

## AGENDA

Garden Grove Sanitary District  
Board of Directors

Tuesday, June 28, 2016

6:30 PM

Community Meeting Center, 11300  
Stanford Avenue, Garden Grove, CA  
92840; Council Member Bui will be  
teleconferencing from Waikiki Beach  
Marriott, 2552 Kalakaua Avenue,  
Honolulu, Hawaii, 96815



**Christopher V. Phan**

President

**Kris Beard**

Vice President

**Phat Bui**

Member

**Steven R. Jones**

Member

**Bao Nguyen**

Member

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**Meeting Assistance:** Any person requiring auxiliary aids and services, due to a disability, to address the Sanitary District should contact the City Clerk's Office 72 hours prior to the meeting to arrange for accommodations. Phone: 714) 741-5040.

**Agenda Item Descriptions:** Are intended to give a brief, general description of the item. The Sanitary District may take legislative action deemed appropriate with respect to the item and is not limited to the recommended action indicated in staff reports or the agenda.

**Documents/Writings:** Any revised or additional documents/writings related to an item on the agenda distributed to all or a majority of the Sanitary District Members within 72 hours of a meeting, are made available for public inspection at the same time (1) in the City Clerk's Office at 11222 Acacia Parkway, Garden Grove, CA 92840, during normal business hours; (2) on the City's website as an attachment to the Sanitary District meeting agenda; and (3) at the Council Chamber at the time of the meeting.

**Public Comments:** Members of the public desiring to address the Sanitary District are requested to complete a pink speaker card indicating their name and address, and identifying the subject matter they wish to address. This card should be given to the City Clerk prior to the start of the meeting. General comments are made during "Oral Communications", and should be limited to matters under consideration and/or what the Sanitary District has jurisdiction over. Persons wishing to address the Sanitary District regarding a Public Hearing matter will be called to the podium at the time the matter is being considered.

**Manner of Addressing the Sanitary District:** After being called by the President, you may approach the podium, it is requested that you state your name for the record, and proceed to address the Sanitary District. All remarks and questions should be addressed to the Sanitary District as a whole and not to individual Sanitary District Members or staff members. Any person making impertinent, slanderous, or profane remarks or who becomes boisterous while addressing the Sanitary District shall be called to order by the President. If such conduct continues, the President may order the person barred from addressing the Sanitary District any further during that meeting.

**Time Limitation:** Speakers must limit remarks for a total of (5) five minutes. When any group of persons wishes to address the Sanitary District on the same subject matter, the President may request

a spokesperson be chosen to represent the group, so as to avoid unnecessary repetition. At the Sanitary District's discretion, a limit on the total amount of time for public comments during Oral Communications and/or a further limit on the time allotted to each speaker during Oral Communications may be set.

***PLEASE SILENCE YOUR CELL PHONES DURING THE MEETING.***

## AGENDA

### Open Session

6:30 PM

ROLL CALL: MEMBER BUI, MEMBER JONES, MEMBER NGUYEN, VICE  
PRESIDENT BEARD, PRESIDENT PHAN

1. ORAL COMMUNICATIONS (to be held simultaneously with other legislative bodies)

2. CONSENT ITEMS

*(Consent Items will be acted on simultaneously with one motion unless separate discussion and/or action is requested by a Sanitary District Member.)*

2.a. Receive and file the minutes from the May 24, 2016, meeting. *(Action Item)*

3. PUBLIC HEARINGS

*(Motion to approve will include adoption of each Resolution unless otherwise stated.)*

3.a. Report detailing fees to be collected on the tax roll for Sewer Services outside the City limits; and adoption of a Resolution authorizing the collection on the tax roll of fees for sewer service provided by the Garden Grove Sanitary District outside the city limits. *(Action Item)*

3.b. Report of delinquent accounts for refuse collection and disposal service bills; and adoption of a Resolution authorizing imposition of liens on parcels with delinquent accounts. *(Action Item)*

3.c. Report detailing fees to be collected on the tax roll for refuse collection and disposal services in Improvement District No. 1; and adoption of a Resolution authorizing the collection on the tax roll of refuse collection and disposal fees for Improvement District No. 1. *(Action Item)*

3.d. Adoption of Resolutions Approving the Garden Grove Sanitary District Annual Budget for Fiscal Year 2016/17, and Reappropriating Project Balances and Encumbrances from Fiscal Year 2015/16. *(Action Item)*

3.e. Adoption of a Resolution setting the Fiscal Year 2016-17 Garden Grove Sanitary District Appropriations Limit. *(Action Item)*

4. ITEMS FOR CONSIDERATION

4.a. Joint Item with the City Council: Award of Contract to Mamco, Inc. for City Project No. 7405, and Sanitary District Project Nos. 7834 and 7837 East Garden Grove Storm Drain and Sewer Improvements. (Cost:

\$1,876,543.21) (*Action Item*)

5. MATTERS FROM THE PRESIDENT, BOARD MEMBERS AND GENERAL MANAGER
6. ADJOURNMENT

The next Regular Meeting will be held on Tuesday, July 26, 2016, at 6:30 p.m. in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, CA.

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To: Scott C. Stiles From: Kathy Bailor  
Dept.: General Manager Dept.: City Clerk  
Subject: Receive and file the minutes Date: 6/28/2016  
from the May 24, 2016,  
meeting. (*Action Item*)

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Attached are the minutes from the meeting held May 24, 2016, for the Sanitary District Board to review and take action to receive and file.

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Minutes	6/20/2016	Backup Material	May_24__2016.pdf

## MINUTES

### GARDEN GROVE SANITARY DISTRICT BOARD OF DIRECTORS

#### Regular Meeting

Tuesday, May 24, 2016

Community Meeting Center  
11300 Stanford Avenue, Garden Grove, CA 92840

#### CONVENE MEETING

At 6:47 p.m., President Phan convened the meeting in the Council Chamber.

ROLL CALL      PRESENT:      (5)      President Phan, Members Beard, Bui, Jones,  
Nguyen

ABSENT:      (0)      None

#### ORAL COMMUNICATIONS

Speakers: Sheree Allen, Eric Alspaugh, Maureen Blackmun, Clay Bock, Stefan Borst-Censullo, Allen Bram, Gloria Bram, Tony Flores, Thomas Gibbs, Dan Gleason, John Holm, Lisa Holmes, Douglas Hughes, Lisa Kim, Stephanie Klopfenstein, Robin Marcario, Charles Mitchell, Dina Nguyen, Kim On, Justin Phan, Michael Riemer, Steele Smith III, Theresa Smith, David Twiss, Mark S. Wagner, MD

#### RECESS

At 7:51 p.m., President Phan recessed the meeting.

#### RECONVENE

At 7:52 p.m., President Phan reconvened the meeting with all Members present.

#### ORAL COMMUNICATIONS CONTINUED

#### RECESS

At 8:12 p.m., President Phan recessed the meeting.

## RECONVENE

At 10:28 p.m., President Phan reconvened the meeting with all Members present.

## AGREEMENT WITH DISCOVERY SCIENCE CENTER FOR SCHOOL RECYCLING PROGRAM (F: S-55.42)

It was moved by Member Jones, seconded by Member Beard that:

The agreement with Discovery Science Center, in the amount of \$26,095 per year for two years, for a school outreach program on waste and recycling be approved; and

The General Manager be authorized to execute the agreement on behalf of the District, and make minor modifications as appropriate thereto.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Jones, Nguyen, Phan  
Noes: (0) None

## MINUTES (F: Vault)

It was moved by Member Jones, seconded by Member Beard that:

The minutes from the meeting held on April 26, 2016, be received and filed.

The motion carried by a 5-0 vote as follows:

Ayes: (5) Beard, Bui, Jones, Nguyen, Phan  
Noes: (0) None

## ADJOURNMENT

At 10:29 p.m., President Phan adjourned the meeting. The next meeting is scheduled for Tuesday, June 28, 2016, at 6:30 p.m. at the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California.

Kathleen Bailor, CMC  
Secretary

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Kingsley Okereke
Dept.:	General Manager	Dept.:	Finance
Subject:	Report detailing fees to be collected on the tax roll for Sewer Services outside the City limits; and adoption of a Resolution authorizing the collection on the tax roll of fees for sewer service provided by the Garden Grove Sanitary District outside the city limits. <i>(Action Item)</i>		
		Date:	6/28/2016

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**OBJECTIVE**

To have the Garden Grove Sanitary District Board of Directors (1) conduct a Public Hearing on the report identifying fees to be collected on the tax roll for Sewer Services provided by the Garden Grove Sanitary District for properties located outside the City limits that do not receive City water services; (2) adopt the attached Resolution approving the report detailing the Sewer Service Fees to be collected on the tax roll from these properties located outside the City that do not receive City water services; and (3) direct staff to file the necessary documentation with the County for collection of the fees on the tax roll. This action requires four (4) affirmative votes in order to proceed with collection of these fees on the tax roll.

**BACKGROUND**

In accordance with Health and Safety Code section 6520.5, on September 13, 2005, and February 14, 2012, the Board of Directors adopted Ordinance No. 7 and Ordinance No. 10, respectively that established Sewer User Fees pursuant to a fee structure based on classification and individual customer water usage. The fee structure was designed to be fair for all residents and businesses. The Sewer User Fees as established are calculated to provide funds required by the District to fund needed capital improvements, provide requisite debt service payments, properly maintain and operate the District's sewer system, and to comply with State and Federal Waste Discharge Requirements. The Board approved rates for residential and non-residential were applied to the sewer assessment to be filed with the County. As most of the Garden Grove Sanitary District receives water services from the City of

Garden Grove, the adopted sewer rate is charged on the property owner's water bill. In the areas of the District that do not receive a water bill from the City of Garden Grove, it was necessary to implement the rate by charging it on the property owner's property tax statement.

#### DISCUSSION

In order to place sewer charges on the tax roll, the Board must hold a Public Hearing on whether to approve the report detailing charges proposed to be collected on the tax roll for sewer services in the areas of the District that extend beyond the Garden Grove city limits, and do not receive water services from the City of Garden Grove. The report is on file and available for review in the office of the City Clerk, and will be available at the June 28, 2016, City Council meeting. The rates reflected on the report were adopted on February 14, 2012, with the requisite inflationary adjustments per Ordinance No. 10. The attached Resolution would approve the annual report detailing service charges for each parcel in the service area noted herein and direct that the sewer services charges be collected on the tax roll.

In order for charges to be collected on the tax roll, the Board is required to hold a Public Hearing on whether to approve the report detailing charges proposed to be collected on the tax roll.

