



City of Sacramento City Council

24

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 7/24/2012

Report Type: Staff/Discussion

Title: Agreement: Fluoridation Funding Grant from First 5 Sacramento Commission

Report ID: 2012-00256

Location: Citywide

Recommendation: Pass a Resolution authorizing the City Manager or the City Manager's designee to 1) establish CIP (Z14130600) for the purpose of tracking fluoridation equipment improvements, 2) establish revenue and expenditure budgets for Z14130600 for the grant (Fund 6205) in the amount of \$550,000, and 3) execute a funding agreement with the First 5 Sacramento Commission, providing the City with a grant of \$550,000 in exchange for continued water fluoridation through June 30, 2015.

Contact: Bill Busath, Interim Engineering Manager, (916) 808-1434; Dan Sherry, Supervising Engineer, ((16) 808-1419 - Department of Utilities

Presenter: Dan Sherry, Supervising Engineer, (916) 808-1419, Department of Utilities

Department: Department Of Utilities

Division: Cip Engineering

Dept ID: 14001321

Attachments:

-
- 01-Description/Analysis
 - 02-Background
 - 03-Resolution
 - 04-Agreement
 - 05-Agreement-Exhibit A Scope of Work
 - 06-Agreement-Exhibit B Budget
 - 07-Agreement-ATT 1 to Exhibit B_ Budget Narative Final
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 - 09-Anti-Tobacco Policy Compliance Form
 - 10-Contractor Certification of Compliance and ID Form
 - 11-Non-Supplantation Certification.

City Attorney Review

Approved as to Form
Joe Robinson
7/10/2012 3:51:19 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Janelle Gray
5/16/2012 3:17:11 PM

Approvals/Acknowledgements

Department Director or Designee: Dave Brent - 7/10/2012 12:22:22 PM

Sandra Talbott, Interim City Attorney

Shirley Concolino, City Clerk

John F. Shirey, City Manager

Russell Fehr, City Treasurer



Description/Analysis

Issue: The City has been fluoridating the public water supply since 2000. Annual operation and maintenance costs have increased from \$350,000 in year 2000 to approximately \$1 million in recent years due to the increased cost of maintaining old infrastructure and the increased cost of fluoride.

On April 26, 2011, City Council was presented with a “Fluoride Best Practices Study Report” that identified \$2.3 million to \$3.7 million in immediate infrastructure needs to continue this program, as well as recommendations for future infrastructure replacement and expected increases in operational costs over the next 20 years. At that meeting the City Council passed a motion confirming the City’s policy to fluoridate the City’s water and directing staff to seek outside funding opportunities to assist in funding this program.

In October 2011, after negotiations between the City and First 5 staff, the First 5 Sacramento Commission authorized its staff to develop and enter into an agreement with the City whereby \$550,000 would be granted to the City in exchange for agreeing to continue fluoridation through June 30, 2015. Grant funds would be limited solely to funding equipment replacement and could not be used to fund operational costs.

Policy Considerations:

The California Health and Safety Code requires the fluoridation of all public water systems that have at least 10,000 service connections (the City has 136,713) if funding is provided from an outside source. Once a fluoridation system has been installed, a public water system is not required to continue fluoridating if, in any given fiscal year, sufficient funding is not available from an “outside source” to pay the fluoridation costs for that year. An outside source of funding typically is a federal grant or a gift from a private foundation and is defined in the Health and Safety Code to exclude revenues from the public water system’s utility rates or other fees or charges or local taxpayers. What this means for the City is that, while the City can choose to fund its annual fluoridation costs with water rate revenues, State law does not require the City to do so, and the City’s fluoridation program can be suspended in any fiscal year the City does not receive sufficient outside funding to pay for the program.

The grant being considered today is structured as a forgivable loan and includes a provision requiring the City to continue water fluoridation through June 30, 2015, in order for the loan to be forgiven in full.

Environmental Considerations: This is not considered a “project” under the California Environmental Quality Act (CEQA) Guidelines Section 15378(b) because it is a funding activity that will not result in significant physical impacts on the environment. In addition, the replacement of existing utility facilities and equipment is generally exempt from CEQA review (CEQA Guidelines, § 15301(b) and § 15302(c)).

Sustainability Considerations: Not considered applicable at this time.

Commission/Committee Action: Not Applicable

Rationale for Recommendation: Accepting these grant funds will assist the City in replacing aged fluoridation equipment at the City's groundwater well and treatment plant facilities.

Financial Considerations: The City completed a "Fluoride Best Practices Study Report" in 2011 summarizing current and future program costs. Annual operation costs were identified as \$957,000. The study recommended immediately replacing aged infrastructure that supports the fluoride process at an estimated cost of \$2.3 million to \$3.7 million depending on selected improvements.

Fluoride infrastructure not requiring immediate replacement will need to be replaced within the next 20 years at an estimated future cost of \$7.6 to \$9.5 million. The combination of present and future equipment scheduled for replacement is estimated to cost \$9.9 to \$13.2 million.

The "Fluoride Best Practices Study Report" estimates the total cost to provide 20 years of fluoridation at \$43 to \$48 million if recommendations are implemented.

This \$550,000 grant fund (Fund 6205) is structured as a no-interest forgivable loan, subject to the requirement that the City continue fluoridation through June 30, 2015. If the City discontinues water fluoridation prior to June 30, 2015, then the City would be required to repay the grant funding with 6% interest from the date of agreement approval.

The City will be required to prefund and construct the improvements prior to invoicing First 5 for any monies. To fund these improvements Council is being asked today to also consider the creation of a new CIP Z14130600 and to establish the revenue and expenditure budgets for the grant (Fund 6205). This grant stipulates that use of these funds for operational costs is prohibited and that all funds be utilized for fluoride equipment replacement. The current cost of infrastructure needs would be reduced by 15-24% from an estimate of \$2.3 to \$3.7 million to an estimate of \$1.8 to \$3.2 million.

The City anticipates spending approximately \$5.6 to 7.0 million between now and June 30, 2015 to replace the recommended equipment and to fund operational costs. The grant funds would provide for approximately 9% of the total program cost through June 30, 2015.

Emerging Small Business Development (ESBD): Not Applicable.

BACKGROUND

History

City Council adopted a Resolution in February 1998 stating that if another party would cover initial funding for purchase and installation of the fluoridation equipment, the Department of Utilities (DOU) would cover the operational and maintenance (O&M) costs of \$350,000 per year at the two water treatment plants and 28 groundwater well sites to fluoridate the City's drinking water. In 1999, the City Council authorized the City Manager to negotiate a \$1.41 million grant contract with the representatives of Fluoridation 2000 Work Group to fund the purchase and installation of the equipment necessary to add fluoride to the City's water supplies.

Since then, the O&M costs associated with fluoridation have risen to approximately \$1 million per year and other maintenance activities have been deferred as staff and funding are diverted to maintain the fluoridation system. Notably, at program inception, no increase in personnel was provided to support the fluoride program.

In 2010, Management Partners, a consulting firm retained by the City, examined all Sacramento government operations to identify opportunities to close the structural deficit faced by the City. They recommended the City end fluoridation to save money within the DOU Water Fund by eliminating a program not mandated by law. The study did not include an evaluation of the public health perspective of the program or a review of the current system's efficiency.

On April 26, 2011, City Council was presented with a consultant-prepared "Fluoride Best Practices Study" that included the following conclusions:

- The City is currently meeting its fluoridation concentration targets, and operations and maintenance costs for the system are within an acceptable range.
- To continue fluoridating, the City will need to upgrade facilities to improve operations and to replace aging equipment.
- Some upgrades should occur now, while other facilities will require replacement within the 20-year planning horizon.
- Current O&M Cost: The City is currently expending \$957,000 per year on operations, including 3.5 FTE's, which are utilized to maintain the program [See Table 1]
- Recommendations by facility for improvements *Needed Now* [See Table 1]
 - Sacramento River Water Treatment Plant: No projects are required in 2011. Expect to begin replacing equipment starting in 2017.
 - E.A. Fairbairn Water Treatment Plant: Equipment is due for replacement now.
 - Groundwater Wells: Equipment is due for replacement now.

- Recommendations for Improvements Needed Later. [See Table 2]
 - Many components of a fluoridation system are not expected to last 20 years.
 - Thus, all fluoridation facilities will require periodic renewal of equipment at varying schedules over the 20-year planning horizon.
 - Fluoride infrastructure not requiring immediate replacement will need to be replaced within the next 20 years at an estimated future cost of \$7.6 to 9.5 million (\$3.8 to 4.3 million in present dollars). The combination of present and future equipment scheduled for replacement equals \$9.9-13.2 million.

Table 1: Base 2011 Operation Costs	
Description	Annual Operation Cost
Current	\$957K
Following Recommended Improvements	\$910K - \$943K ¹

1: If improvements are performed, a modest reduction in operation and maintenance cost is expected.

