



Chino Hills · Diamond Bar · Industry

**TRES HERMANOS CONSERVATION AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING**

**WEDNESDAY, MARCH 26, 2025, AGENDA
6:00 P.M.**

**CITY OF INDUSTRY - COUNCIL CHAMBERS
15651 MAYOR DAVE WAY
CITY OF INDUSTRY, CALIFORNIA**

**BOARD DIRECTORS
CHAIR, CORY MOSS
VICE-CHAIR, ANDREW CHOU
DIRECTOR, STAN LIU
DIRECTOR, STEVE MARCUCCI
DIRECTOR, RAY MARQUEZ
DIRECTOR, MARK RADECKI
DIRECTOR, PETER ROGERS**

This agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda unless the Board of Directors makes a determination that an emergency exists or that a need to take immediate action on the item came to the attention of the City subsequent to the posting of the agenda. The Secretary of the Board has on file copies of written documentation relating to each item of business on this Agenda available for public inspection in the Office of the City of Industry City Clerk, in the public binder located at the entrance to the Council Chambers while the meeting is in session, and on the Authority's website at www.treshermanos.org. Materials related to an item on this Agenda submitted to the Directors after distribution of the agenda packet are available for public inspection in the Office of the City of Industry, 15625 Mayor Dave Way, City of Industry, CA during normal business hours.

Speaker Cards - Those persons wishing to address the Directors on any matter, whether or not it appears on the agenda, are requested to complete and submit to the Authority Secretary a "Request to Speak" card available at the entrance to the City Council Chambers. In accordance with the Public Records Act, any information you provide on this form is available to the public. **You are not required to provide personal information in order to speak, except to the extent necessary for the Secretary of the Board to call upon you.** Comments will be limited to five minutes per speaker.

Emails and documents submitted will be considered a public document subject to posting on the City's website and are subject to the Public Records Act.

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in the Board meeting, please contact the Authority Secretary, (626) 333-2211, at least 48 hours prior to the meeting to enable the Authority to make reasonable arrangements. [Click here](#) to view the Reasonable Accommodations Policy for The Tres Hermanos Conservation Authority Brown Act Meetings or contact the City Clerk's office to obtain a copy.

PLEASE SILENCE ALL ELECTRONIC DEVICES WHILE BOARD IS IN SESSION. Thank you.

CALL TO ORDER / ROLL CALL

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS

PUBLIC COMMENTS: At this time members of the public may address the Authority regarding any items within the subject matter jurisdiction of the Authority provided NO action or discussion may be taken on any item not appearing on the agenda, except the Authority may BRIEFLY respond to statements made or questions posed.

CONSENT CALENDAR

1. Approve as submitted the minutes for November 13, 2024 regular meeting and January 8, 2025 regular meeting
2. Receive and file Payment Registers for months ended December 2024 and January 2025
3. Receive and file Treasurer's Reports for months ended December 2024 and January 2025
4. Appoint Certified Public Accountants
5. Adopt Resolution No. THCA 2025-02 and approve the Statement of Investment Policy for Fiscal Year 2025-26

OLD BUSINESS:

There is none.

NEW BUSINESS:

6. Adopt Resolution No. THCA 2025-01 and approve the Proposed Budget for Fiscal Year 2025-26
7. Adopt Resolution No. THCA 2025-03 and amend the Procurement Manual and Signing Authority

AUTHORITY DIRECTOR COMMENTS:

ADJOURNMENT: The next regular Tres Hermanos Conservation Authority meeting will be Wednesday, May 14, 2025, at 6:00 p.m.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR

ITEM 1

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CHINO HILLS, CALIFORNIA
NOVEMBER 13, 2024
PAGE 1

CALL TO ORDER

The Regular Meeting of the Tres Hermanos Conservation Authority was called to order by Chair Rogers at 6:00 p.m. in the City of Chino Hills Council Chambers, City Hall.

ROLL CALL:

Directors in attendance: Peter Rogers, Chair
Cory Moss, Vice-Chair
Andrew Chou, Director
Steve Marcucci, Director
Cynthia Moran, Director
Mark Radecki, Director

Directors absent: Stan Liu, Director

Staff in attendance: Benjamin Montgomery, Executive Director
Joshua Nelson, Deputy Executive Director
Dan Fox, Administrative Director

Tracy Egoscue, General Counsel
Christa Buhagiar, Treasurer
Cheryl Balz, Authority Secretary
Jessica Contreras, Deputy City Clerk II

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by Director Radecki.

1. PUBLIC COMMENTS:

Jeffrey Li, resident, inquired if there will be another tour of the Tres Hermanos Property. He provided his contact information, for follow-up from Executive Director Montgomery.

CONSENT CALENDAR:

2. MINUTES OF SEPTEMBER 11, 2024, MEETING

RECOMMENDED ACTION: THAT THE AUTHORITY APPROVE THE SEPTEMBER 11, 2024, TRES HERMANOS CONSERVATION AUTHORITY MEETING MINUTES.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CHINO HILLS, CALIFORNIA
NOVEMBER 13, 2024
PAGE 2

3. PAYMENT REGISTER

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE PAYMENT REGISTERS FOR THE MONTHS ENDED AUGUST 31, AND SEPTEMBER 30, 2024.

4. TREASURERS REPORT

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE THE TREASURER'S REPORTS FOR THE MONTHS ENDED AUGUST 31, AND SEPTMEBER 30, 2024.

A motion was made by Vice-Chair Moss and seconded by Director Chou to approve the Consent Calendar as presented.

Motion carried by electronic vote 6-0-1 as follows:

AYES:	DIRECTORS:	CHOU, MARCUCCI, MORAN, RADECKI, VICE-CHAIR MOSS, CHAIR ROGERS
NOES:	DIRECTORS:	NONE
ABSENT:	DIRECTORS:	LIU
ABSTAIN:	DIRECTORS:	NONE

OLD BUSINESS: There was none.

NEW BUSINESS:

5. ROTATION OF ADMINISTRATIVE SUPPORT POSITIONS EFFECTIVE JANUARY 1, 2025

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE A REPORT ON THE ROTATION OF ADMINISTRATIVE SUPPORT POSITIONS AND THE LOCATION OF TRES HERMANOS CONSERVATION AUTHORITY MEETINGS, EFFECTIVE JANUARY 1, 2025.

Executive Director Montgomery briefed the Board on the staff report, which is on file in the Chino Hills City Clerk's office. He explained that the Tres Hermanos Conservation Authority (Authority) Joint Powers Agreement (JPA) establishes several administrative support positions serving the Authority. The JPA sets up a rotating administration, with the City Managers of Industry, Diamond Bar, and Chino Hills taking turns serving as the Executive Director, Deputy Executive Director, and Administrative Director. The order is based on the location of the meetings with the City Manager of the host city serving as the Executive Director. Additionally, the City

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CHINO HILLS, CALIFORNIA
NOVEMBER 13, 2024
PAGE 3

Clerk of that city also fulfills the role of Authority Secretary. He stated that starting January 2025, Joshua Nelson will serve in the capacity of Executive Director, Julie Gutierrez-Robles will serve as the Authority Secretary, and the location will change to the City of Industry Council Chambers. He pointed out that the City of Chino Hills City Clerk's Office will remain the office of record for all Authority records and the Chino Hills Finance Director Christa Buhagiar will continue to serve as Treasurer as those positions do not rotate.

Vice Chair Moss inquired if it would be best to meet at the City of Diamond Bar versus the City of Industry's Council Chambers since it is the middle marker between the cities.

Executive Director Montgomery responded that the JPA requires the rotation of meeting locations to align with the host city. He pointed out the complexity of having the host city run the meetings from a Council Chambers they are not familiar with and doing so would require additional staffing from Diamond Bar to accommodate the switch.

Administrative Director Fox agreed with Executive Director Montgomery's statement that it presents logistical issues. He added that since the meetings are now held bimonthly, the schedule has made it more convenient and easier to accommodate each location.

Chair Rogers added that it would be nice to relocate meetings to Diamond Bar since it is closer; however, it makes sense logistically for the City next on rotation to complete all tasks associated with it including setting up and staffing.

6. EROSION CONTROL MEASURES - ARNOLD RESERVOIR DAM

RECOMMENDED ACTION: THAT THE AUTHORITY RECEIVE AND FILE A REPORT ON THE CONSTRUCTION AND/OR INSTALLATION OF EROSION CONTROL MEASURES ON THE WET SIDE OF THE ARNOLD RESERVOIR EARTHEN DAM AT THE TRES HERMANOS RANCH.

Deputy Executive Director Nelson briefed the Board on the staff report and PowerPoint Presentation, which are on file in the Chino Hills City Clerk's office. He stated that the City of Industry identified that the Arnold Reservoir Dam needed remediation work prior to the establishment of the JPA. Per the terms of the JPA, the City of Industry agreed to prepare plans and specifications for the remediation work and pay all costs associated with the one-time repair. He added that the project involves the placement of rip rap material along the upstream face of the dam, from the existing spillway to the eastern end of the dam face, to provide protection to the dam from wave erosion. In addition to the placement of rip rap material, the existing

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CHINO HILLS, CALIFORNIA
NOVEMBER 13, 2024
PAGE 4

approach slab at the overflow spillway will be removed, due to extensive cracking and displacement, and replaced with a longer approach slab. The project also includes the installation of drainage relief downstream of the dam in an area that is subjected to extensive ponding of stormwater. The project will lower the water surface temporarily to perform the work. Staff anticipate that the water level will rise back to the maximum level before the end of this winter season.

Director Radecki asked about the spill way behind the excavator shown in the picture and the integrity of the pipe.

Deputy Executive Director Nelson said they will look at the pipe to ensure it is up to proper standards.

AUTHORITY DIRECTOR COMMENTS:

Vice Chair Moss wished everyone a happy holiday season.

Director Chou wished everyone a happy holiday season.

Chair Rogers thanked the Board for allowing Chino Hills to host for the past two years.

Executive Director Montgomery announced that the next Tres Hermanos Conservation tour will take place February 1st. As discussed, there are roughly 100 individuals on the interest list to exhaust from. He stated that the tour will be conducted in the same format with three stops at three sites, and the tour will start at 9:00 a.m. and end at 12:00 p.m.

General Counsel Egoscue applauded the Board for their tenure, tone and compromises made and the importance and value of the shared power. She supports staff's recommendation to rotate duties as is. Lastly, she stated that the City of Industry is amazing at fulfilling their obligations for the Arnold Reservoir Earthen Dam.

Administrative Director Fox wished everyone a happy holiday season and thanked the City of Chino Hills for their hospitality over the past two years.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CHINO HILLS, CALIFORNIA
NOVEMBER 13, 2024
PAGE 5

ADJOURNMENT:

There being no further business, Chair Rogers adjourned the Tres Hermanos Conservation Authority Regular Meeting at 6:22 p.m.

PETER ROGERS
CHAIR

CHERYL BALZ
AUTHORITY SECRETARY

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 8, 2025
PAGE 1

CALL TO ORDER/ROLL CALL

The Regular Meeting of the Tres Hermanos Conservation Authority was called to order by Chair Peter Rogers at 6:00 p.m., in the City of Industry Council Chambers, City Hall.

ROLL CALL

Directors in attendance: Peter Rogers, Chair
Andrew Chou, Director
Stan Liu, Director
Steve Marcucci, Director
Ray Marquez, Director
Mark Radecki, Director

Directors absent: Cory Moss, Vice-Chair

Staff in attendance: Joshua Nelson, Executive Director
Dan Fox, Deputy Executive Director
Benjamin Montgomery, Administrative Director

Tracy Egoscue, General Counsel
Christa Buhagiar, Treasurer
Julie Gutierrez-Robles, Authority Secretary

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was led by Chair Peter Rogers.

PUBLIC COMMENTS

There were none.

REORGANIZATION OF THE BOARD OF DIRECTORS

Authority Secretary Gutierrez-Robles opened the nomination for Chair.

Chair Peter Rogers nominated Cory Moss as Chair and there was a second motion from Director Liu. There were no other nominations.

The nomination was Closed and the Directors voted 6-0 to nominate Cory Moss as Chair.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 8, 2025
PAGE 2

The nomination was opened for Vice Chair.

Director Liu nominated Andrew Chou as Vice Chair and there was a second motion from Director Marquez. There were no other nominations.

The nomination was Closed and the Directors voted 6-0 to nominate Andrew Chou as Vice Chair.

There were no public comments.

CONSENT CALENDAR

RECEIVE AND FILE THE AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24

RECOMMENDED ACTION: *Receive and file Reports.*

RECEIVE AND FILE PAYMENT REGISTERS FOR MONTHS ENDED OCTOBER 2024 AND NOVEMBER 2024

RECOMMENDED ACTION: *Receive and file Reports.*

RECEIVE AND FILE TREASURER'S REPORTS FOR MONTHS ENDED OCTOBER 31 AND NOVEMBER 30, 2024

RECOMMENDED ACTION: *Receive and file Reports.*

MOTION BY DIRECTOR RADECKI, AND SECOND BY DIRECTOR MARCUCCI TO APPROVE THE CONSENT CALENDAR. MOTION CARRIED 6-0, BY THE FOLLOWING VOTE:

AYES	DIRECTORS:	LIU, MARCUCCI, MARQUEZ, RADECKI, ROGERS, VC/CHOU
NOES:	DIRECTORS:	NONE
ABSENT	DIRECTORS:	C/MOSS
ABSTAIN	DIRECTORS:	NONE

OLD BUSINESS: There was none.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 8, 2025
PAGE 3

NEW BUSINESS:

RECEIVE AND FILE REPORT ON CONSTRUCTION AND/OR INSTALLATION OF EROSION CONTROL MEASURES ON WET SIDE OF ARNOLD RESERVOIR EARTHEN DAM AT TRES HERMANOS RANCH

RECOMMENDED ACTION:

Receive and file Reports.

