



August 6, 2026

TO: Los Osos Community Services District Board

FROM: Greg Kwolek, General Manager

SUBJECT: **Agenda Item 11I – 08/06/2026 LOCSD Board Meeting**
Approve S&T Operations Support Services Agreement

RECOMMENDATION

President
Matthew D. Fourcroy

Vice President
Charles L. Cesena

Directors
Tom Cross
Richard Hubbard
Christine M. Womack

General Manager
Greg Kwolek

District Accountant
Robert Stilts, CPA

Unit Chief
John Owens

Battalion Chief
Josh Lorenzo

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This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve and authorize the General Manager to execute an agreement to provide operations support services to the S&T Mutual Water Company.

BACKGROUND

Over the last year, the District has provided occasional operational support to the S&T Mutual Water Company ("S&T") under an informal arrangement when S&T's operators are unavailable. S&T is a very small mutual water company whose operations are managed by a husband and wife operator team that live within the S&T service area. During periods when both operators are out of town or otherwise unavailable, the District has been asked to provide limited operational coverage to help ensure continuity of water system operations.

While this arrangement has worked well, it has never been memorialized in a formal agreement. The proposed S&T Operations Support Services Agreement establishes clear expectations regarding the services that may be provided, identifies the respective roles and responsibilities of each party, addresses liability and insurance requirements, and provides a mechanism for the District to recover its costs for both standby availability and any operational support services that are performed.

Because S&T serves a small customer base and requests for assistance are expected to be infrequent, staff anticipates the agreement will have minimal operational impact on District personnel while providing an important benefit to a neighboring water system and the community it serves.

Attachment

S&T Operations Support Services Agreement

OPERATIONS SUPPORT SERVICES AGREEMENT

This Operations Support Services Agreement ("Agreement"), is made and effective as of September 1, 2026 ("Effective Date"), between the Los Osos Community Services District ("District"), a California special district, and S&T Mutual Water Company ("Company"), a California Mutual Water Company. Individually and collectively, District and Company are referenced herein as "Party" or "Parties," respectively.

RECITALS

- A. District is a California special district that provides water, drainage, parks and recreation, solid waste, street lighting, and fire emergency and rescue response services in Los Osos, California.
- B. Company is a public utilities organization that provides water service to its approximately 179 shareholders in the Sunset Terrace neighborhood and the Sea Pines Golf Course Restaurant in Los Osos ("Service Area").
- C. The Parties recognize the importance of maintaining qualified water system operator coverage to ensure continued compliance with drinking water regulations and reliable operation of the S&T water system.
- D. Company desires to use the services and personnel of the District to provide temporary standby certified operator services and operational support within Company's Service Area as needed when Company's designated operators are unavailable ("Services").

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties mutually agree to the following:

1. RECITALS

The Recitals stated above are true and correct and are incorporated by this reference into this Agreement.

2. TERM

This Agreement shall commence on the Effective Date and shall remain and continue in effect until terminated by either Party pursuant to the provisions of this Agreement.

3. RESPONSIBILITIES OF THE PARTIES

- A. District shall make commercially reasonable efforts to perform the tasks described and set forth in Exhibit A ("Tasks to Be Performed"), attached hereto and incorporated herein as though set forth in full when requested by Company. Nothing in this Agreement guarantees the immediate

availability of District personnel. District's responsibility to operate and maintain its own water system shall take priority over the Stand-By Services for Company described in this Agreement.

- B. Company shall perform the tasks described and set forth in Exhibit A and shall reimburse the District for services District performs pursuant to this Agreement in accordance with the payment rates and terms and payment schedule set forth in Section 6 and Exhibit B ("Rate Schedule"), attached hereto and incorporated herein by this reference as though set forth in full, of this Agreement.

4. PERFORMANCE

District shall at all times perform all tasks described herein competently and in compliance with applicable law. In meeting its obligations under this Agreement, District shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of District hereunder.

5. DISTRICT AND COMPANY MANAGEMENT

District's General Manager ("General Manager") shall represent District in all matters pertaining to the administration of this Agreement, including review and approval of all requests for Services submitted by Company.

Company's President ("President") shall represent Company in all matters pertaining to the administration of this Agreement, including submission of all requests for Services to District.

6. PAYMENT

- A. Company agrees to pay District monthly for services rendered, in accordance with the payment rates and terms as set forth in Exhibit B and the payment schedule set forth in this Section 6.
- B. District will submit invoices monthly for actual services performed. Invoices shall be submitted on or about the fifth business day of each month, or as soon thereafter as practical, for services provided in the previous month. Payment shall be made within thirty (30) days of receipt of each invoice as to all non-disputed fees. If the Company disputes any of District's fees it shall give written notice to District within thirty (30) days of receipt of the invoice that includes the disputed fees.

7. SUSPENSION OR TERMINATION OF AGREEMENT

- A. Either Party may at any time, for any reason, with or without cause, suspend or terminate this Agreement, or any portion hereof, by providing

written notice to Company at least thirty (30) days prior to the effective date of the suspension or termination.