Table 2: Distribution of Total Cost of Fluoridation over 20 years					
	Near Term Projects	Future Equipment Replacement	Total Equipment Cost	Remaining Chemical & Labor for 20 Years	Total City Fluoridation Costs for 20 Years
Present Worth	\$2.3 - \$3.7M	\$3.8 - 4.3M	\$6.1 - \$8.0M	\$20 - \$21M	\$26 - \$29M
Future Worth ¹	\$2.3 - \$3.7M	\$7.6 - 9.5M	\$9.9 ² - 13.2M	\$33 - \$35M	\$43 ² - \$48M

1: Assumes 4% inflation for labor and materials and 6% inflation for chemicals.

2: e.g. 2.3+7.6=\$9.9 M, and \$9.9M+\$33M=\$43M

At the conclusion of the April 26, 2011, meeting on the Fluoride Best Practices Study report, City Council passed a motion confirming the City's policy to fluoridate the City's water and directing Staff to seek outside funding opportunities to assist in funding this program and report to Council.

In June 2011, City staff explored potential grant funding opportunities through the Centers for Disease Control Community Transformation Grant Program, but eventually determined that the City's water fluoridation would not be eligible, as it was beyond the scope of the grant program.

In August 2011, with the understanding that fluoride equipment funding from the First 5 Sacramento Commission would require a 20-year service contract to continue the program, the City approached the First 5 Sacramento Commission with a request to provide funding for fluoridation equipment needs over the contract period. The request

was for \$13 million over a 20-year period to cover these immediate and future equipment costs. The City also requested two years of operational costs, similar to a recent agreement between First 5 Sacramento and the Sacramento County Water Agency. A decision on this request was deferred by the Commission until the First 5 Fluoridation Workgroup could meet with the City to consider ways to align the request with the economic position of First 5 Sacramento.

On October 2011, after negotiations between the City and First 5 staff, the First 5 Sacramento Commission authorized their staff to develop and enter into an agreement with the City whereby \$550,000 would be granted to the City of Sacramento in exchange for agreeing to continued fluoridation until June 30, 2015. These funds would be limited solely to equipment replacement and could not be used for operational costs.

The City anticipates spending approximately \$5.6-7.0 million between now and June 30, 2015 to replace the recommended equipment and to fund operational costs. The \$550,000 in funding from First 5 would provide for approximately 9% of the total program cost through June 30, 2015.

All remaining fluoride program costs will be paid through the Department of Utilities Water Fund unless another alternative source of funding can be located.

Contractual & Regulatory Obligations

- Section 116410 of the California Health and Safety Code requires the fluoridation of all public water systems that have at least 10,000 service connections (the City has 136,713), if funding is provided from an “outside source”. Once a fluoridation system has been installed, a public water system is not required to continue fluoridating if, in any given fiscal year, sufficient funding is not available from an “outside source” to pay the fluoridation costs for that year. (Health and Safety Code § 116415.)
- An “outside source” of funding typically is a federal grant or a gift from a private foundation, and is defined in the Health and Safety Code to exclude revenues from the public water system’s utility rates or other fees or charges or local taxpayers.
- This means that the City can choose to fund its annual fluoridation costs with water rate revenues, but State law does not require the City to do so, and the City’s fluoridation program can be suspended in any fiscal year when the City does not receive sufficient outside funding to pay for the program.
- According to staff for the U.S. Department of Health & Human Services, Centers for Disease Control & Prevention, if a utility suspends fluoridation, as authorized under the State Health and Safety Code, the utility must notify the State drinking water administrator and dental director. They recommend alerting public health professionals and the public as well through local media.

Department of Utilities Position on Fluoride

The Department of Utilities considers fluoride to be an additive to the water for dental health purposes and not essential for the production of safe drinking water.

Other Water Agency Actions

On March 22, 2011, the Sacramento County Water Agency Board of Directors approved a resolution allowing the Director of Water Resources to enter into an agreement with First 5 Sacramento to accept grant funding for the full construction cost of fluoridation facilities at multiple facilities, and commit the County to funding the fluoridation Operations and Maintenance costs for 20 years. The estimated construction cost is \$9.6 million.

On March 5, 2012, First 5 Sacramento Commission voted to restore \$5 million for fluoridation projects and prioritize the funding for the Rancho Cordova community, which had previously approached First 5. This water system does not currently fluoridate the public water supply.



RESOLUTION NO. 2012-

Adopted by the Sacramento City Council

AUTHORIZING AGREEMENT WITH FIRST 5 SACRAMENTO COMMISSION FOR WATER FLUORIDATION FUNDING

BACKGROUND

- A. On April 26, 2011, the City Council was presented with a consultant-prepared “Fluoride Best Practices Study” which concluded that the City is spending approximately \$1 Million per year to operate and maintain its water fluoridation program, and that the City will need to upgrade facilities to improve operations and replace aging equipment in order to continue fluoridating.
- B. At the conclusion of the April 26, 2011, meeting, the City Council passed a motion confirming the City’s policy to fluoridate the City’s water and directing City staff to seek outside funding opportunities to assist in funding this program and report back to Council.
- C. In October 2011, the First 5 Sacramento Commission authorized its staff to develop and enter into an agreement with the City, whereby \$550,000 would be granted to the City of Sacramento in exchange for the City’s agreement to continued fluoridation through June 30, 2015. These funds would be limited solely to equipment replacement and could not be used for operational costs.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or the City Manager’s designee is authorized to establish a new CIP (Z14130600) for the purposes of tracking water fluoridation improvement projects.
- Section 2. The City Manager or the City Manager’s designee is authorized to establish revenue and expenditure budgets for the grant (Fund 6205) in the amount of \$550,000 for the new Fluoride Equipment Rehab Project (Z14130600).
- Section 3. The City Manager or the City Manager’s designee is authorized to execute a funding agreement with the First 5 Sacramento Commission, providing the City with a grant of \$550,000 in exchange for the City’s commitment to continued water fluoridation through June 30, 2015.
- Section 4. Exhibit A is made a part of this Resolution.

Exhibit A - Agreement between First 5 Sacramento Commission and the City.



FIRST 5 SACRAMENTO COMMISSION

AGREEMENT
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Attachments:

- Exhibit A – Scope of Services
Exhibit B – Budget Requirements

AGREEMENT

THIS AGREEMENT is made and entered into as of this ____ day of _____ 2012, by and between the FIRST 5 SACRAMENTO COMMISSION, hereinafter referred to as "COMMISSION," and the CITY OF SACRAMENTO, hereinafter referred to as "CONTRACTOR."

RECITALS

WHEREAS, in November 1998 the voters of California passed Proposition 10, the "California Children and Families Act of 1998." Proposition 10 is designed to provide funding for community health care, quality child care and education programs for young children and families, customized to meet local needs;

WHEREAS, in April 1999 the Sacramento County Board of Supervisors established the Sacramento County Children and Families Commission whose mission is to support the healthy development of children prenatal to age five, the empowerment of families and the strengthening of communities. On January 14, 2003, the Sacramento County Board of Supervisors adopted Ordinance No. SCC-1236, that renamed the Children and Families Commission to the First Five Sacramento Commission. On February 28, 2006, the Sacramento County Board of Supervisors adopted Ordinance No. SCC-1321, that renames the First Five Sacramento Commission to First 5 Sacramento Commission;

WHEREAS, in September 2011 CONTRACTOR submitted a revised out of cycle funding request in the amount of \$550,000 for the renovation or replacement of fluoridation equipment; and

WHEREAS, on October 3, 2011 COMMISSION authorized its Executive Director, or her designee, to negotiate and execute an agreement with CONTRACTOR in the amount of \$550,000 for the term of January 1, 2012 through June 30, 2015 for upgrades to its fluoridation equipment, with the provision that CONTRACTOR continue to fund and maintain operation of the fluoridation system through June 30, 2015.

WHEREAS, COMMISSION AND CONTRACTOR desire to enter into this Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, COMMISSION and CONTRACTOR agree as follows:

1. SCOPE OF SERVICES

CONTRACTOR shall provide services in the amount, type and manner described in Exhibit A, *Scope of Services*, which is attached hereto and incorporated herein.

2. TERM

This Agreement shall be effective and commence as of the first date written above and shall end on June 30, 2015.

3. SUPLANTATION OF FUNDS

Proposition 10 funds shall be used exclusively to develop new projects, expand existing programs and/or services or to enhance existing programs and services.

CONTRACTOR shall not utilize Proposition 10 funds to supplant state or local General Fund money for any purpose. If, upon receipt of Proposition 10 funds, CONTRACTOR uses such funds to replace state or federal categorical funds, CONTRACTOR shall demonstrate to the COMMISSION'S satisfaction that such state or federal categorical funds have increased the level of services provided to children 0-5 years of age.