Executive Director Nelson briefed the Authority on the latest updates pertaining to the construction and installation at the Arnold Reservoir Earthen Dam at Tres Hermanos Ranch.

At the time of developing the JPA, the City of Industry had committed to paying 100% for the dam project although there was one change order made that we will be splitting the cost amongst the three cities. It was not related to this project, but it made sense to do the work while we were there.

Executive Director Nelson went into detail presenting a staff report and slide presentation of the improvements made

Director Rogers asked about the cost of this project, in which Executive Director Nelson replied around 200 to 250 thousand dollars. With the trial project maybe around 300 thousand.

AUTHORITY DIRECTOR COMMENTS:

Director Rogers mentioned that 64 out of 92 slots are filled for the next Tres Hermanos Ranch Tour, leaving a few vacant openings. These can be used by associates from each City as requested. Also, the idea of opening tours to the local schools is an option going forward.

Director Marquez asked about the squirrel condition and Executive Director Nelson replied that this is no longer a problem.

Director Marquez asked about the lady living in the house at Tres Hermanos Ranch and Executive Director Nelson said she is doing well although she is not living in the house. Her son is helping her, and she is doing OK.

TRES HERMANOS CONSERVATION AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING MINUTES
CITY OF INDUSTRY, CALIFORNIA
JANUARY 8, 2025
PAGE 4

ADJOURNMENT

There being no further business, the Tres Hermanos Conservation Authority adjourned at 6:14 p.m.

CORY MOSS
CHAIR

JULIE GUTIERREZ-ROBLES
AUTHORITY SECRETARY

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR

ITEM 2



Chino Hills · Diamond Bar · Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Payment Register

Recommendation:

Receive and file the payment registers for December 2024 and January 2025.

Background/Analysis:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.2 Disbursements, the warrants and wire transfers of the Authority should be periodically reviewed by the Board. Attached for your review is the payment register for December 2024 and January 2025. These payments may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

Recommended By:

Christa Buhagiar
Treasurer

Attachments Payment Register - December 2024
Payment Register - January 2025

Tres Hermanos Conservation Authority

Payment Register

From 12/1/2024 to 12/31/2024

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5318	12/11/2024	CITY OF INDUSTRY	THCA21-005	LACNTY/WEEDS/SEP24		\$32,413.21
				TOTAL		\$32,413.21
5319	12/11/2024	SAGE ENVIRONMENTAL GROUP, LLC	THCA22-004	SAGE/VEG MGMT SRVCS/NOV24		\$5,000.00
				TOTAL		\$5,000.00
5320	12/18/2024	DIAMOND ENVIRONMENTAL SERVICES	THCA23-003	DIAMOND/RESTROOM RENT/11/4/24-12-1-24		\$104.05
	12/18/2024	DIAMOND ENVIRONMENTAL SERVICES	THCA24-007	DIAMOND/RESTROOM RENT/12-2-24-12/29/24		\$104.05
				TOTAL		\$208.10
5321	12/18/2024	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/NOV24		\$210.00
				TOTAL		\$210.00
10020	12/4/2024	CITY OF CHINO HILLS		CH/WATER/10/16/24-11/14/24		\$225.28
				TOTAL		\$225.28
10021	12/11/2024	EGOSCUE LAW GROUP, INC.	THCA19-004	EGOSCUE/LEGAL/NOV24		\$175.00
				TOTAL		\$175.00
10022	12/11/2024	INDUSTRY SECURITY SERVICES, INC	THCA24-003	INDSTY/SECURITY SRVCS/NOV24		\$4,034.48
				TOTAL		\$4,034.48
10023	12/18/2024	C & C ENGINEERING, INC.	THCA20-002	CNC/FIELDMGMT/NOV24		\$2,757.50
				TOTAL		\$2,757.50
10024	12/18/2024	CITY OF CHINO HILLS		CH/STAFF TIME/OCT24		\$483.45
				TOTAL		\$483.45
TOTAL						\$45,507.02

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

Tres Hermanos Conservation Authority

Payment Register

From 1/1/2025 to 1/31/2025

#	DATE	VENDOR NAME	CONTRACT/ PO#	DESCRIPTION	RETENTION	INVOICE AMT
5322	1/29/2025	JANUS PEST MANAGEMENT, INC.	THCA22-006	JANUS/PEST/DEC24		\$75.00
TOTAL						\$75.00
10025	1/8/2025	CITY OF CHINO HILLS		CH/WATER/11/14/24-12/11/24		\$229.46
	1/8/2025	CITY OF CHINO HILLS		BUSTOUR/THE PIN CNTR		\$310.50
TOTAL						\$539.96
10026	1/8/2025	LANCE, SOLL & LUNGHARD LLP	A2021-065	2024 TRES HERMANOS AUDIT		\$220.00
TOTAL						\$220.00
10027	1/15/2025	C & C ENGINEERING, INC.	THCA20-002	CNC/FIELDMGMT/DEC24		\$3,252.50
TOTAL						\$3,252.50
10028	1/15/2025	INDUSTRY SECURITY SERVICES, INC	THCA24-003	INDSTY/SECURITY SRVCS/DEC24		\$4,034.48
TOTAL						\$4,034.48
10029	1/29/2025	CITY OF CHINO HILLS		CH/STAFF-TIME/NOV24		\$225.61
TOTAL						\$225.61
10030	1/29/2025	DIAMOND ENVIRONMENTAL SERVICES	THCA24-007	DIAMOND/RESTROOMRENT/12/30/24-01/26/25		\$104.05
TOTAL						\$104.05
TOTAL						\$8,451.60

Note: The payments above may include the following types: automatic clearing house (ACH), electronic funds transfer (EFT), and paper check. ACH payments have a five-digit number starting with a "2", EFT payments have a five-digit number starting with a "1", and paper checks have a four-digit number.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR

ITEM 3



Chino Hills · Diamond Bar · Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Treasurer's Report

Recommendation:

Receive and file the Treasurer's Reports for the months ended December 31, 2024, and January 31, 2025.

Background/Analysis:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 5.3 Accounts, the Treasurer must verify and report in writing, at least quarterly, the amount of money held for the Authority and the amount of interest earnings, revenues, and expenditures since the last report. Attached for your information are the Treasurer's Reports for the months ended December 31, 2024, and January 31, 2025.

Recommended By:

Christa Buhagiar
Treasurer

Attachments Treasurer's Report - December 2024
Treasurer's Report - January 2025

**Tres Hermanos Conservation Authority
Treasurer's Report
For the Month Ended December 31, 2024**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
Cash and Cash Equivalents					
Citizens Business Bank - Premium Money Market LAIF Account	\$ 17,750	\$ 17,750	0.02%	n/a	4.28%
	396,784	396,634	4.43%	n/a	95.72%
Total Investment Portfolio	\$ 414,534	\$ 414,384			100.00%

Blended Yield of Cash and Investments	4.24%
--	--------------

Benchmarks:	
LAIF	4.43%
6mo U.S. Treasury	4.24%
2yr U.S. Treasury	4.25%
5yr U.S. Treasury	4.38%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.



Christina Buhagiar
Treasurer

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Month Ended December 31, 2024

	<u>Budget 2024/25</u>	<u>December 2024</u>	<u>Fiscal Year To Date 2024/25</u>	<u>% of Budget Used</u>
Revenues:				
Interest Income	\$ -	\$ 1	\$ 4,810	-
Fair Market Value Adjustment	-	-	880	-
Rental Income	15,312	1,103	9,878	65%
Reimbursements	4,164	225	2,208	53%
Contributions from Member Agencies	286,419	-	286,419	100%
Total Revenues	<u>305,895</u>	<u>1,329</u>	<u>304,195</u>	<u>99%</u>
Expenditures:				
Contractual Services	256,950	40,589	106,721	42%
Bank Charges	300	(20)	(16)	-5%
Audit Services	2,124	-	1,900	89%
Legal Services	7,601	175	612	8%
Security Services	53,835	4,035	20,103	37%
Professional Services	15,000	483	1,837	12%
Liability Insurance	21,630	-	1,915	9%
Office Supplies	1,347	-	1,425	106%
Water	3,690	225	1,122	30%
Permits & Fees	7,143	-	364	5%
Total Expenditures	<u>369,620</u>	<u>45,487</u>	<u>135,983</u>	<u>37%</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (63,725)</u>	<u>\$ (44,159)</u>	<u>\$ 168,212</u>	
Fund Balances:				
Beginning of Fiscal Year			\$ 248,406	
Excess of Revenues Over/(Under) Expenditures			168,212	
As of December 31, 2024			<u>\$ 416,618</u> A	
Fund Balances by City:				
Chino Hills			\$ 139,377	
Diamond Bar			134,483	
Industry			142,758	
Total Fund Balances by City			<u>\$ 416,618</u>	

A The ending fund balance in the amount of \$416,618 differs from the bank balance of \$414,534. The \$2,084 difference is the accounts receivable total.

**Tres Hermanos Conservation Authority
Treasurer's Report
For the Month Ended January 31, 2025**

Description	Cost Value	Market Value	Interest/ Book Yield	Maturity Date	% of Portfolio
Cash and Cash Equivalents					
Citizens Business Bank - Premium Money Market	\$ 60,446	\$ 60,446	0.02%	n/a	14.66%
LAIF Account	352,120	351,987	4.37%	n/a	85.34%
Total Investment Portfolio	\$ 412,566	\$ 412,433			100.00%

Blended Yield of Cash and Investments	3.73%
--	--------------

Benchmarks:	
LAIF	4.37%
6mo U.S. Treasury	4.28%
2yr U.S. Treasury	4.22%
5yr U.S. Treasury	4.36%

I hereby certify that the investments are in compliance with the investment policy adopted by the the Board of Directors. The investment portfolio provides sufficient funds to meet the budgeted expenditures over the next six months. This report meets the requirements of Government Code Section 53646.

Christina Buhagiar
Treasurer

Reviewed By: _____

Date: _____

Tres Hermanos Conservation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Month Ended January 31, 2025

	Budget 2024/25	January 2025	Fiscal Year To Date 2024/25	% of Budget Used
Revenues:				
Interest Income	\$ -	\$ 5,337	\$ 10,147	-
Fair Market Value Adjustment	-	-	880	-
Rental Income	15,312	1,103	10,981	72%
Reimbursements	4,164	229	2,438	59%
Contributions from Member Agencies	286,419	-	286,419	100%
Total Revenues	305,895	6,669	310,865	102%
Expenditures:				
Contractual Services	256,950	3,742	110,463	43%
Bank Charges	300	0	(16)	-5%
Audit Services	2,124	220	2,120	100%
Legal Services	7,601	-	613	8%
Security Services	53,835	4,035	24,137	45%
Professional Services	15,000	226	2,063	14%
Liability Insurance	21,630	-	1,915	9%
Office Supplies	1,347	-	1,425	106%
Water	3,690	229	1,352	37%
Permits & Fees	7,143	-	364	5%
Total Expenditures	369,620	8,452	144,436	39%
Excess of Revenues Over/(Under) Expenditures	\$ (63,725)	\$ (1,783)	\$ 166,429	
Fund Balances:				
Beginning of Fiscal Year			\$ 248,406	
Excess of Revenues Over/(Under) Expenditures			166,429	
As of January 31, 2025			\$ 414,835	A
Fund Balances by City:				
Chino Hills			\$ 138,783	
Diamond Bar			133,889	
Industry			142,163	
Total Fund Balances by City			\$ 414,835	

A The ending fund balance in the amount of \$414,835 differs from the bank balance of \$412,566. The \$2,269 difference is the net of \$2,344 in accounts receivable and (\$75) in outstanding checks.

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR

ITEM 4



Chino Hills · Diamond Bar · Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Appoint Certified Public Accountants

Recommendation:

Appoint Lance, Soll & Lunghard, LLP, as the certified public accountants to provide financial auditing services for the Fiscal Year 2024-25 audit.

Background/Analysis:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority Joint Powers Agreement Section 3.8 Treasurer, the certified public accountant shall be annually appointed by the Board. In January 2021, the City of Chino Hills issued a Request for Proposal (RFP) for financial auditing services and after reviewing 10 proposals, entered into a five-year contract with Lance, Soll & Lunghard, LLP. The Authority's annual financial audit is included in these services.

Fiscal Impact:

There is sufficient funding in the Authority's operating budget to cover the Fiscal Year 2024-25 cost of the Lance, Soll & Lunghard, LLP, financial auditing services. Future financial auditing service costs will be budgeted for in the appropriate fiscal year.

