



REQUEST FOR PROPOSALS

TO PROVIDE:

**CONSULTING SERVICES TO THE
SAN LORENZO VALLEY WATER DISTRICT**

PROJECT TITLE:

GENERAL LEGAL COUNSEL SERVICES

RESPONSE DUE BEFORE 3:00 P.M.

ON

DECEMBER 15, 2016

**San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006
(831) 430-4625**

I. INTRODUCTION

The San Lorenzo Valley Water District is soliciting proposals from qualified firms to Provide General Legal Counsel Services from qualified firms with a comprehensive understanding of county water districts and California water law. The District is supportive of multiple firms with specialized areas of interest teaming together under a single contract to a primary legal firm.

II. GENERAL INFORMATION

A. Water

San Lorenzo Valley Water District (SLVWD or District) is an urban water supplier established in 1941 and serves a population of approximately 20,000 people (8,200 connections) in several communities within the 136 square-mile San Lorenzo River watershed. The District is governed by a five-member Board elected at-large for four-year overlapping terms.

The District owns, operates, and maintains four permitted water systems comprised of thirty-four pressure zones. Each service area has separate individual water sources. The North Service Area includes the unincorporated communities of Boulder Creek, Brookdale, Ben Lomond and Lompico. The South Service Area encompasses portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Mañana Woods subdivision became part of the South Service Area as a result of the District's annexation of the Mañana Woods Mutual Water Company in July 2006. The Felton Service Area includes the town of Felton and adjacent unincorporated areas.

The District's legal boundaries encompass approximately 60 square miles. Land uses include timber, State and regional parks, water supply watersheds, rural residential, low-density urban residential and commercial, quarries, agriculture, and other open space. Within these boundaries, the District's three service areas have a combined area of approximately 26 square miles and individual areas as follows: North Service Area (23 square miles), South Service Area (0.8 square mile), and Felton Service Area (2.2 square miles). Their individual water supply systems are referred to as the North, South, and Felton Systems.

The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed. Each service area is supplied as follows:

- North Service Area – Supplied by both stream diversions and groundwater wells. Six points of diversion draw from Peavine, Foremen, Clear, and Sweetwater creeks. Two active groundwater wells draw from the Santa Margarita Sandstone aquifer in each of the Quail Hollow and Olympia areas.
- South Service Area – Supplied by groundwater wells producing from the Lompico Sandstone aquifer, and the overlying Santa Margarita Sandstone aquifer where saturated. These include three active Pasatiempo wells and one active Mañana Woods well.
- Felton Service Area – Supplied by three points of diversion: Fall Creek, Bull Creek, and Bennett Spring.

The scale and complexity of SLVWD's water distribution system (33 pressure zones) reflect the San Lorenzo Valley's rugged topography, dispersed pattern of development, and widely distributed raw water sources. The District's four systems have limited above-ground storage capacity equal to a few days' average use, and rely on groundwater for seasonal and year-to-year storage. The District produces and treats water based on immediate water demand.

Water Enterprise operating expenses for the 2015/16 year are budgeted at \$5.727M.

B. Wastewater

The District's Bear Creek Estates Wastewater System operates in and around the neighborhoods along Deerwood Drive, Harmon Gulch and Timberwood Road. The Bear Creek Estates Sanitary System (BCESS) system serves approximately four dozen homes. The System consists of:

1. Gravity sewer pipes collecting wastewater from individual homes within the service area. Total length and size of gravity system is unknown
2. Force main delivering wastewater from a centralized collection point to a treatment plant. Size, material and length of force main are unknown.
3. One pump station.
4. One bio-treatment plant with leach field disposal

The system is operated under California Regional Water Quality Control Board Order No. 00-043.

C. Recent History

The District currently employees 33 individuals within four departments (Administration, Accounting/Customer Service, Operations (Distribution and Treatment), and Engineering.

The District is currently involved in one litigation case brought by a private citizen concerning the alleged location of District facilities on private property.

The District is currently providing defense in one litigation case brought by a private citizen against a past Board Member for an alleged conflict of interest.

Over the past five years the District's legal needs have primarily included a singular defense against Brown Act violation accusations and customary employee/employment issues.