CONTRACTOR shall execute a certification that it has complied with the anti-supplantation requirement stated in Section 30131.4 of the California Tax & Revenue Code. Such certification shall be executed prior to release of Proposition 10 funds and CONTRACTOR shall annually execute such certification as part of the fiscal audit requirement. If COMMISSION determines that supplantation has occurred, CONTRACTOR shall be required to reimburse COMMISSION for all Proposition 10 funds that were used in violation of this Section. Use of Proposition 10 funds in violation of this Section shall be grounds for termination of this Agreement.

4. NOTICE

Any notice, demand, request, consent, or approval that either party hereto may or is required to give the other pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by mail, addressed as follows:

First 5 Sacramento Commission

City of Sacramento

Toni J. Moore, Executive Director
2750 Gateway Oaks Drive, Suite 330
Sacramento, CA 95833

Brett Ewart, Associate Engineer
1395 35th Avenue
Sacramento, CA 95822-2911

Either party may change the address to which subsequent notice and/or other communications can be sent by giving written notice designating a change of address to the other party, which shall be effective upon receipt.

5. DIRECTOR

As used in this Agreement, "DIRECTOR" shall mean the Executive Director of the First 5 Sacramento Commission or his/her designee.

6. COMPLIANCE WITH LAWS

CONTRACTOR shall observe and comply with all applicable Federal, State, and local laws, regulations and ordinances.

7. GOVERNING LAWS AND JURISDICTION

This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

8. LICENSES, PERMITS AND CONTRACTUAL GOOD STANDING

- A. Any Subcontractor retained by CONTRACTOR to perform service hereunder shall possess and maintain all necessary licenses, permits, certificates and credentials required by the laws of the United States, the State of California, County of Sacramento and all other appropriate governmental agencies, including any certification and credentials required by COMMISSION. The certification and credentials required by COMMISSION consist of Annual Non-Supplantation Certification, Contractor Certification of Compliance Form (Child Support Certification), Anti-Tobacco Policy Certification, and any permits, certifications or credentials required to be maintained by the CONTRACTOR as deemed necessary by the Department of Health Care Services for fluoridation services. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this Agreement and constitutes grounds for the termination of this Agreement by COMMISSION.
- B. CONTRACTOR further certifies to COMMISSION that it and its principals are not debarred, suspended, or otherwise excluded from or ineligible for, participation in federal, State or Sacramento County government contracts. Contractor certifies that it shall not knowingly contract with a Subcontractor that is so debarred or suspended.

9. PERFORMANCE STANDARDS

CONTRACTOR shall perform services required under this Agreement in accordance with the professional standards applicable to CONTRACTOR'S services. Work products delivered to the COMMISSION pursuant to this Agreement shall be prepared in a first-class manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR'S profession.

10. OWNERSHIP OF WORK PRODUCT

All technical data, evaluations, plans, specifications, reports, and documents of CONTRACTOR provided hereunder shall become the property of COMMISSION and shall be delivered to COMMISSION upon completion of the services authorized hereunder; provided, however, that any capital improvement constructed with funds received from COMMISSION shall be the property of CONTRACTOR. CONTRACTOR may retain copies thereof for its files and internal use. Publication of the information directly derived from work performed or data obtained in connection with services rendered under this Agreement must first be approved in writing by COMMISSION, provided that the foregoing limitation shall not apply to CONTRACTORS's publication of information in connection with CONTRACTOR's governmental activities nor in response to a public records request. COMMISSION recognizes that all technical data, evaluations, plans, specifications, reports, and other work products are instruments of CONTRACTOR'S services and are not designed for use other than what is intended by this Agreement.

11. PUBLIC STATEMENTS/MATERIALS

CONTRACTOR shall use COMMISSION'S logo in all media statements, press release(s), statements to the public or printed materials i.e. brochures, newsletters,

websites and promotional materials, that are developed to describe and promote COMMISSION funded programs and CONTRACTOR shall indicate on said materials that the program is "Funded by the First 5 Sacramento Commission."

CONTRACTOR shall submit all such public statements/materials to the COMMISSION'S Communications and Media Officer or authorized staff for review and approval prior to release to the public. Any exceptions to using the COMMISSION'S logo must be pre-approved by the COMMISSION.

The foregoing shall not apply to CONTRACTOR'S publication of information in connection with CONTRACTOR'S governmental activities, including notices provided to CONTRACTOR'S ratepayers, nor in response to a public records request.

12. STATUS OF CONTRACTOR

- A. It is understood and agreed that CONTRACTOR (including CONTRACTOR'S employees) is an independent CONTRACTOR and that no relationship of employer-employee exists between the parties hereto. CONTRACTOR'S assigned personnel shall not be entitled to any benefits payable to employees of COMMISSION. COMMISSION is not required to make any deductions or withholdings from the compensation payable to CONTRACTOR under the provisions of this agreement; and as an independent CONTRACTOR, CONTRACTOR hereby indemnifies and holds COMMISSION harmless from any and all claims that may be made against COMMISSION based upon any contention by any third party that an employer-employee relationship exists by reason of this agreement.
- B. It is further understood and agreed by the parties hereto that CONTRACTOR in the performance of its obligation hereunder is subject to the control or direction of COMMISSION as to the designation of tasks to be performed, the results to be accomplished by the services hereunder agreed to be rendered and performed, and not the means, methods, or sequence used by CONTRACTOR for accomplishing the results.
- C. If, in the performance of this agreement, any third persons are employed by CONTRACTOR, such person shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. All terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CONTRACTOR, and the COMMISSION shall have no right or authority over such persons or the terms of such employment.
- D. It is further understood and agreed that as an independent CONTRACTOR and not an employee of COMMISSION, neither the CONTRACTOR nor CONTRACTOR'S assigned personnel shall have any entitlement as a COMMISSION employee, right to act on behalf of COMMISSION in any capacity whatsoever as agent, nor to bind COMMISSION to any obligation whatsoever. CONTRACTOR shall not be covered by worker's compensation; nor shall CONTRACTOR be entitled to compensated sick leave, vacation leave, retirement entitlement, participation in group health, dental, life and other

insurance programs, or entitled to other fringe benefits payable by the COMMISSION to employees of the COMMISSION.

- E. It is further understood and agreed that CONTRACTOR must issue W-2 and 941 Forms for income and employment tax purposes, for all of CONTRACTOR'S assigned personnel under the terms and conditions of this agreement.

13. BENEFITS WAIVER

If CONTRACTOR is unincorporated, CONTRACTOR acknowledges and agrees that CONTRACTOR is not entitled to receive the following benefits and/or compensation from COMMISSION: medical, dental, vision and retirement benefits, life and disability insurance, sick leave, bereavement leave, jury duty leave, parental leave, or any other similar benefits or compensation otherwise provided to permanent civil service employees pursuant to the County Charter, the County Code, the Civil Service Rule, the Sacramento County Employees' Retirement System and/or any and all memoranda of understanding between COMMISSION and its employee organizations. Should any employee or agent of CONTRACTOR seek to obtain such benefits from COMMISSION, CONTRACTOR agrees to indemnify and hold harmless COMMISSION from any and all claims that may be made against COMMISSION for such benefits.

14. CONFLICT OF INTEREST

CONTRACTOR and CONTRACTOR'S officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income which could be financially affected by or otherwise conflict in any manner or degree with the performance of services required under this Agreement.

15. LOBBYING AND UNION ORGANIZATION ACTIVITIES

- A. CONTRACTOR shall comply with all applicable certification and disclosure requirements prescribed by Section 319, Public Law 101-121 (31 U.S.C. § 1352) and any implementing regulations.
- B. If services under this Agreement are funded with state funds granted to COMMISSION, CONTRACTOR shall not utilize any such funds to assist, promote or deter union organization by employees performing work under this Agreement and shall comply with the applicable provisions of Government Code Sections 16645 through 16649.

16. ANTI-TOBACCO POLICY

CONTRACTOR shall comply with COMMISSION'S Anti-Tobacco Policy that was approved by the COMMISSION on March 3, 2003. CONTRACTOR shall be required to certify compliance with the anti-tobacco policy prior to receipt of COMMISSION funds.

17. USE OF FUNDS

Funds provided by the COMMISSION shall be expended only for the purposes authorized by the "California Children and Families First Act of 1998," which includes the services specified in Exhibit A.

18. NONDISCRIMINATION IN EMPLOYMENT, SERVICES, BENEFITS AND FACILITIES

- A. CONTRACTOR agrees and assures COMMISSION that CONTRACTOR shall, and any Subcontractors shall be required to, comply with all applicable federal, state, and local anti-discrimination laws, regulations, and ordinances and to not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment, employee or agent of COMMISSION, or recipient of services contemplated to be provided or provided under this Agreement, because of race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, sex, sexual orientation, age (over 40), medical condition (including HIV and AIDS), or physical or mental disability. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment, the treatment of COMMISSION employees and agents, and recipients of services are free from such discrimination and harassment.
- B. CONTRACTOR represents that it is in compliance with and agrees that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.) and regulations and guidelines issued pursuant thereto.
- C. CONTRACTOR agrees to compile data, maintain records and submit reports to permit effective enforcement of all applicable anti-discrimination laws and this provision.
- D. CONTRACTOR shall include this nondiscrimination provision in all subcontracts related to this Agreement.
- E. If CONTRACTOR is a faith-based organization or contracts with a faith-based organization for services to be performed under this Agreement, participation in the faith shall not be a prerequisite for receiving services. Outreach for services utilizing Proposition 10 dollars will be to the community at large, and shall not be limited to those members of the community that share the same faith as CONTRACTOR or its agents.