#### FINANCIAL IMPACT

This action will provide for the collection of Sewer Service Fees from properties located outside the City for which the Garden Grove Sanitary District provides sewer services.

#### RECOMMENDATION

It is recommended that the Garden Grove Sanitary District Board:

- Conduct the Public Hearing on the report detailing fees to be collected on the tax roll for sewer services outside the city limits;
- Adopt the attached Resolution approving the report and authorizing the collection on the tax roll of Sewer Service Fees for property served by the Garden Grove Sanitary District and located outside the City limits (by four (4) affirmative votes); and
- Direct staff to file the necessary documentation with the County for the collection of the fees on the property tax bills.

By: Monica Neely, Revenue Manager

By: Jeff Kuramoto, Utilities Revenue Supervisor

#### ATTACHMENTS:



<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution	6/21/2016	Resolution Letter	Resolution.docx

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE SANITARY DISTRICT  
AUTHORIZING CHARGES FOR SEWER SERVICES IN THE AREAS OF THE DISTRICT  
THAT EXTEND BEYOND THE GARDEN GROVE CITY LIMITS AND DO NOT RECEIVE  
WATER SERVICES FROM THE CITY OF GARDEN GROVE TO BE COLLECTED ON THE  
TAX ROLL

WHEREAS, the Garden Grove Sanitary District is a subsidiary district of the City of Garden Grove, organized under the Sanitary District Act of 1923;

WHEREAS, in accordance with Ordinance No. 7, adopted September 13, 2005, and Ordinance No. 10, adopted on February 14, 2012, the Garden Grove Sanitary District imposes and collects fees and charges for sewer services it provides within its jurisdictional boundaries, which extend to areas outside the corporate boundaries of the city of Garden Grove;

WHEREAS, pursuant to California Health and Safety Code Section 5471, such sewer user fees and charges applicable to parcels that also receive water service from the City of Garden Grove are collected with the charges of the City of Garden Grove's water utility;

WHEREAS, pursuant to Ordinance No. 7 and Ordinance No. 10, the Garden Grove Sanitary District Board of Directors may elect, in its discretion, to have the sewer user fees for those areas outside of the corporate boundaries collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from the general taxes of the District;

WHEREAS, on July 22, 1999, the Board of Directors of the Garden Grove Sanitary District adopted Resolution No. 3631 ordering the charges for sewer collection services in the areas of the District that extend beyond the Garden Grove city limits and do not receive water services from the City of Garden Grove to be collected on the tax roll;

WHEREAS, the Board of Directors of the Garden Grove Sanitary District wishes to have charges for sewer services in the areas of the District that extend beyond the Garden Grove city limits and do not receive water services from the City of Garden Grove collected on the tax roll;

WHEREAS, the Board of Directors of the Garden Grove Sanitary District has considered the report containing a description of each parcel of real property receiving sewer services from the District that is located in an area outside the corporate boundaries of the city of Garden Grove and not receiving water service from the City of Garden Grove, and the amount of the charge for each parcel for the year, presented at its meeting of June 28, 2016;

WHEREAS, at the Regular Meeting of the Garden Grove Sanitary District on June 28, 2016, held in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, at 6:30 p.m., the Board of Directors held a duly noticed Public Hearing, at which all oral and written comments, objections, and protests to the report were heard;

WHEREAS, the Secretary has caused notice of the report and Public Hearing to be published in a newspaper of general circulation on June 8, 2016, and June 15, 2016, within the District pursuant to Section 6066 of the Government Code; and

WHEREAS, the Board of Directors has heard and considered all protests, both written and oral, and hereby determines that protest has not been made by the owners of a majority of separate parcels of property described in the report.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Garden Grove Sanitary District, pursuant to the provisions of the Health and Safety Code 5473, approves the report detailing the charges proposed to be collected on the tax roll for sewer services in the areas of the District that extend beyond the Garden Grove city limits and do not receive water services from the City of Garden Grove, and hereby orders these sewer services charges be collected on the tax roll in the same manner, by the same person, and at the same time as, together with and not separately from, the general taxes of the District. The General Manager of the District, or his designee, shall file all necessary documentation with the County of Orange for the collection of the charges on the property tax roll.

BE IT FURTHER RESOLVED, that the General Manager of the District, or his designee, is directed to cause a written report to be prepared annually containing a description of each parcel of real property receiving sewer services in the areas of the District that extend beyond the Garden Grove city limits and do not receive water services from the City of Garden Grove, and the amount of the charge for each parcel for that year in conformance with the then valid rate ordinance and that this report be filed by the Secretary with the County Auditor in a timely manner for the purpose of adding the fees to the tax roll.

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Kingsley Okereke
Dept.:	General Manager	Dept.:	Finance
Subject:	Report of delinquent accounts for refuse collection and disposal service bills; and adoption of a Resolution authorizing imposition of liens on parcels with delinquent accounts. ( <i>Action Item</i> )	Date:	6/28/2016

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**OBJECTIVE**

To have the Garden Grove Sanitary District Board of Directors (1) conduct a Public Hearing on the delinquent refuse collection and disposal fees report; (2) adopt the attached Resolution approving the report identifying the unpaid bills for refuse collection and disposal services and authorizing the imposition of liens on property with delinquent accounts; and (3) direct staff to file the necessary documentation with the County for assessment on the appropriate parcels. This action requires four (4) affirmative votes in order to proceed with placing liens on the properties listed in the report.

**BACKGROUND**

Pursuant to the requirements of the California Health and Safety Code, the Garden Grove Sanitary District may, following notice and a public hearing, impose liens on properties for refuse collection and disposal service bills that are delinquent for a period of sixty (60) days or more.

Republic Services bills customers quarterly for refuse collection and disposal services. If a billing is not paid, a reminder is mailed to the individual who is responsible for the service. In addition, if a tenant does not pay for the service, the landlord is notified of non-payment thirty (30) days prior to the Public Hearing. If a bill for service remains unpaid for a period of sixty (60) days, at the end of the fiscal year the assessment process outlined below is implemented.

**DISCUSSION**

The last Republic Services billing of the 2015-2016 fiscal year was prepared and

mailed in February 2016, and all unpaid charges on that billing became delinquent May 1, 2016. Sixty (60) days after the delinquency date, the delinquent amount, plus the associated penalty of 10%, may be filed with the County Auditor. Upon recordation by the County Recorder, the amount submitted by parcel shall be collected at the same time and in the same manner as the County property taxes and shall be subject to the same penalties and to the same procedure for foreclosure and sale as provided for general County taxes.

Prior to the delinquent amount becoming a lien against the property, the individual property owner is notified of the delinquent amount and the date and time of the Public Hearing. To further ensure that all parties are aware of the potential lien, a notice announcing this hearing date was published in a local newspaper. The report of delinquent accounts is on file and available for review in the office of the City Clerk. An updated report will be available at the June 28, 2016, City Council meeting. In order for the delinquent and unpaid charges to be collected on the tax roll, the Board is required to hold a Public Hearing on whether to approve the report detailing charges proposed to be collected on the tax roll.

#### FINANCIAL IMPACT

This action will provide for the collection of delinquent refuse collection and disposal fees.

#### RECOMMENDATION

It is recommended that the Garden Grove Sanitary District Board of Directors:

- Conduct the Public Hearing on the report of delinquent refuse collection and disposal fees;
- Adopt the attached Resolution adopting the report and authorizing the imposition of liens for the collection of delinquent refuse collection and disposal fees (with at least four (4) affirmative votes); and
- Direct staff to file the necessary documentation with the County for the collection of the delinquent fees on the property tax bills.

By: Monica Neely, Revenue Manager

By: Jeff Kuramoto, Utilities Revenue Supervisor

#### **ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution - Delinquent accounts	6/23/2016	Backup Material	Resolution_Delinquent_SD_-_6-28-16.pdf

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE  
SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING A REPORT AND  
CERTIFYING A STATEMENT OF DELINQUENT AND UNPAID CHARGES FOR REFUSE  
COLLECTION AND DISPOSAL SERVICES TO BE COLLECTED ON THE PROPERTY TAX  
ROLL

WHEREAS, the Board of Directors of the Garden Grove Sanitary District has considered the report containing a statement of delinquent and unpaid charges for refuse collection and disposal services remaining delinquent and unpaid for a period of 60 days or more presented to it at its meeting of June 28, 2016;

WHEREAS, the Board of Directors wishes to have such delinquent and unpaid charges, which remain delinquent and unpaid as of July 1, 2016, become a lien against the parcels to which such requested refuse collection and disposal services were provided and to be collected on the tax roll;

WHEREAS, at the Regular Meeting of the Garden Grove Sanitary District on June 28, 2016, held in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, at 6:30 p.m., the Board of Directors held a duly noticed Public Hearing, at which all oral and written comments, objections, and protests to the report were heard;

WHEREAS, the Secretary has caused notice of the report and Public Hearing to be published in a newspaper of general circulation on June 8, 2016, and June 15, 2016, within the District pursuant to Section 6066 of the Government Code; and

WHEREAS, the Secretary has caused a notice in writing of the report and Public Hearing, which notice states that these delinquent and unpaid charges could become a lien on the property, to be mailed to each person owning any parcel or parcels of real property described in the report as per the last equalized assessment roll available on the date the report was prepared.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GARDEN GROVE SANITARY DISTRICT, ORANGE COUNTY, CALIFORNIA AS FOLLOWS:

1. The report presented as written at the meeting at which this Resolution was adopted, or as revised and changed, is hereby adopted.
2. The Board of Directors of the Garden Grove Sanitary District hereby certifies to the Orange County Board of Supervisors and the Orange County Auditor that the delinquent and unpaid charges for refuse collection and disposal services stated in the report adopted pursuant to this Resolution remain delinquent and unpaid for a period of sixty (60) days, and requests that such delinquent charges

unpaid as of July 1, 2016, be collected on the tax roll in the same manner, by the same person, and at the same time as, together with and not separately from, the general taxes of the District. The General Manager of the Garden Grove Sanitary District, or his designee, shall file all necessary documentation with the County of Orange for the collection of the delinquent and unpaid charges on the property tax roll.

3. That the Secretary be instructed to file a copy of the report with the County Auditor in a timely manner for the purpose of adding the delinquent refuse collection and disposal service charges to the tax roll.