District anticipates a five-year agreement (Three-year firm with a two-year extension option) with the selected legal firm. Estimated start date for legal services would be May 1, 2017.

III. PROJECT SCOPE OF SERVICES

The proposed scope of required services for this project includes:

TASK 100 – GENERAL SERVICES

Counsel shall provide overall legal contract management including administration and invoicing.

Counsel shall attend all regularly scheduled Board Meetings.

Counsel shall advise the District regarding conduct of all District meetings, elections and referendums.

Counsel shall interpret laws, legislation, rulings and regulations for the District

Counsel shall represent the District in administrative and legal proceedings, providing litigation services as needed.

Counsel shall coordinate and manage the services and costs of outside legal counsel as assigned.

TASK 200 – BOARD SERVICES

Consultant shall advise the Board and District Manager on legal matters including, but not limited to:

- The Brown Act,
- Agenda Preparation,
- Parliamentary Procedures (currently Sturgis Standard Code)
- FPPC requirements,
- Ethics,
- Risk Avoidance,
- Legislative updates and information pertinent to the operation and functions of the District
- Other Legal Compliance issues.

TASK 300 – STAFF SERVICES

Consultant shall advise the Board and District Manger on legal matters including, but not limited to:

- Labor issues and employment law,
- Public Records Requests,
- Consulting Contract Review,
- Contractor Contract Review,
- Assist in revisions to the District's Rules & Regulations and Policies & Procedures documents.
- Easement, deeds, leases and property management and standardized forms.

TASK 400 – SPECIALIZED SERVICES

Consultant shall advise the Board and District Manger on legal matters including, but not limited to:

- Water Rights and Permitting Issues,
- Conjunctive use and Storage Rights.
- Sustainable Groundwater Management Act (SGMA) and subsequent Groundwater Sustainability Agency (GSA),
- Interaction with Government Oversight Agencies (NOAA, Dept. of Water Resources, Fish and Wildlife, CEQA, etc.).
- Bond, Assessment District formation and management

IV. PROPOSAL REQUIREMENTS

The proposal shall not exceed 15 pages excluding resumes, cover letter, dividers, front and back covers. Responses to this RFP shall be in the following order and shall include:

1. Executive Summary (2 pages maximum)

Summarize the contents of your firm's proposal in a clear and concise manner.

2. Firm Description (3 pages maximum)

Describe the nature of your law firm's practice and your qualifications for providing general legal services for the District.

3. Identification of Prime Counsel (4 pages maximum per individual, excluded from proposal page maximum)

Provide a professional resume of the individual who will be designated to serve as primary legal counsel as well as for others who you anticipate will be involved in providing legal services to the District. For each person whom you propose to designate as prime, deputy or supporting counsel provide the following:

- Legal training and years of practice (including date of admission to the California Bar)
- Years of municipal or other local public sector law practice as full-time attorney.
- Knowledge of and experience with California special districts, water law and codes and other public sector experience.
- Litigation experience and demonstration of good track record.

4. Identification of General Counsel Expertise (5 pages maximum)

Provide demonstrated legal expertise in the following areas as it relates to special districts or municipal governments:

- Laws and regulations governing California special districts and operating procedures relative to the conduct of special district business.
- Experience and knowledge of Public Contracting Code, Labor Code and other California statutes governing the bidding, awarding, contracting and construction of public works.
- Environmental law including California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).
- Contracts, Joint Powers Authorities, Memorandums of Understanding including risk transfer provisions.
- Preparation and review of ordinances and resolutions
- Real estate law, easements, right-of-way and other related agreements and negotiations
- California Public Records Request Act, Ralph M Brown Act, Fair Political Practices Commission regulations and public official conflict statutes and the California Elections code.
- Formation of Assessment and Improvement Districts
- Law pertaining to fees and taxes, including Proposition 218
- Other relevant areas pertaining to special district/water district or municipal law.

5. Experience and Past Performance (3 pages max / 3 firms max)

i. Include a summary of the past experience and performance for similar agencies. Include the following information:

1. Owner, contact name and phone number
2. Agency size and description
3. Agency budget
4. Total term of relationship with Agency

6. Firm's Local Experience (1 page maximum)

Describe the firm's experience and knowledge with the County of Santa Cruz and San Lorenzo Valley. Include a commitment of availability to attendance at District meetings.

