



Item 5.D. Consideration of Approval of Contract Amendment for Management Services for Grace Environmental Services.

To: San Simeon CSD Board of Directors
From: Jeff Minnery, District Legal Counsel
Subject: Amendment and Restatement of 2016 Professional Services Agreement with GES

Background and Discussion:

In October 2016, your Board executed a Professional Services Agreement (“2016 Agreement”) with Grace Environmental Services (“GES”) for general management services and the operation of District facilities. The 2016 Agreement had a five-year term with a two-year automatic extension. The 2016 Agreement currently remains in effect until January 20, 2023, unless terminated, renewed, or otherwise modified by Board action. On September 21, 2021, the San Luis Obispo County District Attorney’s Office sent correspondence to the Board of Directors requesting (1) clarification as to the scope of duties provided by GES, and (2) explanation as to Mr. Grace’s role as manager of the District.

In response to this inquiry, District legal counsel has prepared an amended and restated agreement with GES for this Board’s consideration. The document is provided in “redline” form so that additions and revisions are easily identified. The purpose of this Amendment and Restatement is to clarify areas of ambiguity in the 2016 Agreement and more specifically define the rights and obligations of the parties in addition to GES’ role in District governance. Key revisions and additions to the 2016 Agreement include the following:

1. **SECTION III** – GES shall perform its obligations at the pleasure of the Board with no discretion as to the administration and/or interpretation of the agreement.
2. **SECTION III** – Other than emergency expenses, and those provided in the agreement, GES shall not incur any expenses on behalf of the SSCSD or obligate the SSCSD to any costs or obligations without the expressed and advanced authorization of the SSCSD Board of Directors.

3. **SECTION IV** – The term of the agreement is unchanged from the current end date of January 20, 2023.
4. **SECTION V** – GES shall act as appointed General Manager pursuant to Government Code Section 61002(f) and pursuant to the provisions of Sections 4.03 and 5.01 of the SSCSD Policy Handbook.
5. **SECTION V (D – Y)** – Clarification is provided as to GES’ obligations including but not limited to expense obligations.
6. **SECTION VI** – The District is granted the right to audit GES financial records related to the implementation of the agreement.
7. **SECTION VII (A)** – The District’s monthly payment obligation remains unchanged.
8. **SECTION IX (C)** – GES acknowledges that Charles Grace is a “key person” and material to the services provided by GES.

Recommendations:

It is recommended that your Board consider and discuss the attached Amendment and Restatement of the Professional Services Agreement with GES and either (1) approve the attached document; or (2) provide direction to staff.

It is also recommended that your Board authorize your Chairperson to execute a response to the District Attorney’s September 21, 2021 correspondence.

Enc: 2016 Professional Services Agreement
2021 Amendment and Restatement to the 2016 Professional Services Agreement