Recommended By:

Christa Buhagiar
Treasurer

TRES HERMANOS CONSERVATION AUTHORITY

CONSENT CALENDAR

ITEM 5



Chino Hills • Diamond Bar • Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Statement of Investment Policy for Fiscal Year 2025-26

Recommendation:

Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING THE STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2025-26

Background/Analysis:

Pursuant to the Amended and Restated Tres Hermanos Conservation Authority (Authority) Joint Powers Agreement Section 3.8 Treasurer, an investment policy will need to be annually adopted by the Board of Directors, as required by the State of California Government Code Section 53646, and consistent with Government Code Sections 16429.1, 53601, 53635, and 53684, as they may be amended.

No revisions were made to the Authority's Statement of Investment Policy (Investment Policy) for Fiscal Year 2025-26 (see Exhibit A).

Recommended By:

Christa Buhagiar
Treasurer

Attachments Resolution
Exhibit A - Tres Hermanos Investment Policy

RESOLUTION NO. THCA 2025-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
TRES HERMANOS CONSERVATION AUTHORITY,
ADOPTING THE STATEMENT OF INVESTMENT POLICY
FOR FISCAL YEAR 2025-26**

WHEREAS, the Statement of Investment Policy provides the Board of Directors (Board) shall annually review the Statement of Investment Policy; and

WHEREAS, the Tres Hermanos Conservation Authority (Authority) requests to adopt the Statement of Investment Policy for the Fiscal Year 2025-26.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Investments of the Authority's funds for the Fiscal Year 2025-26 shall be made in accordance with the Authority's Statement of Investment Policy attached to this Resolution as Exhibit A.

SECTION 2. The policy adopted by this Resolution is in addition to and supplements any other legal requirements.

SECTION 3. The Statement of Investment Policy adopted by this Resolution supersedes all investment policies previously adopted by the Board.

SECTION 4. The Treasurer must make a monthly report of any investment transactions to the Board as required by Government Code Section 53607.

SECTION 5. This Resolution will take effect on July 1, 2025.

PASSED, APPROVED, AND ADOPTED this 26th day of March 2025.

Cory C. Moss, Chair
Tres Hermanos Conservation Authority

ATTEST:

I, Julie Gutierrez-Robles, Secretary of the Tres Hermanos Conservation Authority, do hereby certify that the foregoing Resolution was duly and regularly passed, approved, and adopted by the Board of Directors of the Tres Hermanos Conservation Authority, at its special meeting held on the 26th day of March 2025, by the following Roll Call vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

Julie Gutierrez-Robles, Secretary
Tres Hermanos Conservation Authority

Exhibit A

TRES HERMANOS CONSERVATION AUTHORITY Statement of Investment Policy Fiscal Year 2025-26

I. POLICY

It is the policy of the Tres Hermanos Conservation Authority ("Authority") to meet the short and long-term cash flow demands of the Authority in a manner which will provide for the safety of principal and sufficient liquidity while providing an investment return. The purpose of this Statement of Investment Policy ("Investment Policy") is to outline a process of the investment of Authority funds in a prudent manner in order to meet Authority objectives.

II. SCOPE

This Investment Policy applies to all investment activities and financial assets of the Authority held by the Authority and its agents and trustees.

III. DELEGATION OF AUTHORITY

Pursuant to the Authority's By-Laws the Treasurer shall perform the duties as authorized in Section 6506 et seq. of the Government Code.

Where the Board of Directors delegates the responsibility for investing the Authority's funds to the Treasurer, if the Treasurer is absent or otherwise unavailable to make investments, the Treasurer delegates those responsibilities to the Finance Manager at the City of Chino Hills. Investments made by the Finance Manager will be restricted to the State of California Local Agency Investment Fund ("LAIF"). The Treasurer may delegate to subordinates the execution of daily investment transactions. These investment transactions shall be approved by the Treasurer.

IV. PRUDENCE

All investments purchased shall have daily liquidity or a final stated maturity date upon which the full principal value of the security will be received. Although the investment will mature at full principal value, it is recognized that the market will vary throughout the life of the security.

V. OBJECTIVE

The objective of the investment portfolio is to meet the short and long-term cash flow demands of the Authority. To achieve this objective, the portfolio will be structured to provide safety of principal and liquidity while then providing a return on investments.

The following criteria, in priority order, shall govern all investment decisions.

A. Safety of Principal

Investments of the Authority shall be undertaken in a manner that seeks to ensure that capital losses are minimized, whether from institution default or erosion of the market value of securities. The Authority shall seek to preserve principal by mitigating the two types of risk in order of importance: 1) credit risk, and 2) market or interest rate risk.

1. Credit Risk. Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by purchasing Treasuries or high-grade securities. All investments beyond Treasury securities will be diversified so that the failure of any one issuer would not unduly harm the Authority's cash flow. Credit risk shall also be mitigated by pre-qualifying financial institutions, broker/dealers, intermediaries and advisors with which the Authority does business.
2. Market or Interest Rate Risk. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by structuring the funds so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes. Long-term securities shall not be purchased for the sole purpose of short-term speculation. Securities shall not be sold prior to maturity with the following exceptions: 1) a declining credit security would be sold early to minimize loss of principal, 2) a security swap would improve the quality, yield, or target duration in the portfolio, or 3) liquidity needs of the portfolio require that the security be sold. Purchases of investments will be restricted to securities with a final stated maturity not to exceed five (5) years.

B. Liquidity

The funds shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

C. Return on Investments

The funds shall be designed to attain a return on investments through budgetary and economic cycles, taking into account the investment risk

constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

VI. ETHICS AND CONFLICTS OF INTEREST

The Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The Treasurer and investment employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity. The Treasurer and investment employees are required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC). During the course of the year, if there is an event subject to disclosure that could impair the ability of the Treasurer or investment employees to make impartial decisions, the Board of Directors will be notified in writing within 10 days of the event.

VII. SAFEKEEPING OF SECURITIES

Investments in LAIF are undeliverable and are not subject to delivery or third-party safekeeping. The Treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the Treasurer.

On a monthly basis, the custodial asset statement shall be reconciled with the month end portfolio holdings. On an annual basis, the external auditor confirms investment holdings.

VIII. REPORTING

Pursuant to Section 53607 and Section 53646 of the Government Code, the Treasurer shall render a report to the Board of Directors containing detailed information on all investments and moneys of the Authority. The report will be submitted on a monthly basis and be provided to the Board of Directors within 45 days following the end of the month.

The report will contain the following information on the funds that are subject to this Investment Policy: 1) the type of investment, name of the insurer, date of maturity, cost in each investment, 2) the market value and source of the valuation, 3) a description of the compliance with the statement of Investment Policy, and 4) a statement denoting the Authority's ability to meet its pool's expenditure requirements for the next six months, and 5) transactions for the period.

IX. INTERNAL CONTROLS

The Treasurer shall develop a system of internal investment controls and a segregation of responsibilities of investment functions in order to assure an adequate system of internal control over the investment function. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

X. AUTHORIZED INVESTMENTS

The Authority's investments are governed by California Government Code, Sections 53600 *et seq.* Within the investments permitted by the Code, the Authority seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits and credit limits listed in this section apply at the time the security is purchased.

STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF), provided that:

- The Authority may invest up to the maximum amount permitted by LAIF.
- LAIF's investments in instruments prohibited by or not specified in the Authority's policy do not exclude the investment in LAIF itself from the Authority's list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.

XI. PROHIBITED INVESTMENTS AND TRANSACTIONS

- A. The Authority shall not invest any funds in inverse floaters, range notes, or mortgage derived, interest-only strips.
- B. The Authority shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, the Authority may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to Authority investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, and following) that are authorized for investment pursuant to Section XIV, above.
- C. No credit union may act as a selected depository institution under Section 53601.8 or Section 53635.8 for certificates of deposit.
- D. The Authority shall not purchase or sell securities on margin.

- E. Reverse Repurchase Agreements shall not be directly used by the Authority.
- F. The purchase of foreign currency denominated securities is prohibited.

XII. POLICY REVIEW

In accordance with amended Section 53646 of the Government Code, the Treasurer will annually render a Statement of Investment Policy for review and adoption by the Board of Directors to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law, financial and economic trends, and to meet the needs of the Authority.

Glossary of Investment Terms

- BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.
- CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.
- DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.
- REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.
- SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

TRES HERMANOS CONSERVATION AUTHORITY

NEW BUSINESS

ITEM 6



Chino Hills · Diamond Bar · Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Budget for Fiscal Year 2025-26

Recommendation:

Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING A BUDGET FOR FISCAL YEAR 2025-26.

Background/Analysis:

Per the Amended and Restated Tres Hermanos Conservation Authority (Authority) Joint Powers Agreement Section 5.1 Annual Budget, the Board of Directors (Board) shall adopt an annual budget. The proposed budget for Fiscal Year (FY) 2025-26 is \$409,998. The proposed budget requires an additional contribution from each city of \$78,920 each. The proposed budget is funded utilizing the projected ending fund balance of \$194,766 and anticipates \$19,476 in revenue.

In accordance with the 10% reserve policy established by the board on February 17, 2021, the proposed budget includes an ending fund balance of \$41,004. This aligns with the authority's fund balance reserve policy. Attached to the staff report is a consolidated proposed budget for the fiscal year.

Recommended By:

Christa Buhagiar
Treasurer

Attachments Proposed Budget for Fiscal Year 2025-26
Resolution

**TRES HERMANOS CONSERVATION AUTHORITY
PROPOSED BUDGET
FISCAL YEAR 2025-26**

Proposed Budget for Fiscal Year (FY) 2025-26				
	Total	Chino Hills	Diamond Bar	Industry
ESTIMATED BEGINNING FUND BALANCE	\$ 194,766	\$ 64,922	\$ 64,922	\$ 64,922
REVENUES				
Rental Income	\$ 15,312	\$ 5,104	\$ 5,104	\$ 5,104
Other Revenues	4,164	1,388	1,388	1,388
Membership Contribution	236,760	78,920	78,920	78,920
TOTAL REVENUES	\$ 256,236	\$ 85,412	\$ 85,412	\$ 85,412
EXPENDITURES				
Contractual Services	\$ 302,808	\$ 100,936	\$ 100,936	\$ 100,936
Banking	51	17	17	17
Audit Services	2,160	720	720	720
Legal Services	5,220	1,740	1,740	1,740
Security Services	55,161	18,387	18,387	18,387
Professional Services	10,002	3,334	3,334	3,334
Liability and Insurance	22,200	7,400	7,400	7,400
Office Supplies	1,503	501	501	501
Utilities	3,540	1,180	1,180	1,180
Permits & Fees	7,353	2,451	2,451	2,451
TOTAL EXPENDITURES	\$ 409,998	\$ 136,666	\$ 136,666	\$ 136,666
PROJECTED ENDING FUND BALANCE	\$ 41,004	\$ 13,668	\$ 13,668	\$ 13,668

RESOLUTION NO. THCA 2025-01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
TRES HERMANOS CONSERVATION AUTHORITY, ADOPTING
A BUDGET FOR FISCAL YEAR 2025-26**

WHEREAS, the Executive Director has presented to the Board of Directors (Board) a proposed budget for Fiscal Year 2025-26; and

WHEREAS, the Board has conducted a public meeting on March 26, 2025, to consider the Fiscal Year 2025-26 budget; and

WHEREAS, the Board has concluded its review and intends to approve and adopt the Fiscal Year 2025-26 budget.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Tres Hermanos Conservation Authority Fiscal Year 2025-26 Operating Budget of \$409,998, as prepared and submitted by the Executive Director and as modified by the Board, is hereby approved, adopted and appropriated.

SECTION 2. At the end of Fiscal Year 2024-25, certain purchase orders exist as outstanding encumbrances representing contractual obligations of previously budgeted funds. In addition, certain amounts have been included in the Fiscal Year 2024-25 budget that related to one-time allocations for specific projects and services but remain unspent. Outstanding encumbrances and unspent one-time allocations may be carried forward to Fiscal Year 2025-26 upon review by the Treasurer and approval of the Executive Director.

SECTION 3. The Adopted Budget may be subsequently amended as follows:

- A. By majority vote of the Board of Directors; or
- B. By the Executive Director for appropriations up to \$50,000 from reserves for each expenditure line-item transaction, provided that the total appropriations from reserves by the Executive Director may not exceed \$50,000 in a fiscal year until ratified by the Board; or
- C. By the Executive Director for all appropriation transfers between accounts within a fund without limitation.

SECTION 4. The Secretary is instructed to forward a copy of the Resolution and the Fiscal Year 2025-26 Budget to the Auditor/Controller of the County of San Bernardino and to the Auditor/Controller of the County of Los Angeles, in accordance with Section 53901 of the Government Code.

SECTION 5. The Secretary shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 26th day of March 2025.

