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January 19, 2021

Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

AMENDMENT NO. 2 FOR SERVICES CONTRACT WITH VRSD, TSD CONTRACT NO. T15-003

Summary

On August 17, 2020, the Triunfo Water & Sanitation District (District) Board approved the revised business plan for the transitioning of administrative and financial functions currently provided under contract by Ventura Regional Sanitation District (VRSD) to being provided in-house (TWSD employees). As an integral part of that plan, staff was authorized to enter into negotiations with VRSD in the drafting of an amendment to the current services contract (TSD Contract No. T15-003, Exhibit A) to facilitate the transition of those functions. The key provisions in the Amendment include:

- 1) Removing customer service and financial services from the Contract, effective July 1, 2021
- 2) Establishing an orderly transition of Management Services from VRSD to TWSD in a manner that minimizes negative impacts to both agencies
- 3) Extending the operations only component of the existing Contract until June 30, 2026
- 4) Continuing to utilize and share in the costs with VRSD for the facilities lease and other related office costs beginning July 1, 2021 and concluding on June 30, 2022
- 5) Modifying the indemnification clause of the Contract to reflect that the administrative and finance functions will no longer be associated with VRSD

Although these changes will transition certain functions and provisions to TWSD employees, the Water/Wastewater/Recycled Water operational services provided by VRSD for the District will remain intact for the term indicated. During that time, the District anticipates that the same level of quality service and coordination of effort between VRSD staff and TWSD employees.

In support of Transition Plan implementation, staff recommends the Board review, discuss, and approve the Amendment to the Contract between VRSD and TWSD.

Please contact me at (805) 658-4621 or marknorris@triumfowsd.com if you have any questions.

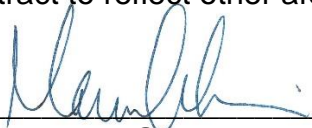
Fiscal Impact

There is an estimated cost savings of \$174,048 based on the TWSD business plan compared to the VRSD FY2021 Administration and Finance Contract Budget. However, there are certain one-time costs associated implementation of the Transition Plan which are estimated to be \$98,223. These one-time costs will reduce the projected cost savings for FY2021 to \$75,825.

Recommendation:

It is recommended that the Board discuss and authorize the Chair to sign Amendment No. 2 for the T15-003 Contract to transition administrative and financial services from VRSD to TWSD and modify the Contract to reflect other aforementioned provisions.

REVIEWED AND APPROVED: _____



Mark Norris - General Manager

Attachment: Amendment No. 2 TSD Contract No. T15-003

TSD Contract No. T15-003
VRSD Contract No. 15-014

**AMENDMENT NO. 2
TO
AGREEMENT FOR WASTEWATER AND POTABLE WATER FACILITIES
OPERATION, MAINTENANCE, MANAGEMENT AND OTHER CLOSELY RELATED
SERVICES BY AND BETWEEN
TRIUNFO WATER & SANITATION DISTRICT
AND
VENTURA REGIONAL SANITATION DISTRICT**

THIS AMENDMENT NO. 2 (this “Amendment”), dated for reference purposes as of December 23, 2020, is made and entered into by and between the TRIUNFO WATER & SANITATION DISTRICT, a political subdivision of the State of California, hereinafter referred to as TWSD, and the VENTURA REGIONAL SANITATION DISTRICT, a political subdivision of the State of California, hereinafter referred to as VRSD. Together, TWSD and VRSD shall be referred to herein as Parties.

RECITALS

A. On July 01, 2019, Triunfo Sanitation District (“TSD”) formally changed its name to Triunfo Water & Sanitation District (“TWSD”) and the Parties hereby acknowledge and agree that the agency names TSD and TWSD may be used interchangeably for purposes of this Agreement and its amendments; and

B. On June 4, 2015, TSD and VRSD entered into that certain Agreement for Wastewater and Potable Water Facilities Operation, Maintenance, Management and other Closely Related Services (TSD Contract No. T15-003; VRSD Contract No. 15-014) (“Agreement”), wherein VRSD agreed to provide services to TSD relating to the operation, maintenance, and management of TSD’s wastewater and potable water facilities; and

C. On August 27, 2018, TSD and VRSD entered into Amendment No. 1 to the Agreement to address various issues pertaining to the TSD General Manager; and

D. TWSD and VRSD desire to amend the Agreement to address various issues related to TWSD’s intention to cease use of VRSD for certain management, customer service and financial services (collectively referred to as “Management Services”) in support of its water and waste water operations; and

E. TWSD and VRSD desire to amend the Agreement so that TWSD would provide its own Management Services by the Transition Completion Date, which shall be a date no later than July 1, 2021, unless further amended by the respective general managers of the Parties; and

F. The Parties desire to cooperate with each other to accomplish an orderly transition of Management Services from VRSD to TWSD that does not cause undue harm to either VRSD or TWSD or their respective constituencies; and

G. Parties acknowledge and agree that changes currently contemplated to the Agreement can be accomplished through the following Amendment terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenant, promises and consideration contained herein, the Parties agree to be bound and to abide by the following:

1. ARTICLE 2: GENERAL MANAGER OF TWSD, shall be deleted in its entirety and it shall be replaced with the following parenthetical statement: [“Article 2 is intentionally left blank”].

