

## Paso Robles Area Groundwater Authority Notice of Special Meeting

### AGENDA

April 30, 2025

NOTICE IS HEREBY GIVEN that the Paso Robles Area Groundwater Authority will hold a Special meeting at **4:00 p.m.** on **April 30, 2025**, at the Paso Robles Culinary Arts Academy 1900 Golden Hill Rd, Paso Robles, CA 93446.

Zoom Link: <https://us06web.zoom.us/j/83359446962?pwd=bGJFK3pXYitOQ0hWdk5mZTBXWDFoZz09>  
 Meeting ID: 833 5944 6962  
 Passcode: 068456  
 Call-in: +16694449171,,83359446962#,,,,\*068456# US

*NOTE: The Paso Robles Area Groundwater Authority (Paso Authority) reserves the right to limit each speaker to three (3) minutes per subject or topic. In compliance with the Americans with Disabilities Act, all possible accommodations will be made for individuals with disabilities, so they may participate in the meeting. Persons who require accommodation for any audio, visual or other disability in order to participate in the meeting of the Paso Authority are encouraged to request such accommodation 48 hours in advance of the meeting from Taylor Blakslee at (661) 477-3385.*

#### Directors

Matt Turrentine, Shandon-San Juan WD  
 John Hamon, City of Paso Robles  
 Bruce Gibson, County of SLO  
 Jerry Reaugh, Estrella El-Pomar Creston WD

#### Alternates

Marshall Miller, Shandon-San Juan WD  
 Kris Beal, City of Paso Robles  
 Heather Moreno, County of SLO  
 Hilary Graves, Estrella El-Pomar Creston WD

1. Call to Order (**Turrentine**) (1 min)
2. Pledge of Allegiance (**Turrentine**) (1 min)
3. Roll Call (**Blakslee**) (1 min)
4. Meeting Protocols (**Blakslee**) (2 min)
5. Public Comment – Items not on Agenda (**Turrentine**) (3 min/speaker)

### ACTION ITEMS

6. Discuss and Take Appropriate Action on the First Draft of the Fiscal Year 2025-2026 Budget (**Reaugh**) (15 min)
7. Consider a Proposal from and Execution of an Engagement Letter with Hanson Bridgett, LLP for Legal Services (**Gibson/Reaugh**) (15 min)
8. Consider Execution of a Contract with Hallmark Group Capital Program Management, Inc. for Interim Administrative Services through the end of the Calendar Year for an amount not to exceed \$158,000 (**Gibson/Reaugh**) (15 min)
9. Direction on Process for Retaining an Executive Director (**Gibson/Reaugh**) (5 min) – Verbal
10. Adopt Resolution No. 2025-051 Opening a Bank Account (**Reaugh**) (5 min)

### REPORT ITEMS

11. Update on Rate Study (**Aston**) (20 min)
12. Update on Treasurer's Report (**Reaugh**) (10 min)
- 
13. Upcoming meeting(s) (**Blakslee**) (2 min)
14. Correspondence (2 min)
15. Future Items (2 min)
16. Adjourn (7:14 p.m.)

To join the Paso Basin email list, please sign-up at:  
<https://mailchi.mp/co.slo.ca.us/paso-basin-email-sign-up>

**Paso Robles Groundwater Authority**  
**April 30, 2025**

**Agenda Item #6** – Discuss and Take Appropriate Action on the First Draft of the Fiscal Year 2025-2026 Budget

**Recommendation**

Board direction requested.

**Prepared By**

Jerry Reaugh, Treasurer, Paso Robles Area Groundwater Authority

**Discussion**

Section 7.4 of the Paso Robles Area Groundwater Authority joint powers agreement (JPA) requires the Fiscal Year 2025-2026 budget to be adopted within 90-days of the execution of the JPA. For subsequent years, the budget shall be adopted by April 30<sup>th</sup>.

The draft Fiscal Year 2025-2026 budget is provided as Attachment 1 for Board consideration.

## Draft PRAGA Operating Budget Fiscal Year 2025/2026

PRAGA Operating Budget FY25/26		
<b>Administration</b>		
1	Contracted Administrative Support (Apr thru Dec)	\$158,000
2	Executive Director and Support Staff (Jan thru Jun)	\$150,000
3	Annual Report WY 2025	\$100,000
4	Legal Counsel	\$100,000
5	First year startup expenses	\$50,000
6	Implementation of Prop 218, Preparation of Levy Rolls, and Outreach	\$75,000
7	GW Assessment Fee Billing & Collection	\$50,000
8	IT Support & Website Creation & Management	\$20,000
9	Agency Administrative Costs (Insurance, Audit, Accounting, etc.)	\$60,000
10	Grant Development	\$40,000
11	Technical Consultant(s)	\$100,000
12	Outreach Program	\$50,000
<b>Total Administration</b>		<b>\$953,000</b>
<b>Management Actions &amp; Programs</b>		
<b>Programs &amp; Operations</b>		
13	ET Ag Water Usage Program (Land IQ)	\$90,000
14	Ongoing Basin Monitoring Operations & Maintenance	\$100,000
15	Domestic Well Relief Program	\$25,000
16	Address Additional GSP Data Gaps (Monitoring Network)	\$60,000
17	Water Accounting, Analysis, Demand Mgmt., and Data Management (DMS)	\$150,000
18	Fallowing & MILR Program	\$75,000
<b>Other Programs</b>		
19	<b>"Prudent Reserve"</b> for Future Projects & Programs	\$150,000
	Programs & Projects for consideration:	
	Well Verification/Registration Program	
	Water Conservation and Irrigation Efficiency Program	
	Groundwater Recharge Program, other	
<b>Total MAP</b>		<b>\$650,000</b>
<b>Grand Total - PRAGA FY25/26 Operating Budget</b>		<b>\$1,603,000</b>

**NOTE:** This draft Budget reflects the anticipation that Prop 218 Vote will pass.  
If Prop 218 fails, then revised Operating Budget will need to be adopted.

July 2025 to June 2026

**Paso Robles Groundwater Authority**

**April 30, 2025**

**Agenda Item #7** - Consider a Proposal from and Execution of an Engagement Letter with Hanson Bridgett, LLP for Legal Services

**Recommendation**

Approve and authorize the Chairperson to sign an Engagement Letter with Hanson Bridgett, LLP for legal services.

**Prepared By**

Taylor Blakslee, Hallmark Group, in coordination with the ad hoc subcommittee

**Discussion**

At its first meeting on April 7, 2025, the Paso Robles Groundwater Authority (Authority) established a temporary ad hoc advisory subcommittee pursuant to Section 6.11 of the Joint Exercise of Powers Agreement (JPA Agreement) composed of Directors Reaugh and Gibson (subcommittee) to commence work on the process of retaining legal counsel and an executive director and to provide recommendations to the Authority Board. Section 4.5(h) of the JPA Agreement authorizes the Authority to retain consultants, contractors and employees to assist the Authority in carrying out its purposes and day-to-day operations, including, without limitation, legal counsel, administrative personnel and an executive director.

Following the April 7, 2025 Authority meeting, the subcommittee met and both received a written proposal (Attachment 1) from and interviewed the law firm of Hanson Bridgett, LLP (Hanson Bridgett). As outlined in their proposal, Hanson Bridgett has experience in general government (and joint powers agency), Sustainable Groundwater Management Act, public finance and water rights matters, and counsel for each of the Authority members supports the subcommittee's recommendation that the Authority Board retain the firm.

In addition to the proposed groundwater charge, it is anticipated that one of the first matters that legal counsel will work on is the development of a procurement and purchasing policy which would likely delegate certain authorities to Authority staff once retained. However, the process that has been undertaken with respect to the possible retention of Hanson Bridgett is consistent with the way the County of San Luis Obispo (County) hires its legal counsel and thus with Section 4.6 of the JPA Agreement (provides that the County is the relevant member for purposes of determining the restrictions upon the manner in which the Authority exercises its powers). More specifically, there are no State laws dictating a specific procedure in connection with the County Board of Supervisors' (County Board) retention of legal counsel. Rather, general

grants are given to the County Board, e.g. Government Code section 31000 authorizes the County Board to contract for special services, including legal and administrative services, and Government Code section 27640 authorizes the County Board to appoint a county counsel. Similarly, various sections of the County Code, the County's Contracting for Services Policy and the County Purchasing Manual provide exemptions for legal services. Moreover, given the importance of legal counsel involvement in matters related to the formation of the Authority and the impending groundwater charge approval process, it is vital that Authority counsel be retained quickly. Lastly, note that the proposed Engagement Letter (Attachment 2) authorizes the Authority to terminate Hanson Bridgett's representation at any time.

It is expected that at least one of the principal attorneys identified in the Engagement Letter will be available remotely at the Authority Board meeting to answer any questions that the other Directors may have.

### **Financial Considerations**

Pursuant to Section 7.1 of the JPA Agreement, the members already agreed to contribute their share of costs allocated under the Fiscal Year 2024-2025 PBCC budget previously approved by each of the members under the terms of the Memorandum of Agreement to the Authority's initial and Fiscal Year 2025-2026 budgets. Item #6 on today's Authority agenda is consideration of the Authority budget and includes funds for legal services that can be covered with the above already agreed-upon contributions. In addition, should this previously agreed upon funding become inadequate to fund said services, Section 7.1 of the JPA Agreement provides for an additional contribution of funds by each member if the additional funding is approved by three of the four Directors.

### **Attachments**

Proposal

Engagement Letter



Response to Request to Provide  
Qualifications for Legal Services to

# Paso Robles Area Groundwater Authority

April 2025



**Michael Van Zandt**

Partner

425 Market Street, 26<sup>th</sup> Floor

San Francisco, CA 94105

Direct: 415.995.5001

[mvanzandt@hansonbridgett.com](mailto:mvanzandt@hansonbridgett.com)

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## Introduction

Hanson Bridgett is pleased to submit its qualifications to provide legal services to the Paso Robles Area Groundwater Authority (PRAGA). Our firm has a distinguished public sector practice. More than 20 attorneys in the firm are devoted almost exclusively to the representation of public agencies, including joint powers authorities, counties, cities, water districts, groundwater sustainability agencies, transit districts, planning agencies, universities, community colleges, reclamation districts, irrigation districts, harbor districts, community services districts, sanitation districts, hospital districts, fire districts/departments, retirement boards, and associations of local governmental agencies.

Through our decades of experience as general and special counsel to numerous public agencies, we have deep expertise with the host of laws under which public agencies in California must operate. We also have an appreciation for the supportive role legal counsel plays within a public agency. We pride ourselves on being trusted advisors to our clients, who often remain with us for decades.

Below we have provided specific experience relevant to you, including biographies of the team we propose to provide legal services to PRAGA.

## Representative Experience

The breadth and depth of our public agency expertise is unmatched. In particular, we serve as general counsel to numerous public agencies, including joint powers agencies and agencies that are members of joint powers agencies. We have drafted joint powers agreements and helped administer them and have provided more detailed experience below:

### Joint Powers Authorities (JPAs)

Many of our clients are JPAs, and we bring our general counsel and special counsel experience to bear serving JPAs in drafting and amending joint powers agreements, bylaws, and policies. We have drafted the joint powers agreements for a number of JPAs and other clients, most recently for the new San Mateo County Express Lanes JPA in San Mateo County, and we are comfortable advising on the Joint Exercise of Powers Act located in Government Code Sections 6500 et seq. We are often called on to advise in particular regarding the requirement in Section 6509 of the Government Code that the powers of a JPA are subject to the restrictions upon the manner of exercising the power of one member agency, designated in the Joint Powers Agreement. Implementing this directive can be challenging.

We have also assisted our clients in considering and evaluating the benefits and risks of joining a JPA for the purpose of funding large infrastructure projects, such as the Los Vaqueros Expansion Project. This work involves evaluating the agency's financial obligations under the agreement in light of the flexible structure of a JPA and drafting revisions to ensure that the client is sufficiently protected and has an appropriate opportunity to influence the JPAs actions.