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Kingsley Okereke
Dept.:	General Manager	Dept.:	Finance
Subject:	Report detailing fees to be collected on the tax roll for refuse collection and disposal services in Improvement District No. 1; and adoption of a Resolution authorizing the collection on the tax roll of refuse collection and disposal fees for Improvement District No. 1. ( <i>Action Item</i> )		
		Date:	6/28/2016

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**OBJECTIVE**

To have the Garden Grove Sanitary District Board of Directors (1) conduct a Public Hearing on the report identifying charges proposed to be collected on the tax roll for refuse collection and disposal services in the District's Improvement District No. 1; (2) adopt the attached Resolution approving the report detailing the refuse collection and disposal fees for Improvement District No. 1 to be collected on the tax roll and directing that the fees be collected on the tax roll; and (3) direct staff to file the necessary documentation with the County for collection of fees on the tax roll for refuse collection and disposal services provided in Improvement District No. 1. This action requires four (4) affirmative votes in order to proceed with collection of these fees on the tax roll.

**BACKGROUND**

As part of Orange County Reorganization No. 141, the Garden Grove Sanitary District became a subsidiary district of the City of Garden Grove on May 30, 1997. The Terms and Conditions of the Reorganization established Improvement District No. 1, which consists of those areas that were formerly in Midway City Sanitary District. The service charge for the standard residential service, which includes one recycling barrel, one green waste barrel, and one general trash barrel in District No. 1, will be \$19.79 per month effective July 1, 2016.

**DISCUSSION**



District No. 1 refuse collection and disposal service charges have been collected by placing them on the tax roll. In order to continue this system for the convenience of the residents of Improvement District No. 1 and the waste collector (Republic Services), the Board must each year approve a report detailing charges proposed to be collected on the tax roll for refuse collection and services in Improvement District No. 1.

A written report has been prepared and filed with the Secretary containing a description of each parcel of real property receiving refuse collection and disposal services in Improvement District No. 1, and the charges for each parcel. The report is on file and available for review in the office of the City Clerk and will be available at the June 28, 2016, City Council meeting. In order for charges to continue to be collected on the tax roll, the Board is required to hold a Public Hearing on whether to adopt the report detailing charges proposed to be collected on the tax roll.

#### FINANCIAL IMPACT

This action will provide for the collection of disposal and refuse collection fees in District No. 1.

#### RECOMMENDATION

It is recommended that the Garden Grove Sanitary District Board of Directors:

- Conduct the Public Hearing on the report identifying charges proposed to be collected on the tax roll for refuse collection and disposal services in the District's Improvement District No. 1;
- Adopt the attached Resolution approving the report and authorizing the collection on the tax roll of disposal and refuse collection fees in District No. 1 (by four (4) affirmative votes); and
- Direct staff to file the necessary documentation with the County for the collection of the fees on the property tax bills.

By: Monica Neely, Revenue Manager

By: Jeff Kuramoto, Utilities Revenue Supervisor

#### **ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution for Tax Roll for Improv Dist No.1	6/7/2016	Resolution Letter	2016_Reso__Improvement_Distr_No_1_-_collected_on_tax_roll_2016.doc
Improvement District No. 1 Map	6/1/2016	Backup Material	ID1_Map.pdf

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE  
SANITARY DISTRICT AUTHORIZING REFUSE COLLECTION AND DISPOSAL  
CHARGES FOR IMPROVEMENT DISTRICT NO. 1 TO BE COLLECTED ON THE TAX  
ROLL

WHEREAS, the Garden Grove Sanitary District is a subsidiary district of the City of Garden Grove, organized under the Sanitary District Act of 1923;

WHEREAS, Improvement District No. 1, described in the map attached and incorporated herein by this reference, is an Improvement District of the Garden Grove Sanitary District, created by Orange County Reorganization No. 141;

WHEREAS, on July 22, 1999, the Board of Directors of the Garden Grove Sanitary District adopted Resolution No. 3630 ordering that refuse collection services fees for Improvement District No. 1 be placed on the tax roll;

WHEREAS, the Board of Directors of the Garden Grove Sanitary District wishes to continue to have refuse collection charges for properties within Improvement District No. 1 collected on the tax roll as they were the previous year;

WHEREAS, the Board of Directors of the Garden Grove Sanitary District has considered the report containing a description of each parcel of real property within Improvement District No. 1 receiving refuse collection services and the amount of the charge for each parcel for the year, presented at its meeting of June 28, 2016;

WHEREAS, at the Regular Meeting of the Garden Grove Sanitary District on June 28, 2016, held in the Community Meeting Center, 11300 Stanford Avenue, Garden Grove, California, at 6:30 p.m., the Board of Directors held a duly noticed Public Hearing, at which all oral and written comments, objections and protests to the report were heard;

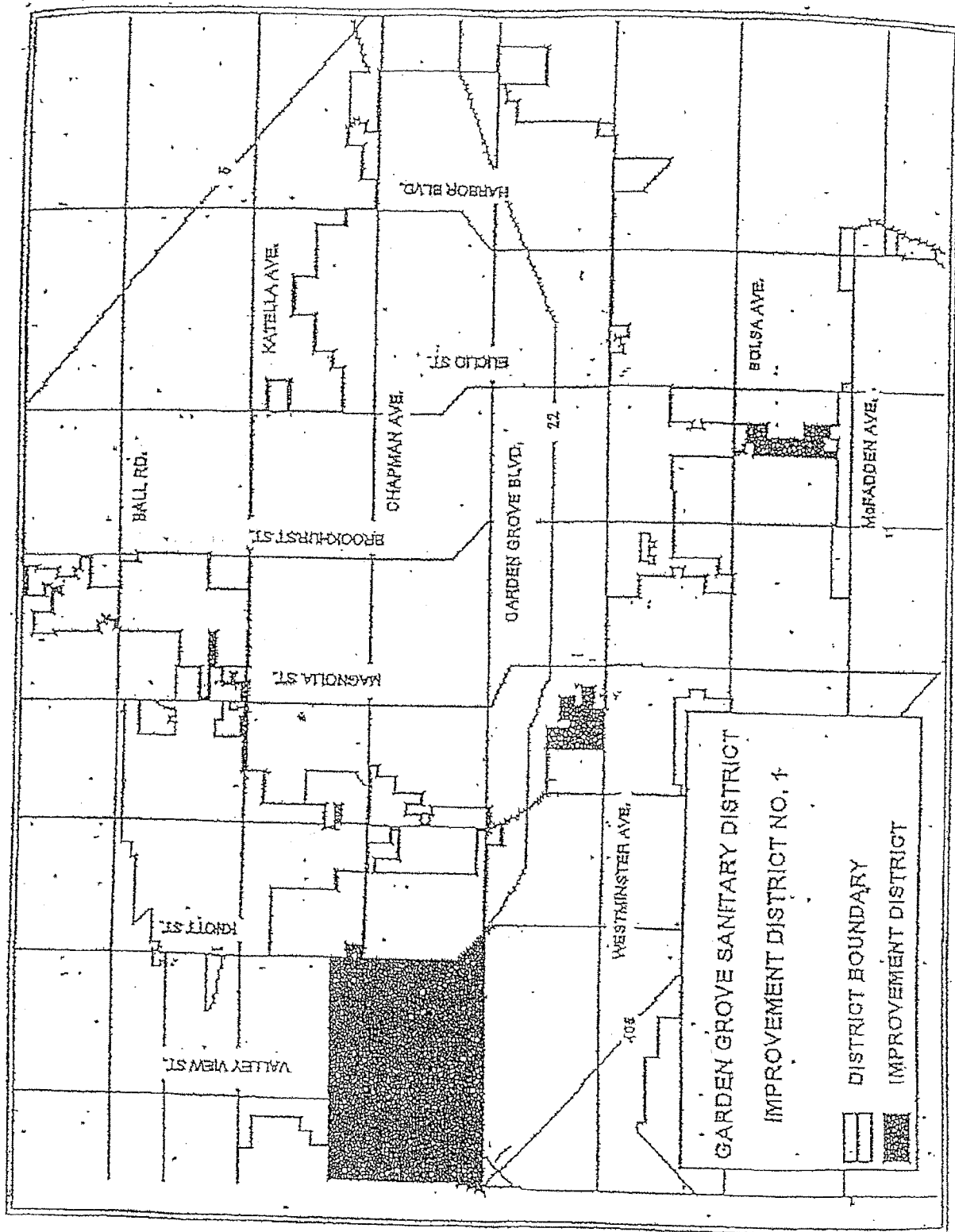
WHEREAS, the Secretary has caused notice of the report and Public Hearing to be published in a newspaper of general circulation on June 8, 2016, and June 15, 2016, within the District pursuant to Section 6066 of the Government Code; and

WHEREAS, the Board of Directors has heard and considered all protests, both written and oral, and hereby determines that protest has not been made by the owners of a majority of separate parcels of property described in the report.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Garden Grove Sanitary District, pursuant to the provisions of Health and Safety Code 5473, approves the report detailing the charges proposed to be collected on the tax roll for refuse collection and disposal services in the District's Improvement

District No. 1, and hereby orders that the service charges for Improvement District No. 1 be collected on the tax roll in the same manner, by the same person, and at the same time as, together with and not separately from, the general taxes of the District. The General Manager of the District, or his designee, shall file all necessary documentation with the County of Orange for the collection of the fees on the property tax roll.

BE IT FURTHER RESOLVED, that the General Manager of the District, or his designee, is directed to cause a written report to be prepared annually containing a description of each parcel of real property receiving services in Improvement District No. 1 and the amount of the charge for each parcel for that year and that this report be filed by the Secretary with the County Auditor in a timely manner for the purpose of adding the fees to the tax roll.



**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	General Manager	Dept.:	Public Works
Subject:	Adoption of Resolutions Approving the Garden Grove Sanitary District Annual Budget for Fiscal Year 2016/17, and Reappropriating Project Balances and Encumbrances from Fiscal Year 2015/16. ( <i>Action Item</i> )		
		Date:	6/28/2016

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**OBJECTIVE**

To receive Garden Grove Sanitary District (GGSD) Board approval for the proposed GGSD Budget for Fiscal Year (FY) 2016/17; and for the GGSD to adopt the attached Resolutions approving the FY 2016/17 Budget, and reappropriate project balances and encumbrances from FY 2015/16.

