



This Agreement is entered into effective May 1, 2025 by Durham Irrigation District, a California Irrigation District (the "District") and Michael Sierra Water Utility, LLC, individually and doing business as "Sierra Water Utility" ("Sierra Water Utility, LLC") and is based on the following facts:

A. The District owns and operates in Durham, California a public water system consisting of ground water wells, pumping plants and distribution facilities (the "System") for the benefit of land owners within the District.

B. Sierra Water Utility, LLC is a drinking water treatment and distribution system operator holding California Grade D2 Water Distribution License No. 52837.

C. The District has engaged Sierra Water Utility, LLC since April 2021, and now desires to re-engage Sierra Water Utility, LLC, and Sierra Water Utility, LLC desires to accept such engagement, as an independent contractor to conduct operation and maintenance services (O&M) for the District's Water System ("O&M Services"), all as set forth below.

In consideration of the foregoing facts, the recital of which by this reference is incorporated in the agreement of the parties set forth below as though fully set forth therein, and of the mutual conditions, covenants and promises set forth below, the parties agree as follows:

1. **Term of Agreement.** The term of this Agreement shall be for three years commencing May 1, 2025. The term of this Agreement shall terminate on April 30, 2028 unless extended by mutual agreement of the parties by written addendum hereto executed by the parties. In December 2027, the parties shall discuss extending the term hereof for an additional three-year term, and should they agree upon such, an addendum hereto shall be executed by them so extending the term and evidencing any additional terms upon which they agree. Either party may terminate this Agreement with 30 days written notice or immediately for cause, including breach of contract or non-performance.
2. **Performance of Services.** Sierra Water Utility, LLC agrees to perform the O&M Services in a thoroughly professional manner. Without limiting the foregoing, Sierra Water Utility, LLC shall perform all necessary tasks to operate, maintain, and manage the System, including but not limited to routine inspections, repairs, water quality monitoring, and compliance with all applicable regulations. Sierra Water Utility, LLC shall respond to emergencies or critical system failures within 1 hour of notification and shall address non-emergency maintenance issues within a reasonable timeframe as agreed upon with the District. Additionally, Sierra Water Utility, LLC shall, on a routine basis, coordinate and conduct a tour of the District's well sites and distribution system for board members and staff to provide updates on operating conditions and overall system status."

3. Representations. Sierra Water Utility, LLC further agrees to remain current on all required labor law training in compliance with federal, state, and local regulations. Sierra Water Utility, LLC represents that (i) he now has and hereafter will maintain such certifications as are required under federal, state, and local laws to operate and maintain the System; and (ii) he possesses the knowledge, skills, and tools, equipment, and instruments necessary to operate and perform the Services and maintain the System in a good and workmanlike manner.
4. Insurance Liability. Sierra Water Utility, LLC now has and will maintain throughout the term hereof commercial liability insurance, with policy limits of not less than \$2,000,000.00, naming and protecting both Sierra Water Utility, LLC and the District as an additional insured from and against any and all claims of any nature for damage to property or for personal injury or death, which may arise from its performance of or failure to perform the Services. Such insurance shall be written by an insurance company admitted or authorized to transact business in this state. A certificate or certificates of insurance, as well as of the insurance described below, evidencing the coverage required shall be provided to the District prior to the commencement hereof and annually thereafter on the renewal of such policy. Any insurance policy shall contain a provision that the same shall not be canceled, nor shall coverage be modified or limits changed, without first giving thirty (30) days written notice to the District.
5. Indemnity. Sierra Water Utility, LLC shall defend, indemnify, and hold the District free and harmless from and against any and all loss or liability, and against all claims or actions based upon or arising out of injury to or death of a person, or damage to or loss of property, arising out of or in any way connected with his acts or omissions or other wrongdoing or of his employees or agents in connection with the performance of or failure to perform the Services.
6. Compensation. Sierra Water Utility, LLC provides two types of services: operational and trade work. Compensation for these services shall be based on the rates outlined in Appendix A: Sierra Water Utility Rate Sheet. Operational services and trade work shall be compensated at separate rates, which are subject to annual adjustment based on the California Construction Cost Index. Any modifications to the rates shall be documented in a written addendum signed by both parties. Sierra Water Utility, LLC shall maintain all required insurance and bonding for trade work in compliance with state and local laws. This includes general liability, workers' compensation, and surety bonds as applicable. Certificates of insurance and proof of bonding shall be provided to the District prior to performing any trade work.
7. Non-Exclusivity. Sierra Water Utility, LLC may perform services similar to the Services for others, and is free to continue to do so, provided such work shall not interfere with his performance of those obligations on its part to be performed under this Agreement.
8. Independent Contractor Status. Sierra Water Utility, LLC's performance of the Services shall be as an independent contractor and not as an employee of the District. Sierra Water Utility, LLC shall be solely responsible for the payment of any and all taxes, contributions, and insurance payments arising out of the Services performed by it or by any person or persons

employed by it to assist in its performance of the Services. Upon execution hereof, Sierra Water Utility, LLC shall provide District with his FEIN.

9. Assignment. This Agreement shall not be assigned by the Sierra Water Utility, LLC without the prior written consent of the District.

10. Integration Clause. This Agreement embodies the entire agreement of the parties. No waiver, alteration, or modification of the terms of this Agreement shall be binding unless made in writing and signed by the parties.

11. Governing Law. This Agreement shall be governed by the laws of the State of California.

12. Change in Law. If during the term of this Agreement any changes in federal, state, or local laws, regulations, or ordinances occur that materially impact the obligations, costs, or ability of Sierra Water Utility, LLC to perform the Services, the parties shall in good faith negotiate an equitable adjustment to the terms, conditions, or compensation under this Agreement.

11. Dispute Resolution. Any disputes arising under this Agreement shall be resolved through mediation, and if necessary, through binding arbitration in Butte County, California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Matt Doyle, Board President, Durham Irrigation District

Sign: _____

Date: _____

Michael Butler, Sierra Water Utility, LLC

Sign: _____

Date: _____

Appendix A

Sierra Water Utility Rate Sheet

D2 Operator

- \$65 Hr
- \$150 Hr After hours and Weekends Management

Operations Assistant

- \$40 Hr
- \$75 Hr After hours and Weekends Management

Meter Fee

- **\$600**

FX20 Ditch Witch Vacuum Excavator Rate

- \$37 Hr Usage Rate

Plumbing Trade Work

- \$150 Hr (One Man)
- \$225 Hr (Two Man Crew)