7. Conflict of Interest / Ethics (1 page maximum)

It is the desire of the District to hire a law firm that does not frequently have to recuse itself from issues due to conflict of interest or concerns. Please address this issue. Also, provide a statement identifying any potential conflicts of interest with other clients or interests in the firm.

The firm should identify and disclose any business relationship, direct or indirect, with any of the neighboring agencies, cities or special districts.

Identify any past malpractice complaints or suits, complaints filed with the State Bar or discipline imposed by the State Bar.

8. Proposed Total Professional Fee and Fee Schedules Submitted Under Separate Sealed Cover

- i. Compensation shall be shown as an hourly rate by description/type of service and by person as well as any costs that are chargeable under the terms of agreement.
- ii. Billings for legal services will be subject to public review at any time.

9. Exceptions to this RFP

The Consultant shall certify that it has fully read the RFP and takes no exceptions to this RFP including, but not limited, to the Consultant Services Agreement (attached). If the Consultant does take exception(s) to any portion of the RFP, the specific portion of the RFP to which exception is taken shall be identified and explained.

The District will require a professional liability insurance verification for coverage of not less than \$1,000,000.00.

V. EVALUATION CRITERIA

The evaluation criteria and the respective weights that will be given to each criterion are as follows:

1. Executive Summary	15%
2. Project Description	10%
3. Identification of Consultant	5%
4. Project Organization and Experience	20%
5. Past Performance, Including Cost and Schedule Control	15%
6. Firm's Local Experience	10%
7. Conflict of Interest	5%
8. Proposed Fee	20%

VI. SELECTION PROCESS

The District will enter into negotiations with the top ranked firm. At this time, the District contemplates the use of a Time and Material contract for the services requested. Negotiations will cover: scope of work, contract terms and conditions, office arrangements, attendance requirements and appropriateness of the proposed fee.

After negotiating a proposed agreement that is fair and reasonable the District Manager will present the contract to the District's Board for authorization to execute a contract with the most responsive firm.

VII. SELECTION SCHEDULE

The District anticipates that the process for selection of firm and awarding of the contract will be according to the following tentative schedule:

Proposal Due Date	December 15, 2016
Interview	January 2017
Board of Directors Approval	February 2017
Final Selection and Notification	March 2017

VIII. SPECIAL CONDITIONS / ATTACHMENTS

- Draft Consultant Services Agreement

IX. SUBMITTAL REQUIREMENTS

1. One (1) executed original marked "ORIGINAL" in red ink and three (3) copies of the Proposal shall be submitted. One single sealed Proposed Fee Estimate marked "FEE ESTIMATE" in red ink shall be submitted separate from the proposal. Emailed proposals will not be accepted. Submit one electronic copy of the proposal in PDF format (on CD, DVD or Thumb Drive). The Response shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.
2. The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **December 15, 2016** at the office of:

**San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006**

Attn: District Secretary (Holly Morrison)

Failure to comply with the requirements of this RFP may result in disqualification. Questions regarding this RFP shall be submitted in writing to hmorrison@slvwd.com.

AGREEMENT FOR PROFESSIONAL SERVICES
by and between the
SAN LORENZO VALLEY WATER DISTRICT (District)
and
XXX (Consultant)

PREAMBLE

This agreement for the performance of professional services ("Agreement") is made and entered into on this **X** day of **Y, 2017** ("Effective Date"), by and between **XXX**, with its principal place of business located at **XXX** ("Consultant") and the San Lorenzo Valley Water District, a California County Water District, with its principal place of business located at 13060 Highway 9, Boulder Creek, CA 95006("District"). District and Consultant may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Agreement."

RECITALS

- A.** District desires to secure professional services as described in Exhibit A, entitled "Scope of Services"; for **General Counsel and Legal Services**
- B.** Consultant represents that it possesses the professional qualifications and expertise to provide such services and
- C.** The Parties have specified herein the terms and conditions under which such services will be provided and paid for.