**BACKGROUND**

During FY 2015/16, a number of operational goals were met along with the completion of capital improvement projects. Accomplishments related to the GGSD include:

- Reduction of Sanitary Sewer Overflows;
- Completion of the sewer main improvements construction on Westminster Avenue between Roxey Drive and Harbor Boulevard, Cerritos Avenue between Gilbert Street and Brookhurst Street, Lampson Avenue between Leroy Avenue and Brookhurst Street, and Brookhurst Street between Lampson Avenue and Bixby Street;
- Completion of the design of Capital Improvements Project at Joyzelle Street – Hill Road;
- Removal and replacement of 84 manhole rings and covers;
- Inspection of approximately 2,747 manholes out of 9,700 manholes;
- Completion of closed circuit television (CCTV) work for 39,169 linear feet of sewer line and approximately 460,442 linear feet of cleaning;
- Continued implementation of the Sewer Main Cleaning Program, Manhole Inspection Program, Hot Spot Cleaning Program, CCTV Roving Checks Program

- and Electrical Mechanical Maintenance Program for the GGSD's lift stations;
- Completion of the Root Control Program covering 16,253 linear feet of sewer lines;
- Treated 2,630 manholes through the Insect Spraying Program;
- Added 5 smart manhole cover monitors at problem areas and diverted 4 possible sewer system overflows;
- Continued flow monitoring throughout the system;
- Repaired 22 sewer main defects identified through the Sanitary Sewer Rehabilitation Plan;
- Completion of the cleaning of 620 hot spots;
- Compliance with the State Water Resources Control Board's Statewide General Waste Discharge Requirement (WDR) mandates;
- Compliance with waste diversion goals of AB 939 (50% Diversion), AB 341 (Commercial Recycling) and AB 1826 (Organics Recycling);
- Secured grant funding from Calrecycle's Oil Payment Program and City/County Beverage Container Recycling Program to support the City's Used Motor Oil Residential Collection Program and liter abatement at City park sites;
- Funded the second year of the Discovery Science Center's School Recycling Educational Program;
- Compliance with all South Coast Air Quality Management District and Orange County Health Care Agency regulations and rules related to the management of closed landfills; and
- Enforce the Fats, Oils, and Grease ordinance (FOG) through inspections of food service establishments.

## DISCUSSION

Each year, it is necessary to adopt an annual budget to fund the GGSD's operations based on the organizational requirements of the GGSD's sewer and refuse funds. Goals for the upcoming fiscal year include:

- Completion of the design and specifications for capital improvement projects on Ward Street between Davit Avenue and McFadden Avenue, Newland Street between Route 22 and Gloria Avenue, Josephine Street between Acacia Street to Garden Grove Boulevard, Trask Avenue between Jackson Street and Coast Street, Donegal Drive between Madison Circle and Bolsa Avenue, and Westminster Avenue between Euclid Street and Anita Place;
- Implementation of Sewer Structural Deficiency Improvement Plan;
- Continue the Manhole Inspection Program and replace deteriorated manhole rings and covers;
- Continue replacement of sewer main defects identified through CCTV inspections;
- Continue to implement State Water Resources Control Board's Statewide General WDR mandates, including expansion of capital improvement and operation and maintenance programs to address capacity and structural deficiencies (dependent upon funding);
- Continue the public education program for FOG control;
- Continue inspection and enforcement efforts related to the FOG ordinance for food service establishments;
- Continue compliance efforts related to AB 939 waste diversion (50% Diversion),

- AB 341 (Commercial Recycling) and AB 1826 (Organics Recycling);
- Continue seeking recycling grants;
- Continue funding the Discovery Science Center's School Recycling Educational Program to help achieve long-term waste diversion goals;
- Ensure environmental compliance of GGSD's Longsdon Pit north and south closed landfills located west of Harbor Boulevard/north of Chapman Avenue; and
- Evaluate and address funding issues in solid waste and sanitary sewer regulation compliance as they arise.

#### **FINANCIAL IMPACT**

The GGSD revenues continue to stay strong. The proposed budget will allow for the GGSD to continue meeting its obligations under the WDR mandates by continuing with its capital improvement and replacement programs.

#### **RECOMMENDATION**

It is recommended that the Garden Grove Sanitary District Board:

- Adopt the attached resolutions approving the Fiscal Year 2016/17 Budget, and reappropriating project balances and encumbrances from Fiscal Year 2015/16.

By: Katie Victoria, Senior Administrative Analyst

#### **ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution	6/22/2016	Backup Material	Resolution_-_GGSD_6-28-16.pdf
Budget Report	6/22/2016	Backup Material	SD_Attachment_1.doc
GGSD Budget	6/22/2016	Backup Material	GGSD_Budget_6-28-16.pdf

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE SANITARY DISTRICT ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2016-17

WHEREAS, the Garden Grove Sanitary District has given careful consideration to the adoption of the Budget for Fiscal Year 2016-17.

NOW, THEREFORE, BE IT RESOLVED that the General Manager is hereby authorized to expend in accordance with laws of the State of California on behalf of the Garden Grove Sanitary District an amount of \$17,845,227 from new appropriations for the planned activities shown below:

Expenditures

Sewer	\$ 15,883,871
Refuse	<u>1,961,356</u>
TOTAL EXPENDITURES	\$ 17,845,227

BE IT FURTHER RESOLVED that the total of \$17,845,227, which the General Manager is authorized to expend in accordance with the Laws of the State of California shall be appropriated from the following funds for the Fiscal Year 2016-17.

Funding

Fund 630 -	Garden Grove Sanitary District/ Sewer Operations	\$ 9,033,871
Fund 631 -	Garden Grove Sanitary District/ Sewer Capital *	5,000,000
Fund 632 -	Garden Grove Sanitary District/ Sewer Replacement	1,850,000
Fund 660 -	Garden Grove Sanitary District/ Refuse	<u>1,961,356</u>
	TOTAL FUNDING	<u>\$ 17,845,227</u>

\* Transfer In The Garden Grove Sanitary District Sewer Funds:

Sewer Operations Fund (Fund 630)	\$ 5,000,000
To Sewer Capital Fund – (Fund 631)	



GARDEN GROVE SANITARY DISTRICT  
A SUBSIDIARY DISTRICT OF THE  
CITY OF GARDEN GROVE

OPERATIONS AND CAPITAL BUDGET  
FISCAL YEAR 2016/17

Presented By:

CITY OF GARDEN GROVE  
DEPARTMENT OF PUBLIC WORKS

## GARDEN GROVE SANITARY DISTRICT

### BUSINESS PRINCIPLES

1. Enterprise fund should break even, not operate in a deficit.
2. In order to operate efficiently, a two month cash flow is required, as well as maintenance of \$500,000 in reserves for contingencies.
3. Establish uniform service throughout the district.
4. Develop a replacement sinking fund. Ideal amount of fund should approach 5% of system replacement value.
5. Improve system and facilities up to industry standards by adequately funding new Capital Improvement Programs.
6. Satisfy Debt Covenant conditions under which outstanding Sanitary District debt was issued.
7. Implement the 10-year financial plan.

GARDEN GROVE SANITARY DISTRICT  
SEWER BUDGET  
FY 2015-16 - 2017-18  
(\$000)

	2015-16 Adopted Budget	FY 15-16 Projected Year End	FY 16-17 Proposed Budget	FY 17-18 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 19,528.7	\$ 19,528.7	\$ 25,000.0	\$ 20,466.1
BOND PROCEEDS (Annual Allocation)	0.0	0.0	0.0	0.0
REVENUES	9,500.0	9,500.0	9,500.0	9,500.0
ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	29,028.7	29,028.7	34,500.0	29,966.1
<u>OPERATION EXPENDITURES</u>				
OPERATIONS				
LABOR	2,952.7	2,952.7	3,049.9	3,184.4
CONTRACTUAL SERVICES	1,207.9	1,207.9	1,285.3	1,336.6
COMMODITIES	312.9	312.9	336.5	349.9
VEHICLE / EQUIPMENT RENTALS	311.4	311.4	286.3	297.7
INSURANCE	41.7	41.7	41.7	43.4
ADMIN SUPPORT COSTS	642.7	642.7	720.0	749.0
BOND ISSUANCE COSTS	0.0	0.0	0.0	0.0
DEBT SERVICE	1,466.5	1,466.5	1,464.2	1,465.0
CAPITAL EQUIPMENT	80.0	80.0	0.0	0.0
LATERAL LOAN PROGRAM	0.0	0.0	0.0	0.0
OPERATING RESERVE	0.0	0.0	0.0	0.0
SEWER SYSTEM CONTINGENCY RESERVE	0.0	0.0	0.0	0.0
TOTAL OPERATION EXPENDITURES	7,015.8	7,015.8	7,183.9	7,426.0
<u>SEWER CAPITAL</u>				
CAPITAL REPLACEMENT	2,321.7	2,321.7	1,850.0	1,924.0
NEW CAPITAL IMPROVEMENTS	3,500.0	3,500.0	5,000.0	5,000.0
CAPITAL EXPENDITURES	5,821.7	5,821.7	6,850.0	6,924.0
TOTAL EXPENDITURES	12,837.5	12,837.5	14,033.9	14,350.0
FUNDS AVAILABLE	29,028.7	29,028.7	34,500.0	29,966.1
EXPENDITURES	12,837.5	12,837.5	14,033.9	14,350.0
ENDING BALANCE (Reserved for Capital)	\$ 16,191.2	\$ 16,191.2	\$ 20,466.1	\$ 15,616.1

CAPITAL IMPROVEMENTS - PUBLIC WORKS  
SEWER  
(\$000)

FY 2016-17

DESCRIPTION	CURRENT ESTIMATED COSTS	
	NEW CAPITAL	REPLACEMENT
Sewer Main Improvements	\$ 5,000	\$ 1,850
TOTAL	\$ 5,000	\$ 1,850

# SEWER CAPITAL PROJECTS

## FIVE YEAR PLAN

(\$000)

<u>PROJECTS</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
1. SEWER MAINS	\$ 3,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000
TOTAL	\$ 3,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000

# SEWER REPLACEMENT PROGRAM

## FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$ 0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	<u>\$ 1,850</u>
LESS REPLACEMENT COSTS	<u>(1,850)</u>
ENDING BALANCE	<u><u>\$ 0</u></u>

<u>PROJECTS</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
1. SEWER MAIN REPLACEMENT	\$ 2,122	\$ 1,650	\$ 1,724	\$ 1,801	\$ 1,881
2. MANHOLE REHABILITATION	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
TOTAL	<u><u>\$ 2,322</u></u>	<u><u>\$ 1,850</u></u>	<u><u>\$ 1,924</u></u>	<u><u>\$ 2,001</u></u>	<u><u>\$ 2,081</u></u>

### SEWER REPLACEMENT PROJECTS

1. Replace deficient sewer mains on an as-needed basis.
2. Replace deficient manholes as needed.

GARDEN GROVE SANITARY DISTRICT  
SOLID WASTE BUDGET  
FY 2015-16 - FY 2017-18  
(\$000)

	FY 15-16 Adopted Budget	FY 15-16 Projected Year End	FY 16-17 Proposed Budget	FY 17-18 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 0.0	\$ 0.0	\$ 133.9	\$ 471.6
REVENUES	<u>3,276.0</u>	<u>2,080.4</u> ①	<u>2,299.0</u>	<u>2,453.1</u>
FUNDS AVAILABLE	\$ 3,276.0	\$ 2,080.4	\$ 2,432.9	\$ 2,924.7
<u>OPERATIONS EXPENDITURES</u>				
OPERATIONS (REFUSE)				
LABOR	\$ 499.2	\$ 499.2	\$ 490.2	\$ 500.0
CONTRACTUAL SERVICES	1,797.0	507.0 ②	525.3	535.8
COMMODITIES	28.7	28.7	26.9	26.9
INSURANCE	13.9	13.9	13.9	13.9
STREET REPAIR CHARGE	500.0	500.0	500.0	500.0
ADMIN SUPPORT	197.7	197.7	205.0	213.2
OPERATING RESERVE	100.0	100.0	100.0	100.0
LANDFILL RESERVE	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
TOTAL OPERATIONS EXPENDITURES	\$ 3,236.5	\$ 1,946.5	\$ 1,961.3	\$ 1,989.8
FUNDS AVAILABLE	\$ 3,276.0	\$ 2,080.4	\$ 2,432.9	\$ 2,924.7
EXPENDITURES	<u>3,236.5</u>	<u>1,946.5</u>	<u>1,961.3</u>	<u>1,989.8</u>
ENDING BALANCE	\$ 39.5	\$ 133.9	\$ 471.6	\$ 934.9

① Refuse Service Fee no longer collected. Reduce estimated revenue.