For another JPA client, we recently developed a guide that explains the major components of a joint exercise of powers agreement. This tool is designed to provide the client with a wide variety of options



to customize the JPA to fit the client's unique needs. The guide references specific provisions in sample joint exercise of powers agreements that were intentionally selected to accompany this guide to illustrate varying approaches to key JPA operational and governance choices.

## Water Law Experience

Our lawyers have decades of experience representing water districts and groundwater sustainability agencies in all areas relating to water, including highly complex water rights, water quality and water resource issues. Our attorneys are also involved in water rights adjudications, acquisitions, transfers, forfeiture and abandonment proceedings, and the investigation of the status of groundwater and surface water rights in California. We assist our clients with licensing, permitting, reporting and measurement of water rights. We also have extensive experience in rate setting and Proposition 218 analysis and compliance.

## Litigation

Our philosophy is to seek solutions to problems that avoid disputes and litigation whenever possible. But when necessary, we will be tenacious advocates for our clients. We have litigated numerous water rights matters including those involving the adjudication of groundwater rights, the adjudication of surface water rights, defense of groundwater sustainability plans, groundwater banking operations, groundwater ordinances, as well as related environmental and endangered species issues. We have represented numerous clients in both state and federal court, as well as in administrative proceedings before the State Water Resources Control Board (SWRCB or State Board) and its Administrative Hearings Office.

## Water Rights

Hanson Bridgett attorneys have a deep understanding of the complexities and nuances of California's water rights system. We have worked to obtain new water rights before the State Board, evaluate historical "pre-1914" water right claims, analyze the scope of riparian water rights by chain of title, and comply with evolving State Board orders and regulations.

We also assist landowners and investors by performing due diligence on extent and scope of water rights. This work is frequently done for private equity groups, lenders and pension funds and involves presentation of in-depth analysis and reports to investment committees.

## Groundwater

We assist public agencies and private clients with groundwater issues, including implementation of the Sustainable Groundwater Management Act (SGMA) and basin boundary modifications. In this area, we have formed and represent numerous groundwater sustainability agencies, and counselled agencies and landowners regarding the development and implementation of groundwater sustainability plans. We also represent clients in the defense of groundwater sustainability plans in state court, as well as defending the adequacy of plans before the State Board.

## Water Quality

Our water expertise extends to water quality issues as well. We represent clients in California with permitting compliance for wastewater, stormwater, recycled water, produced water, agricultural, and

dredge/fill discharges to surface water, groundwater, and wetlands under the Clean Water Act, California's Porter-Cologne Water Quality Act, and Safe Drinking Water Act. Our attorneys also act on behalf of local regulators to enforce state and federal clean water laws.

Among the many significant water matters that Hanson Bridgett has handled within the last five years, one of the most significant is our firm's representation of the Bay Area Water Supply & Conservation Agency (BAWSCA) in lawsuits concerning the State Water Resources Control Board's amendments to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary and Watershed. BAWSCA represents the interests of the 26 water suppliers who purchase, on a wholesale basis, two thirds of the water produced by the San Francisco Regional Water System, which is operated by the San Francisco Public Utilities Commission. The State Board's amendment calls for unimpaired flow requirements that will cause a significant reduction of the water that San Francisco delivers from the Tuolumne River to the Bay Area. The impact to the Bay Area's 1.8 million residents, 40,000 businesses, and hundreds of communities in Alameda, San Mateo, and Santa Clara Counties—as well as the environment—will be significant. Hanson Bridgett has advised and appeared on behalf of BAWSCA at hearings before the State Board concerning its adoption of the Plan, and related proceedings like the Federal Energy Regulatory Commission's hydroelectric facility relicensing or the State Board's 401 water quality certification implementing these unimpaired flow requirements. Hanson Bridgett also is litigating claims that the Plan did not comply with the Federal Powers Act.

## **Flood**

We assist clients faced with impacts from floodwaters and impacts to stormwater infrastructure, levees, and dams, including property damage that may result. This representation requires working closely with the Army Corps of Engineers, Department of Water Resources, the United States Bureau of Reclamation and local flood control agencies, and understanding both what is legally and technically required for protecting health, property, and the environment. And when necessary, we will pursue claims for clients that seek compensation for property taken by or damaged from floodwaters.

## **Water Rights Experience**

- Surface water diversions, including fish screens
- Surface water reservoirs, including fish passage facilities
- Surface water transfers
- Sustainable Groundwater Management Act compliance
- Groundwater adjudications
- Large-scale groundwater appropriation and inter-basin transfer projects
- Conjunctive use programs, including groundwater recharge with both native and imported water
- Banking arrangements in off-site groundwater storage
- Groundwater contamination investigation and remediation

## **Water Infrastructure Experience**

- Recycled water production, acquisition, transmission and distribution
- Desalination of brackish groundwater
- Water and wastewater treatment plants – construction, permitting, and compliance
- Hydroelectric power generation
- Infrastructure projects requiring in-water or over-water work

- Sewer infrastructure project planning and sanitary sewer overflow (SSO) response actions
- Levee and stormwater infrastructure maintenance and management before and during flooding

### Water Supply & Clean Water Experience

- Rate structure design and Prop. 218 compliance
- Wholesale-retail water supply contracts
- Safe Drinking Water Act compliance
- Urban Water Management Plans
- Groundwater Sustainability Plans
- Water Supply Assessments (under SB 610)
- Water availability analysis
- Water conservation measures and rationing ordinances
- Lake and Streambed Alteration Agreements (Fish and Game Code section 1600)
- Interagency consultation and incidental take permitting under the Endangered Species Act
- Unavoidable impacts to wetlands and creeks
- Conservation and mitigation banking
- Wetlands delineation and protection
- Dredge and fill Permits under the federal Clean Water Act
- Clean Water Act Section 401 water quality certifications
- Porter-Cologne Act Waste Discharge Requirements and Water Reclamation Requirements

## Team Bios



### Michael Van Zandt

Partner | San Francisco

TEAM LEADER

REAL ESTATE & ENVIRONMENTAL

Michael is recent past co-chair of the Environmental Natural Resources Land Use Practice Group. He has practiced for more than 40 years in the areas of environmental law, natural resources law, adjudication, acquisition, transfer, and defense of water rights, and federal and state administrative law. He represents clients in Takings Claims against the United States, involving water and grazing rights. Michael is the lead attorney in a defense class action case involving more than 4,500 water rights owners. He also represents one of the largest irrigation districts in the State of Nevada.

Michael has extensive experience with hazardous waste, wetlands laws, NEPA, CEQA, Superfund, Clean Air, Clean Water, Safe Drinking Water, Endangered Species Acts, and California's Proposition 65. Under the Clean Water Act, he represents both governmental and private entities

sued by citizens groups for alleged violations of storm water and effluent discharge permits.

He is actively representing several entities in water rights adjudications under the Sustainable Groundwater Management Act (SGMA) and successfully obtained allocations under SGMA for two Waterworks Districts. He has been successful in defending those rights and advising his clients in their participation in administering the SGMA judgment. He also advises a county in Southern California on its SGMA compliance efforts.

Michael also serves as general counsel to a Reclamation District in the California Sacramento/San Joaquin Delta. In that capacity, he was the lead attorney in advising on the implementation of Proposition 218 that established rates for the water right owners on Ryer Island. He was also lead attorney in defending the Prop 218 rates against protests and court challenges. He advises this district on reclamation law, fiscal law, the Brown Act and the Public Records Act.

For the irrigation district in Nevada, Michael has acted as outside general counsel, handling multiple lawsuits brought by the United States and an Indian Tribe. He has represented the district for over 30 years, advising on labor matters, federal contract matters, Federal Energy Regulatory Agency matters, and adjudicating water rights before the Nevada State Engineer and in federal court. He has actively litigated hundreds of challenges to the validity of water rights in transfer proceedings before the Nevada State Engineer and in federal court.

Michael was also the lead attorney in a criminal case brought against a client and four other defendants by the United States for alleged fraudulent filing of documents with a federal agency. After two years of proceedings, the case was dismissed based on a motion to dismiss filed by Michael based on factual and legal impediments in the indictment. He also was able to lift the ban placed on his client to enter into federal contracts.

Michael represented the irrigation district in a joint powers agreement process among the United States, an Indian Tribe, several counties and cities for the operation of the Truckee River in Nevada. In conjunction with these efforts, he successfully negotiated the sale of water rights in Donner Lake in California and the settlement of claims brought based on a canal breach and flooding damage.

Michael served as a criminal prosecutor and as chief of environmental law for several Department of Defense organizations. He was the primary environmental law advisor to five major maintenance complexes. He also

served as Assistant General Counsel for the Strategic Defense Initiative Organization of the Department of Defense, the organization that created the United States anti-ballistic missile program. He is a retired Air Force Officer.



## **Nathan Metcalf**

Partner | Walnut Creek  
DEPUTY TEAM LEADER  
GOVERNMENT GROUP

Nathan has over a decade and a half of experience in water law and environmental law. He advises clients on water rights issues in defending and protesting water rights applications and transfers, including related issues under the California Environmental Quality Act, the California Fish and Game Code, the Clean Water Act sections 401 and 404, the Porter-Cologne Water Quality Act, the Endangered Species Act, and the public trust, reasonable use and physical solutions doctrines. Nathan has assisted public agency clients in implementation of the Sustainable Groundwater Management Act (SGMA) and the State's emergency water conservation regulations. His experience includes involvement in water transfers and groundwater management issues related to dwindling water supplies. He has also defended industrial and municipal clients in stormwater permit compliance and citizen suit actions involving stormwater discharges under the Clean Water Act. He currently serves Stinson Beach County Water District as general counsel.

Nathan has experience in NEPA/CEQA compliance, environmental due diligence, remediation and development of contaminated properties, environmental reporting requirements, hazardous waste management, environmental permitting, Prop 65, UST clean-up, and endangered species. He has appeared before numerous administrative and judicial proceedings, including the Ninth Circuit Court of Appeals, California Superior Court, the California State Water Resources Control Board, the Nevada State Engineer and a Bureau of Land Management, Administrative Law Judge.

Before becoming an attorney, Nathan worked in hazardous waste disposal and environmental health and safety (EH&S) management for medical instrument, drug delivery, and biotechnology companies.



## Claire Collins

Partner | Los Angeles  
PROPOSITION 218

Claire represents public entities, private companies, and individuals in real estate and environmental matters with an emphasis on water-related issues.

As the leader of the Public Revenue Practice, Claire regularly reviews Cost of Service Studies, prepares Prop. 218-compliant notices and responses to protests and objections, and provides advice and counsel on public revenue programs including compliance with Prop. 218 and 26. She is a regular speaker on public revenue issues, and has served as litigation counsel for both defendants/respondents and amicus curiae in multiple cases before the Court of Appeal. Claire is regularly involved with legislation relating to public revenue measures.

She handles the following types of matters:

- Public finance and revenue issues, including Prop. 218 compliance, State Revolving Fund loans, and bond issuances
- Water, solid waste, wastewater, recycling, and recycled water contracts, ordinances, laws, and regulations
- Clean Water Act and Porter-Cologne Water Quality Control Act litigation and compliance
- Joint powers authority matters
- Public agency general counseling
- Open government law, including the Public Records Act and the Brown Act
- California Government Claims Act
- Local agency formation commission matters
- Contract negotiation, drafting, and review
- Real property sales, acquisitions, and leasing
- Boundary disputes
- Easement and "Right of Way" negotiation and interpretation
- California Environmental Quality Act compliance and litigation
- Eminent domain and inverse condemnation



## Sean Marciniak

Partner | San Francisco

### LAND USE

As the leader of the firm's Land Use Practice Group, Sean has specialized in land use and environmental law for more than a dozen years. He is a former newspaper reporter and investigator for the state of Texas, and combines skill sets from across disciplines to counsel landowners, developers, and public agencies on all aspects of environmental and land use matters. Having experience in both land use entitlement and litigation, he designs permitting and environmental review strategies for development projects that maximize efficiency and defensibility, while minimizing costs and delays. He also regularly appears at administrative hearings throughout California, and adopts communication strategies that address not only legalities, but common-sense considerations.