19. COMPLIANCE WITH CHILD, FAMILY AND SPOUSAL SUPPORT REPORTING REQUIREMENTS

- A. CONTRACTOR'S failure to comply with state and federal child, family and spousal support reporting requirements regarding a CONTRACTOR'S employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family and spousal support obligations shall constitute a default under this Agreement.
- B. CONTRACTOR'S failure to cure such default within 90 days of notice by COMMISSION shall be grounds for termination of this Agreement.

20. INDEMNIFICATION

CONTRACTOR shall indemnify, defend, and hold harmless COMMISSION, its elected representatives, officers, directors, agents, employees, and volunteers, from and against any and all claims, demands, actions, losses, liabilities, damages and costs, including payment of reasonable attorney's fees, to the extent arising out of or resulting from the performance of this Agreement and caused by any negligent or intentional act or omission of CONTRACTOR, its officers, directors, agents, employees, Subcontractors, volunteers or anyone directly or indirectly acting on behalf of CONTRACTOR.

21. INSURANCE

COMMISSION acknowledges that CONTRACTOR is a self-insured public entity. CONTRACTOR shall provide a letter of self-insurance stating that CONTRACTOR's self-insurance program adequately protects against liabilities and claims arising out of the performance of this agreement.

22. INFORMATION TECHNOLOGY ASSURANCES

CONTRACTOR shall take reasonable precautions to ensure that any hardware, software, and/or embedded chip devices used by CONTRACTOR in the performance of services under this Agreement, other than those owned or provided by COMMISSION, shall be free from viruses. Nothing in this provision shall be construed to limit any rights or remedies otherwise available to COMMISSION under this Agreement.

23. COMPENSATION AND PAYMENT OF INVOICES LIMITATIONS

- A. COMMISSION's compensation to CONTRACTOR under this Agreement shall be limited to the Maximum Total Payment Amount set forth in Exhibit B, or Exhibit B as modified in accordance with express provisions in this Agreement.
- B. CONTRACTOR shall submit an invoice in the format and in accordance with the procedures prescribed by COMMISSION on a quarterly basis, upon completion of services. Invoices shall be submitted to COMMISSION no later than the fifteenth (15th) day of the month following the invoice period, and COMMISSION shall pay CONTRACTOR within thirty (30) days after receipt of an appropriate and correct invoice.
- C. Excepting the fiscal year end invoices, invoices for services that are received more than ninety (90) days after the last day of the billing period may not be honored unless the CONTRACTOR has obtained prior written approval for such late submittal.

COMMISSION operates on a July through June fiscal year. Fiscal year end invoices must be submitted no later than July 31, one month after the end of the fiscal year. Invoices submitted after July 31 for the prior fiscal year shall not be honored by COMMISSION unless CONTRACTOR has obtained prior written COMMISSION approval to the contrary.

Invoices shall be considered to have been received only when all accurate and necessary budget revisions, quarterly reports, and accurate and complete evaluation data have also been received.

- D. CONTRACTOR shall maintain for four years following termination of this agreement full and complete documentation of all services and expenditures associated with performing the services covered under this Agreement. Expense documentation shall include: time sheets or payroll records for each employee; receipts for supplies; applicable subcontract expenditures; applicable overhead and indirect expenditures.

24. SUBCONTRACTS, ASSIGNMENT

- A. CONTRACTOR shall provide written notice to COMMISSION before subcontracting any of the services delivered under this Agreement. CONTRACTOR remains legally responsible for the performance of all Agreement terms including work performed by third parties under subcontracts. Any subcontracting will be subject to all applicable provisions of this Agreement. CONTRACTOR shall be held responsible by COMMISSION for the performance of any Subcontractor. CONTRACTOR shall require its Subcontractors to comply with the provisions of this Agreement.
- B. This Agreement is not assignable by CONTRACTOR in whole or in part, without the prior written consent of COMMISSION.

25. AMENDMENT AND WAIVER

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by both parties. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder. No interpretation of any provision of this Agreement shall be binding upon the COMMISSION unless agreed in writing by DIRECTOR and counsel for COMMISSION.

26. ENTIRE AGREEMENT

This Agreement, together with all exhibits attached hereto, constitutes the entire Agreement between the parties hereto, all other representation or statements heretofore made, verbal or written, are merged herein.

27. SUCCESSORS

This Agreement shall bind the successors of COMMISSION and CONTRACTOR in the same manner as if they were expressly named.

28. TIME

Time is of the essence of this Agreement.

29. INTERPRETATION

This Agreement shall be deemed to have been prepared equally by both of the parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it.

30. DISPUTES

In the event of any dispute arising out of or relating to this Agreement, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between themselves. COMMISSION shall not be required to make payments for any services that are the subject of this dispute resolution process until such dispute has been mutually resolved by the parties. If the dispute cannot be resolved within 15 calendar days of initiating such negotiations or such other time period as may be mutually agreed to by the parties in writing, either party may pursue its available legal and equitable remedies, pursuant to the laws of the State of California. Nothing in this Agreement or provision shall constitute a waiver of any of the applicable government claim filing requirements set forth in Title 1, Division 3.6, of the California Government Code or as otherwise set forth in any applicable local, state and federal law.

31. TERMINATION

- A. COMMISSION may terminate this Agreement without cause upon thirty (30) days prior written notice to the other party. Notice shall be deemed served on the date of mailing. If notice of termination for cause is given by COMMISSION to CONTRACTOR and it is later determined that CONTRACTOR was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to this paragraph (A).
- B. COMMISSION may terminate this Agreement for cause immediately upon giving written notice to CONTRACTOR should CONTRACTOR materially fail to perform any of the covenants contained in this Agreement in the time and/or manner specified. In the event of such termination, COMMISSION may proceed with the work in any manner deemed proper by COMMISSION. If notice of termination for cause is given by COMMISSION to CONTRACTOR and it is later determined that CONTRACTOR was not in default or the default was excusable, then the notice of termination shall be deemed to have been given without cause pursuant to paragraph (A) above.
- C. If advised that funds are not available from external sources for this Agreement or any portion thereof, including if distribution of such funds to the COMMISSION is suspended or delayed; 2) if funds for the services and/or programs provided pursuant to this Agreement are not appropriated by the State; 3) if funds in COMMISSION's yearly proposed and/or final budget are not appropriated by COMMISSION for this Agreement or any portion thereof; and/or 4) if funds that were previously appropriated for this Agreement are reduced, eliminated, and/or re-allocated by COMMISSION as a result of mid-year budget reductions, then COMMISSION may terminate this Agreement immediately upon giving written notice to CONTRACTOR or may, by mutual agreement with CONTRACTOR, amend this Agreement to reduce the funding and required services.

- D. If this Agreement is terminated under paragraph A or C above, CONTRACTOR shall only be paid for any services or work performed prior to notice of termination, as well as any costs for which the CONTRACTOR is legally obligated prior to the notice of termination to the extent that such obligation(s) cannot be cancelled after termination without penalty. In the event of termination under paragraph A or C above, CONTRACTOR shall be paid an amount which bears the same ratio to the total compensation authorized by the Agreement as the services or work actually performed bear to the total services and work of CONTRACTOR covered by this Agreement, as well as any costs for which the CONTRACTOR is legally obligated prior to the notice of termination to the extent that such obligation(s) cannot be cancelled after termination without penalty, less payments of compensation previously made.
- E. CONTRACTOR shall not incur any new expenses under this Agreement after notice of termination and shall cancel any outstanding expense obligations to a third party that CONTRACTOR can legally cancel without penalty.

32. REPORTS

CONTRACTOR shall, without additional compensation therefore, make fiscal, progress, and such other reports as may be reasonably required by COMMISSION, on a quarterly or less frequent basis, concerning CONTRACTOR'S activities as they affect the contract duties and purposes herein. The COMMISSION shall explain procedures for reporting the required information.

CONTRACTOR shall submit any required quarterly reports by the 15th of the month following the end of the quarter. COMMISSION may not make any quarterly payment under this Agreement until such reports have been submitted. If submission of any required reports is delayed over ninety (90) days beyond the end of the billing period, the invoice corresponding to the quarterly report may not be honored unless the CONTRACTOR obtained prior written approval of such late submission.