② Pass Thru Refuse Collection Contract no longer expensed. Reduce estimated contractual services.

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	Kingsley Okereke
Dept.:	General Manager	Dept.:	Finance
Subject:	Adoption of a Resolution setting the Fiscal Year 2016-17 Garden Grove Sanitary District Appropriations Limit. ( <i>Action Item</i> )		
		Date:	6/28/2016

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**OBJECTIVE**

The purpose of this memorandum is for the District Board to review and adopt the attached Appropriations Limit Resolution for the Garden Grove Sanitary District setting the appropriations limit for Fiscal Year 2016-17.

**BACKGROUND**

In November 1979, the citizens of California passed Proposition 4 (Gann Initiative amending Article XIII B) which placed limitations on the finances of state and local governments. It also provided a method of calculating and adopting the limitations. The State Department of Finance provides guidelines from the legislation and Article XIII B for consistent statewide implementation (See Exhibit A). The District is utilizing these guidelines in the calculation process.

**DISCUSSION**

The Fiscal Year 2016-17 appropriations limit for the Garden Grove Sanitary District is \$12,435,737. The recommended budget appropriations subject-to-limit is \$2,401,000. The difference of \$10,034,737 is the "gap" from which additional appropriations can be made. Section 7900 et seq. of the Government Code requires local governments to adopt a resolution setting the limitations at a regularly scheduled meeting or noticed special meeting. There is no requirement in the State Code for a public hearing prior to adoption of the resolution.

**FINANCIAL IMPACT**

Not applicable.

**RECOMMENDATION**



It is recommended that the Sanitary District Board:

- Adopt the Appropriations Limit Resolution for the Garden Grove Sanitary District setting the appropriations limit for Fiscal Year 2016-17 at \$12,435,737.

**ATTACHMENTS:**

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Resolution	6/22/2016	Backup Material	Resolution_-_GANN_SD_6-28-16.pdf

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN  
GROVE SANITARY DISTRICT ESTABLISHING THE AMOUNT OF  
INCREASE IN APPROPRIATIONS IN ACCORDANCE WITH  
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION AS AMENDED BY  
PROPOSITION 111

WHEREAS, Chapter 1205 statutes of 1980 became effective January 1, 1981;

WHEREAS, Article XIII B of the California Constitution was amended by Proposition 111 to change the price and population factors that may be used by local jurisdictions in setting their appropriations limit; and

WHEREAS, the amendments specify that the appropriations limit may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local non-residential construction.

NOW, THEREFORE, BE IT HEREBY RESOLVED that the appropriations limit for Fiscal Year 2016-17 in accordance with Exhibit "A" is \$12,435,737 excluding user fees.

## EXHIBIT "A"

### ARTICLE XIII-B CALCULATIONS

#### 2016-17 BUDGET

Per Capita Change = 5.37% (Personal Income)  
Population Change = .99%

$$\text{Per Capita converted to a ratio:} \quad \frac{5.37 + 100}{100} = 1.0537$$

$$\text{Population converted to a ratio:} \quad \frac{.99 + 100}{100} = 1.0099$$

$$\text{Calculation of factor for FY 2016-17:} \quad 1.0537 \times 1.0099 = 1.064131$$

Conversion of the factor to a ratio eliminates minus numbers.

$$1.064131 \text{ converted to a \%} = 6.4131\%$$

$$\$11,686,284 \times 6.4131\% = \$749,453$$

$$\$749,453 + \$11,686,284 = \$12,435,737$$

**Garden Grove Sanitary District**

**INTER-DEPARTMENT MEMORANDUM**

To:	Scott C. Stiles	From:	William E. Murray
Dept.:	General Manager	Dept.:	Public Works
Subject:	Joint Item with the City Council: Award of Contract to Mamco, Inc. for City Project No. 7405, and Sanitary District Project Nos. 7834 and 7837 East Garden Grove Storm Drain and Sewer Improvements. (Cost: \$1,876,543.21) ( <i>Action Item</i> )		
		Date:	6/28/2016

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**OBJECTIVE**

To recommend that the Garden Grove Sanitary District (District Board) and the City Council jointly award a contract to Mamco, Inc., for the construction of Project Nos. 7405, 7834, and 7837 – East Garden Grove Storm Drain and Sewer Improvements Project (Project).

**BACKGROUND**

This Project combines storm drain and sewer construction work in one construction contract for the purposes of the most efficient and economic delivery of both types of underground construction projects. The storm drain improvements are located on Lampson Avenue and Ranchero Way and include the removal and replacement of existing catch basins, sidewalks, curbs and gutters, access ramps and cross gutters, rehabilitation of existing alleys, adjustment of utility covers to finish surfaces, installation of traffic loop detectors, and other pertinent work. The sewer improvements consist of constructing new replacement sewer lines in Nutwood Street, Imperial Avenue, and Central Avenue. The improvements include approximately 3,681 linear feet of new replacement extra strength Vitrified Clay Pipe (VCP) sewer line of various sizes (8-inch, 10-inch, 12-inch, and 15-inch), installation of approximately 554 linear feet of new replacement 8-inch Polyvinyl Chloride Pipe (PVC) sewer line, construction of twenty one (21) new sewer manholes, removal of twenty (20) existing sewer manholes, and removal and/or abandonment of existing sewer pipes.

**DISCUSSION**

Staff solicited bids to construct the East Garden Grove Storm Drain and Sewer Improvements Project. Five (5) bids were received and opened in the City Clerk's Office at 11:00 a.m. on May 24, 2016. The lowest qualified bidder is Mamco, Inc., with a total bid of \$1,876,543.21. This bid is within the current project budget. The licenses and references of the contractor have been reviewed and verified by staff, and all other documentation is in order.

*The anticipated contract schedule is as follows:*

<i>Award contract</i>	<i>- June 28, 2016</i>
<i>Begin construction (estimated)</i>	<i>- August 1, 2016</i>
<i>Complete construction (estimated)</i>	<i>- June 8, 2017</i>

#### FINANCIAL IMPACT

The East Garden Grove Storm Drain and Sewer Improvements Project is included in the 2015-16 Capital Improvement Budget and will be financed with Drainage Fee Funds in the amount of \$242,530.00 and Sewer Funds in the amount of \$1,634,013.21. There will be no impact to the General Fund.

#### RECOMMENDATION

The following actions are recommended:

##### City Council Action

- Award a contract to Mamco, Inc., for City Project No. 7405 that includes Sanitary District Project Nos. 7834 and 7837 - East Garden Grove Storm Drain Improvements Project for a total amount of \$1,876,543.21; and
- Authorize the City Manager to execute the agreement, and make minor modifications as appropriate thereto, on behalf of the City

##### Sanitary District Action

- Award a Contract to Mamco, Inc., for Sanitary District Project Nos. 7834 and 7837 that includes City Project No. 7405 - East Garden Grove Sewer Improvements Project for a total amount of \$1,876,543.21; and
- Authorize the General Manager to execute the agreement, and make minor modifications as appropriate thereto, on behalf of the District.

By: Myung Joon Chun, P.E., Associate Engineer

#### ATTACHMENTS:

<b>Description</b>	<b>Upload Date</b>	<b>Type</b>	<b>File Name</b>
Agreement	6/20/2016	Backup Material	Agreement_with_MAMCO_-_6-28-16.pdf
Bid Summary Sheet	6/14/2016	Backup Material	Attachment1-BidSummary.pdf

## CONSTRUCTION AGREEMENT

### MAMCO, INC.

THIS AGREEMENT is made this 28th day of June, 2016, by and between the CITY OF GARDEN GROVE ("CITY"), the GARDEN GROVE SANITARY DISTRICT, a California Special District ("DISTRICT"), and MAMCO, INC., hereinafter referred to as ("CONTRACTOR")

#### RECITALS:

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to the City of Garden Grove and the Garden Grove Sanitary District Board of Directors Authorization dated **June 28, 2016**.
2. City/District desires to utilize the services of CONTRACTOR to furnish material, equipment, and labor for the **PROJECT NOS. 7405, 7834, AND 7837 - EAST GARDEN GROVE STORM DRAIN AND SEWER IMPROVEMENTS PROJECT**.
3. CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish services.

#### AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 5.1 General Conditions.** CONTRACTOR certifies and agrees that all the terms, conditions and obligations of the Contract Documents as hereinafter defined, the location of the job site, and the conditions under which the work is to be performed have been thoroughly reviewed, and enters into this Contract based upon CONTRACTOR'S investigation of all such matters and is in no way relying upon any opinions or representations of CITY/DISTRICT. It is agreed that this Contract represents the entire agreement. It is further agreed that the Contract Documents including the Notice Inviting Bids, Special Instructions to Bidders, if any, Plans, Specifications and CONTRACTOR's Proposal, are incorporated in this Contract by reference, with the same force and effect as if the same were set forth at length herein, and that CONTRACTOR and its subcontractors, if any, will be and are bound by any and all of said Contract Documents insofar as they relate in any part or in any way, directly or indirectly, to the work covered by this Contract.