Sean and his team have helped entitle millions of square feet of development throughout California, including affordable housing projects, wineries and vineyards, mixed-use development, regional hospitals, laboratories, pharmaceutical campuses, shopping centers, office campuses, infrastructure projects, terminal expansions, solar energy projects, and intermodal transport facilities at California's busiest ports.

Areas of focus include counseling under the California Environmental Quality Act, the National Environmental Policy Act, planning and zoning law, the Subdivision Map Act, takings and exactions, development agreements, initiatives and referendums, Local Agency Formation Commissions, the Housing Accountability Act, natural resource permitting (including under the Endangered Species Act and Clean Water Act Sections 401 and 404), and emerging laws addressing climate change and sustainable development.

Prior to joining us, Sean was a shareholder at Miller Starr Regalia, where he helped write and edit sections of land use practice guides, including *Miller & Starr, California Real Estate 4th*, a 12-volume treatise on California real estate law. He began his legal career in the environmental and land use practice at an international law firm, where he edited and wrote sections of other land use treatises and practice guides used across the state. As a journalist, Sean was a crime and investigative reporter in the Texas borderlands. His articles have appeared in publications that include *The Wall Street Journal*, the *Dallas Morning News*, and the *Houston Chronicle*, and have merited awards from the *Associated Press* and *Bloomberg News*.





## Christopher Jensen

Partner | San Francisco

### LITIGATION

Chris has 20 years of experience representing public agency and private sector clients in land use and environmental matters and has broad experience counseling public agencies. Chris has advised clients regarding entitlement applications, the California Environmental Quality Act (CEQA), environmental investigation and remediation, and a broad range of state and federal environmental laws. In addition, he is an experienced litigator and has represented clients in complex land use and environmental disputes.

Previously, Chris served as a City Attorney where he provided advice on the full range of legal issues facing public entities. Chris worked on complex land use issues and provided strategic advice that led to favorable settlements of land use and tax disputes. In addition, he led sensitive internal investigations regarding governance and personnel matters.

As a litigator, Chris has experience ranging from land use litigation to high-profile environmental matters. He has litigated cases involving state housing laws, CEQA, the National Environmental Policy Act, the Clean Air Act, the Clean Water Act, California air, water quality, and toxic chemical regulations, Proposition 65, CERCLA, the Endangered Species Act, and real property and contract disputes. Chris also has extensive experience advising clients regarding the cleanup of contaminated properties, including disputes with regulators, adjacent property owners, and other responsible parties.



## Jillian Ames

Associate | San Francisco

### REAL ESTATE & ENVIRONMENTAL

Jillian works on a variety of natural resource and land use matters involving clients from both the public and private sectors. Jillian's experience includes land use and environmental laws at the State and local levels, with a concentration on entitlement processing, water quality, use, and rights, endangered species. Given this focus, Jillian's work encompasses the California Environmental Quality Act ("CEQA"), the State's Porter-Cologne Water Quality Control Act, and the State's California Endangered Species Act.



## CONFLICTS REVIEW

We have searched our records for any potential conflicts and found none.

## BILLING RATES

We propose billing rates at a \$500 per hour blended rate for non-litigation and \$550 per hour for litigation activities. We normally adjust our fees on an annual basis.

The current rates and discounted rates for the team are listed below:

Name	Title	Standard 2025 Hourly Rate	Proposed 2025 Discounted Hourly Rate
Michael Van Zandt	Partner	\$920	\$500 / 550
Nathan Metcalf	Partner	\$760	\$500 / 550
Claire Collins	Partner	\$875	\$500 / 550
Sean Marciniak	Partner	\$890	\$500 / 550
Christopher Jensen	Partner	\$735	\$500 / 550
Jillian Ames	Associate	\$495	\$495

## INCIDENTAL FEES

We will conduct most of our representation from our offices in the North Bay and Los Angeles. We will charge for travel only when necessary to meet with the client or to appear at meetings, hearings or court appearances.

MICHAEL J. VAN ZANDT  
PARTNER  
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FAX (415) 541-9366  
E-MAIL [mvanzandt@hansonbridgett.com](mailto:mvanzandt@hansonbridgett.com)



April 25, 2025

**VIA ELECTRONIC MAIL ONLY**

Paso Robles Area Groundwater Agency  
Directors Jerry Reaugh and Bruce Gibson  
c/o Erica Stuckey, Deputy County Counsel  
P.O. Box 82  
Paso Robles, CA 93447-0082.

Re: Engagement Letter & Fee Agreement

Dear Directors of the Paso Robles Area Groundwater Agency:

Thank you for the opportunity to represent Paso Robles Area Groundwater Agency ("PRAGA"). This letter will confirm the PRAGA's engagement of Hanson Bridgett LLP to provide legal services regarding the Joint Powers Authority ("JPA") for PRAGA, including legal advice and representation under the Sustainable Groundwater Management Act ("SGMA") and advice on the governance of the JPA, rate setting, Proposition 218 and 26 compliance and interactions with its member agencies. We look forward to working with Paso Robles Area Groundwater Agency in pursuing these legal objectives. If we can assist Paso Robles Area Groundwater Agency in other areas, please let me know.

I will be the attorney responsible for this matter. My billing rate is \$500.00 per hour for non-litigation and \$550.00 per hour for litigation. When appropriate, we use attorneys, paralegals, and legal research assistants at different hourly rates to handle work commensurate with their experience and expertise. Billing rates for other members of our team are included in the proposal we submitted to PRAGA on April 24, 2025. Our billing rates are reviewed annually and may be adjusted periodically. A list of the hourly rates for the attorneys, paralegals and legal research assistants assigned to this matter is available upon request. I will review PRAGA's invoices for accuracy and maintain responsibility for the attorney-client relationship.

Our invoices contain a detailed narrative of the services rendered, together with the name of the attorney or paralegal involved, the time spent, and the amount charged. We recommend that you treat our invoices as confidential documents and safeguard them appropriately. In this matter, you have asked that invoices be directed to PRAGA Secretary Jerry Reaugh's attention at this time.

Please refer to the attached Billing and Policy Summary for additional details regarding our representation, including an agreement to arbitrate disputes. Any expansion of the scope of our representation, or our agreement to handle additional matters for Paso Robles Area Groundwater Agency, must be documented in a separate writing and will be governed by the

Directors Jerry Reaugh and Bruce Gibson  
c/o Erica Stuckey, Deputy County Counsel  
April 25, 2025  
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terms of this letter agreement, unless specified otherwise. The effective date of this letter agreement is the date on which it is signed by the PRAGA. We encourage Paso Robles Area Groundwater Agency to consult with other counsel or advisors of its choice regarding the terms of our representation and, by agreeing to the terms of this letter agreement, PRAGA acknowledges that it has had the opportunity to do so.

We realize there are many qualified firms to choose from and are pleased you have selected our firm to assist you with your matter. We care deeply about our clients and our goal since the firm's founding in 1958 has been to provide exceptional client service. We welcome Paso Robles Area Groundwater Agency as a valued client and look forward to assisting in the achievement of its objectives. You can obtain more information about my background and our firm's services from our website, [www.hansonbridgett.com](http://www.hansonbridgett.com).

Best regards,

A handwritten signature in blue ink, appearing to read "Michael J. Van Zandt", with a stylized flourish at the end.

Michael J. Van Zandt  
Partner

*Attachment*

Directors Jerry Reaugh and Bruce Gibson  
c/o Erica Stuckey, Deputy County Counsel  
April 25, 2025  
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I have read and understand this Engagement Letter/Fee Agreement and the attached Billing and Policy Summary. I hereby confirm the engagement of Hanson Bridgett LLP to represent Paso Robles Area Groundwater Agency in accordance with its terms.

**PASO ROBLES AREA GROUNDWATER AGENCY**

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

Matt Turrentine

Title: Chairperson, PRAGA

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

***To facilitate your acceptance of the foregoing, you may simply reply to this e-mail message with "approved on behalf of Paso Robles Area Groundwater Agency" and your name. We will consider your reply message to constitute your acceptance and agreement with the terms of this letter.***

## Billing and Policy Summary

1. **Billing Practices.** We have learned from experience that the attorney-client relationship works best when clients receive a full explanation at the outset about fees and payment terms. California law requires written fee agreements in many cases, and we have found that our clients prefer to have them even when not legally required. This “Billing and Policy Summary” sets forth the principles underlying our fees and other charges. Please review it and let me know if you have any questions about our billing policies. In addition, you should direct any future questions about our billing practices or any particular invoices to me.
2. **Fees.** Except as otherwise agreed with a client, we bill for our services on an hourly basis. We account for our time in tenth-of-an-hour increments, and calculate fees by applying hourly rates assigned to attorneys and other staff to the time spent on a matter. On occasion, we may utilize contract employees to assist in providing legal or paralegal services, working under our direct supervision. In such cases the client is billed at an appropriate hourly rate commensurate with that of our professional staff with equal experience and expertise. All billing rates are reviewed annually and may be adjusted periodically.
3. **Other Charges.** Depending on the matter, we may have to use various in-office support systems and outside services. Therefore, you may incur and be billed for costs in addition to professional fees, subject only to written policies regarding the billing of disbursements that a client may provide to us in advance of the engagement. These expenses are billed at the actual cost with no additional mark up to you. Usually we bill such charges to a client’s account at the time they are incurred. Examples include photocopying, overnight delivery, messenger services, computer research, travel expenses, court filings, court reporting and data storage. We reserve the right to make periodic adjustments to these charges. Charges for data storage are calculated according to the volume of data stored on our platform in a given month. In some matters, we may retain outside vendors, such as experts, consultants or other third-party vendors, to assist us in our representation of you. We may require you to pay the invoices of any such outside vendors directly, or we may require you to pay us an additional retainer that we will hold in our client trust account and use to pay any third-party vendor expenses that we incur on your behalf. We may periodically require you to replenish this sum to ensure sufficient funds are available for ongoing costs. At the conclusion of our representation, we will deduct any outstanding vendor expenses incurred on your behalf from the vendor expenses retainer and refund the remaining balance to you.
4. **Fee Estimates.** From time to time, we may be asked to provide estimates of anticipated fees. Although we will make every effort to do so in a manner appropriate to the circumstances, these estimates may be subject to uncertainties beyond our control. Such estimates should not be viewed as a maximum or minimum fee quotation, unless we expressly confirm so in writing.
5. **Billing Procedures.** Ordinarily, we will bill clients on a monthly basis. Each invoice will separately state the amount of fees and costs. Unless otherwise specified, each represents fees and disbursements charged to the client through the end of the preceding month. The full amount of each invoice is due upon receipt by the client, irrespective of any eventual reimbursement of all or a portion of your fees and costs by a third party. Although we seek to include all fees and charges for a billing period, certain time and cost items from a billing period may not appear in the invoice for that period. Instead, they may be included in a later invoice. Matters such as probate, bankruptcy, and trust services and certain financial transactions may involve billing at specified times other than monthly, as mutually agreed upon by the client and the firm, or as required by the court.

6. **Payment Terms.** Payment is due upon presentation of the invoice, irrespective of any eventual reimbursement of all or a portion of your fees and costs by a third party. Invoices that remain unpaid after thirty (30) days from the invoice date are subject to a late payment charge of ten percent (10%) per year. Payments that are made "on account" and not identified with a specific invoice will be credited to outstanding invoices chronologically, first to costs and then to fees.

7. **Litigation Retainer.** In the event the matter we are handling for you goes to trial, arbitration or another type of significant hearing, we may require you to provide to us an additional advance payment retainer, which we will deposit in our client trust account maintained in accordance with State Bar rules. We will continue to issue an invoice to you for fees and expenses incurred in the previous month and deduct that sum from the amount held in the trust account. You agree to replenish the retainer amount within thirty (30) days of your receipt of our monthly billing statement. At the conclusion of our representation of you, we will apply the retainer held in our client trust account to your final bill. You will be responsible for any remaining amount due over and above the retainer. If no amount remains due after the retainer funds have been applied to the final invoice, or if the amount of the retainer exceeds the final balance due, we will refund to you the balance.