The Parties agree as follows:

AGREEMENT PROVISIONS

1. SCOPE OF SERVICES

Except as specified in this Agreement, Consultant shall furnish all technical, legal and professional services, including labor, material, equipment, transportation, supervision and expertise (collectively referred to as "Services") to satisfactorily complete the work required by District at its own risk and expense. Services to be provided to District are more fully described in Exhibit A, entitled "Scope of Services.". All of the exhibits referenced in this Agreement are attached and incorporated by this reference.

2. TERM OF AGREEMENT

Consultant shall provide the services under the requirements of this Agreement commencing upon the date of execution of this Agreement by the parties. Consultant shall complete services within the time limits set forth in Scope of Services or as mutually determined in writing by Parties.

3. RESPONSIBILITY OF CONSULTANT

Consultant shall be responsible for the quality, technical accuracy, and coordination of services furnished by it under this Agreement as outlined in Exhibit A. Consultant will endeavor to provide services in a manner consistent with the level of care and skill ordinarily exercised by other professionals providing the same service in the same locale. Consultant shall be solely responsible to District for the performance of

Consultant, and any of his or her employees, agents, subcontractors, or suppliers, under these Agreement Documents.

4. RESPONSIBILITY OF DISTRICT

- A.** District has established a budget for professional services including all costs as outlined in Exhibits A and B. The District Manager, or designee, shall be District's authorized representative and will ensure all required budget, purchase orders, service orders and any other internal documentation necessary to comply with the terms of this Agreement are properly and timely prepared in order to enable Consultant to commence and continue services according to terms of the Agreement.
- B.** On behalf of District, the District Manager, or designee, shall be District's authorized representative in the interpretation and enforcement of all work performed in connection with this Agreement. The District Manager, or designee, shall render decisions in a timely manner pertaining to documents submitted by Consultant in order to avoid unreasonable delay in the orderly and sequential progress of Consultant's services. Consultant shall promptly comply with instructions from District Manager or designee. The District Manager will ensure all required budget, purchase orders, service orders and any other internal documentation necessary to comply with the terms of this agreement are properly and timely prepared in order to enable Consultant to continue services according to the terms of this Agreement.

5. PAYMENT OF COMPENSATION

- A.** In consideration for Consultant's performance of services, District shall pay Consultant for all services rendered by Consultant pursuant to Consultant's Standard Rate Schedule, the current version of which is outlined in Exhibit B, "Services Fee Schedule." Payments made by District under this Agreement shall be the amounts charged for Services provided and billed by Consultant, subject to verification by District, pursuant to the standard rates set forth in the "Services Fee Schedule" attached as Exhibit B. Consultant may begin services prior to the effective date of this agreement at its own risk, with the understanding that, upon District approval, District may choose to compensate consultant for services performed prior to authorization by District's Board of Directors, with the limits of the District Manager's authority.
- B.** Consultant shall bill District on a monthly basis for services provided by Consultant during the preceding month, subject to verification by District. Payment to Consultant for services will be made within thirty (30) days of date of Consultant invoice.
- C.** Compensation for the services hereunder shall be on a time and material basis, with a total contract not-to-exceed limit of **\$X** unless changed in writing by District.

6. RIGHT TO TERMINATION

Both parties reserve the right to terminate this Agreement at any time, with or without cause, upon sixty (60) days written notice to the other party. As of the date of termination, Consultant shall immediately cease all services hereunder, except such as may be specifically approved by both Consultant and District's authorized

representative. Consultant shall be entitled to compensation for all services rendered prior to termination and for any services authorized by the authorized representative thereafter.

7. NO ASSIGNMENT OF AGREEMENT/SUCCESSORS IN INTEREST

This Agreement is a contract for professional services. District and Consultant bind themselves, their partners, successors, assigns, executors and administrators to all covenants of this Agreement. Except as otherwise set forth in this Agreement, no interest in this Agreement shall be assigned or transferred, either voluntarily or by operation of law, without the prior written approval of both parties.

8. NO AGENCY

Consultant shall not have authority, expressed or implied, to act on behalf of District as an agent, or to bind District to any obligations whatsoever, unless specifically authorized in writing by the District Manager or authorized representative.

9. NO THIRD PARTY BENEFICIARY

This Agreement shall not be construed to be an Agreement for the benefit of any third party or parties and no third party or parties shall have any claim or right of action under this Agreement for any cause whatsoever.

