

Attachment No. 1
MOU with the
County of Santa Barbara

Memorandum of Understanding (MOU)
Participation in the State-wide Proposition 84 Process
and Related
Integrated Regional Water Management (IRWM) Activities
In Santa Barbara County

For the purposes of this MOU, Cooperating Partners, Project Proponents, Stakeholders and other parties are defined in **Section 6, Roles and Responsibilities** of this MOU.

This Memorandum of Understanding (MOU) is entered into by and between local government agencies, special districts, and non-governmental organizations (NGOs), organizations qualified under 501 (c) (3), 501 (c) (4) or 501 (c) (5) as defined by the Internal Revenue Code) within Santa Barbara County, as listed in Appendix A, and hereinafter referred to as “Cooperating Partners” and “Project Proponents” . Parties not conforming to any of the definitions above may be admitted to the process as Cooperating Partners with the approval of a majority of the existing Cooperating Partners at the petitioner’s request.

1. Purpose of this MOU

Under this MOU, the Cooperating Partners and Project Proponents commit to participate in, and make a financial and/or service oriented contribution toward, the ongoing process established pursuant to The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Public Resources Code Section 75001-75009) also known as Proposition 84 as well as future planning and funding opportunities consistent with the Integrated Regional Water Management (IRWM) Act (California Water Code Section 10530 et seq). In addition, this MOU sets forth the mutual responsibilities of the Cooperating Partners and Project Proponents in the update of the existing comprehensive IRWM Plan (IRWMP). This MOU supersedes, terminates, and replaces the March, 2010 MOU pertaining to Proposition 84.

2. Background

Proposition 84 provides funding for a range of water related plans and projects. California’s Prop 84 grant program builds on a previous program (Proposition 50) managed jointly by the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to promote integrated assessment and planning for both water quantity and water quality issues, especially on a hydrologic or watershed basis. DWR manages Proposition 84 which, in addition, provides for flood control and climate change response projects. Future planning and implementation funding opportunities pursuant to Proposition 84 and the IRWM Planning Act are also anticipated.

Santa Barbara County-wide interests successfully prepared an IRWMP pursuant to Proposition 50 guidelines and successfully sought grant funding to implement key projects included in that plan. The County-wide IRWMP previously developed requires modification to conform to Proposition 84 guidelines and to include modified project descriptions. The Region has successfully applied for and been awarded Proposition 84 monies for updating the existing IRWMP. In addition, the Cooperating Partners conducted a formal project selection process that resulted in the successful application and funding of seven water related projects in accordance with the Proposition 84 Implementation grant.

Proposition 84 stipulates that \$52,000,000 must be awarded to the Central Coast Region (including Santa Barbara County). DWR has conducted a Region Application Process (RAP) by which interests within DWR's Central Coast Region applied for acceptance of IRWM regional boundaries. Remaining consistent with Proposition 50 efforts, Santa Barbara County Cooperating Partners applied for, and were accepted as, a region defined by Santa Barbara County boundaries. During this process, emphasis was placed on coordination between IRWM regions in areas of shared watersheds.

Other funding sources included in IRWM legislation include Proposition 1-E (for flood safety) and other sections of Proposition 84 which offer up to an additional \$800,000,000 statewide and rely on IRWM Plans as a basis for allocation of funding.

3. Principles

Recognizing the importance of a comprehensive IRWMP, and consistent with the MOU of July 2006, the Cooperating Partners endorse the following *Principles* for integrated regional water management planning.

- 3.1 Be consistent with the State's standards for IRWMPs, as specified in Division 43 of the Public Resources Code and related guidelines, and meet or exceed the expected scoring criteria used by the State in its IRWMP approval process.
- 3.2 Establish a process for on-going decision-making among cooperating partners, with inclusive and participatory public involvement to ensure meaningful input.
- 3.3 Share the costs of IRWM planning, analysis, coordination, and product development through both monetary contributions and staff time/in-kind services. NGO's, as specified herein, meeting certain time commitment requests, will be exempted from the monetary contributions afforded all other members of the Cooperating Partners. .
- 3.4 Adopt a regional approach which coordinates water planning across jurisdictional boundaries in Santa Barbara County, sets priorities on an IRWM regional basis, and considers issues common to regionally shared watersheds.
- 3.5 Adopt an integrated approach to address the complex inter-relationships across strategies for: water supply, demand management, water quality, source water protection, drought management, flood control, and other water management issues as well as sensitivity to water provision and resources in the context of global climate change.
- 3.6 Consider the State's "program preferences" (as specified in the California Water Code and implementing legislation) as well as "Statewide priorities" (as specified in the IRWM Guidelines) during the IRWM planning process.
- 3.7 Incorporate an appropriate level of scientific watershed assessment information.
- 3.8 Modify the plan to continue as an informational "roadmap" toward meeting objectives, but not as a regulatory or enforceable mandate.
- 3.9 Recognize the need for a long-term perspective, which includes monitoring of project and plan implementation.
- 3.10 Provide for adaptive management for future revisions to the Plan.
- 3.11 Provide for coordination with other IRWM Planning efforts in the Central Coast Hydrologic Region.

