affiliates or in connection with the sale or transfer of the Seller's business and Seller may grant a security interest in the Agreement and/or assign proceeds of the agreement without Buyer's consent.

10. **Termination.** Either party may terminate this agreement, upon issuance of a written notice of breach and a thirty (30) day cure period, for a material breach (including but not limited to, filing of bankruptcy, or failure to fulfill the material obligations of this agreement). If Buyer suspends an order without a change order for ninety (90) or more days, Seller may thereafter terminate this Agreement without liability, upon fifteen (15) days written notice to Buyer, and shall be entitled to payment for work performed, whether delivered or undelivered, prior to the date of termination.

11. **Dispute Resolution.** Seller and Buyer shall negotiate in good faith to resolve any dispute relating hereto. If, despite good faith efforts, the parties are unable to resolve a dispute or claim arising out of or relating to this Agreement or its breach, termination, enforcement, interpretation or validity, the parties will first seek to agree on a forum for mediation to be held in a mutually agreeable site. If the parties are unable to resolve the dispute through mediation, then *any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Pittsburgh, Pennsylvania before three arbitrators* who are lawyers experienced in the discipline that is the subject of the dispute and shall be jointly selected by Seller and Buyer. *The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. The Arbitrators shall issue a reasoned decision of a majority of the arbitrators, which shall be the decision of the panel.* Judgment may be entered upon the arbitrators' decision in any court of competent jurisdiction. The substantially prevailing party as determined by the arbitrators shall be reimbursed by the other party for all costs, expenses and charges, including without limitation reasonable attorneys' fees, incurred by the prevailing party in connection with the arbitration. For any order shipped outside of the United States, any dispute shall be referred to and finally determined by the International Center for Dispute Resolution in accordance with the provisions of its International Arbitration Rules, enforceable under the New York Convention (Convention on the Recognition and Enforcement of Foreign Arbitral Awards) and the governing language shall be English.

12. **Export Compliance.** Buyer acknowledges that Seller is required to comply with applicable export laws and regulations relating to the sale, exportation, transfer, assignment, disposal and usage of the Work provided under this Agreement, including any export license requirements. Buyer agrees that such Work shall not at any time directly or indirectly be used, exported, sold, transferred, assigned or otherwise disposed of in a manner which will result in non-compliance with such applicable export laws and regulations. It shall be a condition of the continuing performance by Seller of its obligations hereunder that compliance with such export laws and regulations be maintained at all times. BUYER AGREES TO INDEMNIFY AND HOLD SELLER HARMLESS FROM ANY AND ALL COSTS, LIABILITIES, PENALTIES, SANCTIONS AND FINES RELATED TO NON-COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS.

13. **LIMITATION OF LIABILITY.** NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE WORK, INCLUDING WITHOUT LIMITATION ANY LIABILITY FOR ALL WARRANTY CLAIMS OR FOR ANY BREACH OR FAILURE TO PERFORM ANY OBLIGATION UNDER THE CONTRACT, SHALL NOT EXCEED THE PURCHASE PRICE PAID FOR THE WORK. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.

14. **Rental Equipment / Services.** Any leased or rented equipment ("Leased Equipment") provided by Seller shall at all times be the property of Seller with the exception of certain miscellaneous installation materials purchased by the Buyer, and no right or property interest is transferred to the Buyer, except the right to use any such Leased Equipment as provided herein. Buyer agrees that it shall not pledge, lend, or create a security interest in, part with possession of, or relocate the Leased Equipment. Buyer shall be responsible to maintain the Leased Equipment in good and efficient working order. At the end of the initial term specified in the order, the terms shall automatically renew for the identical period unless canceled in writing by Buyer or Seller not sooner than three (3) months nor later than one (1) month from termination of the initial order or any renewal terms. Upon any renewal, Seller shall have the right to issue notice of increased pricing which shall be effective for any renewed terms unless Buyer objects in writing within fifteen (15) days of issuance of said notice. If Buyer timely cancels service in writing prior to the end of the initial or any renewal term this shall not relieve Buyer of its obligations under the order for the monthly rental service charge which shall continue to



be due and owing. Upon the expiration or termination of this Agreement, Buyer shall promptly make any Leased Equipment available to Seller for removal. Buyer hereby agrees that it shall grant Seller access to the Leased Equipment location and shall permit Seller to take possession of and remove the Leased Equipment without resort to legal process and hereby releases Seller from any claim or right of action for trespass or damages caused by reason of such entry and removal.