"Project" as used herein defines the entire scope of the work covered by all the Contract Documents. Anything mentioned in the Specifications and not indicated in the Plans, or indicated in the Plans and not mentioned in the Specifications, shall be of like effect as if indicated and mentioned in both. In case of discrepancy in the Plans or Specifications, the matter shall be immediately submitted to CITY/DISTRICT'S Engineer, without whose decision CONTRACTOR shall not adjust said discrepancy save only at CONTRACTOR'S own risk and expense. The decision of the Engineer shall be final.

## **SECTION 5 - AGREEMENT**

### **Attachment # 2**

**5.2 Materials and Labor.** CONTRACTOR shall furnish, under the conditions expressed in the Plans and Specifications, at CONTRACTOR'S own expense, all labor and materials necessary, except such as are mentioned in the Specifications to be furnished by the CITY/DISTRICT, to construct and complete the project, in good workmanlike and substantial order. If CONTRACTOR fails to pay for labor or materials when due, CITY/DISTRICT may settle such claims by making demand upon the surety to this Agreement. In the event of the failure or refusal of the surety to satisfy said claims, CITY/DISTRICT may settle them directly and deduct the amount of payments from the Contract price and any amounts due to CONTRACTOR. In the event CITY/DISTRICT receives a stop notice from any laborer or material supplier alleging non-payment by CONTRACTOR, CITY/DISTRICT shall be entitled to deduct all of its costs and expenses incurred relating thereto, including but not limited to administrative and legal fees.

**5.3 Project.** The PROJECT is described as: **PROJECT NOS. 7405, 7834, AND 7837 – EAST GARDEN GROVE STORM DRAIN AND SEWER IMPROVEMENTS PROJECT.**

**5.4 Plans and Specifications.** The work to be done is shown in a set of detailed Plans and Specifications entitled: **PROJECT NOS. 7405, 7834, AND 7837 – EAST GARDEN GROVE STORM DRAIN AND SEWER IMPROVEMENTS PROJECT.**

Said Plans and Specifications and any revision, amendments or addenda thereto are attached hereto and incorporated herein as part of this Contract and referred to by reference. The work to be done must also be in accordance with the General Provisions, Standard Specifications and Standard Plans of the CITY/DISTRICT, which are also incorporated herein and referred to by, reference.

**5.5 Time of Commencement and Completion.** CONTRACTOR shall have **twenty-one (21) calendar days from the award of the Contract** to execute the Contract and supply CITY/DISTRICT with all of the documents and information required by the Instruction to Bidders and the other Contract Documents, including but not limited to, the necessary bonds and insurance certificates and endorsements. Once the City/District receives the executed Contract and all of the other properly drafted and executed documents and information, it may issue a Notice to Proceed to the Contractor. If CONTRACTOR refuses or fails to execute the Contract or refuses or fails to provide the required documents and information within the twenty-one (21) calendar days, the CITY/DISTRICT may then rescind the award of the Contract and then award the Contract to the next lowest responsive and responsible bidder.

Upon receipt of the Notice to Proceed, CONTRACTOR agrees to submit shop drawings and traffic control plans **within fourteen (14) calendar days**. Further, upon receipt of the Notice to Proceed the CONTRACTOR shall diligently prosecute the work to completion for the storm drain and sewer construction work as follows:

**Segment I: Lampson Avenue Storm Drain:** The Construction start date shall be August 1, 2016 and shall be completed within thirty (30) working days.

**Segment II: Ranchero Way Storm Drain and Alley Rehabilitation:** The Construction start date shall be September 6, 2016 and shall be completed within thirty (30) working days.



**Segment III: Nutwood Street, Imperial Avenue, and Central Avenue Sewer Improvements:** The Construction start date shall be upon receipt of the Notice to Proceed shall diligently prosecute the work to completion of the sewer construction work within **one hundred and sixty (160) working days** excluding delays caused or authorized by the DISTRICT as set forth in Sections 5.7, 5.8 and 5.9 hereof.

- 5.6 Time is of the Essence.** Time is of the essence of this Contract. As required by the Contract Documents, CONTRACTOR shall prepare and obtain approval of all shop drawings, details and samples, and do all other things necessary and incidental to the prosecution of CONTRACTOR'S work in conformance with an approved construction progress schedule. CONTRACTOR shall coordinate the work covered by this Contract with that of all other CONTRACTORS, subcontractors and of the CITY/DISTRICT, in a manner that will facilitate the efficient completion of the entire work in accordance with Section 5.5 herein. CITY/DISTRICT shall have complete control of the premises on which the work is to be performed and shall have the right to decide the time or order in which the various portions of the work shall be installed or the priority of the work of other subcontractors, and, in general, all matters representing the timely and orderly conduct of the work of CONTRACTOR on the premises.

- 5.7 Excusable Delays.** CONTRACTOR shall be excused for any delay in the prosecution or completion of the Project caused by acts of God; inclement weather; damages caused by fire or other casualty for which CONTRACTOR is not responsible; any act of negligence or default of CITY/DISTRICT; failure of CITY/DISTRICT to make timely payments to CONTRACTOR; late delivery of materials required by this CONTRACT to be furnished by CITY/DISTRICT; combined action of the workers in no way caused by or resulting from default or collusion on the part of CONTRACTOR; a lockout by CITY/DISTRICT; or any other delays unforeseen by CONTRACTOR and beyond CONTRACTOR'S reasonable control.

CITY/DISTRICT shall extend the time fixed in Section 5.5 herein for completion of the Project by the number of days CONTRACTOR has thus been delayed, provided that CONTRACTOR presents a written request to CITY/DISTRICT for such time extension within fifteen (15) days of the commencement of such delay and CITY/DISTRICT finds that the delay is justified. CITY/DISTRICT'S decision will be conclusive on the parties to this Contract. Failure to file such request within the time allowed shall be deemed a waiver of the claim by CONTRACTOR.

No claims by CONTRACTOR for additional compensation or damages for delays will be allowed unless CONTRACTOR satisfies CITY/DISTRICT that such delays were unavoidable and not the result of any action or inaction of CONTRACTOR and that CONTRACTOR took all available measures to mitigate such damages. Extensions of time and extra compensation as a result of incurring undisclosed utilities would be determined in accordance with SPECIAL PROVISIONS and Section 3-3 of the Standard Specifications for Public Works Construction 2015 Edition (GREEN BOOK). The CITY/DISTRICT'S decision will be conclusive on all parties to this Contract.

- 5.8 Extra Work.** The Contract price includes compensation for all work performed by CONTRACTOR, unless CONTRACTOR obtains a written change order signed by a designated representative of CITY/DISTRICT specifying the exact nature of the extra work and the amount of extra compensation to be paid all as more particularly set forth in Section 5.9 hereof.

CITY/DISTRICT shall extend the time fixed in Section 5.5 for completion of the Project by the number of days reasonably required for CONTRACTOR to perform the extra work, as determined by CITY/DISTRICT'S Engineer. The decision of the Engineer shall be final.

**5.9 Changes in Project.**

5.9.1 CITY/DISTRICT may at any time, without notice to any surety, by written order designated or indicated to be a change order, make any change in the work within the general scope of the Contract, including but not limited to changes:

- a. In the Specifications (including drawings and designs);
- b. In the time, method or manner of performance of the work;
- c. In the CITY/DISTRICT -furnished facilities, equipment, materials, services or site; or
- d. Directing acceleration in the performance of the work.

If CONTRACTOR believes that the written order issued as part of this Section 5.9.1 has caused an increase in costs or time, the CONTRACTOR shall submit a written request for equitable adjustment to the CITY/DISTRICT that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the CITY/DISTRICT to analyze the request. Said notice shall be submitted via certified mail within twenty (20) days of the CONTRACTOR'S receipt of the written order. CONTRACTOR'S failure to submit the written request for equitable adjustment within the required twenty (20) days shall constitute a waiver of any potential change order or claim for said alleged change. The CITY/DISTRICT shall review CONTRACTOR'S request and shall provide a written response within thirty (30) days of receipt of the request either approving or denying the request.

5.9.2 A change may also be any other conflict, difficulty or issue which the CONTRACTOR believes caused any change to the CONTRACTOR'S costs or project schedule, provided CONTRACTOR gives the CITY/DISTRICT written notice and a request for equitable adjustment that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the CITY/DISTRICT to analyze the request. The notice shall also state the date the CONTRACTOR became aware of the issue, circumstances and source of the issue and that CONTRACTOR regards the issue as a change order. Said written notice shall be delivered to the CITY/DISTRICT via certified mail within twenty (20) days of CONTRACTOR'S first notice of the issue. CONTRACTOR'S failure to submit the notice, which includes the written request for equitable adjustment within the required twenty (20) days shall constitute a waiver of any potential change order or claim for said alleged change. The CITY/DISTRICT shall review CONTRACTOR'S request and shall provide a written response within thirty (30) days of receipt of the request either approving or denying the request.

5.9.3 Except as provided in this Section 5.9, no order, statement or conduct of the CITY/DISTRICT or its representatives shall be treated as a change under this Section 5.9 or entitle CONTRACTOR to an equitable adjustment.