- 3.12 Provide an inclusive process which seeks involvement from, and opportunities to collaborate with, a wide range of interests including the general public, agriculture, environmental groups, watershed groups, wetlands groups, academic institutions, adjacent region representatives, and NGOs.

4. Scope of an IRWM Plan

The Cooperating Partners understand and accept that a final IRWMP must consider a range of water management strategies to meet the plan's objectives. These strategies must cover certain State-specified categories and may include other categories.

Consistent with the State's expected IRWM guidelines, the Plan must consider strategies that:

- 4.1 Reduce Water Demand
- 4.2 Improve Operational Efficiency & Transfers
- 4.3 Increase Water Supply
- 4.4 Improve Flood Management
- 4.5 Improve Water Quality
- 4.6 Practice Resource Stewardship
- 4.65 Address Climate Change

As part of its development, the Plan should consider, but not be limited to, the following strategy elements:

- 4.7 Water supply reliability
- 4.8 Storm water capture and management
- 4.9 Groundwater management
- 4.10 Water recycling
- 4.11 Water conservation
- 4.12 Flood management
- 4.13 Water quality protection and improvement
- 4.14 Ecosystem restoration
- 4.15 Environmental and habitat protection and improvement
- 4.16 Wetlands enhancement and creation
- 4.17 Recreation and public access
- 4.18 Conjunctive use
- 4.19 Surface storage
- 4.20 Non-point source pollution control
- 4.21 Low impact development
- 4.22 Water and wastewater treatment
- 4.23 Watershed planning
- 4.24 Desalination
- 4.25 Imported water and water transfers
- 4.26 Land use planning

5. Website

An informational IRWM website is available at www.countyofsb.org/pwd/pwwater.aspx?id=16852 and will be updated from time to time as appropriate to reflect emerging IRWM activities and funding opportunities.

6. Roles and Responsibilities

In order to maintain an effective IRWMP, the Cooperating Partners and Project Proponents agree to continue the ongoing planning effort initiated formally in 2006, which resulted in an IRWM Plan and successful application in 2008 to DWR/SWRCB for Prop 50 funding as well as successful application for Prop 84 planning and implementation funding in 2011. For the current IRWMP and Prop 84 effort and future IRWM funding programs, the Santa Barbara County Water Agency (Agency) may act as the single eligible contracting entity. In the event that the role of single eligible contracting entity is assumed by another entity for some phase of the IRWM process as allowed for by DWR, the provisions of this MOU will not apply to that phase.

The Agency may engage a consultant to serve as Project Manager for IRWMP development, including data collection, analysis, coordinating stakeholder and public involvement, and overall coordination of plan and grant application preparation. Prior to hiring the consultant, the Agency will obtain advance concurrence of a majority of the Cooperating Partners as to the consultant qualifications and terms of contract

Activities conducted in accordance with the IRWM Act including Prop 84 planning and implementation and future IRWM funding opportunities may include the Project Manager, Cooperating Partners, Project Proponents, Steering Committee, various specially formed sub-committees, and Stakeholders. Each will be responsible for, and participate in the IRWMP, Prop 84, and future IRWM application processes as follows:

6.1 Project Manager

The Agency shall generally act as or engage a Project Manager to provide overall coordination of the IRWMP/Prop 84 efforts. The project manager shall prepare agendas and chair the Cooperating Partners and Steering Committee meetings. In addition, the Project Manager shall implement a public participation process that shall include regular workshops for stakeholders and other interested parties as well as establishing and maintaining a website pertaining to IRWM activities that is accessible to the Cooperating Partners and the public. The project manager shall be responsible for the monitoring of Props 84 and 1E and emerging IRWM legislation and informing the Cooperating Partners regarding developments.

The Project Manager shall participate in the interagency process involving DWR and/or Central Coast interests relating to IRWM. This participation will include review and comment on draft guidelines for IRWM funding guidelines and plan requirements, attendance at DWR workshops and meetings on IRWM activities and meetings with other Central Coast Region IRWM planning areas. The Project Manager will keep the Cooperating Partners apprised of relevant issues and developments.

Project Manager will manage the project budget and consultants to ensure efficient use of available funds. Each year, by March 31 when possible, the Project Manager shall update the IRWM budget and distribute to Cooperating Partners. Periodic expenditure reports will be issued as available.