15. **Miscellaneous.** These terms, together with any Contract Documents issued or signed by the Seller, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Buyer's documents, unless separately signed by Seller. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Buyer. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. To the extent the Agreement is considered a subcontract under Buyer's prime contract with an agency of the United States government, in case of Federal Acquisition Regulations (FARs) flow down terms, Seller will be in compliance with Section 44.403 of the FAR relating to commercial items and those additional clauses as specifically listed in 52.244-6, Subcontracts for Commercial Items (OCT 2014). If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. The Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its conflict of laws provisions. Both Buyer and Seller reject the applicability of the United Nations Convention on Contracts for the international sales of goods to the relationship between the parties and to all transactions arising from said relationship.

IN WITNESS WHEREOF, the terms and conditions of this proposal are hereby accepted by both Buyer and Seller, who have caused this Agreement to be executed by the signatures of their duly authorized representatives below:

EVOQUA WATER TECHNOLOGIES LLC (SELLER)

NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

BUYER

NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____

September 1st, 2022

Heritage Ranch Community Services District
4870 Heritage Road
Paso Robles, Ca 93446

Attn: Doug Groshart

Re: Proposal for 2 x PV2000 Carbon Adsorption Rental System with AquaCarb® 1230AWC

Dear Doug,

Evoqua Water Technologies, LLC (Evoqua) is pleased to provide you with this proposal for two PV2000 carbon adsorption equipment and AquaCarb® 1230AWC granular activated carbon media. Based upon your requirements, we have selected the appropriate equipment for your needs, as detailed in the attached proposal.

Note the following related to this project:

- Contaminants of concern are primarily DBPs.
- Equipment configuration to be one train of 2-PV2000 vessels: (2) carbon vessels in series.
- Vessels will be delivered pre-filled with 2,000lbs each of AquaCarb® 1230AWC coal-based granular activated carbon media.
- PV2000 vessels are configured with 3-inch male camlocks fittings on inlet & outlet unless otherwise directed.
- Vessel return and removal from rental is contingent upon a valid Evoqua spent carbon profile.
- Rental fees terminate when Evoqua demobilizes the equipment. Prorated rental fees are prohibited unless otherwise agreed to in advance of equipment mobilization.

Should you have any questions regarding this proposal, please do not hesitate to contact. Evoqua looks forward to working with you to meet your project goals, and we thank you for your continued interest in our products and services.

Sincerely,

Chris Turek
Senior Account Specialist
Evoqua Water Technologies LLC
ProAct Environmental Solutions
Cell Phone: 661-369-6151
Email: christopher.turek@evoqua.com

cc: kristofer.korth@evoqua.com

Proposal: Carbon Rental Equipment

MAJOR COMPONENTS

Mobilization Fee:

- Branch labor to fill (2) PV® 2000 carbon adsorption vessels.
- 2,000 lbs of AquaCarb® 1230AWC carbon per vessel
- Forklift Rental: \$1000 (if client cannot provide).

Carbon Cost:

- 4,000 total lbs of AquaCarb® 1230AWC carbon

Demobilization Fee:

- Branch labor for emptying vessels shipped to Evoqua from the customer site.
- Minor maintenance and repair of adsorbers. Note: major repairs to the adsorbers due to improper handling or use of the systems on-site will be the customer's responsibility.
- Reactivation of the spent carbon at one of Evoqua's reactivation facilities (pending completion of spent carbon profiling process).
- Forklift Rental: \$1000 (if client cannot provide).

Service Cost:	
System Mobilization <i>Fill of (2) PV® 2000 vessels with AquaCarb 1230AWC carbon *Forklift optional at an additional \$1000/day.</i>	\$830
Carbon Cost <i>4,000 total lbs of AquaCarb® 1230AWC coconut-based acid-washed carbon</i>	\$10,720
Monthly Lease Rate <i>Lease rate per month for (2) PV® 2000 vessels. First month's rental fee is not included in the system mobilization fee.</i>	\$1,400
System Demobilization <i>Spent media removal and equipment removal from the job site. Non-Hazardous spent carbon disposal via reactivation at our Red Bluff, CA facility. Pricing will increase for Hazardous spent media. *Forklift optional at an additional \$1000/day.</i>	\$2,045
Non-Haz Profiling Fee <i>One-time charge to complete profiling and approval for non-haz spent carbon return at Evoqua reactivation facilities</i>	\$450
Freight Costs <i>Given the volatile nature of freight costs, we cannot accurately predict freight costs for this rental. As such, we will quote freight within 30 days of shipping these units in order to ensure accurate pricing for the customer and Evoqua</i>	\$TBD

Customer Responsibility

- Provide offloading/loading equipment (i.e. forklift) for delivery, pick-up, and onsite service.
- Service truck and equipment must have free and clear access within 25 feet of the adsorber(s) / vessel(s).