8. **Credit Report.** By executing this engagement letter, you agree that we have the right to obtain a consumer report from a recognized credit reporting agency. Should we choose to obtain such a report, it would be for the purposes of extending credit to you or to review or collect a past due account.

9. **Insurer's Role.** If you are insured for all or part of the costs of our representation, we will work with you to provide the insurer with the necessary information regarding the claim. However, insurers frequently assert, rightly or wrongly, that they are not obligated to pay for all fees and costs or to pay them on a current basis. For this reason, our fees and costs will be billed to you and payment will be due from you on a current basis, irrespective of any eventual reimbursement of a portion of your fees and costs by your insurer.

10. **Preservation of Electronic Information.** If your engagement includes a litigation matter, it is possible that it will involve electronic discovery. Under California and federal law, the obligation to provide discovery of electronic information carries with it the obligation to preserve such information. Failure to preserve all electronic and paper information that is later determined to be of potential importance to pending or threatened litigation can result in a range of sanctions, including, in extreme cases, the sanction of an adverse judgment. This evidence may also turn out to be critical to your ability to prove facts that support your position in the case, or disprove facts that the opposing party offers. Many electronic document storage systems contain programs that automatically overwrite or delete data. It is therefore important that you take appropriate steps to ensure that all information and electronic data that may be relevant is not lost, deleted, or destroyed. We will conduct an assessment of your electronic information systems. The assessment will include an initial evaluation and an in-depth identification of sources of relevant information. In the meantime, we recommend that normal document disposition policies, or automatic purging of electronic records, be suspended as to the matters at issue in any pending or threatened litigation until the matter is concluded. Please contact me for our additional fee schedule for assistance with collecting and processing electronically stored information as needed in your matter.

11. **Conflicts Review.** We have performed a computerized check of potential conflicts of interest that might have prevented us from providing representation in this matter. Based on information provided by you, as well as the information available in our files, we are not aware of

any conflicts of interest at this time. If you later learn of any additional parties with an interest in this matter, you should notify us immediately so that we can be certain that they create no problem with this representation. We will conduct a similar search with respect to each new matter you may refer to the firm.

**12. Identity of Client.** Our engagement is with the person or entity to whom this letter is addressed. Unless otherwise agreed to in writing, we do not represent any parent, subsidiary, affiliate, directors, officers, or other related person or entity as a client. We do not regard a representation adverse to a parent, subsidiary, affiliate, director, officer, or other related person or entity as being adverse to you.

**13. Advance Waiver.** Given the scope of our firm wide business and client representations, it is possible that during or after the time we represent you, some of our present or future clients will ask us to represent them in disputes or transactions with or involving you which are substantially unrelated to our representation of you. We understand that you have no objection to our representation of parties with interests adverse to you, and that you consent to such representations and waive any actual or potential conflict of interest as long as those other engagements are not substantially related to our services to you. Accordingly, you agree that (i) we can in the future represent existing or new clients in any matter, including litigation or other disputes, so long as the matter is not substantially related to our work for you, even if those other clients' interests are adverse to you in the other matter; (ii) we may obtain confidential information of interest to you in these other matters that we cannot share with you; and (iii) you waive any conflict of interest that might arise from any of these representations and will not seek to disqualify us in or assert a conflict of interest with respect to any of those representations.

We agree, however, that your consent to, and waiver of such representations shall not apply in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a non-public nature, that, if known to such other client, could be used in any such other matter by such client to your material disadvantage or potential material disadvantage.

Similarly, new lawyers frequently join our firm. These lawyers may have represented parties adverse to you while employed by other law firms or organizations. We assume, unless you notify us otherwise, and consistent with our ethical standards, that you have no objection to our continuing representation of you notwithstanding our lawyers' prior professional relationships, provided we timely implement an ethical screen consistent with our customary practices to prohibit those lawyers from participating in your matter and we provide you with written notice of our implementation of the ethical screen.

**14. Cooperation.** To perform our services effectively, we require the support of each client. We will keep you informed of the status of your matter, and we will consult with you regarding our representation as appropriate. We will provide copies of significant correspondence and documents to you during the course of our representation. You can assist us by keeping us fully informed as to facts and developments relevant to our representation of you and to each matter assigned. It is essential that each client (as well as any employees or representatives) provide us with accurate and complete information, including written materials when requested, and that each client make its personnel available to the extent required. Failure to assist in this way may affect our ability to represent a client adequately, and could result in our withdrawal as legal counsel.

**15. No Warranty of Result.** We cannot predict or represent that a particular result can be obtained within a specified time. We can make no promises or guarantees regarding the

outcome of the matter or matters that are the subject of our services. We do not ordinarily undertake to keep clients informed about subsequent developments or changes in law once the matter in question has concluded. If you would like us to do so, please inform us in writing so that we can make the necessary arrangements to provide this service.

**16. Return and Disposition of Files.** After our services conclude, we will, upon your request, deliver to you the files that we created in providing representation to you, along with any funds or property of yours in our possession. If you do not request the files, we will retain them for a period of five years after the matter is closed. At the end of the five-year period, we will have no further obligation to retain the files.

**17. Internal Firm Communications.** The occasion might arise for us to consult, at our expense, with our firm's own counsel (our General Counsel, other firm lawyers working with our General Counsel, or our outside counsel) regarding our engagement for you. To the extent that we are addressing our own rights or responsibilities, a conflict of interest might be deemed to exist between us and you as to such consultations or resulting communications. You consent to such consultations, agree that our communications with our own counsel are subject to the firm's attorney-client privilege, and waive any claim of conflict of interest based on such consultations and communications. Your execution of our Engagement Letter confirms your agreement to this provision.

**18. Termination.** Clients may terminate our legal services at any time effective upon delivery of written notice to the firm. Unless we specifically agree to do so, we will provide no further services and advance no further costs on the matter after we receive notice of termination. Our right to terminate services to a client is subject to certain Rules of Professional Conduct that (a) require us to take reasonable steps to avoid foreseeable prejudice to the client from our withdrawal, and (b) establish standards for mandatory and permissive withdrawal under certain circumstances. Failure by a client to pay our bills in full, and on a timely basis, can constitute adequate grounds for us to withdraw. If we are attorney of record in any proceeding at the time we receive a termination notice, you will be required to execute and return a Substitution of Attorney consent immediately upon receipt, regardless of who initiates the termination. Whether you terminate our legal services or we withdraw from the representation as allowed by the Rules of Professional Conduct, you agree to pay all fees and costs incurred for our work up to the date of our termination or withdrawal.

Unless you terminate our services or we withdraw as provided in the preceding paragraph, our representation of you will be deemed concluded when we have completed our agreed-upon services. In addition, and without limiting the preceding sentence, you agree that our attorney-client relationship with you will have been terminated if we have performed no work on your behalf for twelve consecutive months. Your obligation to pay our fees and charges will survive the conclusion of our representation.

**19. Use of Technology.** We use industry-standard encryption protocols to secure client data in transit and at rest. We also employ two-factor authentication and regularly update our systems to protect against potential security threats. During the course of our work together, we may exchange emails, documents, and other materials over the Internet using commercially available communication and collaboration tools or platforms. Hanson Bridgett uses certain preferred communication and collaboration tools and platforms, and we understand that clients may ask us to use other Internet-based tools or platforms (such as Dropbox, Box or Google Drive) to share documents and other materials with us. Notwithstanding our security protocols, information sent or received over the Internet using any of these communication and collaboration tools or platforms may not be secure, and using them may place your confidences



and privileges at risk. While we believe that the efficiencies involved in the use of these products or platforms outweigh the risk of accidental disclosure, we cannot guarantee the security or confidentiality of any such communication or collaboration products or platforms. Consistent with our ethical obligations, we may also use artificial intelligence ("AI") technology to better represent your interests. We will be in touch with you if we believe our proposed use of AI technology, or our use of a particular AI tool, requires additional discussion or disclosures.

**20. Miscellaneous.** From time to time, and consistent with our obligation to maintain your confidences, we may wish to reference our representation of you on our website, in attorney biographies, on matter lists, or in descriptions of our practice areas. We assume you have no objection to such use. We may send you emails with information about our firm, services, legal developments and upcoming events. If at any time you no longer wish to receive marketing communications from us, you may unsubscribe by clicking a link at the bottom of each marketing email which enables you to opt out of our mailing lists. Except as provided in Section 16, our agreement will be governed by California law.

**21. Entire Agreement; Notice.** This attached letter and this Billing and Policy Summary represent our entire agreement, which will be effective on the date of your signature. It supersedes all prior agreements, statements, or guarantees made before this time. Any notice from you amending, supplementing or superseding the terms of the attached letter and this Billing and Policy Summary will be effective only if approved by our duly authorized representative, and our agreement is memorialized in a writing signed by both parties. To signify your agreement with the terms of this letter, please sign the original and retain it for your files. Please sign a copy of the letter and return it to us for our files. You may also affix an electronic signature indicating your intent to sign this letter and return a copy to us electronically. If mailed, I am enclosing a pre-addressed envelope for your convenience. Of course, you have the right to seek the opinion of independent legal counsel or any other advisors, if you wish to do so, in order to determine whether each and every aspect of this agreement is in your best interests and is acceptable as drafted.

**Paso Robles Groundwater Authority**

**April 30, 2025**

**Agenda Item #8** – Consider Execution of a Contract with Hallmark Group Capital Program Management, Inc. for Interim Administrative Services through the end of the Calendar Year for an amount not to exceed \$158,000

**Recommendation**

Approve and authorize the Chairperson to sign a Contract with Hallmark Group Capital Program Management, Inc. for interim administrative services through the end of the Calendar Year for an amount not to exceed \$158,000.

**Prepared By**

Ad hoc subcommittee

**Discussion**

At its first meeting on April 7, 2025, the Paso Robles Groundwater Authority (Authority) established a temporary ad hoc advisory subcommittee pursuant to Section 6.11 of the Joint Exercise of Powers Agreement (JPA Agreement) composed of Directors Reaugh and Gibson (subcommittee) to commence work on the process of retaining legal counsel and an executive director and to provide recommendations to the Authority Board. Section 4.5(h) of the JPA Agreement authorizes the Authority to retain consultants, contractors and employees to assist the Authority in carrying out its purposes and day-to-day operations, including, without limitation, legal counsel, administrative personnel and an executive director.

Following the April 7, 2025 meeting, the subcommittee met and determined that the best approach would be to enter a limited contract with Hallmark Group Capital Program Management, Inc. (Hallmark) under which Hallmark will assist with Authority start-up matters, including the preparation of Authority agendas, development of a procurement and purchasing policy in coordination with Authority legal counsel and other administrative tasks as outlined in Hallmark's the scope of work attached to the proposed contract (Attachment 1). This would permit the Authority more time to search for and retain a permanent executive director while ensuring that time-sensitive matters can be handled, particularly given Hallmark's historic provision of groundwater sustainability program management support services to the County of San Luis Obispo (County), including many services related to the administration of the Paso Basin Cooperative Committee (PBCC).

As discussed in today's staff report with respect to the retention of legal counsel, there are limited constraints on a County Board of Supervisors' (County Board) ability to contract directly for special services and thus under Section 4.6 of the JPA Agreement. Rather, Government Code section 31000 provides a general grant of authority to the County Board to contract for such services, including administrative services. In addition, although the proposed contract would be approved by the Authority Board directly, the contract is also consistent with the State law limitations on the County Board's delegation power and the related County ordinances and policies related to the County Purchasing Agent. More specifically, Government Code section 31000 permits the County Board to direct the County Purchasing Agent to enter contracts for special services within the monetary limits specified in Government Code section 25502.5 (i.e. annual aggregate not to exceed \$200,000). Similarly, the County's Contracting for Services Policy authorizes the Purchasing Agent to waive the competitive solicitation process when determined to be in the best interest of the County without County Board approval so long as the sole source contract does not exceed \$200,000.

