



## MEMORANDUM

TO: SLDMWA Finance & Administration Committee Members, Alternates  
SLDMWA Board of Directors, Alternates

FROM: Pablo Arroyave, Chief Operating Officer  
Jaime McNeil, Engineering Manager

DATE: August 4, 2025

RE: Recommendation to Board of Directors to Authorize Award of Contract,  
Execution of Construction Agreement for DMC Road Maintenance Chipseal, and  
Expenditure of up to \$396,466 from the FY26 EO&M Budget

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### BACKGROUND

The entire length of the Delta-Mendota Canal O&M road is traveled daily by operations and maintenance personnel and in some areas, the general public. To extend the life of the O&M road and reduce overall maintenance and/or repair costs, the O&M Technical Committee approved the O&M Road Maintenance Program in 1998. The objective of the O&M Road Maintenance Program is to maintain a chipseal on the DMC O&M roadway. The FY26 budget includes funds for contracting the installation of 25.32 miles of a chip seal coat to the 12' wide O&M Road between MP 86.19 and 111.51.

The Water Authority formally solicited for the DMC Road Maintenance Chipseal (MP 86.19-111.51) project and received three bids.

### ISSUE FOR DECISION

Whether to authorize award of contract, execution of construction agreement with Talley Oil Inc. for DMC Road Maintenance Chipseal (MP 86.19-111.51), and expenditure of up to \$396,466 from the FY26 EO&M Budget.

### RECOMMENDATION

Staff recommends authorizing award of contract, execution of construction agreement with Talley Oil Inc. for DMC Road Maintenance Chipseal (MP 86.19-111.51), and expenditure of up to \$396,466 from the FY26 EO&M Budget.

### ANALYSIS

The Water Authority formally solicited for sealed bids to provide all labor, equipment, and services for the DMC Road Maintenance Chipseal (MP 86.19-111.51) project and received three bids. The solicitation included the following critical dates:

June 12, 2025	Formal Solicitation released
June 24, 2025	Mandatory Pre-Bid Conference/ Site Visit
June 27, 2025	Last day to submit questions
July 02, 2025	Deadline for responses to questions
July 16, 2025	Bids Due
July 21, 2025	Notice of Intent to Award

The Formal Bid was publicly posted on PlanetBids and in two newspapers, the Sacramento Bee and San Francisco Chronicle, on June 12, 2025. In addition, the Bid was sent directly to five (5) interested contractors. Four (4) contractors attended the Mandatory Pre-Bid Conference and Site Visit. Bids were received by Talley Oil, Inc., VSS International, Inc. and Pavement Coatings Co. Talley Oil's bid was accepted by Water Authority staff on July 16, 2025. The Notice of Intent to Award was transmitted to Talley Oil Inc., on July 21, 2025.

#### **BUDGET IMPLICATIONS**

The proposed expenditure of up to \$396,466 will be funded utilizing approved budgeted funds from Fiscal Year 2026 EO&M budget. Note: \$429,400 was the budgeted amount for this contract.

#### **ATTACHMENTS**

1. Draft Construction Agreement
2. Notice of Intent to Award

**CONSTRUCTION AGREEMENT**  
**For**  
**DMC Road Maintenance Chipseal (MP 86.19 – MP 111.51)**

**THIS AGREEMENT**, dated as of \_\_\_\_\_ August, 2025 is between the **SAN LUIS & DELTA-MENDOTA WATER AUTHORITY**, a California Joint Powers Agency, (hereinafter called "SLDMWA"), and **Talley Oil, Inc.**, a California Corporation (hereinafter called "Contractor"). SLDMWA and Contractor may be referenced herein individually as "Party" or collectively as the "Parties."

The parties hereto mutually agree to the terms and condition set forth herein.