Cory C. Moss, Chair
Tres Hermanos Conservation Authority

ATTEST:

I, Julie Gutierrez-Robles, Secretary of the Tres Hermanos Conservation Authority, do hereby certify that the foregoing Resolution was duly and regularly passed, approved and adopted by the Board of Directors of the Tres Hermanos Conservation Authority, at its special meeting held on the 26th day of March 2025, by the following Roll Call vote:

AYES: DIRECTORS:

NOES: DIRECTORS:

ABSENT: DIRECTORS:

ABSTAIN: DIRECTORS:

Julie Gutierrez-Robles, Secretary
Tres Hermanos Conservation Authority

TRES HERMANOS CONSERVATION AUTHORITY

NEW BUSINESS

ITEM 7



Chino Hills · Diamond Bar · Industry

Date: March 26, 2025
To: Chair and Board of Directors
From: Josh Nelson, Executive Director
Subject: Amend Procurement Manual and Signing Authority

Recommendation:

1. Adopt a Resolution entitled: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO AWARD INFORMAL PUBLIC CONTRACTS IN AN AMOUNT OF \$220,000 OR LESS AND DELEGATING THE AUTHORITY TO NEGOTIATE CONTRACTS, AWARD PURCHASE ORDERS OR PERFORM WORK BY EMPLOYEES OF THE MEMBER AGENCIES BY FORCE ACCOUNT ON PUBLIC PROJECTS IN AN AMOUNT OF \$75,000 OR LESS
2. Approve revisions to Section 1 - Contract Compliance Policy of the Procurement Manual

Background/Analysis:

On November 8, 2023, the Tres Hermanos Conservation Authority (Authority) adopted a Procurement Manual which consists of separate policies for (1) Contract Compliance, (2) Purchasing, (3) Federal Purchasing, (4) Bid Protest Process, and (5) Credit Card. The proposed updates to the Procurement Manual, specifically Section 1 - Contract Compliance Policy, are intended to incorporate the changes introduced by Assembly Bill (AB) 2192, reflect current practices, and provide additional guidelines for technology-related contracts.

A summary of the proposed changes is as follows:

- In Section 2, Definitions, a definition for "Member" agency was added, and more clarification was provided for the "Minor Adjustment" definition.
- In Section 3, Responsibilities, the requirement for the Authority General Counsel to sign agreements was lessened to approval in writing (email is acceptable), except for agreements that go to the Board for approval.
- In Section 4.5, Exceptions to obtaining a written agreement, Low Risk Software or Cloud Platforms were added because these vendors typically require the Authority to agree to their terms and conditions if the Authority wants to use them. This

exception only applies if there is no support service component provided at Authority sites and, if information is stored within the platform, the information contained is public, non-confidential, and non-sensitive.

- In Section 4.6, Amendments, wording was added to clarify that the Authority General Counsel must review and approve in writing (email is acceptable) all amendments.
- In Section 5.2, RFP Process, language was added to allow the Executive Director to determine when a reasonable attempt has been made to obtain three quotes and bids for non-public projects.
- In Section 5.3, Exceptions to Competitive Bidding for Non-Public Projects, an exception was added for technology-related products and/or services and public entertainment services for Authority-sponsored events.
- In Section 6, Competitive Bidding for Public Projects, the dollar thresholds were increased from \$60,000 to \$75,000 or less for public projects to be performed by force account, by negotiated contract, or by purchase order. The dollar threshold for public projects to be let to contract by informal procedures was increased from \$200,000 to \$220,000 and requires public projects of more than \$220,000 to be let to contract by formal bidding procedures.
- In Section 7, Vendor Requirements, a requirement to check "Other Licenses" with the individual licensing boards for their professions was added.
- In Section 8, Signing Authority Limits, the Executive Director's authority was increased from \$200,000 to \$220,000 for public construction contracts.
- In Section 9.4, Risk Assessment, language was added to require a bid bond for any Public Project contract that is bid pursuant to the formal or informal contract process.

This policy is proposed to be effective March 26, 2025.

Fiscal Impact:

There is no fiscal impact with this item.

Reviewed by Others:

This item has been reviewed by the Authority's General Counsel.

Recommended By:



Christa Buhagiar
Treasurer

Attachments Contract Policy Redline
Resolution
Contract Policy Final

TRES HERMANOS CONSERVATION AUTHORITY

CONTRACT COMPLIANCE POLICY

Date Adopted: 11/8/23

Date Revised: 3/26/25

Section: 1

1. PURPOSE

These policies and procedures were developed to ensure that contracts are being executed in a timely, efficient, and cost-effective manner and to implement the California Public Contract Code (PCC). This policy is not intended to address every issue, exception, or contingency that may arise in the course of contracting activities. The basic standard that must always prevail is to exercise good judgment in the use and stewardship of the Tres Hermanos Conservation Authority (Authority) resources.

2. DEFINITIONS

- 2.1. Addendum – A mutually agreed upon and appropriately authorized post-agreement attachment that modifies, alters, or totally changes some of the terms of a previously established contract. An addendum is used to clarify and add things that were not initially part of the original agreement, i.e., an addition.
- 2.2. Amendment – A mutually agreed upon and appropriately authorized change in terms of an existing contract. An amendment does not generally replace the whole original contract, just the part(s) that is (are) changed by the amendment, i.e., a modification. For example, the term of the contract, the amount of compensation, or additions or modifications to tasks consistent with the overall scope of services. There are amendments that create amended and restated agreements, but this is not the usual type of amendment. Consult the Authority General Counsel if there is a need for an amended and restated agreement.
- 2.3. Blanket Purchase Order (BPO) – A uniquely numbered purchase order generated by the Authority for stationary offsite services, with no single instance exceeding \$10,000.
- 2.4. Contract – A legally binding agreement between parties for services, supplies and/or equipment. The terms “agreement” and “contract” may be used interchangeably for the purpose of this policy.
- 2.5. Contract Compliance Officer – The individual, appointed in writing by the Executive Director, who has general supervision of all contracting functions.
- 2.6. Major Adjustment – Any changes to standard Authority contract templates that might significantly increase risk to the Authority including, but not limited

to, any revisions to the indemnity clause and any additional terms and conditions.

2.7. Member – Industry, Chino Hills, and/or Diamond Bar and any public entity that becomes a member of the Joint Powers Authority and which has not otherwise withdrawn from such membership or been terminated from such membership.

~~2.7-2.8.~~ Minor Adjustment – ~~Changes~~All changes to standard Authority contract templates that are not Major Adjustments are Minor Adjustments. Minor Adjustments are not likely to significantly increase risk to the Authority including, but not limited to, ~~exception~~exceptions to minimum insurance ratings, acceptable minimum insurance limits, compensation, and term.

~~2.8-2.9.~~ Non-Standard Agreement – An agreement provided by a contractor or vendor which is inconsistent with standard Authority templates.

~~2.9-2.10.~~ Prevailing Wage – The California Department of Industrial Relations (DIR) defines the prevailing wage rate as the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area (if a majority of such workers are paid at a single rate). If there is no single rate paid to a majority, then the single or modal rate being paid to the greater number of workers is prevailing. All workers on public works projects over \$1,000 must receive not less than the prevailing wage. Federal prevailing wage law is similar but differs from state law. Construction work that is financed in whole or in part with federal funds must adhere to certain federal labor standards requirements, primarily the Davis-Bacon Act. For projects that use federal funds, DIR Prevailing Wages do not apply to these projects unless they are higher than the Davis-Bacon rates. In such cases, the higher rate must be paid.

~~2.10-2.11.~~ Public Project – The term “public project” is defined by applicable statutory and case law and is defined differently in different contexts. In general, for the purpose of determining whether public contract competitive bidding is required, PCC Section 20161 defines a public project as a project for the erection, improvement, painting, or repair of public buildings and works; work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; street or sewer work except maintenance or repair; or furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers. PCC ~~§~~Section 1101 also defines “Public works contract,” to mean an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. Although not specifically listed in Section 20161 of the PCC, all construction and repair of water systems are subject to the bidding requirements of the PCC requirement. Under certain circumstances, leases of Authority property may be considered public project contracts subject to bidding requirements.

(See *Boydston v. Napa Sanitation Dist.* (1990) 222 CA3d 1362.) Also, some projects will not be public projects for purposes of bidding requirements but are public projects that require payment of prevailing wages pursuant to the Labor Code. Consult with the Authority General Counsel if unsure about whether the proposed project is a public project that must comply with the bidding and other procedures set forth in the PCC.

3. RESPONSIBILITY

3.1. Executive Director

- 3.1.1. Appoints in writing the Contract Compliance Officer(s).
- 3.1.2. Approves contracts and other related documents, including any risk determinations, within signing authority or as otherwise authorized by the Board of Directors (Board).
- 3.1.3. Recommends policy changes to the Board.
- 3.1.4. Approves ~~major adjustments~~ Major Adjustments from standard contract terms and conditions within signing authority, with ~~"approved as to form"~~ prior written approval (email is acceptable) by the Authority General Counsel.
- 3.1.5. Approves ~~minor adjustments~~ Minor Adjustments from standard contract terms and conditions, within signing authority.
- 3.1.6. Provides general oversight of all contracting functions in accordance with policies and procedures and consistent with the PCC, as applicable.

3.2. Contract Compliance Officer

- 3.2.1. May delegate or assign functions or tasks listed within this section to other staff members, but the Contract Compliance Officer remains the responsible party.
- 3.2.2. Implements ~~minor adjustments~~ Minor Adjustments to standard terms and conditions as may be required through contract negotiations. Approval of Major deviations Adjustments from standard requirements must be ~~escalated to~~ obtained from the Executive Director, and ~~"approved as to form"~~ prior written approval (email is acceptable) must be obtained by the Authority General Counsel.
- 3.2.3. Recommends changes to the policy, procedures, contract template language, and risk assessment to the Office of Record (Chino Hills City Clerk, per the bylaws) and drafts language.

- 3.2.4. Discusses questions related to risk assessment with the Executive Director. The Authority General Counsel may also be consulted.
- 3.2.5. Must be familiar with the Contract Compliance Policy.
- 3.2.6. Assesses the terms and insurance risk requirements.
- 3.2.7. Determines if prevailing wages are required.
- 3.2.8. Negotiates contract terms.
- 3.3. Treasurer (City of Chino Hills, per the bylaws)
 - 3.3.1. Reviews changes to contract template language relating to compensation or term of contract.
 - 3.3.2. Submits necessary documentation as required by the Office of Record for final execution of the contract.
 - ~~3.3.3.1.1.1. Monitors contracts and insurance compliance.~~
 - ~~3.3.4.~~3.3.3. May delegate or assign functions or tasks to other staff members but the Treasurer remains the responsible party.
- 3.4. Office of Record (Chino Hills City Clerk, per the bylaws)
 - 3.4.1. Oversees the Contract Compliance Policy.
 - 3.4.2. Maintains agreement templates.
 - 3.4.3. Provides final attestation on all contracts.
 - 3.4.4. Serves as the custodian of record for all contracts.
 - 3.4.5. Monitors contracts and insurance compliance.
 - ~~3.4.5.~~3.4.6. Reviews changes to agreement template language whether permanent or project specific, if needed, with the Authority General Counsel.
 - ~~3.4.6.~~3.4.7. May delegate or assign functions or tasks to other staff members in their respective department, but the Chino Hills City Clerk remains the responsible party.
- 3.5. Authority General Counsel
 - 3.5.1. Reviews and approves standard Authority agreement templates and all modifications to the templates.

- 3.5.2. Reviews and ~~“approves-executes~~ “approved as to form” contracts that are subject to Board approval; and reviews and approves in writing (email is acceptable), the form of all non-standard contracts, all amendments, and any contracts that have ~~major adjustments~~ Major Adjustments to standard Authority contract templates.
- 3.5.3. May delegate or assign functions or tasks to other staff members in the Authority General Counsel's Office, but the Authority General Counsel remains the responsible party.

4. POLICY

- 4.1. All contracts must be in writing, except as set forth in ~~section~~[Section](#) 4.5 of this policy, and in compliance with the PCC, as applicable. Unless an exception set forth in Section 4.5 of this policy applies, no representative of the Authority shall enter into a verbal agreement or make any arrangements until a written contract is fully executed and attested.
- 4.2. One of the Authority's standard contract templates must generally be used when entering into an agreement with a vendor, consultant, or contractor to provide services to the Authority. Examples of exceptions to the use of Authority contract templates are other public agency contracts, certain office equipment lease/purchase agreements, software licensing and renewals, maintenance, and technical consulting agreements.
- 4.3. Standard contract templates include:
- 4.3.1. Professional Services: An agreement for services provided to the Authority by consultants that are predominately intellectual and varied. Examples of professional services may include the services for financial, economic, accounting, engineering, legal, environmental, or administrative matters, provided the persons providing such services are specially trained and experienced and competent to perform the special services. Some of these designated professions are listed in Government Code [§Section](#) 53060.
- 4.3.2. Professional Services for Design Professional: An agreement for services provided to the Authority by design consultants that are professionally licensed such as architects, landscape architects, engineers, and land surveyors. Specifically tailored indemnification language is required (Civil Code [§Section](#) 2782.8). Some of these designated professions are listed in Government Code [§Section](#) 4526.
- 4.3.3. Professional Services for Transportation Services: An agreement for transportation services.
- 4.3.4. Public Construction: An agreement for supplies, equipment, and contractual services for construction of ~~public projects~~[Public Projects](#). Consult with the Authority General Counsel if unsure whether the proposed project is a ~~public project~~[Public Project](#) that must comply with the bidding and other procedures set forth in the PCC.
- 4.3.5. Consultant Services: An agreement for specialized administrative services delivered by a service provider as permitted by

Government Code [§Section](#) 53060. Such services are considered temporary or short-term in nature, normally in areas that supplement the expertise of the Authority for management and other similar services. For example, specialized legal counsel.