In the instant case, Hallmark is uniquely qualified to satisfy the Authority's immediate operational requirements given that it has historically provided substantially similar services to the PBCC, the members and their staff; and the County selected Hallmark to provide these historic services through a competitive solicitation process.

### **Financial Considerations**

Pursuant to Section 7.1 of the JPA Agreement, the members already agreed to contribute their share of costs allocated under the Fiscal Year 2024-2025 PBCC budget previously approved by each of the members under the terms of the Memorandum of Agreement to the Authority's initial and Fiscal Year 2025-2026 budgets. Item #6 on today's Authority agenda is consideration of the Authority budget and includes funds for administrative support services that can be covered with the above already agreed-upon contributions. In addition, should this previously agreed upon funding become inadequate to fund said services, Section 7.1 of the JPA Agreement provides for an additional contribution of funds by each member if the additional funding is approved by three of the four Directors.

### **Attachments**

Proposed Contract

**CONTRACT FOR PROFESSIONAL CONSULTANT SERVICES  
INTERIM ADMINISTRATIVE SUPPORT SERVICES**

This Contract is entered into on this \_\_\_ day of \_\_\_\_\_, 2025, by and between the Paso Robles Area Groundwater Authority, a joint powers authority formed pursuant to Government Code section 6500 et seq., herein called "AUTHORITY," and Hallmark Group Capital Program Management, Inc., an independent contractor whose address is 500 Capitol Mall, Suite 2350, Sacramento, CA 95814, herein called "CONSULTANT."

WHEREAS, the AUTHORITY has a need for interim administrative support services in connection with commencement of AUTHORITY operations and the groundwater management program it was created to implement (hereafter, the "Project"); and

WHEREAS, the CONSULTANT warrants that it is specially trained and experienced, and is competent to perform such special services.

**NOW, THEREFORE**, the parties agree with the above recitals, and hereby further agree as follows:

**ARTICLE 1. SCOPE OF WORK**

The CONSULTANT shall, at its own cost and expense, provide all the services, equipment, and materials necessary to complete the work described in the CONSULTANT's Scope of Work (hereafter, collectively "Work") attached hereto as Exhibit A. CONSULTANT warrants and represents that said Work encompasses all services, equipment, and materials necessary for the CONSULTANT to provide professional administrative support services to the AUTHORITY in connection with its groundwater management program. All Work shall be performed in accordance with the professional skill ordinarily provided by professionals with expertise and experience in the field of groundwater basin management program support.

**ARTICLE 2. TIME FOR COMPLETION OF WORK**

No Work shall be commenced prior to the CONSULTANT's receipt of the AUTHORITY's Notice to Proceed. All Work shall be completed by December 31, 2025.

**ARTICLE 3. PAYMENT FOR SERVICES**

**A. COMPENSATION**

1. AUTHORITY shall pay to CONSULTANT as compensation in full for all Work required by this Contract a sum not exceed \$158,000.00.
2. Payments will be made to CONSULTANT based on compensable services provided and allowable costs incurred at the rates set forth in the CONSULTANT'S Cost Proposal attached hereto as Exhibit B. Travel cost reimbursement rates must conform

to the County of San Luis Obispo's Travel Policy on reimbursements pending development of such a policy by the AUTHORITY; costs above these rates are not allowed. All payments to CONSULTANT shall be based on actual services performed and costs incurred at the rates set forth in Exhibit B.

3. The AUTHORITY reserves the right to delete Work from CONSULTANT's Scope of Work, but such deletion must be in writing and expressly state that certain Work is being deleted. CONSULTANT shall be entitled to no compensation for any Work that is deleted.

#### B. REPORTS

The CONSULTANT shall submit to the AUTHORITY, on a monthly basis, a detailed statement of all services performed, and all Work accomplished under this Contract since the CONSULTANT's last monthly statement, including the number of hours of Work performed and the personnel involved. For the purpose of timely processing of invoices, the CONSULTANT's invoices are not regarded as received until the monthly report is submitted. Any anticipated problems in performing any future Work shall be noted in the monthly reports. The CONSULTANT shall also promptly notify the AUTHORITY of any perceived need for a change in the Scope of Work, and an explanation as to why the CONSULTANT did not include said Work in the attached Scope of Work.

#### C. INVOICES

Billing invoices shall be based upon the CONSULTANT's Cost Proposal, attached hereto as Exhibit B. Invoices shall detail the Work performed on each task and each project as applicable. Invoices shall follow a format based upon the Cost Proposal and shall reference this Contract number and Project. The final invoice must contain the final cost and all credits due the AUTHORITY including any equipment purchased under the provisions of Article 22 of this Contract.

#### D. CONSULTANT'S ASSIGNED PERSONNEL

All Work performed under this Contract shall be performed by the CONSULTANT's personnel identified in the organizational chart, attached hereto as Exhibit C. Any changes to the personnel designated on this organizational chart must be approved in writing by the AUTHORITY.

### **ARTICLE 4. ACCOUNTING RECORDS**

- A. The CONSULTANT shall maintain accounting records in accordance with generally accepted accounting principles. The CONSULTANT shall obtain the services of a qualified bookkeeper or accountant to ensure that accounting records meet this requirement. The CONSULTANT shall maintain acceptable books of accounts which include, but are not limited to, a general ledger, cash receipts journal, cash disbursements journal, general journal, and payroll journal.
- B. The CONSULTANT shall record costs in a cost accounting system which clearly identifies

the source of all costs. Contract costs shall not be co-mingled with other project costs, but shall be directly traceable to contract billings to the AUTHORITY. The use of worksheets to produce billings shall be kept to a minimum. If worksheets are used to produce billings, all entries should be documented and clearly traceable to the CONSULTANT's cost accounting records.

- C. All accounting records and supporting documentation shall be retained for a minimum of five (5) years or until any audit findings are resolved, whichever is later. The CONSULTANT shall safeguard the accounting records and supporting documentation.
- D. The CONSULTANT shall make accounting records and supporting documentation available on demand to the AUTHORITY and its designated auditor for inspection and audit. Disallowed costs shall be repaid to the AUTHORITY. The AUTHORITY may require having the CONSULTANT's accounting records audited, at the CONSULTANT's expense, by an accountant licensed by the State of California. The audit shall be presented to the AUTHORITY's Auditor within thirty (30) calendar days after completion of the audit.

#### **ARTICLE 5. NON-ASSIGNMENT OF CONTRACT**

Inasmuch as this Contract is intended to secure the specialized services of the CONSULTANT, the CONSULTANT may not assign, transfer, delegate, or sublet any interest herein without the prior written consent of the AUTHORITY and any such assignment, transfer, delegation, or sublease without the AUTHORITY's prior written consent shall be considered null and void.

#### **ARTICLE 6. INSURANCE**

CONSULTANT shall procure and maintain for the duration of this Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the CONSULTANT, its agents, representatives, or employees.

##### **MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to the Project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering, Code 1 (any auto), or if CONSULTANT has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with

Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. If CONSULTANT will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage shall also include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the AUTHORITY as the Alternate Employer, and the endorsement form shall be modified to provide that AUTHORITY will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to CONSULTANT's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

***(Not required if CONSULTANT provides written verification it has no employees)***

If the CONSULTANT maintains higher limits than the minimums shown above, the AUTHORITY requires and shall be entitled to coverage for the higher limits maintained by the CONSULTANT.

#### **A. UNIQUE INSURANCE Coverage**

##### **a. Professional Liability/Errors and Omissions**

Insurance appropriate to the CONSULTANT's profession, with limits of not less than \$2 million per occurrence or claim and \$2 million aggregate. Further, CONSULTANT understands and agrees it shall maintain such coverage for a period of not less than five (5) years following this Contract's expiration, termination or cancellation.

#### **B. OTHER INSURANCE Provisions**

**The insurance policies are to contain, or be endorsed to contain, the following provisions:**

##### ***a. Additional Insured Status***

**The AUTHORITY its respective officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONSULTANT including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONSULTANT's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

***b. Primary Coverage***

For any claims related to this Contract, the **CONSULTANT's insurance coverage shall be primary** insurance as respects the AUTHORITY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the AUTHORITY, its officers, officials, employees, or volunteers shall be excess of the CONSULTANT's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.

***c. Excess or Umbrella Policy***

The CONSULTANT may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the CONSULTANT's primary and excess liability policies are exhausted.

***d. Notice of Cancellation***

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the AUTHORITY.

***e. Failure to Maintain Insurance***

CONSULTANT's failure to maintain or to provide acceptable evidence that it maintains the required insurance shall constitute a material breach of this Contract, upon which the AUTHORITY immediately may withhold payments due to CONSULTANT, and/or suspend or terminate this Contract. The AUTHORITY, at its sole discretion, may obtain damages from CONSULTANT resulting from said breach.

***f. Waiver of Subrogation***

CONSULTANT hereby grants to AUTHORITY a waiver of any right to subrogation which any insurer of said CONSULTANT may acquire against the AUTHORITY by virtue of the payment of any loss under such insurance. CONSULTANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the AUTHORITY has received a waiver of subrogation endorsement from the insurer.



***g. Deductibles and Self-Insured Retentions***

**Any deductibles or self-insured retentions must be declared to and approved by the AUTHORITY.** The AUTHORITY may require the CONSULTANT to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. Any and all deductibles and SIRs shall be the sole responsibility of the CONSULTANT or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured parties. The AUTHORITY may deduct from any amounts otherwise due CONSULTANT to fund the SIR/deductible. The policy must also provide that Defense costs, including the Allocated Loss Adjustment expenses, will satisfy the SIR or deductible.

***h. Acceptability of Insurers***

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the AUTHORITY.

***i. Claims Made Policies***

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the Contract or the beginning of Contract work.
2. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the Contract work.***
3. If coverage is canceled or non-renewed, and not ***replaced with another claims-made policy form with a Retroactive Date*** prior to the Contract effective date, the CONSULTANT must purchase "extended reporting" coverage for a minimum of ***five (5) years*** after completion of Contract work.

***j. Verification of Coverage***

CONSULTANT shall furnish the AUTHORITY with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause **and a copy of the Declaration and Endorsements pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements are to be received and approved by the AUTHORITY before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONSULTANT's obligation to provide them. The AUTHORITY reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Certificates and copies of any required endorsements shall be sent to:

AUTHORITY of San Luis Obispo  
 Department of Groundwater Sustainability  
 Blaine T. Reely  
 1055 Monterey Street, STE D430  
 San Luis Obispo, CA 93408

***k. Subcontractors***

CONSULTANT shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein.

***l. Special Risks or Circumstances***

AUTHORITY reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**ARTICLE 7. INDEMNIFICATION**

- A. The CONSULTANT shall defend, indemnify and hold harmless the AUTHORITY and its respective officers, agents, and employees from all claims, demands, damages, costs, expenses, judgments, attorney fees, liabilities, or other losses (hereafter, collectively "claims") that may be asserted by any person or entity, and that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT. The parties agree that, in addition to the CONSULTANT's general and professional duties of care, the CONSULTANT has a duty of care to act in accordance with the terms of this Contract. In addition to whatever other acts or omissions of CONSULTANT that constitute negligence, recklessness, or willful misconduct under applicable law, the parties acknowledge that any act or omission of the CONSULTANT that causes any damages or monetary losses, and constitutes a breach of any duty under, or pursuant to, this Contract, shall at a minimum constitute negligence (and may constitute recklessness or willful conduct if so warranted by the facts).
- B. The preceding paragraph applies to any and all such claims, regardless of the nature of the claim or theory of recovery. For purposes of the paragraphs found in this Article of the Contract, "CONSULTANT" shall include the CONSULTANT, and/or its agents, employees, subconsultants, or other independent contractors hired by, or working under, the CONSULTANT.
- C. It is the intent of the parties to provide the AUTHORITY and the State the fullest indemnification, defense, and "hold harmless" rights allowed under the law. No provisions

of this Contract shall be construed in a manner that would constitute a waiver or modification of Civil Code section 2782.8. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, said word(s) shall be severed from this Contract and the remaining language shall be given full force and effect. Nothing contained in this Contract shall be construed to require the CONSULTANT to indemnify the AUTHORITY or the State against any responsibility or liability in contravention of Civil Code section 2782.8.