- Provide a hard copy, signed Purchase Order addressed to Evoqua Water Technologies LLC before the order can be processed. For the Purchase Order, please use the address in signature.
- Spent carbon reactivation is dependent on profile approval and receipt of spent carbon that matches the characteristics of the profile on record.
- Pricing is contingent on spent carbon that is free flowing and free of foreign contaminants or debris that can be removed with Evoqua's vacuum, slurry, and reactivation equipment. If additional equipment is needed, it is charged to the customer at cost plus 15%. If additional time is needed, it is charged at demurrage rates.
- Completed and signed Spent Carbon Profile Form and sample of spent carbon for profile testing required for new / renewed profiles.
- When required, customer shall provide Manifests with signature, as well as the associated forms for shipment of spent carbon. Reference must be made to the approved Spent Carbon Profile number. Evoqua will provide shipping documents such as Bill of Lading (BOL) unless otherwise agreed upon in writing.

Spent Carbon Profile and Reactivation; Profiling Fee

Our experience in activated carbon services dates back over 30 years, and as Evoqua we can provide the stability, resources, and experience to address your short-term or long-term requirements for carbon service.

All spent carbon shipments returning to Evoqua for reactivation require a valid, approved spent carbon profile prior to scheduling the shipment. A new profile takes approximately 4 weeks to complete and has a one-time profile fee (see schedule below). A carbon sample can be pulled at the time of service, and the spent carbon will remain onsite until the profile or profile renewal is approved.

RCRA Non-Hazardous or Sludge Exempt Spent Carbon	\$450
RCRA Hazardous Spent Carbon	\$750

RCRA Hazardous spent carbons containing halogens are subject to a Halogen Surcharge which covers the additional costs for chemicals (NaOH) and equipment corrosion from acid attack incurred while processing these carbons. The surcharge ranges from \$0.04-\$0.53/lb and is calculated on the spent carbon's halogen concentration determined during the profile approval process. However, Evoqua reserves the right to spot sample the generator's spent carbon at the reactivation facility if during the reactivation process it becomes evident that the halogen content on the analysis was not correct or representative. Your spent carbon will be tested during the profile process to determine Halogen Concentration and to calculate the Halogen Surcharge.

Halogen Surcharge \$/lb per % Halogen	Halogen Concentration %	Halogen Surcharge \$/lb
\$ 0.04	0 -- 1.00%	\$0.040
	1.01% -- 2.00%	\$0.080
	2.01% -- 3.00%	\$0.120
\$ 0.05	3.01% -- 4.00%	\$0.170
	4.01% -- 5.00%	\$0.220
	5.01% -- 6.00%	\$0.270
	6.01% -- 7.00%	\$0.320
	7.01% -- 8.00%	\$0.370
	8.01% -- 9.00%	\$0.420
\$ 0.06	9.01% -- 10.00%	\$0.470
	> 10.00%	\$0.530
Maximum Surcharge		

Media pickup and reactivation is contingent on generator profile approval for new profile or use of existing profile. When pickup/transportation of spent carbon is reflected in pricing below, it assumes Non-Hazardous spent carbon transportation, unless it indicates otherwise.

*Note: any applicable reactivation services are contingent upon no greater than 5 wt.% of granular activated carbon < 16 mesh size. Carbon below this mesh size is considered to be particulate fines and will not hold integrity through the reactivation process.

If there is an interest in carbon reactivation or disposal, a proposal shall be provided for that scope of work upon request.