6.2 Cooperating Partners

The Cooperating Partners shall consist of those local government agencies, including Disadvantaged Communities (“DAC”s), special districts, and non-governmental organizations (NGOs) within the Santa Barbara County IRWM Region, listed in Appendix A. Cooperating partners’ meetings are open to the public. A forum for public comment will be provided at each Cooperating Partners meeting. Decisions by the Cooperating Partners will be based on consensus whenever possible, or by a vote of a simple majority of all members participating in a meeting, each entity that is signatory to this MOU having one vote. Cooperating Partners shall participate in regular meetings and take part in decisions pertaining to the IRWM planning process, project finances, consultant selection, revision of the IRWMP, and planning grant proposals. To help minimize billable costs and to meet in-kind time commitments, Cooperating Partners shall also assume roles of regional representation at such functions as workshops, State meetings, and informational meetings, and to brief the Cooperating Partners on relevant information.

Project Proponents

Project Proponents shall consist of a subgroup of Cooperating Partners and can also include partner agencies that are not part of the formal Cooperating Partners who have projects selected for inclusion in an IRWM Implementation Application or being funded in accordance with an IRWM Implementation grant. Project Proponents have all of the rights and responsibilities of cooperating partners and are additionally responsible to pay for and conduct all activities necessary for the construction and funding of their project in accordance with Section 7 of this MOU. Project proponents are also required to execute a Subgrant Agreement (the form set forth in Appendix B) prior to grant acceptance.

6.3 Subcommittees

A Steering Committee may be formed or dissolved at the discretion of the Cooperating Partners as activities dictate. The Steering Committee shall consist of selected Cooperating Partners, and shall meet periodically to evaluate input from the subcommittees and formulate recommendations for the Cooperating Partners consideration as appropriate to verify direction or resolve disputes. Ad-hoc subcommittees may also be formed to perform specific functions, conduct research, or make recommendations to the Steering Committee and Cooperating Partners. Subcommittees shall consist of a subset of the Cooperating Partners and Stakeholders . Any Cooperating Partner or Stakeholder may join a Subcommittee by volunteering to do so. Such subcommittees shall provide an open forum for the proposal and vetting of ideas. Subcommittee members may be expected to exercise a high degree of leadership, which may include leading workshops or developing documents. Subcommittees may recommend or propose actions to the Steering Committee and Cooperating Partners, the meetings of which will be the forum to obtain general consensus. Decisions within Subcommittees will be based on consensus whenever possible, or by a vote of a simple majority of all members participating in a meeting. Final decisions on all funding and project selection issues will be decided by majority vote of the Cooperative Partners.

Membership standing within the Steering Committee and all Subcommittees is at the sole discretion of a simple majority of the Cooperating Partners.

6.4 Stakeholders

Stakeholders shall be defined as all interested parties that are not participating in the process as Cooperating Partners. Stakeholders may fall into the following categories as defined in IRWM legislation: (1) Wholesale and retail water purveyors, including a local agency, mutual water company, or a water corporation as defined in Section 241 of the Public Utilities Code; (2) wastewater agencies; (3) flood control agencies; (4) municipal and county governments and special districts; (5) electrical corporations, as defined in Section 218 of the Public Utilities Code; (6) Native American tribes that have lands within the region; (7) self-supplied water users, including agricultural, industrial, residential, park districts, school districts, colleges and universities, and others; (8) environmental stewardship organizations, including watershed groups, fishing groups, land conservancies, and environmental groups; (9) community organizations, including landowner organizations, taxpayer groups, and recreational interests; (10) industry organizations representing agriculture, developers, and other industries appropriate to the region; (11) State, federal, and regional agencies or universities, with specific responsibilities or knowledge within the region; (12) Disadvantaged Community members and representatives,

including environmental justice organizations, neighborhood councils, and social justice organizations; (13) any other interested groups appropriate to the region.

Stakeholder involvement will be actively solicited through web-sites, media noticing, personal contact, and the posting of notices. Solicitation of Stakeholders shall be among the responsibilities of Cooperating Partners and Steering Committee members.

7. Financial Considerations

Each of the Cooperating Partners, respectively except for NGOs that qualify for an exemption from monetary participation, agree to in-kind time and materials commitments, and shall be solely responsible for costs for staff time devoted to the revision of an IRWMP and potentially for making application for grant funding. In addition, there will be extramural costs for hiring some or all of the following: a Project Manager and/or consultants with duties for coordination, analysis, outreach, IRWM plan revision, and grant applications as outlined in the "Roles and Responsibilities" section of this MOU. There will also be extramural costs for administrative services including those conducted by the Santa Barbara County and Water Agency staff including accounting services, web services, project oversight, and legal services, as necessary. The Cooperating Partners agree that the County will contribute 50% of extramural costs (that is, 50% of all costs not covered by the grants) for generalized tasks such as IRWM plan development, project selection, and preparation of Planning grant applications. The Cooperating Partners further agree that only those Partners with projects selected for application of implementation grant funding (Project Proponents) will bear the costs of Implementation grant application, including consultant services and extramural costs. Project proponents shall also pay 100% of the cost of invoicing and administration of their projects once funding has been secured. The County Water Agency shall not be responsible for any costs incurred during the implementation phase.