- D. Pursuant to subdivision (a) of Civil Code section 2782.8, in no event shall the cost to defend charged to the CONSULTANT exceed the CONSULTANT's proportionate percentage of fault. However, notwithstanding the previous sentence, in the event one or more defendants is unable to pay its share of defense costs due to bankruptcy or dissolution of the business, the CONSULTANT shall meet and confer with other parties regarding unpaid defense costs.

#### **ARTICLE 8. CONSULTANT'S RESPONSIBILITY FOR ITS WORK**

- A. The CONSULTANT has been hired by the AUTHORITY because of the CONSULTANT's specialized expertise in performing the Work described in the attached Scope of Work, Exhibit A. The CONSULTANT shall be solely responsible for such Work. The AUTHORITY's review, approval, and/or adoption of any designs, plans, specifications, or any other Work shall be in reliance on the CONSULTANT's specialized expertise and shall not relieve the CONSULTANT of its sole responsibility for the Work. The AUTHORITY is under no duty or obligation to review or verify the appropriateness, quality, or accuracy of any designs, plans, specifications, or any other Work, including but not limited to, any methods, procedures, tests, calculations, drawings, or other information used or created by the CONSULTANT in performing any Work under this Contract.
- B. All information which the CONSULTANT receives from the AUTHORITY should be independently verified by the CONSULTANT. The CONSULTANT should not rely upon such information unless it has independently verified its accuracy. The only exception to the foregoing arises when the AUTHORITY has expressly stated in writing that certain information may be relied upon by the CONSULTANT without the CONSULTANT's independent verification. In such event, the CONSULTANT is still obliged to promptly notify the AUTHORITY whenever the CONSULTANT becomes aware of any information that is inconsistent with any information which the AUTHORITY has stated may be relied upon by the CONSULTANT.
- C. Pursuant to the provisions of this Article, the CONSULTANT is responsible for all Work under this Contract, including the Work performed by any subconsultants or any other independent contractors which CONSULTANT hires or contracts with regarding the Work.
- D. The CONSULTANT accepts the relationship of trust and confidence established with AUTHORITY by this Contract, and covenants with the AUTHORITY to furnish the CONSULTANT's reasonable skill and judgment in furthering the interests of the

AUTHORITY. The CONSULTANT shall use its best efforts to perform in an expeditious and economical manner consistent with the interests of the AUTHORITY.

- E. If CONSULTANT ever has reason to believe that any of its general or professional duties of care conflict with any requirements of this Contract, the CONSULTANT shall promptly so notify the AUTHORITY in writing.

#### **ARTICLE 9. INSURANCE AND INDEMNIFICATION AS MATERIAL PROVISIONS**

The parties expressly agree that the indemnification and insurance clauses in this Contract are an integral part of the performance exchanged in this Contract. The compensation stated in this Contract includes compensation for the risks transferred to the CONSULTANT by the indemnification and insurance clauses.

#### **ARTICLE 10. CONSULTANT'S ENDORSEMENT ON REPORTS, ETC.**

The CONSULTANT shall endorse all reports, maps, plans, documents, materials, and other data in accordance with applicable provisions of the laws of the State of California.

#### **ARTICLE 11. DOCUMENTS, INFORMATION AND MATERIALS OWNERSHIP**

All documents, information, and materials of any and every type prepared by the CONSULTANT (or any subconsultant) pursuant to this Contract shall be the property of the AUTHORITY. Such documents shall include but not be limited to data, drawings, specifications, reports, estimates, summaries, and such other information and materials as may have been accumulated by the CONSULTANT (or any subconsultant) in performing Work under this Contract, whether completed or in process. The CONSULTANT shall assume no responsibility for the unintended use by others of any such documents, information, or materials on project(s) which are not related to the scope of services described under this Contract.

#### **ARTICLE 12. TERMINATION OF CONTRACT WITHOUT CAUSE**

The AUTHORITY may terminate this Contract at any time by giving the CONSULTANT thirty (30) calendar days written notice of such termination. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. Other than payments for services satisfactorily rendered prior to the effective date of said termination, the CONSULTANT shall be entitled to no further compensation or payment of any type from the AUTHORITY.

#### **ARTICLE 13. TERMINATION OF CONTRACT FOR CAUSE**

If the CONSULTANT fails to perform the CONSULTANT's duties to the satisfaction of the AUTHORITY; or if the CONSULTANT fails to fulfill in a timely and professional manner the CONSULTANT's obligations under this Contract; or if the CONSULTANT violates any of the

terms or provisions of this Contract; or if the CONSULTANT, or the CONSULTANT's agents or employees fails to exercise good behavior either during or outside of working hours that is of such a nature as to bring discredit upon the AUTHORITY, then the AUTHORITY shall have the right to terminate this Contract effective immediately upon the AUTHORITY giving written notice thereof to the CONSULTANT. Termination shall have no effect upon the rights and obligations of the parties arising out of any transaction occurring prior to the effective date of such termination. The CONSULTANT shall be paid for all Work satisfactorily completed prior to the effective date of such termination. If the AUTHORITY's termination of the Contract for cause is defective for any reason, including but not limited to the AUTHORITY's reliance on erroneous facts concerning the CONSULTANT's performance, or any defect in notice thereof, this Contract shall automatically terminate without cause thirty (30) calendar days following the AUTHORITY's written notice of termination for cause to the CONSULTANT, and the AUTHORITY's maximum liability shall not exceed the amount payable to the CONSULTANT under Article 12 above.

#### **ARTICLE 14. COMPLIANCE WITH LAWS**

The CONSULTANT shall comply with all Federal, State, and local laws and ordinances that are applicable to the performance of the Work of this Contract. This includes compliance with prevailing wage rates and their payment in accordance with the California Labor Code. The CONSULTANT acknowledges that labor performed on site to support any Work required under this Contract is a public work within the meaning of Labor Code section 1720. The CONSULTANT will comply, or cause its subconsultant(s) to comply, with the provisions of Labor Code section 1774.

#### **ARTICLE 15. COVENANT AGAINST CONTINGENT FEES**

The CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for the CONSULTANT, to solicit or secure this Contract, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percent, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making this Contract. For breach or violation of this warranty, the AUTHORITY shall have the right to annul this Contract without liability or, in its discretion to deduct from the Contract price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

#### **ARTICLE 16. DISPUTES & CLAIMS**

##### **A. EXCLUSIVE REMEDY**

Any demand or assertion by CONSULTANT seeking any additional compensation and/or time extension, or other relief, for any reason whatsoever (hereafter collectively "Claim"), must be in strict compliance with the requirements of this Article. For purposes of this Article, any and all Work relating to any such demand or assertion shall be referred to as "Disputed Work", regardless of whether the basis of the demand or assertion arises from

an interpretation of this Contract, an action or inaction of CONSULTANT or AUTHORITY, or any other event, issue, or circumstance. If the Disputed Work relates to any Work performed by any subconsultants hired by CONSULTANT in compliance with the provisions of this Contract, any such Claims must also be processed by CONSULTANT in accordance with the provisions of this Article.

The administration of a Claim as provided in this Article, including CONSULTANT's performance of its duties and obligations specified in this Article is CONSULTANT's sole and exclusive remedy for disputes of all types pertaining to the payment of money, extension of time, the adjustment or interpretation of this Contract or other contractual or tort relief arising from this Contract. Compliance with the procedures described in this Article is a condition precedent to the right to file a Government Code Claim, commence litigation, or commence any other legal action. CONSULTANT waives the right to pursue or submit any Claims not processed in accordance with this Article.

**B. MANDATORY PROCEDURE AND CONDITION PRECEDENT**

The requirements set forth in this Article are mandatory, and CONSULTANT shall strictly comply with these requirements. Strict compliance with these requirements is a condition precedent to CONSULTANT's ability to exercise any rights or remedies that may otherwise be available to CONSULTANT under this Contract or any applicable Laws or Regulations relating to the Claim. No action or inaction by CONSULTANT and/or AUTHORITY to try to resolve any Claim(s) through agreement, amendment, mediation, settlement, or any other means shall excuse CONSULTANT from strictly complying with the requirements of this Article. CONSULTANT shall bear all costs incurred in complying with the provisions of this Article.

**C. NOTICE OF POTENTIAL CLAIM**

The CONSULTANT shall not be entitled to any additional compensation and/or time under this Contract for any act, or failure to act, by the AUTHORITY, or for the happening of any event, thing, occurrence, or other cause, unless the CONSULTANT has provided the AUTHORITY with timely written Notice of Potential Claim as hereinafter specified. The written Notice of Potential Claim shall set forth the reasons for which the CONSULTANT believes additional compensation and/or time will or may be due, the nature of the cost involved, and, insofar as possible, the full amount of additional compensation and/or time extension sought in relation to the potential claim. The said notice as above required must have been given to the AUTHORITY prior to the time that the CONSULTANT shall have performed any Disputed Work. It is the intention of this paragraph that differences between the parties relating to this Contract be brought to the attention of the AUTHORITY at the earliest possible time in order that such matters may be settled, if possible, or other appropriate action promptly taken. The CONSULTANT hereby agrees that it shall have no right to additional compensation and/or time regarding any Claim for which no written Notice of Potential Claim as herein required was filed with the AUTHORITY.

#### D. NOTICE OF FINAL CLAIM

As soon as reasonably practical upon completion of the Disputed Work, and no later than thirty (30) calendar days after completion of the Disputed Work, CONSULTANT shall provide to AUTHORITY a Notice of Final Claim containing a full and final documentation of the Claim that provides the following information:

1. A detailed factual narration of events fully describing the nature and circumstances that caused the dispute, including, but not limited to, necessary dates, locations, and items of Work affected by the dispute.
2. The specific provisions of this Contract that support the Claim and a statement of the reasons these provisions support and provide a basis for entitlement of the Claim.
3. When additional monetary compensation is requested, the exact amount requested, including an itemized breakdown of individual costs. These costs shall be segregated into the following cost categories:
  - a. Labor – A listing of individuals, classifications, hours and dates worked, hourly labor rates, and other pertinent information related to the requested reimbursement of labor costs.
  - b. Materials/Equipment – Invoices, purchase orders, location of materials/equipment used to perform the Disputed Work, dates they were used, and other pertinent information related to the requested reimbursement of material/equipment costs. (Any applicable equipment rates shall be at the applicable State rental rate as listed in the Department of Transportation publication entitled "Labor Surcharge and Equipment Rental Rates," in effect when the Disputed Work was performed.)
  - c. Other categories as specified by AUTHORITY.

#### E. CONSULTANT'S CONTINUING OBLIGATIONS

Neither the filing of a Notice of Potential Claim or of a Notice of Final Claim, nor the pendency of a dispute or claim, nor its consideration by the AUTHORITY, shall excuse the CONSULTANT from full and timely performance in accordance with the terms of this Contract. CONSULTANT shall promptly respond to any requests for further information or documentation regarding CONSULTANT's potential or final Claim. If CONSULTANT fails to provide an adequate written response to AUTHORITY within fifteen (15) calendar days of AUTHORITY's written request for such further documentation or information, CONSULTANT shall be deemed to have waived its Claim. If the further documentation or information requested by AUTHORITY, in the opinion of the AUTHORITY, reasonably take the CONSULTANT more than fifteen (15) calendar days to comply with, the written request shall provide the CONSULTANT a specific response deadline that is commensurate to a reasonable response time.