- B. In the event this Agreement is terminated pursuant to this Section, the Company shall pay to District the actual value of the work performed up to the time of termination. Upon termination of the Agreement pursuant to this Section 7, the District will submit an invoice to the Company pursuant to Section 6.

8. DOCUMENTS

District shall maintain complete and accurate records with respect to sales, costs, expenses, receipts, and other such information required by Company that relate to the performance of services under this Agreement. District shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. District shall provide access to Company or its designees at reasonable times to such books and records for purposes of examination and audit upon **30 DAYS** written notice to District. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

9. OWNERSHIP OF FACILITIES

Company is the sole owner of record and holder of all rights, title and interest in Company facilities, including, but not limited to all wells, well sites, pumps, motors, electrical equipment, treatment facilities, storage tanks, reservoirs, pressure reducing stations, booster pump stations, pipelines, valves, hydrants, meters, service connections, appurtenances, easements, real property interests, and associated equipment and infrastructure. Nothing in this Agreement shall constitute a transfer of ownership or assignment of operational or regulatory responsibilities associated with the Company facilities from Company to District.

10. SYSTEM MAPS AND FACILITY INFORMATION

Company shall provide District with the most current system maps, as-built drawings, valve maps, facility diagrams, GIS data (if available), and any other information reasonably necessary for District personnel to locate, identify, and operate Company facilities during the performance of services under this Agreement. Company shall promptly notify District of any material changes to the system and provide updated information as it becomes available.

District shall use such information solely for the purpose of performing services under this Agreement and shall take reasonable measures to protect any information identified by Company as confidential, except as disclosure may be required by law.

11. INDEMNIFICATION

Company shall indemnify, defend, and hold harmless District, and any and all of its employees, officials, and agents from and against any liability, claim, suit, action, arbitration proceeding, administrative proceeding, regulatory proceeding, loss, expense or cost of any kind, whether actual, alleged, or threatened, including legal counsel fees and costs, court costs, interest, defense costs, and expert witness fees, arising out of, a consequence of, or in any way attributable to, in whole or in part, the performance of this Agreement by District.

12. INSURANCE

Each Party shall maintain insurance or self-insurance appropriate for its operations.

13. INDEPENDENT CONTRACTOR

- A. District is and shall at all times remain as to the Company a wholly independent consultant and/or independent contractor. The personnel performing the services under this Agreement on behalf of District shall at all times be under District's exclusive direction and control. Neither Company nor any of its officers, employees, or agents shall have control over the conduct of District or any of District's officers, employees, or agents, except as set forth in this Agreement. District shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the District. District shall not incur or have the power to incur any debt, obligation, or liability whatever against Company, or bind Company in any manner.
- B. No employee benefits shall be available to District in connection with the performance of this Agreement. Except for the fees paid to District as provided in the Agreement, Company shall not pay salaries, wages, or other compensation to District for performing services hereunder for Company. Company shall not be liable for compensation or indemnification to District for injury or sickness arising out of performing services hereunder.

14. LEGAL RESPONSIBILITIES

Parties shall keep themselves informed of State and Federal laws and regulations which in any manner affect those employed by it or in any way affect the performance pursuant to this Agreement. The Parties shall at all times observe and comply with all such laws and regulations. The District, and its officers and employees, shall not be liable at law or in equity by failure of the Company to comply with this Section or applicable law.

15. RELEASE OF INFORMATION/CONFLICTS OF INTEREST

- A.** All information gained by Company in performance of this Agreement shall be considered confidential and shall not be released by Company without District's prior written authorization. Company, its officers, employees, agents, or subconsultants, shall not without written authorization from the General Manager or unless requested by the District's attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Agreement or relating to any project or property located within the District. Response to a subpoena or court order shall not be considered "voluntary," provided Company gives District notice of such court order or subpoena.
- B.** Company shall promptly notify District should Company, its officers, employees, agents, or subconsultants be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions, or other discovery request ("Discovery"), court order, or subpoena from any person or party regarding this Agreement or the work performed hereunder or with respect to any project or property located within the District, unless the District is a party to any lawsuit, arbitration, or administrative proceeding connected to such Discovery, or unless Company is prohibited by law from informing the District of such Discovery. District retains the right, but has no obligation, to represent Company and/or be present at any deposition, hearing, or similar proceeding as allowed by law. Unless District is a party to the lawsuit, arbitration, or administrative proceeding and is adverse to Company in such proceeding, Company agrees to cooperate fully with District and to provide the opportunity to review any response to discovery requests provided by Company. However, District's right to review any such response does not imply or mean the right by District to control, direct, or rewrite said response.
- C.** Company covenants that neither he/she nor any officer or principal of their firm have any interest in, or shall acquire any interest, directly or indirectly, which will conflict in any manner or degree with the performance of their services hereunder. Company further covenants that in the performance of this Agreement, no person having such interest shall be employed by them as an officer, employee, agent, or sub-consultant.