Evoqua Water Technologies Banking Details

ACH - CTX

Evoqua's preferred payment method is via ACH - CTX:

JP Morgan Chase Bank
Attn: Evoqua Water Technologies, LLC
Account #: 603148011
Swift Code: CHASUS33
ACH Routing / ABA: **044000037**
Wire Routing / ABA: **021000021**
Remittance details should go to: **electronicfunds@evoqua.com**

Paper checks via Postal Service

Paper checks via Postal Service:

Send to our Lockbox, address is:
Evoqua Water Technologies LLC
28563 Network Place
Chicago, IL 60673-1285

Paper checks via Overnight / Courier

Paper checks via Overnight / Courier:

JP Morgan Chase Bank
Attn: Evoqua Water Technologies Lockbox 28563
131 S Dearborn, 6th Floor
Chicago, IL 60603
Remittance details should go to: **electronicfunds@evoqua.com**

**** If ever instructed to change banking information, contact us immediately at 1-800-466-7873**



STANDARD TERMS OF SERVICE

EVOQUA WATER TECHNOLOGIES LLC

This STANDARD TERMS OF SERVICE AGREEMENT (this "Agreement") is effective as of _____ (the "Effective Date") and is by and between Evoqua Water Technologies LLC ("Servicer"), and O & M INC Inc. with an address 450 MONTBROOK LN ("Customer"):

1. Agreement. Servicer agrees to provide, and Customer agrees to pay for certain services as outlined in the Service Level Agreement (SLA's); provided, however, that specific commitments shall be subject to the issuance by Customer of Purchase Order(s) ("Order") and Servicer's written acknowledgement of each such Order. In the event that any terms contained within any Order conflict with the terms of this Agreement, the terms of this Agreement shall take precedence. No modification or waiver of this Agreement or any Order or Servicer acknowledgement containing other or different terms shall be deemed effective.

Only Customer's authorized service locations as listed in Exhibit A (List of Authorized Customer service Locations) may execute SLA's under this Agreement. It is agreed there is no joint and several liability between or among the listed affiliates. Each affiliate is responsible for and is entitled to the benefits of each Order which it issues under the Agreement.

2. Term. This Agreement shall begin on the Effective Date and shall terminate on the earlier of (i) (__) years from the Effective Date (the "Term") or (ii) the earlier cancellation as provided in Section 3, provided, however, that for an Order executed during the term of this Agreement, if the performance of services thereunder extends beyond the Term, then the Term of this Agreement shall be extended solely for and until completion of the services for such Order. This Agreement may only be extended upon the mutual written agreement of Servicer and Customer.

3. Cancellation. Servicer or Customer can terminate this Agreement for material breach or upon at least sixty (60) calendar days prior written notice to the other. In the event Customer cancels any Order issued pursuant to this Agreement for any reason other than for Servicer's uncured material breach, Customer shall (subject to any terms governing early cancellation in the Order so terminated) promptly pay Servicer for services rendered prior to such cancellation or suspension, and (b) any other direct costs incurred by Servicer as a result of such cancellation or suspension (including, without limitation, any additional expense incurred by reason of termination or cancellation of agreements between Servicer and its suppliers or subcontractors, and any applicable cost allocated in contemplation of performance).

4. Payment. Customer shall pay Servicer the price as set forth in the SLA. The prices set forth in SLA shall be adjusted to compensate for cost increases to Servicer. Servicer shall provide Customer with written notice of such price adjustment at least 30 days prior to any such adjustment becoming effective. Unless this agreement provides otherwise, freight, storage, insurance and all taxes, levies, duties, tariffs, permits or license fees or other governmental charges relating to the services or any incremental increases thereto shall be paid by Customer. If Servicer is required to pay any such charges, Customer shall immediately reimburse Servicer. If Customer claims a tax or other exemption or direct payment permit, it shall provide Servicer with a valid exemption certificate or permit and indemnify, defend and hold Servicer harmless from any taxes, costs and penalties arising out of same. All payments are due within 30 days of invoice date. Customer shall be charged the lower of 1 ½% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Servicer's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval by Servicer. Back charges without Servicer's prior written approval shall not be accepted.

5. Delivery. Delivery of the services shall be in material compliance with the schedule Outlined in SLA. Unless agreed to otherwise, delivery terms are ExWorks Servicer's factory (Incoterms 2010). Unless otherwise agreed to in writing by Servicer, shipping dates are approximate only and Servicer shall not be liable for any loss or expense (consequential or otherwise) incurred by Customer or Customer's customer if Servicer fails to meet the specified delivery schedule.

6. Ownership of Materials. All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data, software and other documents or information prepared or disclosed by Servicer, and all related intellectual property rights, shall remain Servicer's property. Servicer grants Customer a non-exclusive, non-transferable license to use any such material solely for Customer's use of such. Customer shall not disclose any such material to third parties without Servicer's prior written consent.

7. Changes. Neither party shall implement any changes in the scope of services described in Servicer's Documentation without a mutually agreed upon change order. Any change to the scope of the services, delivery schedule for the services, any Force Majeure Event, any law, rule, regulation,

order, code, standard or requirement which requires any change hereunder shall entitle Servicer to an equitable adjustment in the price and time of performance.