**I. CONTRACT DOCUMENTS**

- A. The Contract Documents referred to herein are incorporated herein by reference as if set forth in full in this Agreement.
- B. Work called for in any one Contract Document and not mentioned in another is to be performed and executed as if mentioned in all Contract Documents. The table of contents, titles and headings contained herein and in said documents are solely to facilitate reference to various provisions of the Contract Documents and in no way affect or limit the interpretations of the provisions to which they refer.
- C. The Contract Documents shall include the Notice inviting bids, Addenda, Sealed Bid Form, Construction Agreement, the Bid Guarantee, the Performance Bond, the Payment Bond, Guarantee Form, the General Conditions, the Special Provisions, Specifications, Exhibits, Permits from other agencies that may be required by law, the Contract Drawings and Plans, hazardous material requirements, the Contract Schedule, and any and all supplemental agreements amending or extending the Work contemplated and which may be required to complete the Work in an acceptable manner. Supplemental agreements are written agreements covering alterations, amendments or extensions to the Contract Documents and include Change Orders, Construction Change Directives, Field Directives, Field Orders, Bulletins and supplemental drawings.

**II. DEFINITIONS**

Unless otherwise specifically provided herein, all works and phrases defined in the General Conditions shall have the same meaning and intent in this Agreement.

**III. ORDER OF PRECEDENCE**

In case of conflict among the Contract Documents, this Agreement shall govern over General Conditions and Special Provisions (if any), detail drawings shall govern over small-scale drawings, the specifications shall govern over the drawings, Special Provisions (if any) shall govern over the drawings and General Conditions, and change orders shall govern over the original documents, unless a different order of precedence is noted.

**IV. SCOPE OF CONTRACT**

Contractor agrees to furnish all tools, equipment, apparatus, facilities, labor, material, and transportation necessary to perform and complete in a good and workmanlike manner to the satisfaction of SLDMWA, all the work required for the Contract for the Project entitled:

**DMC Road Maintenance Chipseal (MP 86.19 – MP 111.51)**

## **V. CONTRACT AMOUNT AND PAYMENTS**

SLDMWA agrees to pay and Contractor agrees to accept, in full payment for the above work, Three Hundred Ninety-Six Thousand Four Hundred Sixty-Five **DOLLARS** and Fifteen **CENTS**

(\$396,465.15) as the stipulated sum price which Contractor bid in its Sealed Bid Form, subject to additions and deductions by Change Order(s) as provided in the General Conditions.

Progress and final payments shall be in accordance with the General Conditions.

Invoices must be submitted to Accounts Payable at [accounts.payable@sldmwa.org](mailto:accounts.payable@sldmwa.org). Approved invoices will be paid within 30 days.

SLDMWA may dispute any invoice or portion thereof which is not properly documented and in accordance with the Agreement. For any disputed payment, SLDMWA shall provide written notice describing its dispute to Consultant. 30-day payment period does not begin until an approved, undisputed invoice is received. There will be no interruption in services while invoices are being disputed. Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the authorized representative of SLDMWA. This decision shall be final and conclusive unless within ten (10) days from the date of the receipt of its copy, Contractor mails or otherwise furnishes a written appeal to SLDMWA's Chief Operating Officer. In connection with any such appeal, Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the Chief Operating Officer shall be binding upon Contractor and Contractor shall abide by the decision. Unless otherwise directed by SLDMWA, Contractor shall continue performance under this Agreement while matters in dispute are being resolved. In the event of a dispute between each parties Terms & Conditions, SLDMWA terms will prevail.

## **VI. LICENSE AND DIR REGISTRATION.**

By executing this Agreement, Contractor represents that it is currently licensed by the California Contractors State License Board, Class A, License number 822368, and that Contractor is registered with the California Department of Industrial Relations as required by California Labor Code section 1725.5, registration number 1000009187.

## **VII. RETENTION OF SUMS CHARGED AGAINST CONTRACTOR**

When, under the provisions of this contract, SLDMWA shall charge any sum of money against Contractor, SLDMWA shall deduct and retain the amount of such charge from the amount of the next succeeding progress estimate, or from any other moneys due or that may become due to the Contractor from SLDMWA. If, on completion or termination of the Contract, sums due contractor are insufficient to pay SLDMWA's charges against Contractor, SLDMWA shall have the right to recover the balance from Contractor or its sureties.