The Cooperating Partners agree to generally allocate costs by approximate service area population. Where two or more Cooperating Partners serve the same general population, they may agree to share the costs between themselves in any manner to which they mutually agree. The Cooperating Partners agree to actively encourage participation by all public agencies with a direct or indirect interest in water resources.

7.1 Non-Governmental Organizations

It is recognized that some organizations that wish to participate in the IRWM process as Cooperating Partners and/or Steering Committee members may not have the means by which to make a financial contribution. In lieu of a financial contribution, and at the discretion of the Cooperating Partners, these organizations may make an "in kind" contribution consisting of the commitment of time and labor in support of the IRWM process. Pursuant to language in the PUC Section 75005(k), commonly known as Proposition 84, Chapter 2 Integrated Regional Water Management, Nonprofit Organizations are defined as "any nonprofit corporation qualified to do business in California, and qualified under Section 501 (c)(3), 501 (c) (4) or 501 (c) (5) of the Internal Revenue

Code." The option of "in-kind" service in lieu of a financial contribution will extend only to those meeting this definition.

Examples of "In-kind" contributions include but are not limited to:

- 7.1.1 Attendance at and participation in Cooperating Partners and Steering Committee meetings.
- 7.1.2 Organization and/or conducting of informational, workshops and meetings.
- 7.1.3 Production and/or distribution of written materials necessary to conduct business relevant to the IRWM process.
- 7.1.4 Solicitation of involvement by Stakeholders.
- 7.1.5 Review of, and comment on, documents produced as part of the IRWM process.

7.2. For Financial Management:

- 7.2.1 The County Water Agency has established an IRWM account for handling the monetary contributions from those Cooperating Partners and Project Proponents responsible for making a financial contribution (Financially Responsible Cooperating Partners/Proponents). Each Financially Responsible Cooperating Partner/Proponent shall be responsible for payment or reimbursement of actual costs pursuant to section 7 above. These funds will be deposited into this IRWM account. Subject to appropriation by its Board of Directors, the County Water Agency will contribute **50 %** of the cost for hiring consultants for IRWMP preparation and planning grant application which may include, but is not limited to, project selection, project management, and administrative support. The Water Agency will also contribute **50%** of the cost of its staff time for project management and administration for general IRWMP coordination and planning grant application. The Cooperating Partners shall reimburse the County Water Agency for the remaining **50%** of all of the costs above.
- 7.2.2 Financially Responsible Cooperating Partners/Project Proponents shall pay their respective contributions to the County Water Agency not later than 60 days from the date of invoice. Payment will be sent to: Santa Barbara County Water Agency, 123 E. Anapamu St., Santa Barbara, CA 93101.
- 7.2.3. Each year the Water Agency will provide an accounting of the IRWM fund. If funds received are in excess of the cost of actual plan coordination and preparation services, then the County Water Agency will carry forward the balance for use in the next year's IRWM activities. If Water Agency expenditures exceed those existing in the IRWM account, the Cooperating Partners agree to reimburse the Water Agency in accordance with the terms of this MOU. If the IRWM process is completed or

terminated, the Water Agency will refund monies to Cooperating Partners on a pro-rated basis according to each partner's contribution.

- 7.2.4. If the estimated costs of coordination and plan preparation exceed the funds available to the County Water Agency under this MOU, the County Water Agency may ask all Cooperating Partners to provide supplemental funds. If individual Partners refuse or fail to provide the supplemental funds, the shortfall will be spread over the remaining partners on a voluntary basis. If such shortfalls are not made up, then all planning efforts and obligations shall automatically terminate. The planning effort may also be terminated with the concurrence of a majority of the Cooperating Partners.

8. Termination of Participation

Any signatory to the MOU may terminate its participation in this MOU after 30 days written notification to all other signatories. Any entity terminating participation will not be eligible to rejoin the Cooperating Partners/Project Proponents until the next IRWMP funding cycle. Remaining partners agree under this provision to redistribute any extra expenses amongst the remaining participants pursuant to the existing formula. Any previously terminated entity that is re-joining at the time of a new funding cycle may be obligated to pay its share of any expenses for which it otherwise would have been obligated absent such termination, as determined by the Cooperating Partners/Project Proponents.

The County Water Agency, through its Board of Directors, may terminate participation, including all associated duties and responsibilities, by giving 60 days notice to the Cooperating Parties.

9. Addition of Parties

Eligible entities may join the IRWM Cooperating Partners/Project Proponents by submitting a written request to the Cooperating Partners and receiving their approval. Entities joining the Cooperating Partners/Project Proponents will be subject to all of the provisions of, and be required to make a financial or in-kind contribution in accordance with, this MOU. Each paying participant's financial obligation will be reduced proportionally with the addition of funds from any joining entity and applied as a credit to the existing participant's account.