#### F. RESPONSE TO NOTICE OF FINAL CLAIM

The AUTHORITY shall respond in writing to the Notice of Final Claim within sixty (60) calendar days of receipt thereof, or may request, in writing, within forty-five (45) calendar days of said receipt, any additional information or documentation relating to the Claim or any defenses to the Claim the AUTHORITY may have against the CONSULTANT. CONSULTANT shall comply with the request within the reasonable time deadline provided by AUTHORITY in the request. If any additional information is thereafter requested by AUTHORITY, it shall likewise be provided by CONSULTANT within the reasonable time deadline provided by AUTHORITY in such follow-up request. The written response to the Notice of Final Claim shall be submitted to the CONSULTANT within thirty (30) calendar days after receipt of such further information and documentation, or within a period of time no greater than that taken by the CONSULTANT in producing the additional information or documentation, whichever is greater. CONSULTANT may request an informal conference to meet and confer for settlement of the issues in dispute, but CONSULTANT shall have no right to demand such a conference. Neither the requesting of any such conference by CONSULTANT or AUTHORITY, nor the holding of such conference shall affect the date of the final decision on the Claim. No written communications of AUTHORITY sent to CONSULTANT after any such conference will change the date of the final decision on the Claim unless the writing expressly states that the date of the final decision is being changed to a new specific date.

A Claim may be granted in whole or in part only by a written response that contains the signature of the AUTHORITY's Chairperson or his authorized representative. In the event a valid written decision is not provided to CONSULTANT within the time prescribed in this Article, the Claim shall be deemed denied on the last day a written response was due. The date upon which the Claim is approved or denied pursuant to the provisions of this Article, shall constitute the date of the final decision on the Claim under the provisions of this Article. The date of the final decision on a Claim can only be changed by a subsequent writing signed by AUTHORITY that expressly states that the date of the final decision on the Claim has been changed to a new specific date.

#### G. GOVERNMENT CODE CLAIM REQUIREMENTS

For all Claims not resolved as a result of these Article 16 procedures, CONSULTANT must submit each Claim in a Government Code section 910 form of claim for final investigation and consideration of its settlement prior to initiation of any litigation on any such Claim, as required by Government Code section 945.4. Pursuant to Government Code section 930.2, the one-year period in Government Code Section 911.2 is hereby reduced to 150 calendar days. This time deadline is measured from the accrual date of each separate cause of action. The time deadline for filing a Government Code claim shall not be tolled by any action or inaction by CONSULTANT or AUTHORITY, including but not limited to any action or inaction to try to resolve the Claim through negotiation, mediation, settlement, agreement (including Change Order), or by any other means, other than by a separate written tolling agreement expressly approved as to form (on the face of the agreement) by the AUTHORITY Counsel's Office.



#### **ARTICLE 17. CONSULTANT IS AN INDEPENDENT CONTRACTOR**

CONSULTANT shall, during the entire term of this Contract, be construed to be an independent contractor and nothing in this Contract is intended nor shall be construed to create an employer-employee relationship, a joint venture relationship, or to allow the AUTHORITY to exercise discretion or control over the professional manner in which the CONSULTANT performs the services which are the subject matter of this Contract; provided always however that the services to be provided by the CONSULTANT shall be provided in a manner consistent with all applicable standards and regulations governing such services.

The CONSULTANT understands and agrees that the CONSULTANT's personnel are not and will not be eligible for membership in or any benefits from any AUTHORITY group plan for hospital, surgical or medical insurance or for membership in any AUTHORITY retirement program or for paid vacation, paid sick leave, or other leave, with or without pay or for any other benefit which accrues to a AUTHORITY employee.

#### **ARTICLE 18. ENTIRE CONTRACT AND MODIFICATION**

- A. This Contract supersedes all previous contracts and constitutes the entire understanding of the parties hereto. CONSULTANT shall be entitled to no other compensation and/or benefits than those specified herein.
- B. No change, amendment, or alteration (hereafter collectively "amendment") shall be effective unless in writing and signed by both parties.
- C. CONSULTANT specifically acknowledges that in entering into and executing this Contract, CONSULTANT relies solely upon the provisions contained in this Contract and no others. If there is any conflict between the language in the body of this Contract and any exhibits attached hereto, the body of this Contract shall take precedence.
- D. CONSULTANT shall only commence work covered by an amendment after the amendment is executed and notification to proceed has been provided by AUTHORITY.

#### **ARTICLE 19. ENFORCEABILITY**

If any term, covenant, condition, or provision of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

#### **ARTICLE 20. WARRANTY OF CONSULTANT**

The CONSULTANT warrants that the CONSULTANT and each of the personnel employed or otherwise retained by the CONSULTANT for Work under this Contract are properly certified and licensed under the laws and regulations of the State of California to provide the special services herein agreed to.

## **ARTICLE 21. SUBCONTRACTING**

- A. CONSULTANT shall perform the work contemplated with resources available within its own organization and no portion of the work pertinent to this Contract shall be performed by any other person or entity without written authorization by AUTHORITY; provided, however, that those individuals or entities expressly identified in the approved Scope of Work, Cost Proposal and Organizational Chart (Exhibits A, B and C) are authorized to perform the specific work identified therein.
- B. CONSULTANT agrees to be fully responsible for all work contemplated by this Contract regardless of whether it is performed by the CONSULTANT or another individual or entity authorized (in writing) by the AUTHORITY to perform the work as a subconsultant of the CONSULTANT (or as a subconsultant of a subconsultant). CONSULTANT agrees to be fully responsible for the acts and omissions of its subconsultant(s) and of any persons or entities employed or hired by any of them as it is for the acts and omissions of the CONSULTANT's employees. Nothing in this Contract shall create any contractual relation between AUTHORITY and any subconsultant(s), and no contract between the CONSULTANT and any subconsultant(s) shall relieve CONSULTANT of its responsibilities and obligations hereunder.
- C. CONSULTANT shall pay its subconsultants within ten (10) calendar days from receipt of each payment made to CONSULTANT by AUTHORITY. CONSULTANT's obligation to pay its subconsultant(s) is an independent obligation from AUTHORITY's obligation to make payments to the CONSULTANT.
- D. Any subcontract entered into as a result of this Contract shall contain all the provisions stipulated in this Contract to be applicable to subconsultants.
- E. Any substitution of subconsultant(s) must be approved in writing by the AUTHORITY prior to the start of work by the subconsultant(s).

## **ARTICLE 22. EQUIPMENT PURCHASE.**

- A. Prior authorization in writing, by the AUTHORITY, shall be required before the CONSULTANT enters into any unbudgeted purchase order or subcontract exceeding \$5,000 for supplies, equipment, or consultant services. The CONSULTANT shall provide an evaluation of the necessity or desirability of incurring such costs.
- B. For purchase of any item, service, or consulting work not covered in CONSULTANT's Cost Proposal and exceeding \$5,000 prior authorization by AUTHORITY; three (3) competitive quotations must be submitted with the request, or the absence of bidding must be adequately justified.
- C. Any equipment purchased as a result of this Contract is subject to the following: "The CONSULTANT shall maintain an inventory of all nonexpendable property. Nonexpendable property is defined as having a useful life of at least two years and an

acquisition cost of \$5,000 or more. If the purchased equipment needs replacement and is sold or traded in, the AUTHORITY shall receive a proper refund or credit at the conclusion of this Contract, or if this Contract is terminated, the CONSULTANT may either keep the equipment and credit the AUTHORITY in an amount equal to its fair market value, or sell such equipment at the best price obtainable at a public or private sale, in accordance with established AUTHORITY procedures; and credit the AUTHORITY in an amount equal to the sales price. If the CONSULTANT elects to keep the equipment, fair market value shall be determined at the CONSULTANT's expense, on the basis of a competent independent appraisal of such equipment. Appraisals shall be obtained from an appraiser mutually agreeable to by the AUTHORITY and the CONSULTANT, if it is determined to sell the equipment, the terms and conditions of such sale must be approved in advance by the AUTHORITY."

D. All subcontracts shall contain the above provisions.

### **ARTICLE 23. APPLICABLE LAW AND VENUE**

This Contract has been executed and delivered in the State of California and the validity, enforceability, and interpretation of any of the clauses of this Contract shall be determined and governed by the laws of the State of California. All duties and obligations of the parties created hereunder are performable in San Luis Obispo AUTHORITY and such AUTHORITY shall be the venue for any action or proceeding that may be brought or arise out of, in connection with, or by reason of this Contract.

### **ARTICLE 24. NOTICES**

Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be sent by first class mail to the AUTHORITY at:

Paso Robles Area Groundwater Authority  
PO Box 82  
Paso Robles, CA 93447-0082

And to the CONSULTANT:

Hallmark Group Capital Program Management, Inc.  
Charles R. Gardner, Jr., President & CEO  
500 Capitol Mall, Ste 2350  
Sacramento, CA 95814

### **ARTICLE 25. COST DISCLOSURE - DOCUMENTS AND WRITTEN REPORTS**

Pursuant to Government Code section 7550, if the total cost of this Contract is over \$5,000, the CONSULTANT shall include in all final documents and in all written reports submitted a written summary of costs, which shall set forth the numbers and dollar amounts of all contracts and subcontracts relating to the preparation of such documentation or written report. The Contract and subcontract numbers and dollar amounts shall be contained in a

separate section of such document or written report.

#### **ARTICLE 26. CONFIDENTIALITY OF DATA**

- A. All financial, statistical, personal, technical, or other data and information relative to the AUTHORITY or the San Luis Obispo County Flood Control and Water Conservation District's ("District") operations, which are designated confidential by the AUTHORITY or District and made available to the CONSULTANT in order to carry out this Contract, shall be protected by the CONSULTANT from unauthorized use and disclosure, and shall not be made available to any individual or organization by the CONSULTANT without the prior written approval of the AUTHORITY.
- B. Permission to disclose information on one occasion, or public hearing held by the AUTHORITY relating to this Contract, shall not authorize the CONSULTANT to further disclose such information, or disseminate the same on any other occasion.
- C. All information related to the construction estimate is confidential, and shall not be disclosed by the CONSULTANT to any entity other than the AUTHORITY.
- D. Without limiting the foregoing, CONSULTANT acknowledges that all groundwater level data collected by the County or the District shall be treated as confidential unless otherwise directed by the County Director of Groundwater Sustainability in writing. CONSULTANT further agrees that all such data shall be utilized consistent with all applicable confidentiality agreements / consents with private well owners. CONSULTANT further agrees to sign an Acknowledgement of Confidentiality Agreement prior to commencing any of the Work hereunder to ensure that all confidential information is protected from unauthorized disclosure.

#### **ARTICLE 27. RESTRICTIVE COVENANT**

The CONSULTANT agrees that it will not, during the continuance of this Contract, perform or otherwise exercise the services described in Exhibit A for anyone except for the AUTHORITY, unless and until the AUTHORITY waives this restriction.

#### **ARTICLE 28. QUALITY CONTROL AND QUALITY ASSURANCE**

The CONSULTANT shall provide a description of its Quality Control procedure. The process shall be implemented for all facets of Work and a QC-QA statement and signature shall be placed on all submittals to the AUTHORITY.

#### **ARTICLE 29. CLAIMS ANALYSIS AND EVALUATION**

To the extent any claims are made between the AUTHORITY and the construction contractor (or any other third party), any analysis or evaluation of any claims by CONSULTANT shall be deemed confidential work related to potential litigation relating to said claims. Any analysis or evaluation of any claims by CONSULTANT shall be deemed done at the request of the

AUTHORITY's attorneys as part of the AUTHORITY's preparation for the potential litigation of said claims. CONSULTANT acknowledges that the delivery of any such analysis or evaluation to any AUTHORITY staff or representative shall be deemed a delivery to the AUTHORITY's attorneys, and shall be considered part of the work product directed by the AUTHORITY's attorneys to be used in conjunction with the preparation for the potential litigation of said claims. Due to the special relationship between the AUTHORITY and the CONSULTANT, the CONSULTANT may be included in communications with AUTHORITY staff and/or the AUTHORITY's attorneys regarding claims, and the CONSULTANT agrees to keep all such communications privileged and confidential to the full extent allowed under applicable law.