## **VIII. TIME OF COMPLETION**

- A. The entire Work shall be brought to completion in the manner and within the time period provided for in the Contract Documents, together with such additional time as may be provided by any change order issued pursuant to the Contract Documents, commencing on the date specified in the Notice to Proceed.

- B. Failure to complete the Work by the completion date and in the manner provided for by the Contract Documents shall subject Contractor to liquidated damages as hereinafter provided in this Agreement. Time is of the essence in these Contract Documents.

## **IX. INSURANCE**

Contractor shall maintain in full force and effect at all times during the term of the Agreement, at its sole expense, policies of insurance in accordance with the General Conditions.

## **X. NO WAIVER OF REMEDIES**

- A. Neither the inspection by SLDMWA or its agents, nor any order or certificate for the payment of money, nor any payment for, nor acceptance of the whole or any part of the Work by SLDMWA, nor any extensions of time, nor any position taken by SLDMWA or its agents shall operate as a waiver of any provision of this Agreement or of any power herein reserved to SLDMWA or any right to damages herein provided, nor shall any waiver of any breach of the Agreement be held to be a waiver of any other or subsequent breach.
- B. All remedies provided in this Agreement shall be taken and construed as cumulative; that is, in addition to each and every other remedy herein provided, and SLDMWA shall have any and all equitable and legal remedies which it would in any case have.

## **XI. DETERMINATION OF DAMAGES**

- A. The actual fact of the occurrences of damages and the actual amount of the damages which SLDMWA would suffer if the work were not completed within the specified times set forth are dependent upon many circumstances and conditions which could prevail in various combinations, and, from the nature of the case, it is impracticable and extremely difficult to fix the actual damages.
- B. Damages which SLDMWA would suffer in the event of delay include loss of the use of the Project, and, in addition, expenses of prolonged employment of an architectural and engineering staff; costs of administration, inspection, and supervision; and the loss suffered by the public within the San Luis & Delta-Mendota Water Authority by reasons of the delay in the completion of the Project to serve the public at the earliest possible time.
- C. Accordingly, the parties hereto agree, and by execution of this Agreement, Contractor acknowledges that it understands, has ascertained and agrees, that the amounts set forth herein as liquidated damages shall be presumed to be that amount of damages sustained by the failure of Contractor to complete the entire work within the times specified.

## **XII. LIQUIDATED DAMAGES**

- A. The amount of the liquidated damages to be paid by Contractor to SLDMWA for failure to complete the entire work in the specified number of Working or Calendar Days (as extended, if applicable) will be (\$1,000) for each **Calendar day**, continuing to the time at which the Work is completed.
- B. Such amount is the actual cash value agreed upon as the loss to SLDMWA resulting from Contractor's delay.
- C. The provision for liquidated damages shall not act as a limitation on SLDMWA if Contractor abandons the Work, and shall not stop accruing if Contractor abandons the Work. In such event, Contractor shall be liable to District for all losses incurred, including but not limited to liquidated damages for delay through completion.

### **XIII. PERFORMANCE AND PAYMENT BONDS**

- A. The Contractor shall, before beginning said work, file two bonds with the SLDMWA, each made payable to the SLDMWA. These bonds shall be issued by a Surety Company authorized to do business in the State of California, and shall be maintained during the entire life of the Contract at the expense of the Contractor.
  - 1. One bond shall be the Performance Bond in the amount of one hundred percent (100%) of the Contract and shall guarantee the faithful performance of the Contract.
  - 2. The second bond shall be the Payment Bond required by Part 6, Title 3, Chapter 5, Division Four of the Civil Code of the State of California, commencing with section 9550, and shall be in the amount of one hundred percent (100%) of the Contract.
- B. Any alteration or alterations made in any provision of this Contract shall not operate to release any surety from liability on any bond required hereunder and the consent to make such alterations is hereby given, and any surety on said bonds hereby waives the provisions of Section 2819 of the Civil Code.
- C. Bonds shall only be accepted from an “Admitted surety insurer”, which means an insurer to which the Insurance Commissioner has issued a certificate of authority to transact surety insurance in this state. **Contractor must submit all of the following with the bonds:**
  - 1. The original, or a certified copy, of the unrevoked appointment, power of attorney, bylaws or other instrument entitling or authorizing the person who executed the bond to do so.