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- 5.9.4 Except for claims based on defective specifications, no claim for any change under paragraph 5.9.1 or 5.9.2 above shall be allowed for any work performed more than 20 days before the CONTRACTOR gives written notice as required in paragraphs 5.9.1 and 5.9.2. In the case of defective specifications for which the CITY/DISTRICT is responsible, the equitable adjustment shall include any increased direct cost CONTRACTOR reasonably incurred in attempting to comply with those defective specifications.
- 5.9.5 If CONTRACTOR intends to assert a claim for an equitable adjustment under this Section 5.9, it must, within thirty (30) days after receipt of a denial of a request for equitable adjustment under paragraphs 5.9.1 and 5.9.2, submit a written statement to the CITY/DISTRICT setting forth the general nature and monetary extent of such claim. The CITY/DISTRICT may extend the 30 day period. CONTRACTOR'S failure to submit the notice of a claim, within the required thirty (30) days shall constitute a waiver of the claim by the CONTRACTOR.
- 5.9.6 No claim by CONTRACTOR for an equitable adjustment shall be allowed if made after final payment under this Agreement.
- 5.9.7 CONTRACTOR hereby agrees to make any and all changes, furnish the materials and perform the work that CITY/DISTRICT may require without nullifying this Contract. CONTRACTOR shall adhere strictly to the Plans and Specifications unless a change there from is authorized in writing by the CITY/DISTRICT. Under no condition shall CONTRACTOR make any changes to the Project, either in additions or deductions, without the written order of the CITY/DISTRICT and the CITY/DISTRICT shall not pay for any extra charges made by CONTRACTOR that have not been agreed upon in advance in writing by the CITY/DISTRICT. CONTRACTOR shall submit immediately to the CITY/DISTRICT written copies of its firm's cost or credit proposal for change in the work. Disputed work shall be performed as ordered in writing by the CITY/DISTRICT and the proper cost or credit breakdowns therefore shall be submitted without delay by CONTRACTOR to CITY/DISTRICT.
- 5.10 **Liquidated Damages for Delay.** The parties agree that if the total work called for under this Contract, in all parts and requirements, is not completed within the time specified in Section 5.5 herein, plus the allowance made for delays or extensions authorized under Sections 5.7, 5.8, and 5.9 herein, the CITY/DISTRICT will sustain damage which would be extremely difficult and impractical to ascertain. The parties therefore agree that CONTRACTOR will pay to the CITY the sum of **Five Hundred dollars (\$500.00) per day** for the storm drain work and CONTRACTOR will pay to the DISTRICT the sum of **One Thousand Five Hundred dollars (\$1,500.00) per day** for the sewer work, for each and every calendar day during which completion of the Project is so delayed. CONTRACTOR agrees to pay such liquidated damages and further agrees that CITY/DISTRICT may offset the amount of liquidated damages from any monies due or that may become due CONTRACTOR under the Contract.
- 5.11 **Contract Price and Method of Payment.** CITY/DISTRICT agrees to pay and the CONTRACTOR agrees to accept as full consideration for the faithful performance of this Contract, subject to any subsequent additions or deductions as provided in approved change orders, the sum of **One Million Eight Hundred and Seventy Six Thousand Five Hundred and Forty Three dollars and Twenty one Cents (\$ 1,876,543.21)** as itemized in the bid proposal.

Progress payments shall be made to the CONTRACTOR on a monthly basis for each successive month as the work progresses. The CONTRACTOR shall be paid such sum as will bring the total payments received since the commencement of the work up to ninety – five percent (95%) of the value of the work completed, less all previous payments, provided that the CONTRACTOR submits the request for payment prior to the end of the day required to meet the payment schedule. The CITY/DISTRICT will retain five percent (5%) of the amount of each such progress estimate and material cost until 30 days after the recordation of the Notice of Completion.

Payments shall be made on demands drawn in the manner required by law, accompanied by a certificate signed by the CITY/DISTRICT'S Engineer, stating that the work for which payment is demanded has been performed in accordance with the terms of the Contract. Partial payments of the Contract price shall not be considered as an acceptance of any part of the work.

**5.12 Substitution of Securities in Lieu of Retention of Funds.** Pursuant to California Public Works Contract Code § 22300, the CONTRACTOR will be entitled to post approved securities with the CITY/DISTRICT or an approved financial institution in order to have the CITY/DISTRICT release funds retained by the CITY/DISTRICT to ensure performance of the Contract. CONTRACTOR shall be required to execute an addendum to this Contract together with escrow instructions and any other documents in order to effect this substitution.

**5.13 Completion.** Within 10 days after the contract completion date of the Project, CONTRACTOR shall file with the CITY/DISTRICT'S Engineer its affidavit stating that all workers and persons employed, all firms supplying materials, and all subcontractors upon the Project have been paid in full, and that there are no claims outstanding against the Project for either labor or material, except those certain items, if any, to be set forth in an affidavit covering disputed claims, or items in connection with Stop Notices which have been filed under the provisions of the statutes of the State of California. CITY/DISTRICT may require affidavits or certificates of payment and/or releases from any subcontractor, laborer or material supplier.

**5.14 CONTRACTOR'S Employees Compensation**

**5.14.1 General Prevailing Rate.** CITY/DISTRICT has ascertained from the State of California Director of Industrial Relations, the general prevailing rate of per diem wages and the general prevailing rate for legal holiday and overtime work in the locality in which the work is to be performed for each craft or type of work needed to execute this Contract, and copies of the same are on file in the Office of the City Engineer. The CONTRACTOR agrees that not less than said prevailing rates shall be paid to workers employed on this public works contract as required by Labor Code Section 1774 of the State of California.

**5.14.2 Forfeiture for Violation.** CONTRACTOR shall, as a penalty to the CITY/DISTRICT, forfeit one hundred dollars (\$100.00) for each calendar day or portion thereof for each worker paid (either by the CONTRACTOR or any subcontractor under it) less than the prevailing rate of per diem wages as set by the Director of Industrial Relations, in accordance with Sections 1770-1780 of the California Labor Code for the work provided for in this Contract, all in accordance with Section 1775 of the Labor Code of the State of California.

- 5.14.3 Apprentices.** Section 1777.5, 1777.6 and 1777.7 of the Labor Code of the State of California, regarding the employment of apprentices is applicable to this Contract and the CONTRACTOR shall comply therewith if the prime contract involves thirty thousand dollars (\$30,000.00) or more or twenty (20) working days, or more; or if contracts of specialty CONTRACTORs not bidding for work through the general or prime CONTRACTOR are two thousand dollars (\$2,000.00) or more for five (5) working days or more.
- 5.14.4 Workday.** In the performance of this Contract, not more than eight (8) hours shall constitute a day's work, and CONTRACTOR shall not require more than eight (8) hours of labor in a day from any person employed by him hereunder except as provided in paragraph (5.14.2) above. CONTRACTOR shall conform to Article 3, Chapter 1, Part 7 (Sections 1810 et seq.) of the Labor Code of the State of California and shall forfeit to the CITY/DISTRICT as a penalty, the sum of twenty-five Dollars (\$25.00) for each worker employed in the execution of this Contract by CONTRACTOR or any subcontractor for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one week in violation of said Article. CONTRACTOR shall keep an accurate record showing the name and actual hours worked each calendar day and each calendar week by each worker employed by CONTRACTOR in connection with the Project.
- 5.14.5 Record of Wages: Inspection.** CONTRACTOR agrees to maintain accurate payroll records showing the name, address, social security number, work classification, straight-time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by it in connection with the Project and agrees to require that each of its subcontractors does the same. The applicable CONTRACTOR or subcontractor or its agent having authority over such matters shall certify all payroll records as accurate. CONTRACTOR further agrees that its payroll records and those of its subcontractors shall be available to the employee or employee's representative, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards and shall comply with all of the provisions of Labor Code Section 1776, in general. CONTRACTOR shall comply with all the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code Section 1771.4(a) (3). The CONTRACTOR shall submit copies of certified payroll reports and **cancelled checks** for labors, every two weeks to the Engineer. Certified payroll and cancelled checks submittals are due one month after start of construction and every two weeks thereafter. *If the certified payroll and cancelled checks are not submitted, the CONTRACTOR will be notified that compliance is required within five (5) working days or contract work must cease. The CITY/DISTRICT will not be responsible for any delay or acceleration charges or any incurred costs or damages as a result of the work stoppage due to CONTRACTOR's failure to comply.* Work shall be cease in an orderly, safe fashion with all vehicle access restored, should this not occur, CITY/DISTRICT will correct the deficiencies and deduct the cost from funds due to the Contractor. In addition, no progress payment shall be made until the copies of certified payroll reports and cancelled checks are submitted.

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**5.15 Surety Bonds.** CONTRACTOR shall, upon entering into performance of this Agreement, furnish bonds in the amount of one hundred percent (100%) of the Contract price bid, to guarantee the faithful performance of the work, and the other in the amount of one hundred percent (100%) of the Contract price bid to guarantee payment of all claims for labor and materials furnished. This Contract shall not become effective until such bonds are supplied to and approved by the CITY/DISTRICT.

**5.16 Insurance.**

- 5.16.1 CONTRACTOR is also aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for Workers' Compensation or undertake self-insurance in accordance with the provisions of that Code, and will comply with such provisions before commencing the performance of the work of this Contract.
- 5.16.2 CONTRACTOR and all subcontractors shall carry workers' compensation insurance for the protection of its employees during the progress of the work. The insurer shall waive its rights of subrogation against the CITY/DISTRICT, its officers, agents and employees and shall issue a certificate to the policy evidencing same.
- 5.16.3 CONTRACTOR shall at all times carry, on all operations hereunder, bodily injury, including death, and property damage liability insurance, including automotive operations bodily injury and property damage coverage; and builders' all risk insurance. All insurance coverage shall be in amounts specified by the CITY/DISTRICT in the Insurance Requirements and shall be evidenced by the issuance of a certificate and additional insured endorsement in forms prescribed by the CITY/DISTRICT and shall be underwritten by insurance companies satisfactory to the CITY/DISTRICT for all operations, subcontract work, contractual obligations, product or completed operations, all owned vehicles and non-owned vehicles. Said insurance coverage obtained by the CONTRACTOR, excepting workers' compensation coverage, shall name the CITY/DISTRICT, its Officers, Agents, Employees, Engineers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the CITY/DISTRICT, as additional insured on said policies. Additional insured status shall be evidenced in the form of an Additional insured Endorsement (CG 20 10 1185). A sample is included in the appendix of the specifications for reference.

For any claims related to this Project, the Contractor's insurance coverage shall be primary insurance as respects the City of Garden Grove, Garden Grove Sanitary District and their respective Officers, Officials, Agents, Employees, Engineers, Volunteers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the City of Garden Grove/Garden Grove Sanitary District. Any insurance or self-insurance maintained by the City of Garden Grove/Garden Grove Sanitary District, and/or their respective Officers, Officials, Agents, Employees, Engineers, Volunteers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the City of Garden Grove/Garden Grove Sanitary District shall be excess of the Contractor's insurance and not contribute with it.

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- 5.16.4 Before CONTRACTOR performs any work at, or prepares or delivers materials to, the site of construction, CONTRACTOR shall furnish:

COMMENCEMENT OF WORK. CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the City of Garden Grove/Garden Grove Sanitary District. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the City of Garden Grove/Garden Grove Sanitary District of any material change, cancellation, or termination at least thirty (30) days in advance. Contractor shall also provide a **waiver of subrogation for each policy.**

INSURANCE AMOUNTS. CONTRACTOR shall maintain all of the foregoing insurance coverage in force until the work under this Contract is fully completed. The requirement for carrying the foregoing insurance shall not derogate from the provisions for indemnification of the Garden Grove Sanitary District and/or City of Garden Grove by CONTRACTOR under Section 5.17 of this Contract. Notwithstanding nor diminishing the obligations of CONTRACTOR with respect to the foregoing, CONTRACTOR shall subscribe for and maintain in full force and effect during the life of this Contract, the following insurance in amounts not less than the amounts specified and issued by a company admitted and licensed in California and having a Best's Guide Rating of A-Class VII or better (**Claims made and modified occurrence policies are not acceptable**):

Workers' Compensation	As required by the State of California.
Employer's Liability	\$1,000,000 per accident for bodily injury or disease.
Commercial General Liability (including operations, products and completed operations, and not excluding XCU)	\$5,000,000 per occurrence for bodily injury, personal injury and property damage. Coverage shall include mobile equipment.
Automobile Liability, including non-owned and hired vehicles	\$2,000,000 combined single limit for bodily injury and property damage.
Course of Construction	Completed value of the project with no coinsurance penalty provisions.