10. Indemnify, Defend, and Hold Harmless

Tort Liability. Government Code Section 895.2 imposes certain tort liability jointly upon public agencies solely by reason of such public agencies being parties to an agreement as defined in Government Code Section 895. Therefore, the Parties hereto, as between themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6, each assumes the full liability imposed upon it or any of its officers, agents,

representatives or employees by law for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve this purpose, each Party agrees to indemnify, defend, and hold harmless the other Party for any loss, cost, or expense, including reasonable attorneys' fees that may be imposed upon or incurred by such other Party solely by virtue of Government Code Section 895.2.

11. Term of this MOU:

The provisions of this MOU will terminate: (i) on December 31, 2017; or (ii) when Cooperating Partners sign a new MOU that specifically covers ongoing coordination of the IRWMP process, whichever occurs first.

12. Counterparts:

This MOU may be executed in counterparts. Each counterpart shall have the same effect as an original.

13. Notices

All notices or other official correspondence relating to MOU matters between the Cooperating Partners shall be addressed to:

Matt Naftaly, Manager
Santa Barbara County Water Agency
123 E. Anapamu St.
Santa Barbara, CA 93101

14. Updating of Appendices

To keep the status of projects, partners and schedules current, the appendices attached to this MOU may be updated from time to time by authorization of a majority of the Cooperating Partners during the term of this MOU. No modifications to the appendices shall be made which conflict with or exceed any terms or limitations of State IRWMP Agreements or Water Agency Board of Directors authorizations.

In witness whereof, the Cooperating Partners hereto have executed this MOU effective at the time that a majority of the parties listed in Appendix A have approved and executed this MOU.

23. Nothing in this AGREEMENT shall create any contractual relationship between any contractor, subcontractor, or consultants of SUBGRANTEE and AGENCY. SUBGRANTEE agrees to be fully responsible to AGENCY for the acts and omissions of its contractors, subcontractors, consultants and persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by SUBGRANTEE. SUBGRANTEE's obligation to pay its contractors, subcontractors, and consultants is independent of the obligation of STATE to transmit monies to AGENCY. AGENCY has no obligation to transmit monies to any contractor, subcontractor, or consultant of SUBGRANTEE.

24. SUBGRANTEE agrees that, at SUBGRANTEE's sole expense, SUBGRANTEE shall ensure that the AGENCY, including its board, officers, consultants, employees, agents and volunteers, shall be named as additional insured, and insured in the same amount as SUBGRANTEE, on all insurance policies which SUBGRANTEE is required to obtain pursuant to the grant agreement. SUBGRANTEE agrees to provide AGENCY with written documentation that it has been so named as an additional insured on all insurance policies which SUBGRANTEE is required to obtain pursuant to the grant agreement.

25. The term of the AGREEMENT shall be the same as, and coincide with, the term of the grant agreement.

26. This AGREEMENT shall terminate upon the earlier of: (i) written notice from STATE to AGENCY and SUBGRANTEE of insufficient appropriations and cancellation of the grant agreements; (ii) AGENCY's disbursement of all funds for THE PROJECT COMPONENT pursuant to this AGREEMENT by ____, 20__, plus 35 years;

Appendix A: List of Cooperating Partners

The list below is of potential Cooperating Partners. A final list will be prepared based on the actual signatories to the MOU.

Cities and County Entities

City of Buellton
City of Carpinteria
City of Guadalupe
City of Goleta
City of Lompoc
City Santa Barbara
City of Santa Maria – Utilities Division
City of Santa Maria – Parks Division
City of Solvang
County of Santa Barbara – Agricultural Commissioner’s Office
County of Santa Barbara - Parks Department
County of Santa Barbara – Public Works Department

JPAs

Cachuma Operation and Maintenance Board (COMB)
Central Coast Water Authority (CCWA)

NGOs

Heal the Ocean

Community Services Districts

Casmalia Community Services District (Cuyama CSD)
Cuyama Community Services District (Casmalia CSD)
Vandenberg Village Community Services District (VVCS)

Court Mandated Administrative Authorities

Twitchell Management Authority (TMA)

Sanitary District

Carpinteria Sanitary District (CSD)
Goleta Sanitary District (GSD)
Goleta West Sanitary District (GWSD)
Laguna Sanitation District

Special Districts (Independent & Dependent)

Cachuma Resource Conservation District (RCD) (Independent)

Santa Barbara County Water Agency (SBCWA) (Dependent)

Santa Barbara County Flood Control District (SBCFCD) (Dependent)

Water Districts

Carpinteria Valley Water District (CVWD)

Goleta Water District (GWD)

Santa Maria Valley Water Conservation District (SMVWCD)

Santa Ynez River Water Conservation District (SYRWCD)

Santa Ynez River Water Conservation District, ID #1 (SYRWCD ID#1)

Appendix B: Sample Project Proponent Subgrant Agreement

This agreement must be executed by all project sponsors (Project Proponents) at the time of project grant acceptance. It must be executed by an individual from the sponsoring agency empowered to agree to the terms of this section and execute on behalf of the sponsoring agency.