33. AUDIT AND RECORDS

- A. CONTRACTOR shall maintain separate accounting books and records for Proposition 10 Funds. Records shall be maintained in accordance with generally accepted accounting principles.
- B. For a period of four years following termination of the Agreement, CONTRACTOR shall make records available for copying upon COMMISSION'S request and at COMMISSION'S expense.
- C. Upon COMMISSION'S request, COMMISSION or its designee shall have the right at reasonable times and intervals to audit, at CONTRACTOR'S premises, CONTRACTOR'S financial and program records as COMMISSION deems necessary to determine CONTRACTOR'S compliance with legal and contractual requirements and the correctness of claims submitted by CONTRACTOR.
- D. At regular times during normal business hours, COMMISSION shall have the right to inspect or evaluate CONTRACTOR'S records that pertain to services

performed and amounts payable under this Agreement. COMMISSION shall have the right to withhold any payment under this Agreement until CONTRACTOR has provided access to CONTRACTOR's financial and program records related to this Agreement.

- E. CONTRACTOR shall submit to the COMMISSION an annual financial and compliance audit conducted by an independent auditor. CONTRACTOR may use its organizational audit provided that the audit report shows Proposition 10 revenues and expenses separately.
1. The audit shall be conducted in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards issued by the General Accounting Office and the Comptroller General of the United States of America.”
 2. COMMISSION staff shall review the audit for completeness and findings and then submit the audit to the COMMISSION'S Auditor-Controller for technical review. COMMISSION shall be allowed access to all financial and program records, as COMMISSION deems necessary to determine that funding was spent in compliance with applicable guidelines and this Agreement.
 3. If the Agreement is terminated for any reason during the Agreement period, the independent audit shall cover the entire period of the Agreement for which services were provided and shall be submitted within six months of the end of the Agreement period.
 4. The audit shall be submitted to the COMMISSION no later than 30 days after the CONTRACTOR'S organizational audit is completed. Should there be any delay, CONTRACTOR shall immediately inform COMMISSION staff. Under no circumstances shall the audit be submitted later than nine months after the Agreement period ended.
 5. COMMISSION shall not pay any invoices received after an audit is due pursuant to the timeframes specified in paragraphs 3 and 4 above, if the audit is not be received within such timeframe, unless, prior to the expiration of this Agreement, the CONTRACTOR has obtained prior written approval from COMMISSION for any delay in submittal of the audit.
 6. Should any material findings be noted in the audit report, CONTRACTOR must submit an action plan with the audit report detailing how the deficiency will be addressed. Findings shall be corrected within six months after the audit report. CONTRACTOR shall submit a report documenting corrections of identified audit deficiencies. If CONTRACTOR refuses or fails to cooperate or fails to submit an annual audit as required by this Agreement, COMMISSION may, in its sole discretion, withhold amounts subsequently payable under this Agreement until CONTRACTOR has complied with the requirements of this Section.

7. CONTRACTOR shall comply with First 5 California Commission audit requirements.

34. PRIOR AGREEMENTS

This Agreement constitutes the entire contract between COMMISSION and CONTRACTOR regarding the subject matter of this Agreement. Any prior agreements, whether oral or written, between COMMISSION and CONTRACTOR regarding the subject matter of this Agreement are hereby terminated effective immediately upon full execution of this Agreement.

35. SEVERABILITY

If any term or condition of this Agreement or the application thereof to any person(s) or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Agreement are declared severable.

36. FORCE MAJEURE

Neither CONTRACTOR nor COMMISSION shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such party and without fault or negligence of such party. Such events shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism, or other disasters, whether or not similar to the foregoing, and acts or omissions or failure to cooperate of the other party or third parties (except as otherwise specifically provided herein).

37. SURVIVAL OF TERMS

All services performed and deliverables provided pursuant to this Agreement are subject to all of the terms, conditions, price discounts and rates set forth herein, notwithstanding the expiration of the initial term of this Agreement or any extension thereof. Further, the terms, conditions and warranties contained in this Agreement that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Agreement shall so survive.

38. DUPLICATE COUNTERPARTS

This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

39. AUTHORITY TO EXECUTE

Each person executing this agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

FIRST 5 SACRAMENTO COMMISSION

CONTRACTOR

By: _____
TONI J. MOORE
Executive Director

By: _____
John F. Shirey
City Manager

Date: _____

Date: _____

Contract and Contractor Tax Status Reviewed and Approved by County Counsel:

By: _____
Michele Bach
Supervising Deputy County Counsel

Date: _____

Approved as to Form:

By: _____
City Attorney

Date: _____



EXHIBIT A
to Agreement between the
FIRST 5 SACRAMENTO COMMISSION,
hereinafter referred to as "COMMISSION," and
the CITY OF SACRAMENTO,
hereinafter referred to as "CONTRACTOR"

SCOPE OF SERVICES

1. SERVICE LOCATION(S)

City of Sacramento
Department of Utilities
1395 35th Avenue
Sacramento, CA 95822-2911

Site Locations:

Surface Water Plants:

EA Fairbairn Water Treatment Plant, 7501 College Town Drive
Sacramento River Water Treatment Plant, 1 Water Street

Groundwater Wells

- | | |
|-------------------------------|---------------------------------|
| Well 83, 6562 Wyndham Dr. | Well 134, 350 Bell Ave. |
| Well 92, 2826 Northview Dr. | Well 137, 1941 Los Robles Blvd. |
| Well 93, 636 Tenaya Ave. | Well 138, 4106 Fell St. |
| Well 94, 620 Rio Tierra Ave. | Well 142, 2582 Norwood Bypass |
| Well 107, 7907 Grandstaff Dr. | Well 143, 3001 Rio Linda Blvd. |
| Well 116, 702 Plaza Ave. | Well 144, 1709 Eldridge Ave. |
| Well 120, 2938 Branch St. | Well 153, 742 Main Ave. |
| Well 122, 1495 Juliesse Ave. | Well 154, 5512 Dry Creek Rd. |
| Well 124, 202 Danville Way | Well 155, 2320 Roanoke Ave. |
| Well 126, 1326 Rivera Dr. | Well 156, 1800 Tribute Rd. |
| Well 127, 1659 Arcade Blvd. | Well 158, 1702 Challenge Way |
| Well 129, 806 Harris Ave. | Well 159, 300 Bowman Ave. |
| Well 131, 1660 North Ave. | Well 164, 5101 Kelton Way |
| Well 133, 4600 Pell Ave. | |

2. PROGRAM DESCRIPTION

The City of Sacramento Department of Utilities provides fluoridated drinking water to the residents of Sacramento which includes children ages 0-5 and their families. The availability of fluoride is intended to improve children’s dental health in the community. The purpose of this agreement is to enable First 5 Sacramento Commission to contribute funding to the City of Sacramento for immediate and pressing fluoridation equipment replacement and upgrade needs.

This agreement is not meant to supply funding for all fluoridation needs recognized and outlined in this agreement. Instead, based on the urgency and budget of each project

listed, CONTRACTOR will prioritize the work to be completed and present a plan to COMMISSION staff.

Due to the adaptive management approach to the replacement sequence of fluoridation equipment approved under this agreement, CONTRACTOR will outline the fluoridation equipment replacement plan and work schedule but will not proceed with that plan or complete any additional work without first obtaining authorization from COMMISSION staff.

3. REPORTING REQUIREMENTS

As a minimum requirement, CONTRACTOR shall produce a Quarterly Narrative Progress Report in a form prescribed by the COMMISSION, due on the 15th of the month following the end of the reporting quarter. The progress report shall cover all well conversion trials and all other fluoridation equipment projects to be completed under this agreement.

4. DESCRIPTION OF MINIMUM SERVICES

Fluoridation Services

1. The City of Sacramento Department of Utilities will continue water fluoridation at the minimum up to June 30, 2015 to receive these funds in full.

Well Conversion Pilot Project

2. Initially CONTRACTOR will install new fluoride equipment that utilizes Sodium Fluoride (NaF), the chemical currently in use, in only one of its 27 wells for the purpose of determining if continuing to use NaF would be the most cost effective solution to ongoing performance and maintenance problems.
3. The City will also convert a single well to the liquid Hydrofluorosilicic Acid (FSA) for the purposes of benchmarking and comparing the most cost effective and beneficial system to deliver fluoride via the groundwater wells.

Upon completion of both of the trial well conversions in items 2 and 3 above, CONTRACTOR shall, before proceeding with additional conversions, present an analysis of the results of the trial to COMMISSION staff. CONTRACTOR shall also present a work plan and timeline to COMMISSION staff and will not proceed with any additional well conversions without prior approval and authorization from COMMISSION staff. COMMISSION staff and/or a Commission consultant will respond to all requests within 5 business days.

Additional Well Equipment Replacement or Conversion

4. If NaF is selected chemical feed system, a minimum of 9 wells will receive replacement equipment, which includes the initial test well.
5. If FSA is the selected chemical feed system, a minimum of 4 wells will be converted to FSA, which includes the initial test well.