- 4.3.6. Maintenance Services General: An agreement for maintenance services that does not require payment of prevailing wages, such as landscape maintenance, street light maintenance, and custodial services.
- 4.3.7. Maintenance Services Prevailing Wage: An agreement for maintenance services that meets the definition of a "public project" pursuant to Labor Code [§Section](#) 1720, which requires payment of prevailing wage. Seek guidance from the Authority General Counsel if unsure whether prevailing wages are required to be paid.
- 4.3.8. License: An agreement for use of Authority property by outside user groups such as cell towers and signage.
- 4.3.9. Property Leases: An agreement for use of Authority property by outside parties for services such as cattle and equine grazing.
- 4.3.10. Residential Rental: A tenant agreement for rental of Authority property.
- 4.3.11. Services: An agreement for services not included in the above categories. Generally, this type of agreement is used for businesses providing services with or without goods to the Authority that are routine in nature, such as pest control services.

4.4. Non-standard types of agreements

The Contract Compliance Officer must seek advice from the Executive Director if the use of a non-standard contract developed by a third party is proposed. Non-standard contracts must be ["reviewed and approved as to form"](#) by the Authority General Counsel. Examples include, but are not limited to, the following:

- 4.4.1. Grant: An agreement for when a grant is awarded by a federal, state, county, local or other public agency and/or a private agency. Contract provisions for federal grants are addressed in the Authority's "Federal Purchasing" policy. For all other grants, Contract Compliance Officers should refer to the awarding agency requirements. It is the responsibility of the Contract Compliance Officer to ensure compliance with requirements of the granting

agency. If specific grant requirements are not provided, then this policy shall govern.

4.4.2. Cooperative Services: An agreement when the Authority awards a contract based on a substantially similar contract, which was awarded by another federal, state, county, local or other public agency through a competitive bidding process.

4.4.3. Combined Goods with Services: An agreement when professional services are specifically retained to advise the Authority on the selection of goods or equipment, and the professional services utilized also include designing, retrofitting, or modifying the goods or equipment to meet the particular needs of the Authority.

4.4.4. Inter-Agency: An agreement between government agencies to share resources and/or do work for each other.

4.5. Exceptions to obtaining ~~ana~~ written agreement

4.5.1. Stationary Offsite Services (excluding explosives)

Stationary offsite services are provided at a contractor’s place of business and generally do not involve the elevated risk of bodily injury and property damage associated with services that require driving a vehicle or coming to an Authority site entail. Examples of such services include express mail delivery service, oil changes, repair of tools such as “weed eaters” and tire repair.

- Services up to and including \$10,000 – A request for a ~~blanket purchase order~~ BPO may be submitted instead of a standard services agreement.
- Services over \$10,000 – Three quotes should be solicited and then a request for a purchase order may be submitted instead of a standard services agreement. Board approval is required if over \$50,000.

4.5.2. Type of Services

Due to the routine and repetitive nature of some services, an agreement may not be needed. Examples include, but are not limited to:

- Postage
- Publications

- Utility Services
- Banking Services

|

4.5.3 Low Risk Software or Cloud Platforms

Agreements for, or purchases of, low-risk software or cloud platforms when the vendor requires the Authority to agree to its standard terms and conditions may be agreed to, but only if there is no support service component provided at Authority sites and, if information is stored within the platform, the information contained is public, non-confidential and non-sensitive. These purchases are not required to comply with this contracting policy but must be approved in writing by the Executive Director or Board, according to the applicable authority limits (Section 8.0 of this policy).

4.6. Amendments/~~Change Order~~

Any change to an approved contract which results in a cost in excess of the award amount may be approved by those authorized in the contract, provided that the total of all amendments, plus the original amount of the contract does not exceed their respective authority limits. If a contract was approved by the Board, all amendments must go back to the Board for approval, unless the Board provided amendment authority when the contract was approved. The Authority General Counsel must also review and approve in writing (email is acceptable) all amendments.

5. COMPETITIVE BIDDING FOR NON-PUBLIC PROJECTS

The contracting process begins during the competitive bidding process as part of the definition of contract terms and conditions, specifications, and scope of work. Agreements shall be competitively bid by the issuance of Requests for Qualifications (RFQ) or Requests for Proposals (RFP), with some exceptions.

Notwithstanding the below, if an RFQ or RFP is for professional services of architects, engineers, environmental consultants, land surveyors and construction management vendors, then selection must be on the basis of demonstrated competence and the professional qualifications necessary for the satisfactory performance of the services required (see Gov. Code, ~~§~~ Section 4526.) This means that the selection criteria cannot include cost, however, when negotiating the contract, if the vendor does not agree to a fair and reasonable price, the Authority can refuse to contract and instead contract with the next most competent consultant that will agree to a fair and reasonable price.

5.1. RFQ Process

The RFQ process is used to develop a list of pre-approved qualified vendors (i.e., architects, engineers, environmental, and other similar consultants). An RFQ typically requests vendors to provide their professional qualifications in response to a general scope of services. The list of qualified

vendors must be submitted for Board approval. The list may be updated as needed but shall not be valid for more than five years. After Board approval, proposals may be solicited from any of the vendors on the approved lists. When selecting consultants from an approved RFQ list, the Contract Compliance Officer may, but is not required to, choose to follow an additional informal RFP process.

5.2. RFP Process

The RFP process is used to obtain an understanding of a service provider's qualifications, methodology, and anticipated cost with regard to a specific scope of services. An RFP and RFQ may contain many of the same elements. However, an RFP typically has a more detailed scope and requires a more thorough response to a specific need. Contracts for services in areas that require a substantial amount of expertise and judgement should be based on a vendor's demonstrated competence and professional qualifications as well as price. Selection criteria may be weighed more heavily on a vendor's competence and qualifications rather than price.

5.2.1. For services over \$10,000 and up to \$50,000 annually or per project, the informal RFP process must be followed whereby at least three written proposals must be obtained. However, if after an attempt has been made to obtain three quotes/bids, the Executive Director can determine in writing that this requirement has been satisfied because three responsible quotes/bids cannot be obtained from responsible bidders.

5.2.2. For services over \$50,000 annually or per project, the formal RFP process must be followed whereby a standard RFP form including a written description of the project or scope of work must be prepared. The formal RFP must be posted on the Authority's website.

5.3. Exceptions to Competitive Bidding for Non-Public Projects

5.3.1. Certain services are not readily adaptable to the informal or formal bidding process. Examples include, but are not limited to:

- Postage
- Publications
- Utility Services
- Banking Services

5.3.2. Exceptions to competitive bidding include the following:

- Services \$10,000 or under: When the estimated amount involves \$10,000 or less annually or per project.
- Sole Source: When the service can be obtained from only one provider and that appropriate written justification is approved by the Executive Director or Board, according to applicable signing authority limits in Section 8.
- Emergency: The Executive Director may authorize an agreement for services when an emergency is deemed to exist, and it is determined that service involving public health, safety, or welfare would be interrupted if the normal procedure were followed. A declaration of emergency from Chino Hills or Diamond Bar is conclusive evidence of such an event, as the municipal jurisdictions where the Authority property is located. All emergency services which would otherwise require formal bidding procedures made pursuant to this policy shall be submitted to the Board for ratification at the next regular Board meeting after the agreement is authorized for which legally required meeting notice can be provided.
- Professional and Consultant Services: Agreements for professional services and specialized consultant services, and for other, non-public projects and contractual services may be executed without observing the bidding procedures provided in this chapter if the Executive Director determines that the RFP process is unnecessary because a professional or specialized consultant services provider is the best provider for a particular agreement based on some or all of these factors: demonstrated competence, qualifications for the types of services to be performed, experience, knowledge of the Authority due to a long-standing relationship or other similar relevant criteria.
- Urgent Services: Services may be contracted for without competitive bidding when time is of the essence to avoid interruption of an Authority event. For urgent services, written approval shall be obtained prior to contracting from the Executive Director. Such written approval can be obtained through email or other means of electronic communication that can be printed for record. Notwithstanding the above, if every reasonable attempt to obtain written approval from the officials above prior to service has been unsuccessful, then work can proceed on oral approval, but such oral approval must be memorialized in writing to the official providing such oral approval, documenting the time and date of such approval, as soon as practicable. All urgent services

which would otherwise require formal bidding procedures made pursuant to this section shall be submitted to the Board for ratification at the next regular Board meeting after the urgent service is authorized for which legally required meeting notice can be provided.

- Cooperative Services: Competitive procedures need not be followed where the Executive Director identifies a cooperative competitive bidding procedure, being prepared by and processed through a federal, state, county, local or other public agency, or a cooperative purchasing entity set up by or utilized by such governments or public agencies. Under such circumstances, the Authority may join into an existing written service agreement obtained within the last 60 months through competitive bidding process prepared by and awarded by another federal, state, county, local or other public agency, or a cooperative purchasing entity. Board consent is required for such arrangements where the estimated value of the service agreement is more than \$50,000 annually or per project.
- Interagency Agreements: Any agreement entered into with another governmental entity.
- Combined Goods and Services: Any agreement which combines professional services and the acquisition of goods or equipment where the professional services are specifically retained to advise the Authority on the selection of the goods or equipment and the professional services utilized under the contract also include designing, retrofitting, or modifying the goods or equipment to meet the particular needs of the Authority. This exemption shall also include the acquisition by the Authority of "intellectual property." In utilizing this exemption, a request for qualifications, (RFQ), shall be used.
- Waiver: When the Board determines the waiver of competitive procedures is required or desirable and in conformance with state law.
- Technology: Any agreement for information technology-related products and/or services that is required for maintaining compatibility, functionality, or conformity with existing systems, products, and technologies, including proprietary hardware and software solutions with unique features or specialized functions, products, services or solutions necessary to meet regulatory requirements, or commitments essential to uphold current warranties or contractual obligations if the Executive Director has

determined in writing that the RFP process is unnecessary due to these specified conditions.

- Public entertainment services for Authority-Sponsored Events: Agreements for entertainment services, such as music, dancing, or other performance arts. This includes contracts with a management company and/or representative managing multiple performers.

6. COMPETITIVE BIDDING FOR PUBLIC PROJECTS

The bidding process for public construction contracts with formal bidding is detailed in the PCC and for informally bid agreements in the California Uniform Public Construction Cost Accounting Act (Section 22000, et seq. of the PCC and UPCCAA).

6.1. The dollar threshold amount that determines whether public construction contracts are formally or informally bid is set by Authority Resolution to be consistent with amendments to UPCCAA (Section 22000, et seq. of the PCC.) The dollar threshold amounts are subject to change by the State Legislature.

6.1.1. Projects ~~\$6075~~,000 or less – Projects may be performed by force account, by negotiated contract, or by purchase order. Although the UPCCAA allows for small dollar amount projects to be awarded without bidding, best practices for awarding projects should be followed. This may include negotiating with current Authority vendors for a fair and reasonable price or seeking quotes from other vendors for a fair and reasonable price.

6.1.2. Projects over ~~\$6075~~,000 and up to ~~\$200220~~,000 – Informal bidding process must be followed. If the Engineer's estimate for a project is less than \$220,000, but all bids received are in excess of \$220,000, the Authority may, by adoption of a resolution by a five-sevenths vote, including at least one Director from each Member Agency, award the contract to the lowest responsible bidder in an amount not to exceed \$235,000, provided that the Authority determines the Engineer's cost estimate was reasonable.

6.1.3. Projects over ~~\$200220~~,000 – Formal bidding process must be followed.

6.2. In case of emergency as defined in the PCC, the Executive Director is authorized to repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts pursuant to the procedures set forth in the PCC,

§Section 22050. All emergency services which would otherwise require formal bidding procedures made pursuant to this policy shall be submitted to the Board for ratification at the next regular Board meeting after the agreement is authorized for which legally required meeting notice can be provided.

- 6.3. Specialized Contracting Procedures. Nothing in this policy shall prohibit the Authority from using specialized contracting procedures when authorized by state law. If state law authorizes such procedures, this policy need not specifically authorize them. Such specialized procedures may include, without limitation, prequalification of contractors or subcontractors and design-build contracting procedures. For example, the Authority may elect to use the Design-Build procurement process authorized by Public Contract Code Section 22160. *et. seq.* as an alternative contracting method for public construction projects. The Executive Director is authorized to determine whether or not the needs of any particular project warrant the use of legally available specialized contracting procedures.
- 6.4. A bidder may protest an award of a public construction contract, and the Authority may determine that the bidder is not responsible pursuant to the "Bid Protest Process for Public Construction Contracts" policy which sets forth the applicable procedures.

7. VENDOR REQUIREMENTS

It is the responsibility of the Contract Compliance Officer to ensure the vendor is in compliance with all applicable federal, state, and local license and registration requirements before submittal of the contract for execution. Types of license and registration requirements may include, but are not limited to:

7.1. Business License and Exemptions

All persons or vendors engaging in business with the Authority must have a valid business license from the municipality in which the work will be performed. Certain businesses specifically listed in that City's municipal code are exempt from paying fees but must still register with the municipality. The Executive Director has the authority to exempt certain businesses working under a contract from obtaining a business license. These exemptions are listed below:

- Government Agencies
- "No Nexus" Business – Businesses whose physical presence in the Authority is limited to five days or less per calendar year.
- School Clubs and Organizations – School clubs and organizations affiliated with a public or private school in the United States.