8. **Force Majeure Event.** Neither Customer nor Servicer shall have any liability for any breach or delay (except for breach of payment obligations) caused by a Force Majeure Event. If a Force Majeure Event exceeds three (3) months in duration, the Servicer shall have the right to terminate the Agreement without liability, upon fifteen (15) days written notice to Customer and shall be entitled to payment for services performed prior to the date of termination. "Force Majeure Event" shall mean events or circumstances that are beyond the affected party's control and could not reasonably have been easily avoided or overcome by the affected party and are not substantially attributable to the other party. Force Majeure Event may include, but is not limited to, the following circumstances or events: war, act of foreign enemies, terrorism, riot, strike, or lockout by persons other than by Servicer or its sub-suppliers, natural catastrophes or (with respect to on-site work), unusual weather conditions.

9. **Warranty.** Servicer warrants to Customer that the Services shall be performed in a timely and workmanlike manner. Servicer warrants the Services for ninety (90) days from the performance of services (the "Warranty Period"). The foregoing warranty shall not apply to any good that is specified or otherwise demanded by Customer and is not manufactured or selected by Servicer, as to which (i) Servicer hereby assigns to Customer, to the extent assignable, any warranties made to Servicer and (ii) Servicer shall have no other liability to Customer under warranty, tort or any other legal theory. If Customer gives Servicer prompt written notice of breach of this warranty within the Warranty Period, Servicer shall, at its sole option and as Customer's sole and exclusive remedy re-perform the Service or refund the purchase price. If Servicer determines that any claimed breach is not, in fact, covered by this warranty, Customer shall pay Servicer its then customary charges for any repair made by Servicer. Determination of suitability of treated water for any use by Customer shall be the sole and exclusive responsibility of Customer. THE WARRANTIES SET FORTH IN THIS ARTICLE 9 ARE THE SERVICER'S SOLE AND EXCLUSIVE WARRANTIES AND ARE SUBJECT TO THE LIMITATION OF LIABILITY PROVISION BELOW. SERVICER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.

10. **Indemnity.** Servicer shall indemnify, defend and hold Customer harmless from any claim, cause of action or liability incurred by Customer as a result of third party claims for personal injury, death or damage to tangible property, to the extent of Servicer's negligence. Servicer shall have the sole authority to direct the defense of and settle any indemnified claim. Servicer's indemnification is conditioned on Customer (a) promptly, within the Warranty Period, notifying Servicer of any claim, and (b) providing reasonable cooperation in the defense of any claim. Customer agrees to defend, indemnify and hold harmless Servicer, its successors and assigns, and their agents, servants, and employees from and against any and all third party claims, demands, damages, actions or causes of action at law or in equity, asserted by third parties for (i) bodily injuries, (ii) death or (iii) physical property damage, to the extent of Customer's negligence.

11. **Assignment.** This Agreement or any obligation or right under this Agreement may not be assigned or delegated by Customer or Servicer without the written consent of the other Party, such consent not to be unreasonably withheld. Notwithstanding the above, Supplier may, without prior written notice to, and without the consent of Customer, assign any of its rights or delegate any of its duties under this Agreement if such assignment or delegation is to: (a) an affiliate of Supplier, (b) a successor of Supplier, by consolidation, merger or operation of law, (c) a purchaser of all or substantially all of Supplier's assets, or (d) to a bank, trust company, or other financing institution.

12. **Dispute Resolution.** Servicer and Customer shall negotiate in good faith to resolve any dispute relating hereto. If, despite good faith efforts, the parties are unable to resolve a dispute or claim arising out of or relating to this Agreement or its breach, termination, enforcement, interpretation or validity, the parties will first seek to agree on a forum for mediation to be held in a mutually agreeable site. If the parties are unable to resolve the dispute through mediation, then any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Pittsburgh, Pennsylvania before three arbitrators who are lawyers experienced in the discipline that is the subject of the dispute and shall be jointly selected by Servicer and Customer. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. The Arbitrators shall issue a reasoned decision of a majority of the arbitrators, which shall be the decision of the panel. Judgment may be entered upon the arbitrators' decision in any court of competent jurisdiction. The substantially prevailing party as determined by the arbitrators shall be reimbursed by the other party for all costs, expenses and charges, including without limitation reasonable attorneys' fees, incurred by the prevailing party in connection with the arbitration. For any order shipped outside of the United States, any dispute shall be referred to and finally determined by the International Center for Dispute Resolution in accordance with the provisions of its International Arbitration Rules, enforceable under the New York Convention (Convention on the Recognition and Enforcement of Foreign Arbitral Awards) and the governing language shall be English.