Actual implementation costs will affect the true number of upgraded facilities. In addition, CONTRACTOR may opt at any time to adjust the priority of the fluoridation equipment to be replaced under this agreement further modifying the quantity of well equipment to be replaced in items 4 and 5.

Alternate or Additional Fluoride Equipment Replacement

This Agreement is not meant to provide for all fluoridation equipment replacement needed within the term of this Agreement. Instead, CONTRACTOR may prioritize the work projects included herein and with prior COMMISSION staff approval, may undertake and complete each project with the provision that all work be completed by June 30, 2015 and that all costs exceeding the Maximum Payment Amount of this agreement are the responsibility of the CONTRACTOR.

Current and anticipated fluoridation equipment needed by the City of Sacramento Department of Utilities (DOU) is listed below for the purpose of outlining those projects that CONTRACTOR may determine to be the most essential to complete under this agreement.

6. An initial well replacement or conversion program may yield results indicating that specific components at the wells are largely responsible for the high maintenance activities. Should this occur the City would replace this component(s) at all groundwater wells. The funds expended on this would result in a commensurate reduction in the number of wells included in item 1.

7. Equipment at Fairbairn Water Treatment Plant (EAFWTP) will be monitored over the very near term with the intent to replace prior to June 30th 2015. Should the equipment last until a large scale multi-plant rehabilitation project begins (approximately 2 years), then new fluoridation facilities could be incorporated into the project for overall cost savings. However, given the age and condition of the current facility, DOU will be prepared to replace the facilities immediately should the existing equipment not last until the large scale project begins. If the event that immediate replacement must occur, and if First 5 grant funds remain, DOU will suspend the remaining equipment replacement at the wells and replace the EAFWTP fluoride equipment in its current location and configuration.

8. No equipment changes at Sacramento River Water Treatment Plant (SRWTP) are planned at this time. However one of the two bulk acid tanks has needed repairs to stop leakage of the acid product. These repairs have proved unsuccessful so far. Should continued repair prove unsuccessful, and should any funds remain from the other facility improvements, then one new bulk storage tank will be replaced by utilizing any remaining funds. The remaining fluoride equipment at SRWTP has additional service life remaining. As with the other facilities, if replacement of the equipment exceeds available First 5 funding, then DOU will ask Council to appropriate required funds.



EXHIBIT B
to Agreement between the
FIRST 5 SACRAMENTO COMMISSION,
hereinafter referred to as "COMMISSION," and
the CITY OF SACRAMENTO,
hereinafter referred to as "CONTRACTOR"

BUDGET REQUIREMENTS

The CONTRACTOR shall continue to fund and maintain operation of the fluoridation system through June 30, 2015 to receive these funds in full.

1. MAXIMUM PAYMENT TO CONTRACTOR

- A. The Maximum Total Payment Amount under this Agreement is: **\$550,000** with the provision that CONTRACTOR continue to fund and maintain operation of the fluoridation system through June 30, 2015.
- B. Contractor shall submit invoices on a quarterly basis, by the 15th of the following month, for expenses incurred in the prior quarter. Each invoice shall be subject to a 10% holdback. Final reimbursement will be disbursed upon successful inspection and approval or acceptance of the completed project by the Division of Drinking Water and Environmental Management of the California Department of Public Health (DDWEM) and verification of implementation of fluoridation by the First 5 Sacramento Commission Staff.
- C. Funds received from the COMMISSION shall be used to provide services identified in Exhibit A, Scope of Services, of this Agreement. A project budget and deliverable schedule must be prepared and signed by CONTRACTOR's Utilities Department Director and Project Manager, and be approved by COMMISSION staff prior to any payments being issued for this Agreement.
- D. Expenditures shall not exceed the specified amounts identified in the project budget; to the extent that costs exceed those amounts, they are the responsibility of the CONTRACTOR. If CONTRACTOR fails to use the funding as specified, CONTRACTOR shall be required to return/reimburse the COMMISSION for the amount of the funding not used as specified.

2. BUDGET REVISIONS

Revisions to approved fiscal year budgets may be made in accordance with the COMMISSION'S budget revision policy.

3. ROLLOVER OF UNEXPENDED FUNDS

The COMMISSION'S roll over policy does not permit rollover of unexpended funds except under a very limited set of circumstances:

- To fund capital projects/assets that were budgeted in one contract year, and because of unforeseen delays in the project, will be purchased in the following contract year.
- To fund encumbrances not invoiced by the end of the fiscal year.

CONTRACTOR may request roll over under these limited circumstances and in accordance with COMMISSION'S fiscal policies. Requests for roll over must be made prior to the expenditure of the funds and prior to the expiration of the agreement.

4. PURCHASE OF FIXED ASSETS

Fixed assets are defined as those tangible assets of significant value having a utility which extends beyond the contract term that are broadly classified as land, buildings and improvements, and equipment. Significant value is defined as a cost of \$5,000.00 or more.

Description of fixed assets:

This agreement is for the repair and/or replacement of fluoridation equipment only. Therefore the full amount reimbursed to CONTRACTOR by COMMISSION under this agreement, a maximum of \$550,000, shall be capitalized.

Forgivable loan

Funding paid by COMMISSION to CONTRACTOR under this agreement for the purchase of fixed assets is structured as a no-interest forgivable loan and subject to the following terms:

- A. The loan shall be forgiven in full on June 30, 2015 if, and only if, CONTRACTOR continues to fund and maintain operation of the fluoridation system through June 30, 2015.
- B. Fixed assets shall be used for the purposes described in the agreement.
- C. In the event the CONTRACTOR, or its successor in interest, prior to the loan being forgiven in full, materially violates the provisions of this agreement, including significantly reducing or ceasing the operation of the fluoridation program, due to circumstances under the CONTRACTOR's control but excluding therefrom circumstances beyond CONTRACTOR's control, such as taking a water supply facility out of service for reasons of potability, obsolescence, or inoperability, or any other force majeure event, then the CONTRACTOR shall be required to:
 1. Repay the un-forgiven portion of the loan, and;
 2. Pay interest on the un-forgiven portion of the loan at a yearly rate of 6%, compounded daily, calculated from the effective date of the contract to the date of repayment. The repayment and the interest shall be due within 30 days following Contractor's cessation of the program or the date that the

Commission has notified the Contractor in accordance with the provisions of the agreement, whichever is earlier.

5. ADDITIONAL FUNDS

The CONTRACTOR may, but shall not be required to, seek to accelerate fluoride equipment replacement beyond the resources offered by the COMMISSION by requesting additional funds via City Council action.

Attachments:

- ATT 1, Fluoridation Equipment Upgrade Project Budget
- ATT 2, Fluoridation Equipment Upgrade Project Budget Narrative



**Attachment 1 to Exhibit B
to Agreement between the
FIRST 5 SACRAMENTO COMMISSION,
and the CITY OF SACRAMENTO,**

Budget Narrative

The City of Sacramento maintains fluoride delivery facilities at each of its 27 groundwater facilities (hereafter collectively referred to as “Well Sites”), the EA Fairbairn Water Treatment Plant (EAFWTP), and the Sacramento River Water Treatment Plant (SRWTP).

In 2011, the Black and Veatch consulting corporation completed an engineering study of the City’s fluoridation facilities and recommended a series of improvements that would allow the City to continue fluoridation.

The following project descriptions reproduce the content of the Black and Veatch report in a summary format. Attachment 2 to Exhibit C contains estimated project costs, which include a breakdown of materials and labor. All cost estimates, including the split between material and labor were provided by Black and Veatch, and assume the recommended improvements are performed within 1 year. The total cost for each option is intended to reflect the current bid climate for construction delivery.

Recommended Improvements:

Well Sites

Well Site Fluoride Facility- Option 1, Step 1 Water Softener Improvements.

This option is the first step in improving the City’s existing Sodium Fluoride delivery system. Each of the wells is outfitted with a water softener to prevent scale build up (clogging) in the fluoride equipment and piping. This step primary consists on water sampling and laboratory work to determine current water hardness. This step will conclude with a consultation with the company supplying the City water softeners to ensure the appropriate device is supplied.

Well Site Fluoride Facility- Option 1, Step 2, New Saturator.

Should Option 1, Step 1 be determined a success, Step 2 will provide for the replacement of all Sodium Fluoride Saturators. This device acts as the mixing vehicle for the granular chemical, and has been determined to be worn out and at the end of its useful life.

Well Site Fluoride Facility- Option 1, Step 3, New Pumps, Flow meters, Replace Piping.

Should Option 1, Steps 1 and 2 be determined a success, the City will move to Option 3, which will replace the remainder of the Sodium Fluoride equipment at the groundwater wells. It will include new pumps to push the material into the distribution system, flow meters to accurately measure the amount of product, and new piping to connect to the water distribution system.

Well Site Hydrofluosilicic Acid Facility-Option 2.