- Transportation Companies – Carrier must be licensed/registered with the California Public Utilities Commission.
- Information Technology (IT) Services – Any hardware or software purchased by the IT division that has no professional services component.

7.2. Secretary of State Registration

State law requires corporations and limited liability companies to file a complete Statement of Information with the California Secretary of State. Vendors must be in compliance with the Secretary of State filing requirements.

In certain circumstances, some out of state businesses may not be required to register with the California Secretary of State. In these instances, verification with the appropriate state of incorporation is required.

7.3. Contractor License

All contractors must have a valid California Contractor's License and be in good standing with the Contractors State License Board throughout the term of the contract.

7.4. California Department of Industrial Relations (DIR) Registration

For up-to-date DIR vendor and Authority reporting and registration requirements go to <https://www.dir.ca.gov/>.

Each Contract Compliance Officer is responsible for determining if a project is subject to the DIR registration and reporting requirements. Contractors and subcontractors are required to be registered prior to bidding on a prevailing wage project. Some projects will not be public projects for purposes of bidding requirements but are public projects that require payment of prevailing wage pursuant to the Labor Code. Consult with the Authority General Counsel when in doubt. Additionally, the Authority is required to register qualified projects within 30 days of contract award, or prior to the first workday for projects lasting less than 30 days.

7.5 Other Licenses

If the Authority is contracting for a specific services provider such as a Realtor, Accountant, Attorney, Bus Transportation, etc., the Treasurer, or designee, must check with the individual licensing boards for those professions to verify their registration status.

8. SIGNING AUTHORITY AMOUNTS

- 8.1. The following officers are authorized to sign agreements pursuant to this chapter on the Authority’s behalf:
 - a. The Chair.
 - b. The Executive Director, Deputy Executive Director and Administrative Director when directed to do so by the Board of Directors or resolution.
 - c. The Executive Director for agreements up to and including fifty thousand dollars (\$50,000) annually or per project. Notwithstanding the foregoing, public construction contracts may be signed by the Executive Director in an amount not to exceed two hundred thousand dollars (~~\$200~~220,000).
- 8.2. Notwithstanding any other provision in this policy, Public Construction Contract Authority Limits have been set by Board Resolution. The Board also delegated the signing authority to award informally bid contracts via Resolution and pursuant to the Joint Powers Agreement. UPCCAA (Section 22000, et seq. of the PCC) establishes threshold limits that are subject to change by the State Legislature.

9. CONTRACT REQUIREMENTS

9.1. Scope of Services

The scope of services must detail the work to be performed under the contract, typically broken out into specific tasks with deadlines.

9.2. Compensation/Payment Terms

The contract must state the unit pricing and/or total cost of services to be rendered for the entire term of the contract. If applicable, it should also outline the timing and amount of installment payments based on project milestones.

9.3. Term

A contract can be executed for any period, not to exceed five years, including any option periods. A five-year contract with no options is encouraged, but options can be included at the Executive Director’s discretion. The Board or Executive Director may determine that a longer contract will more effectively and efficiently serve the Authority and therefore authorize the execution of a contract that exceeds five years. Executed contracts that may need to be extended beyond the five-year term may be requested on a case-by-case basis, and only if the contract

language allows for it. If approved, an amendment to the contract must be executed for the change in terms.

9.4. Risk Assessment

The level of potential risk to the Authority will determine the insurance requirements.

9.4.1. Insurance: A risk assessment is required to determine the type of insurance necessary for the contract. The risk assessment should determine the types of activities that will be taking place, what entities and individuals could be harmed by the activity, what property could be damaged, and the potential severity of the damage.

Contract specifications shall require evidence of coverage in the form of a certificate of insurance. Coverage shall include a provision that covers the Authority as an additional insured. The vendor shall maintain the required insurance coverage for the duration of the contract, except as otherwise required. The minimum AM Best rating for insurers providing coverage is A-:VII, unless waived by written approval by the Executive Director.

The Contract Compliance Officer must seek advice from the Executive Director if a change is needed to the standard insurance requirements. If needed, the Contract Compliance Officer can seek guidance from the Authority General Counsel.

9.4.2. Surety Bonds: A surety bond may be required to guarantee that the principal will act in accordance with certain laws and perform the "obligation" stated in the bond. If the principal fails to perform in this manner, the bond will cover resulting damages or losses.

Surety bonds are mandatory for any public construction contract valued over \$25,000. Other statutory provisions regarding bonds can be found in the California Code of Civil Procedure, Title 14, Chapter 2. There may be instances in which a Contract Compliance Officer may require a surety bond(s) at their discretion for projects that do not require it by statute. Surety Bonds include:

- Bid Bond – A bid bond states that the contractor will enter into a contract when one is offered and will provide bonding as required. A bid bond in an amount equal to ten percent of the contract price and is required for any ~~public project~~ Public Project contract ~~above \$60~~ that is bid pursuant to the formal or informal public contract process. Typically contracts below \$75,000 are not bid but rather contracted, in which case a bid bond is not required. A bid bond must be submitted with the bid.

- Labor and Material Payment Bond – Labor and Material Payment bonds are required for public works contracts in California Civil Code Section 9550. The contractor shall furnish a payment bond in an amount equal to 100% of the contract price within ten working days from the contract date. Upon filing of the Notice of Completion, contractor shall be required to maintain a payment bond for a period of seven months.
- Performance Bond – The contractor shall furnish a performance bond in an amount equal to 100% of the contract price within ten working days from the contract date. Upon filing of the Notice of Completion, the performance bond will be reduced to fifteen 15% of the contract amount for warranty purposes for a period of one year.
- Security Deposits for Development Projects – A security deposit may be required for performance of required work on private projects or construction of infrastructure improvements for a subdivision. The deposit may be in the form of a cash deposit, surety bond, or letter of credit.

9.5. Signature Block

All standard contract templates have two signature lines for the vendor. Generally, when the vendor, consultant, or contractor is a California corporation or limited liability company, two officers must sign the contract, regardless of the dollar amount of the contract. One signer must be the chairperson of the board, the president, or the vice president and the second signer must be the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer of the corporation. If the vendor, consultant, or contractor wishes to have only one person from a corporation sign the agreement, or is out-of-state, then a resolution of the corporation’s board authorizing the signatory must be attached. Alternatives may be available for limited liability corporations, depending on how they are managed. The signature of a general partner is sufficient to bind a partnership. Sole proprietorships are effectively individuals and the sole proprietor signs on behalf of him/herself. See the “Vendor Signature Requirements for Authority Contracts” for additional guidance.

9.5.1. Electronic Signatures - In any document accepted by the Authority in which a signature is required or used, the Authority may authorize the use of an electronic signature utilizing technology which conforms to the requirements in both Government Code Section 16.5 and 2 California Code of Regulations Section 22003 shall legally bind the parties to the same extent as original documents.

10. ETHICAL STANDARDS AND CONFLICT OF INTEREST

The Authority expects all involved in the contracting process to follow high standards of conduct. Contract Compliance Officers are expected to discharge their duties impartially so as to assure fair, competitive access to contracting opportunities by responsible contractors, and to foster public confidence in the integrity of the Authority's contracting policies and procedures.

10.1. Conflict of Interest

Contract Compliance Officers must act in compliance with the Political Reform Act, Government Code Section 87100 et. seq. Government Code Section 1090 et. seq., the Authority's Conflict of Interest Code, as applicable, and all other applicable law.

10.2. Ethical Standards

Contract Compliance Officers shall not solicit or accept gratuities, gifts, favors, discounts, or anything of monetary value from contractors, potential contractors, or parties to subcontractors. A gift is defined as anything of economic value regardless of form. Acceptable courtesies include a meal or floral offerings to commemorate events such as illness, death, birth, or promotions, provided that such are not exorbitant.

RESOLUTION NO. THCA 2025-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY, DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR TO AWARD INFORMAL PUBLIC CONTRACTS IN AN AMOUNT OF \$220,000 OR LESS AND DELEGATING THE AUTHORITY TO NEGOTIATE CONTRACTS, AWARD PURCHASE ORDERS OR PERFORM WORK BY EMPLOYEES OF THE MEMBER AGENCIES BY FORCE ACCOUNT ON PUBLIC PROJECTS IN AN AMOUNT OF \$75,000 OR LESS

WHEREAS, the Tres Hermanos Conservation Authority (Authority) declares that the public interest and necessity demand the prudent expenditure of public money; and

WHEREAS, the Public Contract Code Section 22032 allows for the delegation of authority to award informal contracts.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TRES HERMANOS CONSERVATION AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Pursuant to Public Contract Code Section 22032, the Authority hereby delegates to the Executive Director, or designee, the authority to award public project contracts in an amount of \$220,000 or less, provided that such expenditures do not exceed the amounts appropriated in the adopted budget.

SECTION 2. Pursuant to Public Contract Code Section 22032, the Authority hereby delegates to the Executive Director, or designee, the authority to negotiate contracts, award purchase orders or perform work by employees of the member agencies by force account on public projects the cost of which are \$75,000 or less, provided that such expenditures do not exceed the amounts appropriated in the adopted budget.

SECTION 3. The Secretary shall certify as to the adoption of this Resolution.

SECTION 4. This Resolution shall become effective immediately.

PASSED, APPROVED, AND ADOPTED this 26th day of March 2025.

Cory C. Moss, Chair
Tres Hermanos Conservation Authority

ATTEST:

I, Julie Gutierrez-Robles, Secretary of the Tres Hermanos Conservation Authority, do hereby certify that the foregoing Resolution was duly and regularly passed, approved and adopted by the Board of Directors of the Tres Hermanos Conservation Authority, at its special meeting held on the 26th day of March 2025, by the following Roll Call vote:

- AYES: DIRECTORS:
- NOES: DIRECTORS:
- ABSENT: DIRECTORS:
- ABSTAIN: DIRECTORS:

Julie Gutierrez-Robles, Secretary
Tres Hermanos Conservation Authority

TRES HERMANOS CONSERVATION AUTHORITY

CONTRACT COMPLIANCE POLICY

Date Adopted: 11/8/23

Date Revised: 3/26/25

Section: 1

1. PURPOSE

These policies and procedures were developed to ensure that contracts are being executed in a timely, efficient, and cost-effective manner and to implement the California Public Contract Code (PCC). This policy is not intended to address every issue, exception, or contingency that may arise in the course of contracting activities. The basic standard that must always prevail is to exercise good judgment in the use and stewardship of the Tres Hermanos Conservation Authority (Authority) resources.

2. DEFINITIONS

- 2.1. Addendum – A mutually agreed upon and appropriately authorized post-agreement attachment that modifies, alters, or totally changes some of the terms of a previously established contract. An addendum is used to clarify and add things that were not initially part of the original agreement, i.e., an addition.
- 2.2. Amendment – A mutually agreed upon and appropriately authorized change in terms of an existing contract. An amendment does not generally replace the whole original contract, just the part(s) that is (are) changed by the amendment, i.e., a modification. For example, the term of the contract, the amount of compensation, or additions or modifications to tasks consistent with the overall scope of services. There are amendments that create amended and restated agreements, but this is not the usual type of amendment. Consult the Authority General Counsel if there is a need for an amended and restated agreement.
- 2.3. Blanket Purchase Order (BPO) – A uniquely numbered purchase order generated by the Authority for stationary offsite services, with no single instance exceeding \$10,000.
- 2.4. Contract – A legally binding agreement between parties for services, supplies and/or equipment. The terms “agreement” and “contract” may be used interchangeably for the purpose of this policy.
- 2.5. Contract Compliance Officer – The individual, appointed in writing by the Executive Director, who has general supervision of all contracting functions.
- 2.6. Major Adjustment – Any changes to standard Authority contract templates that might significantly increase risk to the Authority including, but not limited

to, any revisions to the indemnity clause and any additional terms and conditions.

- 2.7. Member – Industry, Chino Hills, and/or Diamond Bar and any public entity that becomes a member of the Joint Powers Authority and which has not otherwise withdrawn from such membership or been terminated from such membership.
- 2.8. Minor Adjustment – All changes to standard Authority contract templates that are not Major Adjustments are Minor Adjustments. Minor Adjustments are not likely to significantly increase risk to the Authority including, but not limited to, exceptions to minimum insurance ratings, acceptable minimum insurance limits, compensation, and term.
- 2.9. Non-Standard Agreement – An agreement provided by a contractor or vendor which is inconsistent with standard Authority templates.
- 2.10. Prevailing Wage – The California Department of Industrial Relations (DIR) defines the prevailing wage rate as the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area (if a majority of such workers are paid at a single rate). If there is no single rate paid to a majority, then the single or modal rate being paid to the greater number of workers is prevailing. All workers on public works projects over \$1,000 must receive not less than the prevailing wage. Federal prevailing wage law is similar but differs from state law. Construction work that is financed in whole or in part with federal funds must adhere to certain federal labor standards requirements, primarily the Davis-Bacon Act. For projects that use federal funds, DIR Prevailing Wages do not apply to these projects unless they are higher than the Davis-Bacon rates. In such cases, the higher rate must be paid.
- 2.11. Public Project – The term “public project” is defined by applicable statutory and case law and is defined differently in different contexts. In general, for the purpose of determining whether public contract competitive bidding is required, PCC Section 20161 defines a public project as a project for the erection, improvement, painting, or repair of public buildings and works; work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; street or sewer work except maintenance or repair; or furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers. PCC Section 1101 also defines “Public works contract,” to mean an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. Although not specifically listed in Section 20161 of the PCC, all construction and repair of water systems are subject to the bidding requirements of the PCC requirement. Under certain circumstances, leases of Authority property may be considered public project contracts subject to bidding requirements.