### **ARTICLE 30. UNRESOLVED CLAIMS RELATING TO PROJECT**

This Article only applies to services provided by CONSULTANT after the Project is completed, and the AUTHORITY has requested additional support services from CONSULTANT regarding any claims made between the AUTHORITY and the construction contractor (or any third party) regarding the Project.

- A. If claims are made between the AUTHORITY and the construction contractor or any other third party that relates in any way to the Project, and additional information or assistance from the CONSULTANT's personnel is requested by the AUTHORITY regarding any such claims, the CONSULTANT agrees to cooperate with and provide timely response to any reasonable requests for information submitted to the CONSULTANT by the AUTHORITY relating to such claims. To the extent the information requested by the AUTHORITY only seeks documents or other factual information relating to Work performed by the CONSULTANT, the CONSULTANT will only be compensated for any clerical costs associated with providing the AUTHORITY the requested documents or factual information.
- B. The CONSULTANT's personnel that the AUTHORITY considers essential to best assisting the AUTHORITY regarding a claim will be made available for consultation with the AUTHORITY upon reasonable notice from the AUTHORITY. In the event the expert opinions of the CONSULTANT's personnel is sought by the AUTHORITY through such consultation or through testimony, and only in such event, such consultation or testimony will be reimbursed at the same rates, including travel costs that are being paid for the CONSULTANT's personnel services under this Contract. In the event the testimonies of any of the Consultant's personnel are sought by another party, the CONSULTANT reserves the right to charge other party a different rate for deposition or trial testimony. Other than requests for documents or other factual information relating to Work performed by the CONSULTANT, any additional services requested by the AUTHORITY under this Article will be performed pursuant to a written Contract amendment, if necessary, extending the termination date of this Contract in order to finally resolve the claims. Except as otherwise set forth above, the CONSULTANT's hourly rates shall be the same as set forth in Exhibit B to this Contract.

- C. Any subcontract entered into by the CONSULTANT relating to this Contract, shall bind the Subconsultant to all of the provisions of this Article by incorporating the provisions of this Article in any such subcontract, and substituting the name of the Subconsultant in place of the word "CONSULTANT" where it appears in this Article.

#### **ARTICLE 31. CONFLICT OF INTEREST**

- A. The CONSULTANT shall disclose any financial, business, or other relationship with the AUTHORITY that may be affected by the outcome of this Contract, or any ensuing AUTHORITY construction project. The CONSULTANT shall also list current clients who may have a financial interest in the outcome of this Contract, or any ensuing AUTHORITY construction project, which will follow.
- B. The CONSULTANT hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this Contract.
- C. Any subcontract entered into by the CONSULTANT relating to this Contract, shall bind the subconsultant to all of the provisions of this Article by incorporating the provisions of this Article in any such subcontract, and substituting the name of the subconsultant in place of the word "CONSULTANT" where it appears in this Article.
- D. The CONSULTANT hereby certifies that neither the CONSULTANT, nor any firm affiliated with the CONSULTANT will bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this Contract. An affiliated firm is one, which is subject to the control of one or more of the same persons through joint-ownership, or otherwise.
- E. Except for subconsultants whose services are limited to providing surveying or materials testing information, no subconsultant who has provided design services in connection with this Contract shall be eligible to bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this Contract.

#### **ARTICLE 32. EQUAL EMPLOYMENT OPPORTUNITY**

During the performance of this Contract, the CONSULTANT agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, and hereby promises to comply with the provision on contractor agreements contained in Presidential Executive Order Number 11246 as amended by Executive Order (1) 75 and as approved by Department of Labor Relations (41 CFR Part 61).

#### **ARTICLE 33. STATE PREVAILING WAGE RATES**

- A. CONSULTANT shall comply with the State of California's General Prevailing Wage Rate requirements in accordance with California Labor Code, section 1770, and all Federal, State, and local laws and ordinances applicable to the Work.
- B. Any subcontract entered into by CONSULTANT relating to this Contract, if for more than \$25,000 for public works construction or more than \$15,000 for the alteration, demolition, repair, or maintenance of public works, shall incorporate the provisions of this Article in a manner that binds the subconsultant to all of the provisions of the Article.
- C. When prevailing wages apply to the services described in the scope of work, transportation and subsistence costs shall be reimbursed at the minimum rates set by the Department of Industrial Relations (DIR) as outlined in the applicable Prevailing Wage Determination. See <http://www.dir.ca.gov>.
- D. If any work performed under this Contract (including any work performed under a subcontract by a subconsultant or subcontractor) constitutes public works in accordance with Labor Code section 1720 et seq., then, in addition to whatever other requirements may apply under the Labor Code, (1) employees performing said work must be paid at least the prevailing rate wages in accordance with California Labor Code, sections 1770 et seq.; (2) CONSULTANT and any subconsultants must register with the Department of Industrial Relations (DIR) to bid and/or perform work on the Project; (3) CONSULTANT, as well as all subconsultants under this Contract, must be registered with the DIR for the entire term of the Contract; and (4) CONSULTANT must submit certified payroll records to DIR at least monthly for such work. The Project is subject to DIR monitoring and enforcement.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS THEREOF**, the parties hereto have executed this Contract, and this Contract shall become effective on the date shown signed by the AUTHORITY.

Paso Robles Area Groundwater Authority

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

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

Hallmark Group Capital Program  
Management (HGCPM), Inc.

By: \_\_\_\_\_  
Charles R. Gardner, Jr., President and CEO

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

(If Contractor is a corporation, a partnership, or  
a joint venture, attach evidence of authority to  
sign)

By: \_\_\_\_\_  
—

\_\_\_\_\_  
Printed Name and Title (Secretary/Assistant  
Secretary/CFO/Assistant Treasurer)

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



EXHIBIT A  
CONSULTANT' SCOPE OF WORK

The Hallmark Group will provide professional administrative support services to the AUTHORITY in connection with its groundwater management program. Specific tasks are listed below:

- **Paso Authority Meeting Facilitation:** Develop agendas in coordination with Authority Member staff and the Board Chair. Prepare and distribute Board packets, post materials on the website, and email stakeholders. Facilitate pre-Board coordination meetings, arrange travel, set up meeting venues, conduct Board meetings, and follow up on action items.
- **Outreach:** Respond to public inquiries, maintain in-person office hours four days a week, and manage travel logistics for office hours.
- **Authority Administration:** Oversee Form 700 filings, support grant development, and manage website updates.
- **Budget Development:** Draft the FY 25-26 budget and cash flow, collaborating with Authority Member staff and the Board for review and finalization.
- **Financial Services:** Establish the general ledger, bank accounts, and internal controls. Support the annual RFP and selection process for auditors, draft financial reports, manage billing for landowner assessments, process monthly invoices, and prepare the annual Form 1099.
- **Consultant Management/Procurement:** Develop RFPs, manage the selection process, review contracts, conduct monthly project management meetings with technical consultants, and provide project coordination.
- **Groundwater Fee Program/Project Management:** Provide coordination and project management for the groundwater fee adoption process including coordination with the rate study consultant and general inquiries.
- **GSP Implementation Coordination:** Coordinate Groundwater Sustainability Plan (GSP) implementation activities, including overseeing GSP management tasks, facilitating stakeholder engagement, and ensuring timely progress on implementation goals.

EXHIBIT B  
CONSULTANT'S COST PROPOSAL AND FEE SCHEDULE

**COST PROPOSAL**

	TASK	COST
1	Paso Authority Meeting Facilitation	\$69,100.00
2	Outreach	\$25,300.00
3	Authority Administration	\$3,700.00
4	Budget Development	\$6,000.00
5	Financial Services	\$12,400.00
6	Consultant Mgmt. / Procurement	\$8,700.00
7	Groundwater Fee Program/Project Management	\$11,800.00
8	GSP Implementation Coordination	\$21,000.00
	<b>TOTAL</b>	<b>\$158,000.00</b>

**RATES**

HALLMARK CLASSIFICATION	RATE
Project Controls Manager <i>Jacqueline Harris</i>	\$260 /hr
Project Manager III <i>Taylor Blakslee</i>	\$235 /hr
Project Coordinator II <i>Grace Bianchi</i>	\$185 /hr
Project Controls Coordinator <i>Hannah Fuentes</i>	\$155 /hr

These rates are inclusive of general office expenses, administrative, overhead, and profit. Travel cost reimbursement rates must conform to the County's Travel Policy on reimbursements pending establishment of an AUTHORITY Travel Policy; costs above these rates are not allowed. This rate schedule may be escalated annually as mutually agreed to by CONSULTANT and the AUTHORITY and will incorporate year-over-year increases per the U.S. Bureau of Labor Statistics Employment Cost Index for Professional and Business Services.

**Paso Robles Groundwater Authority  
April 30, 2025**

**Agenda Item #10** – Adopt Resolution No. 2025-051 Opening a Bank Account

**Recommendation**

Adopt Resolution No. 2025-001 opening a bank account for the Paso Robles Area Groundwater Authority.

**Prepared By**

Jerry Reaugh, Treasurer, Paso Robles Area Groundwater Authority

**Discussion**

Resolution No. 2025-001 is provided as Attachment 1 for consideration of approval to authorize opening a bank account for the Paso Robles Area Groundwater Authority.

RESOLUTION 2025-001

Page 1 of 1

**PASO ROBLES AREA GROUNDWATER AUTHORITY****RESOLUTION 2025-001****RESOLUTION TO OPEN BANK ACCOUNT**

Upon a motion duly made, seconded, and unanimously carried, it was adopted that:

The Board of Directors of the Paso Robles Area Groundwater Authority is authorized to open one or more bank accounts for the purposes of conducting the Authority's business.

RESOLVED, that the Treasurer, Jerry Reaugh, be authorized and directed to open a bank account for the Paso Robles Area Groundwater Authority. The bank selected by the Treasurer is hereby authorized to honor the deposits of the Authority, and checks drawn against such deposits signed by the officers and staff listed below, as long as there are funds in the account.

The undersigned, Jerry Reaugh, certifies that he/she is the duly elected Secretary of the Authority, and that the above is a true and correct copy of the resolution that was duly adopted at a meeting of the Board of Directors, which was held in accordance with State law.

\_\_\_\_\_  
Jerry Reaugh, Secretary/Treasurer

\_\_\_\_\_  
Date

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAINED: \_\_\_\_\_

Matt Turrentine, Chair

John Hamon, Vice Chair

Jerry Reaugh , Secretary/Treasurer

Bruce Gibson , Director



## Paso Robles Area Groundwater Authority

### Treasurer's Report

April 30, 2025

#### Funding:

PRAGA is in the process of requesting funds from its GSA Members. The JPA Agreement commits the GSAs to transfer the residual funds that were committed to the PBCC and were not spent. Amount: \$235,235.

#### Logo:

The logo presented above is intended convey the purpose of the JPA and help establish the JPA's identity. At some point in the future, the Board may decide to undertake a formal image design process.

#### JPA Info:

Mailing address: PO Box 82, Paso Robles, CA 93447-0082

Telephone Number: (805) 738-7242. This number is active with a greeting and voice mail is active.

Federal Identification Number has been obtained.

#### JPA Domain Name:

The following domain name has been registered for use by the JPA. In the future, the Board may decide to adopt a different domain name.

**PasoRoblesAGA.org**

#### JPA Email Addresses:

Email is up and running. info@PasoRoblesAGA is an active email address and additional addresses will be added as needed.

#### JPA Website:

The website for the Authority should be available in 2-3 weeks. The website will allow the Authority to post agendas, archive important documents, and provide a focal point for communications.

#### Insurance:

The JPA is in the process of obtaining Directors and Officers Insurance, and Liability Insurance. These types of policies are ordinary and customary for businesses and agencies. Policies can be easily obtained through well-established insurance sources. These types of policies need to be in place at the start of business operations.