10. CONSULTANT IS AN INDEPENDENT CONSULTANT

It is agreed that in performing the work required under this Agreement, Consultant and any person employed by or contracted with Consultant to furnish labor and/or materials under this Agreement is neither an agent nor employee of District. Consultant has full rights to manage its employees subject to the requirements of the law.

11. CONFIDENTIALITY OF MATERIAL

All memoranda, specifications, plans, data, drawings, descriptions, documents, discussions or other information received by or for Consultant and all other written information submitted to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant and shall not, without the prior written consent of District, be used for any purposes other than the performance of the services nor be disclosed to an entity not connected with performance of the services. Nothing furnished to Consultant, which is otherwise known to Consultant or becomes generally known to the public or is of public record, shall be deemed confidential.

12. RIGHT OF DISTRICT TO INSPECT RECORDS OF CONSULTANT

District, through its authorized employees, representatives or agents shall have the right during the term of this Agreement and for three (3) years from the date of final payment for goods or services provided under this Agreement, to audit the books and records of Consultant for the purpose of verifying any and all charges made by Consultant in connection with Consultant's compensation under this Agreement, including termination of Consultant. Consultant agrees to maintain sufficient books and records in accordance with generally accepted accounting principles to establish the correctness of all charges submitted to District. District shall disallow any expenses not so recorded.

Consultant shall submit to District any and all reports concerning its performance under this Agreement that may be requested by District in writing. Consultant agrees to assist District in meeting District's reporting requirements to the State and other agencies with respect to Consultant's services hereunder.

13. CORRECTION OF SERVICES

Consultant will be given the opportunity and agrees to correct any incomplete, inaccurate or defective services at no further cost to District, when such defects are due to the negligence, errors or omissions of Consultant.

14. FORCE MAJEURE

The time for performance of services to be rendered pursuant to this Agreement may be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of Consultant, including, but not restricted to, acts of God or of any public enemy, acts of the government, fires, earthquakes, floods, epidemic, quarantine restrictions, riots, strikes, freight embargoes and unusually severe weather if Consultant shall, within ten (10) days of the commencement of such condition, notify the District Manager who shall thereupon ascertain the facts and extent of any necessary delay, and extend the time for performing services for period of enforced delay when and if the District Manager's determination shall be final and conclusive upon the parties to this Agreement.

15. FAIR EMPLOYMENT

Consultant shall not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, condition of physical handicap, religion, ethnic background, or marital status, in violation of state or federal law.

16. HOLD HARMLESS/INDEMNIFICATION

Consultant agrees, to the fullest extent permitted by law, to indemnify and hold District, its Board members, officers, and employees, harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) to the extent caused by Consultant's negligent acts, errors or omissions in the performance of professional services under this Agreement and those of his or her sub-consultants or anyone for whom Consultant is legally liable.

Consultant is not obligated to indemnify District in any manner whatsoever for District's own negligence.

17. INSURANCE REQUIREMENTS

A. Without limiting Contractor's indemnification of District, and prior to commencing any Services required under this Agreement, Consultant shall purchase and maintain in full force and effect, at its sole cost and expense, the following insurance policies with at least the indicated coverages, provisions and endorsements:

1. Commercial General Liability Policy (bodily injury and property damage):
Policy limits are subject to review, but shall in no event be less than, the following:

\$1,000,000 Each Occurrence

\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Operations Aggregate
\$1,000,000 Personal Injury

2. Workers' Compensation Insurance Policy as required by statute and employer's liability with limits of at least one million dollars (\$1,000,000) policy limit Bodily Injury by disease, one million dollars (\$1,000,000) each accident/Bodily Injury and one million dollars (\$1,000,000) each employee Bodily Injury by disease.
3. Comprehensive Business Automobile Liability Insurance Policy with policy limits at minimum limit of not less than one million dollars (\$1,000,000) each accident using. Liability coverage shall apply to all owned, non-owned and hired autos.
4. Professional Liability or Errors and Omissions Insurance as appropriate shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of Consultant. Coverage shall be in an amount of not less than one million dollars (\$1,000,000) per claim/aggregate.