(See *Boydston v. Napa Sanitation Dist.* (1990) 222 CA3d 1362.) Also, some projects will not be public projects for purposes of bidding requirements but are public projects that require payment of prevailing wages pursuant to the Labor Code. Consult with the Authority General Counsel if unsure about whether the proposed project is a public project that must comply with the bidding and other procedures set forth in the PCC.

3. RESPONSIBILITY

3.1. Executive Director

- 3.1.1. Appoints in writing the Contract Compliance Officer(s).
- 3.1.2. Approves contracts and other related documents, including any risk determinations, within signing authority or as otherwise authorized by the Board of Directors (Board).
- 3.1.3. Recommends policy changes to the Board.
- 3.1.4. Approves Major Adjustments from standard contract terms and conditions within signing authority, with prior written approval (email is acceptable) by the Authority General Counsel.
- 3.1.5. Approves Minor Adjustments from standard contract terms and conditions, within signing authority.
- 3.1.6. Provides general oversight of all contracting functions in accordance with policies and procedures and consistent with the PCC, as applicable.

3.2. Contract Compliance Officer

- 3.2.1. May delegate or assign functions or tasks listed within this section to other staff members, but the Contract Compliance Officer remains the responsible party.
- 3.2.2. Implements Minor Adjustments to standard terms and conditions as may be required through contract negotiations. Approval of Major Adjustments from standard requirements must be obtained from the Executive Director, and prior written approval (email is acceptable) must be obtained by the Authority General Counsel.
- 3.2.3. Recommends changes to the policy, procedures, contract template language, and risk assessment to the Office of Record (Chino Hills City Clerk, per the bylaws) and drafts language.
- 3.2.4. Discusses questions related to risk assessment with the Executive Director. The Authority General Counsel may also be consulted.

- 3.2.5. Must be familiar with the Contract Compliance Policy.
- 3.2.6. Assesses the terms and insurance risk requirements.
- 3.2.7. Determines if prevailing wages are required.
- 3.2.8. Negotiates contract terms.
- 3.3. Treasurer (City of Chino Hills, per the bylaws)
 - 3.3.1. Reviews changes to contract template language relating to compensation or term of contract.
 - 3.3.2. Submits necessary documentation as required by the Office of Record for final execution of the contract.
 - 3.3.3. May delegate or assign functions or tasks to other staff members but the Treasurer remains the responsible party.
- 3.4. Office of Record (Chino Hills City Clerk, per the bylaws)
 - 3.4.1. Oversees the Contract Compliance Policy.
 - 3.4.2. Maintains agreement templates.
 - 3.4.3. Provides final attestation on all contracts.
 - 3.4.4. Serves as the custodian of record for all contracts.
 - 3.4.5. Monitors contracts and insurance compliance.
 - 3.4.6. Reviews changes to agreement template language whether permanent or project specific, if needed, with the Authority General Counsel.
 - 3.4.7. May delegate or assign functions or tasks to other staff members in their respective department, but the Chino Hills City Clerk remains the responsible party.
- 3.5. Authority General Counsel
 - 3.5.1. Reviews and approves standard Authority agreement templates and all modifications to the templates.
 - 3.5.2. Reviews and executes “approved as to form” contracts that are subject to Board approval and reviews and approves in writing (email is acceptable), the form of all non-standard contracts, all amendments, and any contracts that have Major Adjustments to standard Authority contract templates.

- 3.5.3. May delegate or assign functions or tasks to other staff members in the Authority General Counsel's Office, but the Authority General Counsel remains the responsible party.

4. POLICY

- 4.1. All contracts must be in writing, except as set forth in Section 4.5 of this policy, and in compliance with the PCC, as applicable. Unless an exception set forth in Section 4.5 of this policy applies, no representative of the Authority shall enter into a verbal agreement or make any arrangements until a written contract is fully executed and attested.
- 4.2. One of the Authority's standard contract templates must generally be used when entering into an agreement with a vendor, consultant, or contractor to provide services to the Authority. Examples of exceptions to the use of Authority contract templates are other public agency contracts, certain office equipment lease/purchase agreements, software licensing and renewals, maintenance, and technical consulting agreements.
- 4.3. Standard contract templates include:
- 4.3.1. Professional Services: An agreement for services provided to the Authority by consultants that are predominately intellectual and varied. Examples of professional services may include the services for financial, economic, accounting, engineering, legal, environmental, or administrative matters, provided the persons providing such services are specially trained and experienced and competent to perform the special services. Some of these designated professions are listed in Government Code Section 53060.
- 4.3.2. Professional Services for Design Professional: An agreement for services provided to the Authority by design consultants that are professionally licensed such as architects, landscape architects, engineers, and land surveyors. Specifically tailored indemnification language is required (Civil Code Section 2782.8). Some of these designated professions are listed in Government Code Section 4526.
- 4.3.3. Professional Services for Transportation Services: An agreement for transportation services.
- 4.3.4. Public Construction: An agreement for supplies, equipment, and contractual services for construction of Public Projects. Consult with the Authority General Counsel if unsure whether the proposed project is a Public Project that must comply with the bidding and other procedures set forth in the PCC.

- 4.3.5. Consultant Services: An agreement for specialized administrative services delivered by a service provider as permitted by Government Code Section 53060. Such services are considered temporary or short-term in nature, normally in areas that supplement the expertise of the Authority for management and other similar services. For example, specialized legal counsel.
- 4.3.6. Maintenance Services General: An agreement for maintenance services that does not require payment of prevailing wages, such as landscape maintenance, street light maintenance, and custodial services.
- 4.3.7. Maintenance Services Prevailing Wage: An agreement for maintenance services that meets the definition of a "public project" pursuant to Labor Code Section 1720, which requires payment of prevailing wage. Seek guidance from the Authority General Counsel if unsure whether prevailing wages are required to be paid.
- 4.3.8. License: An agreement for use of Authority property by outside user groups such as cell towers and signage.
- 4.3.9. Property Leases: An agreement for use of Authority property by outside parties for services such as cattle and equine grazing.
- 4.3.10. Residential Rental: A tenant agreement for rental of Authority property.
- 4.3.11. Services: An agreement for services not included in the above categories. Generally, this type of agreement is used for businesses providing services with or without goods to the Authority that are routine in nature, such as pest control services.

4.4. Non-standard types of agreements

The Contract Compliance Officer must seek advice from the Executive Director if the use of a non-standard contract developed by a third party is proposed. Non-standard contracts must be reviewed and approved by the Authority General Counsel. Examples include, but are not limited to, the following:

- 4.4.1. Grant: An agreement for when a grant is awarded by a federal, state, county, local or other public agency and/or a private agency. Contract provisions for federal grants are addressed in the Authority's "Federal Purchasing" policy. For all other grants, Contract Compliance Officers should refer to the awarding agency

requirements. It is the responsibility of the Contract Compliance Officer to ensure compliance with requirements of the granting agency. If specific grant requirements are not provided, then this policy shall govern.

4.4.2. Cooperative Services: An agreement when the Authority awards a contract based on a substantially similar contract, which was awarded by another federal, state, county, local or other public agency through a competitive bidding process.

4.4.3. Combined Goods with Services: An agreement when professional services are specifically retained to advise the Authority on the selection of goods or equipment, and the professional services utilized also include designing, retrofitting, or modifying the goods or equipment to meet the particular needs of the Authority.

4.4.4. Inter-Agency: An agreement between government agencies to share resources and/or do work for each other.

4.5. Exceptions to obtaining a written agreement

4.5.1. Stationary Offsite Services (excluding explosives)

Stationary offsite services are provided at a contractor's place of business and generally do not involve the elevated risk of bodily injury and property damage associated with services that require driving a vehicle or coming to an Authority site entail. Examples of such services include express mail delivery service, oil changes, repair of tools such as "weed eaters" and tire repair.

- Services up to and including \$10,000 – A request for a BPO may be submitted instead of a standard services agreement.
- Services over \$10,000 – Three quotes should be solicited and then a request for a purchase order may be submitted instead of a standard services agreement. Board approval is required if over \$50,000.

4.5.2. Type of Services

Due to the routine and repetitive nature of some services, an agreement may not be needed. Examples include, but are not limited to:

- Postage
- Publications
- Utility Services
- Banking Services

4.5.3 Low Risk Software or Cloud Platforms

Agreements for, or purchases of, low-risk software or cloud platforms when the vendor requires the Authority to agree to its standard terms and conditions may be agreed to, but only if there is no support service component provided at Authority sites and, if information is stored within the platform, the information contained is public, non-confidential and non-sensitive. These purchases are not required to comply with this contracting policy but must be approved in writing by the Executive Director or Board, according to the applicable authority limits (Section 8.0 of this policy).

4.6. Amendments

Any change to an approved contract which results in a cost in excess of the award amount may be approved by those authorized in the contract, provided that the total of all amendments, plus the original amount of the contract does not exceed their respective authority limits. If a contract was approved by the Board, all amendments must go back to the Board for approval, unless the Board provided amendment authority when the contract was approved. The Authority General Counsel must also review and approve in writing (email is acceptable) all amendments.

5. COMPETITIVE BIDDING FOR NON-PUBLIC PROJECTS

The contracting process begins during the competitive bidding process as part of the definition of contract terms and conditions, specifications, and scope of work. Agreements shall be competitively bid by the issuance of Requests for Qualifications (RFQ) or Requests for Proposals (RFP), with some exceptions.

Notwithstanding the below, if an RFQ or RFP is for professional services of architects, engineers, environmental consultants, land surveyors and construction management vendors, then selection must be on the basis of demonstrated competence and the professional qualifications necessary for the satisfactory performance of the services required (see Gov. Code Section 4526.) This means that the selection criteria cannot include cost, however, when negotiating the contract, if the vendor does not agree to a fair and reasonable price, the Authority can refuse to contract and instead contract with the next most competent consultant that will agree to a fair and reasonable price.

5.1. RFQ Process

The RFQ process is used to develop a list of pre-approved qualified vendors (i.e., architects, engineers, environmental, and other similar consultants). An RFQ typically requests vendors to provide their professional

qualifications in response to a general scope of services. The list of qualified vendors must be submitted for Board approval. The list may be updated as needed but shall not be valid for more than five years. After Board approval, proposals may be solicited from any of the vendors on the approved lists. When selecting consultants from an approved RFQ list, the Contract Compliance Officer may, but is not required to, choose to follow an additional informal RFP process.

5.2. RFP Process

The RFP process is used to obtain an understanding of a service provider's qualifications, methodology, and anticipated cost with regard to a specific scope of services. An RFP and RFQ may contain many of the same elements. However, an RFP typically has a more detailed scope and requires a more thorough response to a specific need. Contracts for services in areas that require a substantial amount of expertise and judgement should be based on a vendor's demonstrated competence and professional qualifications as well as price. Selection criteria may be weighed more heavily on a vendor's competence and qualifications rather than price.

5.2.1. For services over \$10,000 and up to \$50,000 annually or per project, the informal RFP process must be followed whereby at least three written proposals must be obtained. However, if after an attempt has been made to obtain three quotes/bids, the Executive Director can determine in writing that this requirement has been satisfied because three responsible quotes/bids cannot be obtained from responsible bidders.

5.2.2. For services over \$50,000 annually or per project, the formal RFP process must be followed whereby a standard RFP form including a written description of the project or scope of work must be prepared. The formal RFP must be posted on the Authority's website.

5.3. Exceptions to Competitive Bidding for Non-Public Projects

5.3.1. Certain services are not readily adaptable to the informal or formal bidding process. Examples include, but are not limited to:

- Postage
- Publications
- Utility Services
- Banking Services

5.3.2. Exceptions to competitive bidding include the following:

- Services \$10,000 or under: When the estimated amount involves \$10,000 or less annually or per project.
- Sole Source: When the service can be obtained from only one provider and that appropriate written justification is approved by the Executive Director or Board, according to applicable signing authority limits in Section 8.
- Emergency: The Executive Director may authorize an agreement for services when an emergency is deemed to exist, and it is determined that service involving public health, safety, or welfare would be interrupted if the normal procedure were followed. A declaration of emergency from Chino Hills or Diamond Bar is conclusive evidence of such an event, as the municipal jurisdictions where the Authority property is located. All emergency services which would otherwise require formal bidding procedures made pursuant to this policy shall be submitted to the Board for ratification at the next regular Board meeting after the agreement is authorized for which legally required meeting notice can be provided.
- Professional and Consultant Services: Agreements for professional services and specialized consultant services, and for other, non-public projects and contractual services may be executed without observing the bidding procedures provided in this chapter if the Executive Director determines that the RFP process is unnecessary because a professional or specialized consultant services provider is the best provider for a particular agreement based on some or all of these factors: demonstrated competence, qualifications for the types of services to be performed, experience, knowledge of the Authority due to a long-standing relationship or other similar relevant criteria.
- Urgent Services: Services may be contracted for without competitive bidding when time is of the essence to avoid interruption of an Authority event. For urgent services, written approval shall be obtained prior to contracting from the Executive Director. Such written approval can be obtained through email or other means of electronic communication that can be printed for record. Notwithstanding the above, if every reasonable attempt to obtain written approval from the officials above prior to service has been unsuccessful, then work can proceed on oral approval, but such oral approval must be memorialized in writing to the official providing such oral approval, documenting the time and date of such approval, as soon as practicable. All urgent services

which would otherwise require formal bidding procedures made pursuant to this section shall be submitted to the Board for ratification at the next regular Board meeting after the urgent service is authorized for which legally required meeting notice can be provided.