16. NOTICES

Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by a reputable document delivery service, such as but not limited to, Federal Express, which provides a receipt showing date and time of delivery, or

(iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by notice:

To District: Los Osos Community Services District
2122 9th Street, Suite 110
Los Osos, CA 93402
Attention: General Manager

To Company: S&T Mutual Water Company
PO Box 6391
Los Osos, CA 93412
ATTN: President

17. LICENSES AND PERMITS

At all times during the term of this Agreement, District shall have in full force and effect, all licenses and permits required of it by law for the performance of the services described in this Agreement.

18. GOVERNING LAW AND VENUE

The Parties understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the Parties to this Agreement and also govern the interpretation of this Agreement. The venue for any litigation concerning this Agreement shall be in San Luis Obispo County.

19. ENTIRE AGREEMENT

This Agreement contains the entire understanding between the Parties relating to the obligations of the Parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, pertaining to the subject of this Agreement or with respect to the terms and conditions of this Agreement are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

20. WAIVER AND REMEDIES

Any deviation from, or waiver of, any provision of this Agreement, shall not be deemed a continuing deviation or waiver nor a waiver of any other provision of this Agreement. No remedy conferred by and specific provisions of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of

any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

21. AMENDMENT

This Agreement may not be modified, altered or changed except in writing and signed by both Parties.

22. AUTHORITY TO EXECUTE THIS AGREEMENT

The person or persons executing this Agreement on behalf of the Parties warrants and represents that he/she has the authority to execute this Agreement on behalf of the respective Party and has the authority to bind the Party to the performance of its obligations hereunder.

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

S&T MUTUAL WATER COMPANY

Julie McAdon, President

LOS OSOS COMMUNITY SERVICES DISTRICT
A California special District

Greg Kwolek, General Manager

APPROVED AS TO FORM:

Craig Steele, District Counsel

Attachments:	Exhibit A	Tasks To Be Performed
	Exhibit B	Rate Schedule

EXHIBIT A

TASKS TO BE PERFORMED

Tasks to be Performed by Los Osos Community Services District

The District agrees to provide water system operator services, subject to personnel availability, in the following categories.

A. Standby Services

- I. Company shall identify and communicate anticipated standby periods to the District General Manager at least (10) ten days in advance whenever practicable. All standby periods must be mutually agreed upon by the Parties. The District may accept requests made with less notice but shall have no obligation to do so.
- II. During mutually agreed-upon standby periods, the District agrees to designate a certified operator who will be reasonably available to receive calls from S&T's designated representative.
- III. Standby services are limited to receiving operational questions, discussing current system conditions, and determining whether additional assistance is needed.
- IV. Standby services do not include routine site visits, inspections, sampling, maintenance, or other operational activities unless separately requested.
- V. Upon receipt of a request for Service, District shall determine the appropriate response, and timing of response, based on the nature of the request, personnel and equipment availability, and the operational needs of the District.

B. Emergency Response

Within a reasonable time following S&T's request, the District agrees to respond to operational emergencies that require certified operator assistance.

Examples include, but are not limited to:

- I. Water main breaks
- II. Damaged fire hydrants
- III. Emergency valve operation
- IV. Pressure loss
- V. Treatment system alarms
- VI. Water quality concerns
- VII. Other situations requiring immediate operator response

Emergency response is intended to stabilize the situation and protect the water system until normal operations can resume. Following the initial emergency response, the Parties will determine whether additional operational support is needed.

C. Operational Support

Operational Support consists of additional assistance requested by S&T following an emergency response or during planned operator absences.

Services may include:

- I. Temporary operator coverage
- II. Treatment system operation
- III. Distribution system operation
- IV. Compliance sampling
- V. Operational troubleshooting
- VI. Contractor coordination
- VII. Regulatory assistance
- VIII. Other mutually agreed operational services

The type, timing, and duration of support will be determined jointly by the Parties based on the needs of the system and the availability of District staff. District shall communicate significant operational observations to Company.

Tasks to be Performed by S&T Mutual Water Company

Company agrees to the following:

- A.** Company shall identify and communicate anticipated standby periods to the District General Manager whenever practical. The parties must agree upon all standby periods.
- B.** Company shall provide District personnel reasonable access to its facilities.
- C.** Requests for Services under this Agreement shall be made by Company's designated representative to the General Manager or designee.
- D.** Company shall coordinate follow-up repairs and operational decisions with District.

EXHIBIT B
RATE SCHEDULE

1. Standby Availability Fee

Company shall pay District a standby availability fee of Twenty Dollars (\$20.00) per day for each day District is designated as the standby operator under this Agreement. The standby availability fee compensates District for maintaining personnel availability and readiness and is payable regardless of whether District is requested to respond.

2. Emergency Response and Operational Support

If District is requested to provide emergency response, operational support, or other services under this Agreement, Company shall reimburse District for all services performed. Such services shall be billed on an hourly basis in accordance with the District's then-current rates for personnel, together with applicable charges for materials, equipment, supplies, vehicles, laboratory services, contractor costs, and other resources utilized in providing the services. If no applicable District rate exists, services shall be billed at District's actual cost.