B. EVIDENCE OF COVERAGE

Prior to commencement of any services under this Agreement, Consultant, shall, at its sole cost and expense, purchase and maintain not less than the minimum insurance coverage with endorsements and deductibles indicated in this Agreement. Consultant shall file with District all certificates for required insurance policies for District's approval as to adequacy of insurance protection.

18. AMENDMENTS

It is mutually understood and agreed that no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the Parties and incorporated into this Agreement. Such changes, which are mutually agreed upon by District and Consultant, shall be incorporated in amendments to this Agreement.

19. WAIVER

No term or provision hereof shall be deemed waived and no default or breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented to such breach. The consent by any party to, or waiver of, a breach or default by the other shall not constitute a consent to, waiver of, or excuse for, any other different or subsequent breach or default.

The failure of either party to insist upon or enforce strict conformance by the other party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment of such party's right unless made in writing and shall not constitute any subsequent waiver or relinquishment.

20. INTEGRATED DOCUMENT - TOTALITY OF AGREEMENT

This Agreement embodies the Agreement between District and Consultant and its terms and conditions. No other understanding, agreements, conversations or otherwise, with any officer, agent or employee of District prior to execution of this Agreement shall affect

or modify any of the terms or obligations contained in any documents comprising this Agreement. Any such verbal agreement shall be considered as unofficial information and in no way binding upon District.

Agreement Documents comprise the entire Agreement between District and Consultant concerning the work to be performed for this project. Agreement Documents are complementary; what is called for in one of the Agreement Documents is binding as if called for by all of them.

21. SEVERABILITY CLAUSE

In the event any one or more of the provisions contained herein shall, for any reason, be held invalid, illegal or unenforceable in any respect, it shall not affect the validity of the other provisions, which shall remain in full force and effect.

If any part of this agreement is for any reason held to be excessively broad as to time, duration, geographical scope, activity or subject, it will be construed, by limiting or reducing it, so as to be enforceable to the extent reasonably necessary for the protection of the parties.

22. NOTICES

All notices to the Parties shall, unless otherwise requested in writing, be sent to District addressed as follows:

Brian C. Lee
District Manager
San Lorenzo Valley Water District
13060 Highway 9
Boulder Creek, CA 95006

And to Consultant addressed as follows:

XXX

23. STATUTES AND LAW GOVERNING AGREEMENT

This Agreement shall be governed and construed in accordance with the statutes and laws of the State of California.

24. WAIVER OF CONSEQUENTIAL DAMAGES

District and Consultant mutually agree to waive all claims of consequential damages arising from disputes, claims, or other matters relating to this Agreement.

25. DISPUTE RESOLUTION

A. Unless otherwise mutually agreed to by the Parties, any controversies between Consultant and District regarding the construction or application of this Agreement, and claims arising out of this agreement or its breach, shall be submitted to mediation within thirty (30) days of the written request of one Party after the service of that request on the other Party.

- B. The Parties may agree on one mediator. If they cannot agree on one mediator, the Party demanding mediation shall request that the Superior Court, State of California, County of Santa Cruz appoint a mediator. The mediation meeting shall not exceed one day or eight (8) hours. The Parties may agree to extend the time allowed for mediation under this Agreement.
- C. The costs of mediation shall be borne by the Parties equally.
- D. Mediation under this section is a condition precedent to filing an action in any court. In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of this Agreement, or to recover damages for the breach thereof, the Party prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing Party all reasonable attorneys' fees, costs and expenses incurred by the prevailing Party.

26. VENUE

In the event that suit shall be brought by either Party, the Parties agree that the venue shall be exclusively vested in the state courts of the State of California, County of Santa Cruz, or where otherwise appropriate, exclusively in the United States District Court, Northern District of California, San Jose.

27. SIGNATURES

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of Consultant and District.

The Parties acknowledge and accept the terms and conditions of this Agreement as evidenced by the following signatures of their duly authorized representatives. It is the intent of the Parties that this Agreement shall become operative on the Effective Date.

SAN LORENZO VALLEY WATER DISTRICT,

 Brian C. Lee
 District Manager
 San Lorenzo Valley Water District

 XXX

Approved as to form:

 Marc G. Hynes,
 District Counsel