13. **Independent Contractor Status.** Servicer is an independent contractor of Customer. Nothing contained in this Agreement shall be construed to create the relationship of employer and employee, principal and agent, partnership or joint venture, or any other fiduciary relationship. Neither Party has any authority to act as agent for, or on behalf of, the other Party, or to represent or bind the other Party in any manner.

14. **Access and Use of Premises.** Customer grants a license to Servicer, its subcontractors, agents and assigns, for unobstructed access to Customer's Site and to occupy the Site for the purposes of furnishing the Services and associated labor, materials tools and/or supplied as specified in this Agreement. The relationship between Customer and Servicer with respect to the Site shall be licensor and licensee and nothing in this Agreement shall be interpreted as to create the relationship of landlord and tenant between the parties. Evoqua shall at all times comply with Customer's safety rules and regulations for Customer's Site.

15. **Insurance.** Both parties shall maintain and provide evidence of insurance and provide the other party a certificate evidencing such insurance. Certificates of insurance shall contain a provision that coverages afforded under the policies (1) shall not expire, terminate or otherwise be discontinued except upon not less than thirty (30) days prior written notice to Customer, (2) contain an Additional Insured Status on Commercial General Liability and Comprehensive Automobile Liability for services performed by or on behalf of Servicer and (3) require notification to Customer of any material adverse change in coverage.

16. **Notices.** Any notices to be given hereunder by either Party to the other may be effected either by personal delivery in writing or by mail, registered or certified postage prepaid with return receipt requested or by courier. Mailed notices shall be addressed to the Parties at the addresses shown below, but each Party may change its address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; all other notices shall be deemed communicated as of documented receipt.

To Service:

EVOQUA WATER TECHNOLOGIES LLC

Address: _____

Tel: _____

Fax: _____

Email: _____

Attn: Contracts Department

Tel: _____

Fax: _____

Email: _____

To Customer:

Address: _____

Tel: _____

Fax: _____

Email: _____

Attn: _____

Tel: _____

Fax: _____

Email: _____

With a copy to:
 Evoqua Water Technologies LLC
 General Counsel
 210 Sixth Avenue, Suite 3300
 Pittsburgh, PA 15222

17. **Provided Equipment.** Equipment, if any, provided by Servicer shall at all times shall be the property of Servicer with the exception of certain miscellaneous installation materials purchased by the Customer, and no right or property interest is transferred to the Customer, except the right to use any such equipment as provided herein. Customer agrees that it shall not pledge, lend, or create a security interest in, part with possession of, or relocate the equipment. Customer shall be responsible to maintain the equipment in good and efficient working order. Upon the expiration or termination of this Agreement, Customer shall promptly make any equipment available to Servicer for removal. Customer hereby agrees that it shall grant Servicer access to the equipment location and shall permit Servicer to take possession of and remove the equipment without resort to legal process and hereby releases Servicer from any claim or right of action for trespass or damages caused by reason of such entry and removal.

18. **Miscellaneous.** These terms, together with any quotation, purchase order or acknowledgement issued or signed by the Servicer, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Customer's documents, unless separately signed by Servicer. No part of the Agreement may be changed or cancelled except by a written document signed by Servicer and Customer. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. To the extent the Agreement is considered a subcontract under Customer's prime contract with an agency of the United States government, in case of Federal Acquisition Regulations (FARs) flow down terms, Servicer will be in compliance with Section 44.403 of the FAR relating to commercial items and those additional clauses as specifically listed in 52.244-6, Subcontracts for Commercial Items (OCT 2014). If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. The Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its conflict of laws provisions. Both Customer and Servicer reject the applicability of the United Nations Convention on Contracts for the international sales of goods to the relationship between the parties and to all transactions arising from said relationship.

19. **LIMITATION OF LIABILITY.** NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SERVICER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SERVICER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE SERVICES INCLUDING WITHOUT LIMITATION ANY LIABILITY FOR ALL WARRANTY CLAIMS OR FOR ANY BREACH OR FAILURE TO PERFORM ANY OBLIGATION UNDER THE CONTRACT, SHALL NOT EXCEED THE PURCHASE PRICE PAID FOR THE SERVICES PER ORDER. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.