INTEGRATED REGIONAL WATER MANAGEMENT SUBGRANT AGREEMENT

**Between the Santa Barbara County Water Agency and
(Name of Subgrantee)**

This Integrated Regional Water Management Subgrant Agreement (“AGREEMENT”) is made this ____ day of _____, 20__, between the Santa Barbara County Water Agency (“AGENCY”) and **County of Santa Barbara Agricultural Commissioner's Office** (“SUBGRANTEE”) (collectively “THE PARTIES”), regarding the approved grant funded project component known as the **Santa Ynez River Tamarisk and Arundo Project**.

RECITALS

1. The County of Santa Barbara and 28 other public agencies have approved an Integrated Regional Water Management Plan (“IRWMP”) for the Santa Barbara County area and submitted a grant application to the State Water Resources Control Board or the State Department of Water Resources (collectively “STATE”) for a Project Implementation Grant for certain water enhancement projects throughout Santa Barbara

County, as specified in the IRWMP, to be carried out by various public agencies in Santa Barbara County with authority and responsibility for water facilities and programs;

2. STATE has approved the grant application of THE PARTIES pursuant to (“Name of Funding Instrument” , Prop 50, Prop 84, etc), but requires that the grant agreement be entered into with a single eligible grant recipient, that is Santa Barbara County Water Agency;

3. AGENCY is an eligible grant recipient, and is willing to serve as the single grantee under the grant agreement with STATE and to enter into subgrant agreements with the other public agencies for state-approved project components in the IRWMP and grant application and to act with the assistance of a contractor, as the administrator of the grant;

4. SUBGRANTEE has requested that AGENCY perform the function of grantee under the grant;

5. SUBGRANTEE wishes to carry out the approved grant project component known as the **Santa Ynez River Tamarisk and Arundo Project** (“THE PROJECT COMPONENT”) and consents to implement THE PROJECT COMPONENT through this AGREEMENT with AGENCY.

6. SUBGRANTEE is willing and committed to meet all STATE requirements under the grant agreement for THE PROJECT COMPONENTS, including providing matching funds or in-kind match activities, and will provide all funding for administrative costs as may be incurred by AGENCY or its contractors.

AGREEMENT

IT IS MUTUALLY AGREED BY THE PARTIES THAT:

1. AGENCY shall act as grantee under the Integrated Regional Water Management Grant Program and shall, as an eligible grant recipient, enter into the grant

agreement with STATE to implement the approved project components in the IRWMP and to administer the grant requirements. AGENCY may contract with third parties for the administrative services called for in the grant agreement.

2. AGENCY shall pay grant funds to SUBGRANTEE for work on THE PROJECT COMPONENT for activities completed in accordance with the terms of the grant agreement, upon receipt of grant funds for that work from STATE.

3. AGENCY shall timely submit to STATE all invoices, reports, and assurances received from SUBGRANTEE prepared to meet the accounting, reporting and other requirements in the grant agreement for THE PROJECT COMPONENT.

4. AGENCY, assisted by the administration consultant, shall maintain files and accounts for THE PROJECT COMPONENT in accordance with grant agreement.

5. a) SUBGRANTEE shall carry out, build and/or perform THE PROJECT COMPONENT in accordance with all requirements for THE PROJECT COMPONENT set forth in the grant agreement, attached hereto as Exhibit 1 and incorporated herein by this reference. SUBGRANTEE shall fulfill all assurances, declarations, representations and commitments made by SUBGRANTEE in support of SUBGRANTEE's request for grant funds. SUBGRANTEE agrees to all requirements and limitations of the grant agreement for THE PROJECT COMPONENT.

b) SUBGRANTEE shall immediately provide notice to AGENCY in the event SUBGRANTEE wishes to substantially alter the schedule, materials, methods or deliverables related to THE PROJECT COMPONENT as set forth in the grant agreement. AGENCY shall timely forward SUBGRANTEE's request for alteration to STATE for its consideration.

c) As AGENCY is acting as grantee under the grant agreement, SUBGRANTEE's questions and other communications related to the grant agreement or performance of work under the grant agreement shall be directed to the AGENCY's representatives for resolution with STATE, which AGENCY agrees to promptly seek resolution of. Agency shall promptly relay Sub Grantee's questions and communications to STATE.

6. a) SUBGRANTEE shall pay or cause to be paid and provide all required grant matching funds or in-kind matching services for THE PROJECT COMPONENT, and shall provide all necessary environmental review and obtain all required permits for THE PROJECT COMPONENT.

b) AGENCY and SUBGRANTEE agree that the initial budget for THE PROJECT COMPONENT IS:

"FUNDING SOURCE"	Match	Total
\$400,000	\$25,000	\$425,000

This budget may be adjusted in accordance with the grant agreement.