2. ARTICLE 3: SCOPE OF SERVICES, Section 3.2(e) shall be replaced in its entirety with the following language:

3.2(e) VRSD shall maintain all of TWSD’s reclaimed water distribution system’s reservoirs, distribution pipelines, pump station mechanical equipment, and control systems in good working order. VRSD shall maintain maintenance records on all major equipment. VRSD shall ensure that reclaimed waste is being used in compliance with all applicable regulatory requirements and applicable TWSD Rules and Regulations.

3. ARTICLE 3: SCOPE OF SERVICES, Section 3.2(g) shall be no longer be operative after the Transition Completion Date is reached, unless further amended by the general managers of the respective Parties.

4. ARTICLE 3: SCOPE OF SERVICES, add new Section 3.2(i) which shall state:

TWSD shall exclusively use VRSD to operate and maintain its water and wastewater systems and operations at the same level as set forth and approved in TWSD’s FY 2022 Budget for water and wastewater operational and maintenance services from the effective date of this Amendment until June 30, 2026.

5. ARTICLE 3: SCOPE OF SERVICES of the Agreement is hereby amended with a new section, Section 3.6, as follows:

3.6. Until the Transition Completion Date is reached, the Parties agree that all Management Services provided under this Agreement, as amended, shall be provided exclusively by VRSD to TWSD in the spirit of cooperation set forth in Recital F above.

6. ARTICLE 4: AGREEMENT EFFECTIVE DATE AND TERMINATION, Section 4.1 of the Agreement shall be deleted in its entirety and is replaced by the following:

4.1 Effective Date. This Amendment to the Agreement shall be effective upon full execution by the Parties and shall remain in force until June 30, 2026, unless extended or earlier terminated by mutual agreement of the Parties.

7. ARTICLE 4: AGREEMENT EFFECTIVE DATE AND TERMINATION, Sections 4.4 and 4.5 shall be deleted in their entirety and replaced with a new Section 4.4 which shall state:

4.4 TWSD shall cease to use VRSD for its Management Services related to its water and wastewater operations to its customers by the Transition Completion Date.

4.4(a) "Management Services" includes, but is not limited to, the following administrative services: management services, water and wastewater customer services, accounting services, billing and invoice services, and budgeting and finance services related to TWSD operations.

4.4(b) "Transition Completion Date" shall be a date no later than July 1, 2021 unless amended by the Parties in accordance with Article 9 of the Agreement.

8. ARTICLE 5: OPERATIONAL COSTS AND COMPENSATION FOR SERVICES, Section 5.2 Compensation for Services, shall be amended to include new subdivisions 5.2(c) and 5.2(d), as follows:

5.2(c) Until the Transition Completion Date is reached, TWSD shall fully compensate VRSD for all Management Services it provides to TWSD under this Agreement, as amended. TWSD further agrees that such payment to VRSD for such Management Services shall be consistent with what TWSD has budgeted for such VRSD Management Services.

5.2(d) Until the Transition Completion Date is reached, TWSD also agrees to pay VRSD an overhead charge in lieu of the 15% administrative fee budgeted for the TWSD Core Management team, which consists of Mark Norris, Vickie Dragan, Tim Doyle, and Chi Herman. equal to \$79,844.31 or \$8,871.59 per month for the months of October 2020 to June 2021.

9. The Agreement shall be amended to add a new article, ARTICLE 20: SHARED OFFICE SPACE as follows:

For the time period beginning on the Transition Completion Date (or July 1, 2021) to June 30, 2022 ("Shared Lease Period"), the Parties agree to share equally (*i.e.*, 50% for VRSD and 50% for TWSD) the normal costs for services and amenities of a leased space located at 1001 Partridge Drive, Ventura, CA 93003, Suites 100 and 150, which is currently leased by VRSD from the lessor, Omninet Silver Lake,

LP (“Omninet”). Parties agree that the shared costs for services and amenities shall be Twenty-five Thousand Five Hundred Thirty-six dollars (\$25,536) for the Shared Lease Period.

10. ARTICLE 8: HOLD HARMLESS of the Agreement is hereby amended with a new section, Section 8.3, as follows:

8.3 Notwithstanding anything herein to the contrary, TWSD shall indemnify, defend and hold VRSD free and harmless from any fines, claims, lawsuits, demands, liability or loss arising out of VRSD’s provision of Management Services during the time frame between the effective date of TWSD Resolution No. 2020-10, which shall be incorporated herein by reference, and the Transition Completion Date.

11. Except as specifically amended herein, all the terms and provisions of the Agreement, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

TRIUNFO WATER & SANITATION DISTRICT

VENTURA REGIONAL SANITATION DISTRICT

By: _____
Ray Tjulander, Chair
Board of Directors

By: _____
Jim Friedman, Chair
Board of Directors

ATTEST:

ATTEST:

Juliet Rodriguez, Clerk of the Board

Juliet Rodriguez, Clerk of the Board

APPROVED AS TO FORM:
Arnold LaRochelle Mathews VanConas & Zirbel, LLC

APPROVED AS TO FORM:
Arnold LaRochelle Mathews VanConas & Zirbel, LLC

By: _____
John M. Mathews
General Counsel to Triunfo Water & Sanitation District

By: _____
Robert N. Kwong
General Counsel for Ventura Regional Sanitation District