- Cooperative Services: Competitive procedures need not be followed where the Executive Director identifies a cooperative competitive bidding procedure, being prepared by and processed through a federal, state, county, local or other public agency, or a cooperative purchasing entity set up by or utilized by such governments or public agencies. Under such circumstances, the Authority may join into an existing written service agreement obtained within the last 60 months through competitive bidding process prepared by and awarded by another federal, state, county, local or other public agency, or a cooperative purchasing entity. Board consent is required for such arrangements where the estimated value of the service agreement is more than \$50,000 annually or per project.
- Interagency Agreements: Any agreement entered into with another governmental entity.
- Combined Goods and Services: Any agreement which combines professional services and the acquisition of goods or equipment where the professional services are specifically retained to advise the Authority on the selection of the goods or equipment and the professional services utilized under the contract also include designing, retrofitting, or modifying the goods or equipment to meet the particular needs of the Authority. This exemption shall also include the acquisition by the Authority of "intellectual property." In utilizing this exemption, a request for qualifications, (RFQ), shall be used.
- Waiver: When the Board determines the waiver of competitive procedures is required or desirable and in conformance with state law.
- Technology: Any agreement for information technology-related products and/or services that is required for maintaining compatibility, functionality, or conformity with existing systems, products, and technologies, including proprietary hardware and software solutions with unique features or specialized functions, products, services or solutions necessary to meet regulatory requirements, or commitments essential to uphold current warranties or contractual obligations if the Executive Director has

determined in writing that the RFP process is unnecessary due to these specified conditions.

- Public entertainment services for Authority-Sponsored Events: Agreements for entertainment services, such as music, dancing, or other performance arts. This includes contracts with a management company and/or representative managing multiple performers.

6. COMPETITIVE BIDDING FOR PUBLIC PROJECTS

The bidding process for public construction contracts with formal bidding is detailed in the PCC and for informally bid agreements in the California Uniform Public Construction Cost Accounting Act (Section 22000, et seq. of the PCC and UPCCAA).

6.1. The dollar threshold amount that determines whether public construction contracts are formally or informally bid is set by Authority Resolution to be consistent with amendments to UPCCAA (Section 22000, et seq. of the PCC.) The dollar threshold amounts are subject to change by the State Legislature.

6.1.1. Projects \$75,000 or less – Projects may be performed by force account, by negotiated contract, or by purchase order. Although the UPCCAA allows for small dollar amount projects to be awarded without bidding, best practices for awarding projects should be followed. This may include negotiating with current Authority vendors for a fair and reasonable price or seeking quotes from other vendors for a fair and reasonable price.

6.1.2. Projects over \$75,000 and up to \$220,000 – Informal bidding process must be followed. If the Engineer's estimate for a project is less than \$220,000, but all bids received are in excess of \$220,000, the Authority may, by adoption of a resolution by a five-sevenths vote, including at least one Director from each Member Agency, award the contract to the lowest responsible bidder in an amount not to exceed \$235,000, provided that the Authority determines the Engineer's cost estimate was reasonable.

6.1.3. Projects over \$220,000 – Formal bidding process must be followed.

6.2. In case of emergency as defined in the PCC, the Executive Director is authorized to repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts pursuant to the procedures set forth in the PCC, Section 22050. All emergency services which would otherwise require

formal bidding procedures made pursuant to this policy shall be submitted to the Board for ratification at the next regular Board meeting after the agreement is authorized for which legally required meeting notice can be provided.

- 6.3. Specialized Contracting Procedures. Nothing in this policy shall prohibit the Authority from using specialized contracting procedures when authorized by state law. If state law authorizes such procedures, this policy need not specifically authorize them. Such specialized procedures may include, without limitation, prequalification of contractors or subcontractors and design-build contracting procedures. For example, the Authority may elect to use the Design-Build procurement process authorized by Public Contract Code Section 22160. *et. seq.* as an alternative contracting method for public construction projects. The Executive Director is authorized to determine whether or not the needs of any particular project warrant the use of legally available specialized contracting procedures.
- 6.4. A bidder may protest an award of a public construction contract, and the Authority may determine that the bidder is not responsible pursuant to the “Bid Protest Process for Public Construction Contracts” policy which sets forth the applicable procedures.

7. VENDOR REQUIREMENTS

It is the responsibility of the Contract Compliance Officer to ensure the vendor is in compliance with all applicable federal, state, and local license and registration requirements before submittal of the contract for execution. Types of license and registration requirements may include, but are not limited to:

7.1. Business License and Exemptions

All persons or vendors engaging in business with the Authority must have a valid business license from the municipality in which the work will be performed. Certain businesses specifically listed in that City’s municipal code are exempt from paying fees but must still register with the municipality. The Executive Director has the authority to exempt certain businesses working under a contract from obtaining a business license. These exemptions are listed below:

- Government Agencies
- “No Nexus” Business – Businesses whose physical presence in the Authority is limited to five days or less per calendar year.
- School Clubs and Organizations – School clubs and organizations affiliated with a public or private school in the United States.

- Transportation Companies – Carrier must be licensed/registered with the California Public Utilities Commission.
- Information Technology (IT) Services – Any hardware or software purchased by the IT division that has no professional services component.

7.2. Secretary of State Registration

State law requires corporations and limited liability companies to file a complete Statement of Information with the California Secretary of State. Vendors must be in compliance with the Secretary of State filing requirements.

In certain circumstances, some out of state businesses may not be required to register with the California Secretary of State. In these instances, verification with the appropriate state of incorporation is required.

7.3. Contractor License

All contractors must have a valid California Contractor's License and be in good standing with the Contractors State License Board throughout the term of the contract.

7.4. California Department of Industrial Relations (DIR) Registration

For up-to-date DIR vendor and Authority reporting and registration requirements go to <https://www.dir.ca.gov/>.

Each Contract Compliance Officer is responsible for determining if a project is subject to the DIR registration and reporting requirements. Contractors and subcontractors are required to be registered prior to bidding on a prevailing wage project. Some projects will not be public projects for purposes of bidding requirements but are public projects that require payment of prevailing wage pursuant to the Labor Code. Consult with the Authority General Counsel when in doubt. Additionally, the Authority is required to register qualified projects within 30 days of contract award, or prior to the first workday for projects lasting less than 30 days.

7.5 Other Licenses

If the Authority is contracting for a specific services provider such as a Realtor, Accountant, Attorney, Bus Transportation, etc., the Treasurer, or designee, must check with the individual licensing boards for those professions to verify their registration status.

8. SIGNING AUTHORITY AMOUNTS

- 8.1. The following officers are authorized to sign agreements pursuant to this chapter on the Authority's behalf:
 - a. The Chair.
 - b. The Executive Director, Deputy Executive Director and Administrative Director when directed to do so by the Board of Directors or resolution.
 - c. The Executive Director for agreements up to and including fifty thousand dollars (\$50,000) annually or per project. Notwithstanding the foregoing, public construction contracts may be signed by the Executive Director in an amount not to exceed two hundred thousand dollars (\$220,000).
- 8.2. Notwithstanding any other provision in this policy, Public Construction Contract Authority Limits have been set by Board Resolution. The Board also delegated the signing authority to award informally bid contracts via Resolution and pursuant to the Joint Powers Agreement. UPCCAA (Section 22000, et seq. of the PCC) establishes threshold limits that are subject to change by the State Legislature.

9. CONTRACT REQUIREMENTS**9.1. Scope of Services**

The scope of services must detail the work to be performed under the contract, typically broken out into specific tasks with deadlines.

9.2. Compensation/Payment Terms

The contract must state the unit pricing and/or total cost of services to be rendered for the entire term of the contract. If applicable, it should also outline the timing and amount of installment payments based on project milestones.

9.3. Term

A contract can be executed for any period, not to exceed five years, including any option periods. A five-year contract with no options is encouraged, but options can be included at the Executive Director's discretion. The Board or Executive Director may determine that a longer contract will more effectively and efficiently serve the Authority and therefore authorize the execution of a contract that exceeds five years. Executed contracts that may need to be extended beyond the five-year term may be requested on a case-by-case basis, and only if the contract

language allows for it. If approved, an amendment to the contract must be executed for the change in terms.

9.4. Risk Assessment

The level of potential risk to the Authority will determine the insurance requirements.

- 9.4.1. Insurance: A risk assessment is required to determine the type of insurance necessary for the contract. The risk assessment should determine the types of activities that will be taking place, what entities and individuals could be harmed by the activity, what property could be damaged, and the potential severity of the damage.

Contract specifications shall require evidence of coverage in the form of a certificate of insurance. Coverage shall include a provision that covers the Authority as an additional insured. The vendor shall maintain the required insurance coverage for the duration of the contract, except as otherwise required. The minimum AM Best rating for insurers providing coverage is A-:VII, unless waived by written approval by the Executive Director.

The Contract Compliance Officer must seek advice from the Executive Director if a change is needed to the standard insurance requirements. If needed, the Contract Compliance Officer can seek guidance from the Authority General Counsel.

- 9.4.2. Surety Bonds: A surety bond may be required to guarantee that the principal will act in accordance with certain laws and perform the “obligation” stated in the bond. If the principal fails to perform in this manner, the bond will cover resulting damages or losses.

Surety bonds are mandatory for any public construction contract valued over \$25,000. Other statutory provisions regarding bonds can be found in the California Code of Civil Procedure, Title 14, Chapter 2. There may be instances in which a Contract Compliance Officer may require a surety bond(s) at their discretion for projects that do not require it by statute. Surety Bonds include:

- Bid Bond – A bid bond states that the contractor will enter into a contract when one is offered and will provide bonding as required. A bid bond in an amount equal to ten percent of the contract price and is required for any Public Project contract that is bid pursuant to the formal or informal public contract process. Typically contracts below \$75,000 are not bid but rather contracted, in which case a bid bond is not required. A bid bond must be submitted with the bid.

- Labor and Material Payment Bond – Labor and Material Payment bonds are required for public works contracts in California Civil Code Section 9550. The contractor shall furnish a payment bond in an amount equal to 100% of the contract price within ten working days from the contract date. Upon filing of the Notice of Completion, contractor shall be required to maintain a payment bond for a period of seven months.
- Performance Bond – The contractor shall furnish a performance bond in an amount equal to 100% of the contract price within ten working days from the contract date. Upon filing of the Notice of Completion, the performance bond will be reduced to fifteen 15% of the contract amount for warranty purposes for a period of one year.
- Security Deposits for Development Projects – A security deposit may be required for performance of required work on private projects or construction of infrastructure improvements for a subdivision. The deposit may be in the form of a cash deposit, surety bond, or letter of credit.

9.5. Signature Block

All standard contract templates have two signature lines for the vendor. Generally, when the vendor, consultant, or contractor is a California corporation or limited liability company, two officers must sign the contract, regardless of the dollar amount of the contract. One signer must be the chairperson of the board, the president, or the vice president and the second signer must be the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer of the corporation. If the vendor, consultant, or contractor wishes to have only one person from a corporation sign the agreement, or is out-of-state, then a resolution of the corporation's board authorizing the signatory must be attached. Alternatives may be available for limited liability corporations, depending on how they are managed. The signature of a general partner is sufficient to bind a partnership. Sole proprietorships are effectively individuals and the sole proprietor signs on behalf of him/herself. See the "Vendor Signature Requirements for Authority Contracts" for additional guidance.

9.5.1. Electronic Signatures - In any document accepted by the Authority in which a signature is required or used, the Authority may authorize the use of an electronic signature utilizing technology which conforms to the requirements in both Government Code Section 16.5 and 2 California Code of Regulations Section 22003 shall legally bind the parties to the same extent as original documents.

10. ETHICAL STANDARDS AND CONFLICT OF INTEREST

The Authority expects all involved in the contracting process to follow high standards of conduct. Contract Compliance Officers are expected to discharge their duties impartially so as to assure fair, competitive access to contracting opportunities by responsible contractors, and to foster public confidence in the integrity of the Authority's contracting policies and procedures.

10.1. Conflict of Interest

Contract Compliance Officers must act in compliance with the Political Reform Act, Government Code Section 87100 et. seq. Government Code Section 1090 et. seq., the Authority's Conflict of Interest Code, as applicable, and all other applicable law.

10.2. Ethical Standards

Contract Compliance Officers shall not solicit or accept gratuities, gifts, favors, discounts, or anything of monetary value from contractors, potential contractors, or parties to subcontractors. A gift is defined as anything of economic value regardless of form. Acceptable courtesies include a meal or floral offerings to commemorate events such as illness, death, birth, or promotions, provided that such are not exorbitant.