This option will allow for the conversion of the existing worn out fluoride delivery system to a new “liquid” Hydrofluosilicic Acid system. New chemical storage, pumps, meters, and piping will be provided. This option will be pursued should sequentially moving through Option 1 prove less than desirable.

Water Treatment Plants

WTP Hydrofluosilicic Acid Facilities: EAF Water Treatment Plant Option 1, “Replace Equipment”.

The existing fluoridation equipment at the EAFWTP is largely placed in an exterior environment and has been determined to have reached the end of its useful life. The consultant provides Option 1 as the lowest cost alternative, which replaces all storage and delivery equipment “in-kind”. Due to the exposed configuration of the equipment, this option is not recommended by the consultant.

WTP Hydrofluosilicic Acid Facilities: EAF Water Treatment Plant Option 2, “Replace Equipment and add New Masonry Building”.

Option 2 expands on Option 1 by placing all Option 1 improvements within a protective masonry building. This option provides for greater site security and expected equipment lifecycle. This option was recommended by the consultant.

WTP Hydrofluosilicic Acid Facilities: EAF Water Treatment Plant Option 3, “Replace Equipment and add Canopy Structure”.

Option 3 provides a mid-range alternative should the City wish to pursue a lower cost route than Option 2. This option provides for Option 1 improvements with the inclusion of a canopy shade structure over the fluoride storage tanks.

WTP Hydrofluosilicic Acid Facilities: SRWTP Water Treatment Plant Option 1, “Replace Tanks, Valves, Piping”.

This option provides for the eventual replacement of the existing equipment as it reaches end of lifecycle. The design configuration of this facility is considered acceptable. The existing equipment is approximately halfway through its expected lifecycle.

**Attachment 2 to Exhibit B
to Agreement between the
FIRST 5 SACRAMENTO COMMISSION,
and the CITY OF SACRAMENTO,**

Adapted From BLACK & VEATCH Fluoridation Study
Well Site Improvements Preliminary Opinion of Probable Construction Cost (OPCC)

WELL SITE SODIUM FLUORIDE FACILITY - OPTION 1, STEP 1, WATER SOFTENER IMPROVEMENTS						
Item Description	Quantity	Unit	Unit Total Construction Cost	Materials	Labor ¹	Total Cost
Mobilization	7%	% of Total		\$ -	\$ 330	\$ 330
Lab Service, Culligan Water Consultation	1	LS	\$1,000		\$ 1,000	\$ 1,000
Equipment						
Misc. Interior Piping / Devices	1	LS	\$3,000	\$ 1,800	\$ 1,200	\$ 3,000
Instrumentation and Control	10%	% of Total		\$ 240	\$ 160	\$ 400
Electrical	8%	% of Total		\$ 192	\$ 128	\$ 320
Subtotal				\$ 2,232	\$ 2,818	\$ 5,050
Subtotal x 27 locations				\$ 60,264	\$ 76,097	\$ 136,361
General Conditions (Bonds, Insurance, Permits,etc)			10%	\$ 6,026	\$ 7,610	\$ 13,636
Contingency			25%	\$ 16,573	\$ 20,927	\$ 37,499
Mid-Point of Construction				\$ 4,143	\$ 5,232	\$ 9,375
Rate = %			5%			
Time = Years			1			
WELL SITE SODIUM FLUORIDE FACILITY TOTAL <small>ROUND TO NEAREST \$1000</small>				\$ 87,000	\$ 110,000	\$ 197,000

1: Per Black & Veatch Consulting, labor cost for installation are best estimated at 40% of Total Project Cost

WELL SITE SODIUM FLUORIDE FACILITY - OPTION 1, STEP 2, NEW SATURATOR						
Item Description	Quantity	Unit	Unit Total Construction Cost	Materials	Labor	Total Cost
Mobilization	7%	% of Total		\$ -	\$ 566	\$ 566
Equipment						
Saturator	1	EA	\$2,000	\$ 1,200	\$ 800	\$ 2,000
Scale	1	EA	\$4,000	\$ 2,400	\$ 1,600	\$ 4,000
Demolition	1	LS	\$1,000	\$ 600	\$ 400	\$ 1,000
Instrumentation and Control	10%	% of Total		\$ 360	\$ 240	\$ 600
Electrical	8%	% of Total		\$ 288	\$ 192	\$ 480
Subtotal				\$ 4,848	\$ 3,798	\$ 8,646
Subtotal x 27 locations				\$ 130,896	\$ 102,535	\$ 233,431
General Conditions (Bonds, Insurance, Permits,etc)			10%	\$ 13,090	\$ 10,254	\$ 23,343
Contingency			25%	\$ 35,996	\$ 28,197	\$ 64,194
Mid-Point of Construction				\$ 8,999	\$ 7,049	\$ 16,048
Rate = %			5%			
Time = Years			1			
WELL SITE SODIUM FLUORIDE FACILITY TOTAL <small>ROUND TO NEAREST \$1000</small>				\$ 189,000	\$ 148,000	\$ 337,000

1: Per Black & Veatch Consulting, labor cost for installation are best estimated at 40% of Total Project Cost

WELL SITE SODIUM FLUORIDE FACILITY - OPTION 1, STEP 3, NEW PUMPS, FLOWMETER, REPLACE PIPING						
Item Description	Quantity	Unit	Unit Total Construction Cost	Materials	Labor	Total Cost
Mobilization	7%	% of Total		\$ -	\$ 1,392	\$ 1,392
Equipment						
Chemical Metering Pumps	2	EA	\$2,000	\$ 2,400	\$ 1,600	\$ 4,000
Chemical piping and accessories	100	LF	\$30	\$ 1,800	\$ 1,200	\$ 3,000
Chemical valves	10	EA	\$100	\$ 600	\$ 400	\$ 1,000
Flowmeter	2	EA	\$4,000	\$ 4,800	\$ 3,200	\$ 8,000
Demolition	1	LS	\$1,000	\$ 600	\$ 400	\$ 1,000
Instrumentation and Control	10%	% of Total		\$ 960	\$ 640	\$ 1,600
Electrical	8%	% of Total		\$ 768	\$ 512	\$ 1,280
Subtotal				\$ 11,928	\$ 9,344	\$ 21,272
Subtotal x 27 locations				\$ 322,056	\$ 252,277	\$ 574,333
General Conditions (Bonds, Insurance, Permits,etc)			10%	\$ 32,206	\$ 25,228	\$ 57,433
Contingency			25%	\$ 88,565	\$ 69,376	\$ 157,942
Mid-Point of Construction				\$ 22,141	\$ 17,344	\$ 39,485
Rate = %			5%			
Time = Years			1			
WELL SITE SODIUM FLUORIDE FACILITY TOTAL <small>ROUND TO NEAREST \$1000</small>				\$ 465,000	\$ 364,000	\$ 829,000

Adapted From BLACK & VEATCH Fluoridation Study
 Well Site Improvements Preliminary Opinion of Probable Construction Cost (OPCC)

Well Site Hydrofluosilicic Acid Facility						
Item Description	Quantity	Unit	Unit Total Construction Cost	Materials	Labor	Total Cost
Mobilization	7%	% of Total		\$ -	\$ 4,759	\$ 4,759
Finishes						
Protective Coating on Equipment/Piping	1	LS	\$5,000	\$ 3,000	\$ 2,000	\$ 5,000
Equipment						
Chemical Metering Pumps	2	EA	\$2,000	\$ 2,400	\$ 1,600	\$ 4,000
Transfer Pumps	1	EA	\$2,000	\$ 1,200	\$ 800	\$ 2,000
Bulk Storage Tank (5200gallons)	0	EA	\$20,800	\$ -	\$ -	\$ -
Day Tank (w/ scale)	1	EA	\$4,500	\$ 2,700	\$ 1,800	\$ 4,500
Truck Unloading Panel	0	EA	\$5,000	\$ -	\$ -	\$ -
Chemical piping and accessories	100	LF	\$30	\$ 1,800	\$ 1,200	\$ 3,000
Chemical valves	20	EA	\$100	\$ 1,200	\$ 800	\$ 2,000
Static Mixer	1	EA	\$11,200	\$ 6,720	\$ 4,480	\$ 11,200
Sump Pump	0	EA	\$6,000	\$ -	\$ -	\$ -
Emergency Shower and Eyewash	1	EA	\$4,000	\$ 2,400	\$ 1,600	\$ 4,000
Portable Fluoride Hand-Held Analyzer	1	EA	\$4,000	\$ 2,400	\$ 1,600	\$ 4,000
Flowmeter	1	EA	\$4,000	\$ 2,400	\$ 1,600	\$ 4,000
Misc. Interior Piping / Devices	1	LS	\$3,000	\$ 1,800	\$ 1,200	\$ 3,000
Special Construction						
Fiberglass Shed	100	SF	\$100	\$ 6,000	\$ 4,000	\$ 10,000
Demolition	1	LS	\$1,000	\$ 600	\$ 400	\$ 1,000
Instrumentation and Control	10%	% of Total		\$ 3,402	\$ 2,268	\$ 5,670
Electrical	8%	% of Total		\$ 2,770	\$ 1,846	\$ 4,616
			Subtotal	\$ 40,792	\$ 31,953	\$ 72,745
			Subtotal x 27 locations	\$ 1,101,373	\$ 862,742	\$ 1,964,116
General Conditions (Bonds, Insurance, Permits, etc)		10%		\$ 110,137	\$ 86,274	\$ 196,412
Contingency		25%		\$ 302,878	\$ 237,254	\$ 540,132
Mid-Point of Construction				\$ 75,719	\$ 59,314	\$ 135,033
Rate = %		5%				
Time = Years		1				
WELL SITE HYDROFLUOSILICIC ACID FACILITY TOTAL <small>ROUND TO NEAREST \$1000</small>				\$ 1,590,000	\$ 1,246,000	\$ 2,836,000