7. To the extent permitted by law, SUBGRANTEE shall fully indemnify, defend, and hold the AGENCY, its officers, employees and agents, free and harmless from any and all claims, costs, damages, investigations, arbitrations, lawsuits, and expenses, including attorney fees, judgments, awards or liabilities arising out of this AGREEMENT or SUBGRANTEE's work on THE PROJECT COMPONENT.

8. There shall be paid by SUBGRANTEE to AGENCY to fund AGENCY's ongoing administrative services as grant administrator an amount as established in the MOU between AGENCY and SUBGRANTEE, AGENCY may utilize these monies to

engage a contractor to assist in the performance of administrative services. Payments shall be made in installments. The first year's payment shall be made within 60 days of entering into this AGREEMENT. Thereafter, SUBGRANTEE shall on or before December 1 of each fiscal year that it is carrying out THE PROJECT COMPONENT, make payments to AGENCY as set forth in the signed MOU or on such other schedule acceptable to AGENCY to fund AGENCY's services for grant administration. SUBGRANTEE shall pay AGENCY additional amounts as billed by the AGENCY at applicable hourly rates for any additional costs of administrative services caused by delays of the SUBGRANTEE.

9. In Accordance with the "GRANTEE REPRESENTATIONS" provision of the grant agreement between STATE and AGENCY, THE PARTIES agree that SUBGRANTEE shall comply with all applicable laws, policies and regulations in carrying out this AGREEMENT and THE PROJECT COMPONENT.

10. AGENCY shall use all funds it receives for THE PROJECT COMPONENT from STATE under the grant agreement solely and exclusively for the purposes set out in this AGREEMENT for THE PROJECT COMPONENT; provided, however, that AGENCY shall not be responsible for any funds paid out as a result of fraud, forgery or misrepresentation.

11. AGENCY shall have no responsibility for maintenance of or insurance for THE PROJECT COMPONENT.

12. AGENCY is not acting as a surety. This AGREEMENT is not a performance, payment, completion or labor and materials bond. AGENCY does not guarantee or warrant that construction of THE PROJECT COMPONENT will proceed, be completed, or that the grant funds for THE PROJECT COMPONENT will be

sufficient to meet incurred expenses. AGENCY does not guarantee or warrant the plans and specifications for THE PROJECT COMPONENT. AGENCY does not guarantee or warrant any estimated construction costs or budget set forth in either the grant application or grant agreement. AGENCY shall have no responsibility for any aspect of bidding and selection of contractors and subcontractors to perform any aspect of the work of THE PROJECT COMPONENT under this AGREEMENT. Instead, AGENCY is only acting as a conduit: 1) for transfer of grant funds to SUBGRANTEE for THE PROJECT COMPONENT in furtherance of the grant agreement and 2) for the transmission of invoices, reports, financial information and state disclosure assurances and other information required by the grant agreement to be transmitted from the SUBGRANTEE to STATE.

13. a) AGENCY does not guarantee or warrant that it will pay any invoice submitted by SUBGRANTEE until funds for approved invoices have actually been transmitted by STATE to AGENCY. AGENCY assumes no liability to any entity, including but not limited to, SUBGRANTEE, and any contractors and subcontractors on THE PROJECT COMPONENT for any delays by STATE in approval or transmittal of grant funds to the AGENCY.

b) SUBGRANTEE agrees that it shall return any audit disallowance related to THE PROJECT COMPONENT, as provided in the grant agreement to the AGENCY for transmission to STATE.

14. THE PARTIES agree that if SUBGRANTEE abandons carrying out THE PROJECT COMPONENT or fails to cure any breach of this AGREEMENT within 30 days of receipt of Notice of Breach from AGENCY, then AGENCY may, in its sole discretion serve written notice to SUBGRANTEE that AGENCY intends to terminate

this AGREEMENT due to SUBGRANTEE's breach in 30 days and, if the breach is not timely and reasonably cured, terminate this AGREEMENT.

15. It is agreed by THE PARTIES that if any applicable federal or state budget act of the current year and/or any subsequent years does not appropriate sufficient funds for the grant, then this AGREEMENT shall be suspended until such time as funding is appropriated. Agreement shall terminate if the grant agreement is canceled by STATE. In this event, except for those funds already received from STATE and approved for payment for work on THE PROJECT COMPONENT, AGENCY shall have no liability to transmit any funds for work on THE PROJECT COMPONENT to SUBGRANTEE. SUBGRANTEE agrees to indemnify and defend and hold AGENCY harmless from any claims asserted against AGENCY by any entity in the event that the applicable federal or state budget act does not appropriate sufficient fund for THE PROJECT COMPONENT.