Excess liability, follows form coverage, shall be provided for any underlying policy that does not meet the policy limits required and set forth herein. Insurance companies must be acceptable to the City of Garden Grove/Garden Grove Sanitary District and have a Best's Guide Rating of A-, Class VII or better, as approved by the City of Garden Grove/Garden Grove Sanitary District.

An Additional Insured Endorsement, **ongoing and products-completed operations**, and including mobile equipment, for the Commercial General Liability policy shall designate the City of Garden Grove/Garden Grove Sanitary District and their respective Officers, Officials, Agents, Employees, Engineers, Volunteers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the City of Garden Grove/ Garden Grove Sanitary District as

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additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to the City of Garden Grove/Garden Grove Sanitary District proof of insurance and endorsement forms that conform to the City of Garden Grove/Garden Grove Sanitary District's requirements, as approved by the City of Garden Grove/Garden Grove Sanitary District.

An Additional Insured Endorsement for Automobile Liability policy, shall designate Garden Grove Sanitary District, City of Garden Grove, and their respective Officers, Officials, Agents, Employees, Engineers, Volunteers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the City of Garden Grove/Garden Grove Sanitary District as additional insureds for automobiles owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to the City of Garden Grove/Garden Grove Sanitary District proof of insurance and endorsement forms that conform to Garden Grove Sanitary District's requirements, as approved by the City of Garden Grove/Garden Grove Sanitary District.

A Loss Payee Endorsement for the Course of Construction policy shall designate the City of Garden Grove/Garden Grove Sanitary District as loss payee. CONTRACTOR shall provide to the City of Garden Grove/Garden Grove Sanitary District proof of insurance and endorsement forms that conform to City's requirements, as approved by the City of Garden Grove/Garden Grove Sanitary District.

In the event any of CONTRACTOR'S underlying policies do not meet policy limits within the insurance requirements, CONTRACTOR shall provide coverage under an excess liability policy. The policy must be a follows form excess/umbrella policy. CONTRACTOR shall provide the **schedule of underlying policies** for an excess/umbrella liability policy, state that the excess/umbrella policy **follows form** on the insurance certificate, and provide an **additional insured endorsement** for the excess/umbrella liability policy designating Garden Grove Sanitary District, the City of Garden Grove, and their respective Officers, Officials, Agents, Employees, Engineers, Volunteers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their Directors, Officers, Agents and Employees, as determined by the City of Garden Grove/Garden Grove Sanitary District as additional insureds.

A primary/non-contributory endorsement shall be provided to the City of Garden Grove/Garden Grove Sanitary District for each policy. For any claims related to this Agreement, CONTRACTOR's insurance coverage shall be primary insurance as respects Garden Grove Sanitary District, the City of Garden Grove, and their respective officers, officials, agents, employees, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees as determined by the City of Garden Grove/Garden Grove Sanitary District. Any insurance or self-insurance maintained by Garden Grove Sanitary District, City of Garden Grove, and/or their respective officers, officials, agents, employees, and volunteers for this contract and all public agencies from whom permits will be obtained and their directors, officers, agents, and employees, as determined by the City of Garden



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Grove/Garden Grove Sanitary District shall be excess of the CONTRACTOR's insurance and shall not contribute with it. CONTRACTOR shall provide to the City of Garden Grove/Garden Grove Sanitary District proof of insurance and endorsement forms that conform to the City of Garden Grove/Garden Grove Sanitary District's requirements, as approved by the City of Garden Grove/Garden Grove Sanitary District.

The City of Garden Grove/Garden Grove Sanitary District or its representatives shall at all times have the right to inspect and receive the original or a certified copy of all said policies of insurance, including certificates. CONTRACTOR shall pay the premiums on the insurance hereinabove required.

If CONTRACTOR maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher insurance limits otherwise maintained by the CONTRACTOR.

**5.17 Risk and Indemnification.** All work covered by this Contract done at the site of construction or in preparing or delivering materials to the site shall be at the risk of CONTRACTOR alone. CONTRACTOR agrees to save, indemnify and keep the Garden Grove Sanitary District, City of Garden Grove, and their respective Officers, Agents, Employees, Engineers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their directors, Officers, Agents and Employees harmless against any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (CONTRACTOR'S employees included) and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by CONTRACTOR, save and except claims or litigation arising through the sole negligence or sole willful misconduct of CITY/DISTRICT and will make good to reimburse CITY/DISTRICT for any expenditures, including reasonable attorneys' fees CITY/DISTRICT may incur by reason of such matters, and if requested by CITY/DISTRICT, will defend any such suits at the sole cost and expense of CONTRACTOR.

**5.18 Termination.**

5.18.1 This Contract may be terminated in whole or in part in writing by the CITY/DISTRICT for its convenience, provided that the CONTRACTOR is given (1) not less than ten (10) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

5.18.2 If termination for default or convenience is effected by the CITY/DISTRICT, an equitable adjustment in the price provided for in this Contract shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due to the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the CITY/DISTRICT because of the CONTRACTOR'S default.

5.18.3 Upon receipt of a termination action under paragraph (5.18.1) or (5.18.2) above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the CITY/DISTRICT all data, drawings, specifications, reports, estimates, summaries

## **SECTION 5 - AGREEMENT**

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and such other information and materials as may have been accumulated by the CONTRACTOR in performing this Contract whether completed or in process.

5.18.4 Upon termination under paragraphs (5.18.1) and (5.18.2) above, the CITY/DISTRICT may take over the work and may award another party an agreement to complete the work under this Contract.

**5.19 Warranty.** The CONTRACTOR agrees to perform all work under this Contract in accordance with the CITY/DISTRICT's designs, drawings and specifications.

The CONTRACTOR guarantees for a period of one (1) year from the date of the notice of completion of the work that the completed work is free from all defects due to faulty materials, equipment or workmanship and that he shall promptly make whatever adjustments or corrections which may be necessary to cure any defects, including repairs or any damage to other parts of the system resulting from such defects. The CITY/DISTRICT shall promptly give notice to the CONTRACTOR of observed defects. In the event that the CONTRACTOR fails to make adjustments, repairs, corrections or other work made necessary by such defects, the CITY/DISTRICT may do so and charge the CONTRACTOR the cost incurred. The performance bond shall remain in full force and effect through the guarantee period.

The CONTRACTOR'S obligations under this clause are in addition to the CONTRACTOR'S other express or implied assurances of this Contract or state law and in no way diminish any other rights that the CITY/DISTRICT may have against the CONTRACTOR for faulty materials, equipment or work.

**5.20 Attorneys' Fees.** If any action at law or in equity is necessary to enforce or interpret the terms of this Contract, each shall bear its own attorneys' fees, costs and necessary disbursements. Notwithstanding the foregoing, if any action is brought against the CONTRACTOR or any subcontractor to enforce a Stop Notice or Notice to Withhold, which named the CITY/DISTRICT as a party to said action, the CITY/DISTRICT shall be entitled to reasonable attorneys' fees, costs and necessary disbursements arising out of the defense of such action by the CITY/DISTRICT. The CITY/DISTRICT shall be entitled to deduct its costs for any Stop Notice filed, whether court action is involved or not.

**5.21 Notices.** Any notice required or permitted under this Contract may be given by ordinary mail at the address set forth below. Any party whose address changes shall notify the other party in writing.

TO CITY/DISTRICT:

The City of Garden Grove/  
Garden Grove Sanitary District  
Public Works Department  
Attention: Myung J. Chun, P.E.  
13802 Newhope Street  
Garden Grove, CA 92843  
(714) 741-5977  
(714) 638-9906 Fax

TO CONTRACTOR:

Mamco, Inc.  
Attention: Rumzi Alabbasi, Vice President  
764 W. Ramona Expwy, Ste C  
Perris, CA 92571  
(951) 776-9300  
(951) 776-0404

**SIGNATURE ON NEXT PAGE**

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IN WITNESS THEREOF, these parties have executed this Construction Agreement on the day and year shown below.

**"CITY"**  
**CITY OF GARDEN GROVE**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
**Scott C. Stiles**  
**City Manager**

**"DISTRICT"**  
**GARDEN GROVE SANITARY DISTRICT**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
**Scott C. Stiles**  
**General Manager**

**ATTEST:**

\_\_\_\_\_  
City Clerk/ District Secretary

Date: \_\_\_\_\_

**"CONTRACTOR"**

\_\_\_\_\_  
**Mamco, Inc.**

CONTRACTOR'S State License No. 883649  
(Expiration Date: 9/30/2016)

By: \_\_\_\_\_

Title: Rumzi AlAbbasi- Vice President

Date: 6/16/2016

**APPROVED AS TO FORM:**

  
Garden Grove City Attorney/  
Sanitary District General Counsel

Date: 6-20-16

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required.

CITY OF GARDEN GROVE  
PUBLIC WORKS DEPARTMENT  
Engineering Division

BID SUMMARY SHEET

FOR

EAST GARDEN GROVE STORM DRAIN AND SEWER IMPROVEMENTS

PROJECT NO. 7405 - LAMPSON AVENUE AND RANCHERO WAY STORM DRAIN  
AND ALLEY REHABILITATION

PROJECT NO. 7834 – CENTRAL AVENUE SEWER IMPROVEMENTS PROJECT

PROJECT NO. 7837 – NUTWOOD STREET/IMPERIAL AVENUE SEWER  
IMPROVEMENTS PROJECT

BID OPENING: DATE: May 24, 2016

TIME: 11:00 A.M.

ENGINEER'S ESTIMATE: \$ 2,250,000.00

	Bidder's Name	Total Bid	% Under/Over Engrs. Est
1	Mamco, Inc., Brea	\$ 1,876,543.21	16.60 % Under
2	Ramona, Inc., Arcadia	\$ 2,036,024.00	9.51 % Under
3	Paulus Engineering, Anaheim	\$ 2,299,371.00	2.19 % Over
4	Blois Construction, Inc., Long Beach	\$ 2,383,210.00	5.92 % Over
5	Excel Paving Company, Long Beach	\$ 2,570,116.00	14.23 % Over