1: Per Black & Veatch Consulting, labor cost for installation are best estimated at 40% of Total Project Cost



FIRST 5 SACRAMENTO COMMISSION Anti-Tobacco Policy

First 5 Sacramento Commission believes that a comprehensive anti-tobacco policy is consistent with the purpose and intent of the Children and Families Act. Therefore, First 5 Sacramento Commission contractors shall be required to certify that they are in compliance with this Anti-Tobacco Policy prior to receipt of funds.

Contractors/funded programs shall comply with the following policy provisions:

1. Dissemination of Smoking Cessation and Tobacco Related Health Information:

- Contractor shall provide to staff, parents and/or clients:
 - a. Information about smoking cessation and support programs;
 - b. Information and materials about secondhand smoke and children.
- The contractor shall encourage families with small children to not allow smoking in their homes and cars whenever and wherever children are present, including outdoors.
- Informational materials shall be available at no cost to the contractor.

2. Tobacco Use in the Workplace:

- All contractor worksites must be in compliance with section 6404.5 of the California Smoke-Free Labor Law (AB 13):

“No employer shall knowingly or intentionally permit, and no person shall engage in, the smoking of tobacco products in an enclosed space at a place of employment.”

- Contractors/funded programs shall prohibit the use of any tobacco product at any time in contractor owned vehicles, buildings, and within twenty (20) feet of building entryways or windows.
- Contractors who rent or lease facilities shall be required to request that their landlord impose smoking restrictions in compliance with this policy.

3. Tobacco Industry Funding:

- Contractors receiving funds from the tobacco industry are not eligible to receive funds from First 5 Sacramento Commission.

Note: For the purpose of this policy, the term “tobacco industry” is defined as any entity directly involved in the manufacturing or production of any tobacco product). Additionally this policy does not apply to funding sources such as the Tobacco Litigation Settlement Funds.

Policy Waivers: A Contractor/funded program may request a waiver from a provision of this policy providing that:

1. The request is submitted in writing to the Commission’s Executive Director, or Designee;
2. Contractor/Funded program can establish to the satisfaction of the Commission’s Executive Director, that compliance with a provision of this policy would negatively impact the contractor’s ability achieve program outcomes.

CERTIFICATION

I, the official named below, hereby declare that the City of Sacramento _____
Organization Name

is or will be in compliance with the provisions of this anti-tobacco policy and that I am duly authorized legally to bind the City of Sacramento _____ to the above
Organization Name

described certification. I declare under penalty of perjury that the foregoing

is true and correct. Signed this _____ day of _____, 20__, in

the City of Sacramento, Sacramento County, California.

Signature

John F. Shirey, City Manager
Printed Name / Title

COUNTY OF SACRAMENTO CONTRACTOR CERTIFICATION OF COMPLIANCE FORM

WHEREAS it is in the best interest of Sacramento County that those entities with whom the County does business, or proposes to do business, demonstrate financial responsibility, integrity and lawfulness, it is inequitable for those entities with whom the County does business to receive County funds while failing to pay court-ordered child, family and spousal support which shifts the support of their dependents onto the public treasury.

Therefore, in order to assist the Sacramento County Department of Child Support Services in its efforts to collect unpaid court-ordered child, family and spousal support orders, the following certification must be provided by all entities that do business or desire to do business with the county.

1) CONTRACTOR hereby certifies:

- (a) the CONTRACTOR is a government or non-profit entity (exempt), Yes No
- (b) the CONTRACTOR has no Principal Owners (25% or more) (exempt), Yes No
- (c) each Principal Owner (25% or more), does not have any existing child support orders, Yes No
- (d) CONTRACTOR'S Principal Owners are currently in substantial compliance with any court-ordered child, family and spousal support order, including orders to provide current residence address, employment information, and whether dependent health insurance coverage is available. If not in compliance, Principal Owner has become current or has arranged a payment schedule with the Department of Child Support Services or the court. Yes No

2) CONTRACTOR shall certify that each of the following statements is true:

- a. CONTRACTOR has fully complied with all applicable state and federal reporting requirements relating to employment reporting for its employees; and
- b. CONTRACTOR has fully complied with all lawfully served wage and earnings assignment orders and notices of assignment and will continue to maintain compliance.

Note: Failure to comply with state and federal reporting requirements regarding a contractor's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment constitutes a default under the contract; and failures to cure the default within 90 days of notice by the County shall be grounds for termination of the contract. Principal Owners can contact the Sacramento Department of Child Support Services at (866) 901-3212, by writing to P.O. Box 269112, Sacramento, 95826-9112, or by E-mailing DCSS-BidderCompliance@SacCounty.net.

CONTRACTOR

John F. Shirey, City Manager
Printed Name

Date

Contract Language:

CHILD SUPPORT COMPLIANCE CERTIFICATION:

A. CONTRACTOR shall comply with all applicable state, federal, and local laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earning assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the California Family Code and Chapter 2,160 of the Sacramento County Code. CONTRACTOR shall comply with all earnings and assignment orders with respect to its employees and shall provide the names of all new employees to the New Hire Registry maintained by the California Employment Development Department;

B. Failure to comply with state and federal reporting requirements regarding CONTRACTOR's employees or failure to implement lawfully served wage and earning assignment orders or notices of assignment shall constitute a default under this Agreement. Failure to cure each default within 90 days of notice by the County shall be ground for termination of the contract.

CONTRACTOR IDENTIFICATION FORM

Contractor is exempt.

If not exempt, CONTRACTOR TO COMPLETE:

Company Name _____
 Company Address _____

Taxpayer ID _____ Company Telephone Number _____

1. Do you or anyone else own 25% or more of this Contractor/ Company? (Sole Proprietors answer yes) Yes No

2. If so, is dependent health insurance available to/or through Contractor/Company? Yes No

If YES to question #1, please complete the following as to each of these individuals:

Principal Owner Name _____
 Social Security # _____ Residence Telephone # _____
 Residence Address _____

Principal Owner Name _____
 Social Security # _____ Residence Telephone # _____
 Residence Address _____

Principal Owner Name _____
 Social Security # _____ Residence Telephone # _____
 Residence Address _____

Principal Owner Name _____
 Social Security # _____ Residence Telephone # _____
 Residence Address _____

Completed by: _____ **Date:** _____

DEPARTMENT TO COMPLETE: (Note: This form does not need to be sent to DCSS if exempt but the County Contract Officer may want to keep for their records)

Contract/PO #	Amount Paid/Payable	Term
	\$	
Department Submitting Information:		
Department Contact Person:		
Telephone Number:	E-mail Address:	



FIRST 5 SACRAMENTO COMMISSION

ANNUAL NON-SUPPLANTATION CERTIFICATION

CERTIFICATION

CONTRACTOR hereby certifies that:

(a) Any and all funds received from the First 5 Sacramento Commission will be used exclusively to develop new projects, expand existing programs and/or services or to enhance existing programs and services for children who are 0-5 years of age.

(b) CONTRACTOR has not, and will not in the future, utilize such funds to supplant state or local General Fund money for any purpose.

(c) To the extent that CONTRACTOR utilizes funds received from the First 5 Sacramento Commission to replace state or federal categorical funds, CONTRACTOR can demonstrate, upon request by the Commission, that such state or federal categorical funds have been used to increase the level of services provided to children 0-5 years of age.

(d) Any funds received by CONTRACTOR under its agreement with the Commission for prior years have been used consistent with subsections (a)-(c) of this Certification.

NOTE: Failure to comply with the anti-supplantation requirements stated in this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4 shall constitute breach of any agreement with COMMISSION which shall result in termination of such agreement. If the COMMISSION determines that supplantation has occurred, CONTRACTOR shall also be required in accordance with the terms of the Agreement with the COMMISSION to reimburse the COMMISSION for all funds that were used in violation of this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4.

City of Sacramento
CONTRACTOR Agency

CONTRACTOR Representative

Date

John F. Shirey, City Manager
Representative Printed Name