### **XIV. LABOR CODE COMPLIANCE**

SLDMWA affirmatively identifies this project as a “public work” as that term is defined by Labor Code section 1720, and the project is, therefore, subject to prevailing wages under Labor Code section 1771. As addressed in greater detail in the General Conditions, Contractor and its subcontractors shall fully comply with all the provisions of the California Labor Code governing the performance of public works contracts including, but not limited to, payment of prevailing wages, limitations on time worked, compliance with apprentice requirements, maintenance of payroll records, posting of wages at job site and prohibitions against discrimination.

### **XV. UNFAIR COMPETITION**

- A. The following provision is included in this agreement pursuant to California Public Contract Code §7103.5.

"In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the contractor or subcontractor offers and agrees to assigning to the awarding body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time the awarding body tenders final payment to the contractor, without further acknowledgment by the parties."

### **XVI. ASSIGNMENT**

Neither this Agreement nor any rights herein of Contractor shall be assigned without the written consent of SLDMWA first obtained.

### **XVII. NO THIRD PARTY BENEFICIARIES**

This Agreement is entered into solely between the SLDMWA and Contractor. There are no third party beneficiaries, intended, unintended, or otherwise to this Agreement.

**XVIII. AGREEMENT BINDING**

This Agreement shall bind and insure to the heirs, devisees, assignees and successors in interest of Contractor and to the successors in interest of District in the same manner as if such parties had been expressly named herein.

**XIX. GOVERNING LAW**

This Agreement will be governed by and construed in accordance with the laws of the State of California.

**////SIGNATURE PAGE FOLLOWS////**

DRAFT

**IN WITNESS WHEREOF**, the parties hereto have signed the Agreement on the date set forth opposite their names.

**Contractors are required by law to be licensed and regulated by the Contractor's State License Board, which has jurisdiction to investigate complaints against contractors if a complaint is filed within three years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.**

**CONTRACTOR:**

**(California Corporations: must be signed by company's 1) CEO or President or 2) by its Vice President *as well as* the Secretary or CFO.)**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Tax I.D. Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

**SAN LUIS & DELTA-MENDOTA WATER  
AUTHORITY, A Joint Powers Agency:**

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
Pablo Arroyave, Chief Operating Officer





## NOTICE OF INTENT TO AWARD

Date: July 21, 2025

To: Talley Oil, Inc.  
12483 Road 29  
Madera, CA 93638

From: San Luis & Delta-Mendota Water Authority  
15990 Kelso Rd.  
Byron, CA 94514

**Project Title:** DMC Road Maintenance Chipseal (MP 86.19 – MP 111.51)

**Project Specification Number:** F26-DMC-007

You are hereby notified that your Bid dated 7/16/2025 for the above Contract has been considered. You are the apparent successful bidder and have been awarded a contract for the above named project.

The Bid Price of your contract is

**\$396,465.15 (Three Hundred Ninety-Six Thousand Four Hundred Sixty-Five Dollars and Fifteen Cents).**

In accordance with the Contract Documents, within 10 days of receipt of this notification, the following must be provided:

1. Signed Agreement
2. Certificates of Insurance and Policy Endorsements as specified in Contract Documents.
3. Executed Performance and Payment Bonds
4. Worker's Compensation Certification Form

Failure to comply with these conditions within the time specified will entitle the San Luis & Delta-Mendota Water Authority to consider your Bid abandoned, to annul this Notice of Intent to Award, and to declare your Bid Security forfeited.

Sincerely,

*Travis Roberts*

Travis Roberts  
Contracts Specialist