16. AGENCY shall not be responsible for securing insurance protection against loss or damage to THE PROJECT COMPONENT or any pre-purchased materials for said PROJECT COMPONENT, including but not limited to losses due to the following: fire, earthquake, vandalism and theft. Neither is AGENCY liable for any loss or damage resulting from the failure to secure any such insurance. As a minimum, SUBGRANTEE shall provide all insurance coverages as required for THE PROJECT COMPONENT in the grant agreement.

17. Upon completion of construction or performance of THE PROJECT COMPONENT or termination of this AGREEMENT, AGENCY shall: 1) disburse to SUBGRANTEE any remaining sums of money in the account approved by STATE for payment to SUBGRANTEE, which have not already been disbursed by AGENCY to

SUBGRANTEE, and 2) distribute pro rata refunds to SUBGRANTEE of unexpended administrative cost contributions.

18. SUBGRANTEE shall proceed with all reasonable diligence in: (i) the commencement and completion of THE PROJECT COMPONENT; (ii) submission of written reports, financial information, insurance, bonds, and assurances required by the grant agreement for THE PROJECT COMPONENT; and (iii) submittal of requests for payment fully compliant with the grant agreement, and accompanied by written verification certified under penalty of perjury that the request for payment is truthful and accurate and the described costs have all been incurred solely for THE PROJECT COMPONENT.

19. AGENCY shall not be obligated to recognize any assignment of this AGREEMENT by SUBGRANTEE to any third party, except as agreed to in writing by the AGENCY and SUBGRANTEE.

20. Should any provision of this AGREEMENT be found invalid, such invalidity shall not, in any way, affect the remaining provisions of this AGREEMENT.

21. This AGREEMENT is only for the benefit of THE PARTIES and not for the benefit of any third party, other than STATE.

22. The signature of SUBGRANTEE's General Manager or Project Manager on the requests for payment to AGENCY submitted by SUBGRANTEE shall conclusively and finally establish the right of AGENCY to draw checks as so requested, subject to AGENCY's performance of its responsibilities as grantee pursuant to the grant agreement, and subject to STATE's transmittal of grant monies to AGENCY for THE PROJECT COMPONENT. Changes to authorized signatures shall be accomplished by written notice from SUBGRANTEE to AGENCY.

or (iii) termination of the AGREEMENT by AGENCY due to breach as set forth in Paragraph 14.

27. For five years after completion of THE PROJECT COMPONENT or as otherwise required by the grant agreement, AGENCY shall retain a copy of records of: (i) AGENCY deposits into, and disbursements from, accounts for THE PROJECT COMPONENT; (ii) requests for payment received from SUBGRANTEE; and (iii) AGENCY inspection of SUBGRANTEE requests for payment on THE PROJECT COMPONENT. Upon prior written request from STATE or SUBGRANTEE, AGENCY shall provide STATE or SUBGRANTEE reasonable access to inspect such records on AGENCY premises during normal business hours.

28. Each of THE PARTIES represents and warrants that each person signing this AGREEMENT on behalf of any of THE PARTIES, has legal authority to sign this AGREEMENT, and bind that party.

29. Notice pursuant to this AGREEMENT shall be sent by United States mail and by facsimile transmission to the following representatives for THE PARTIES.

SUBGRANTEE:

**Agricultural Commissioner's Office
263 Camino del Remedio
Santa Barbara CA 93110
Attn: Cathleen M. Fisher**

AGENCY:

Santa Barbara County Water Agency
123 East Anapamu Street
Santa Barbara, CA 93101
Attn: Thomas Fayram

THE PARTIES may change representatives upon written notice to the other party.

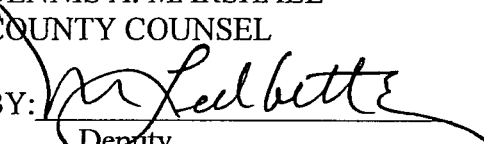
In witness whereof, the Cooperating Partners hereto have executed this MOU effective at the time that a majority of the parties listed in Appendix A have approved and executed this MOU.

SANTA BARBARA COUNTY WATER AGENCY
SCOTT D. MCGOLPIN
PUBLIC WORKS DIRECTOR

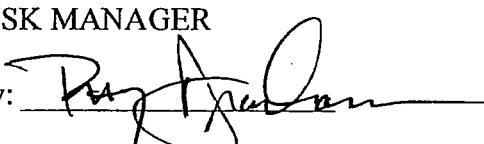
BY:  _____

DATE: 8/29/2012


APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

BY:  _____
Deputy

APPROVED AS TO FORM:
RAY AROMATORIO, ARM, AIC
RISK MANAGER

By:  _____

APPROVE AS TO ACCOUNTING:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY:  _____
Deputy
Deputy Auditor-Controller
Gregory Eric Levin
Advanced and Specialty Accounting

The County of Santa Barbara, which for purposes of this MOU includes the Departments of Public Works, Agricultural Commissioner, and Community Services as Cooperating Partners, has executed this MOU on the date set forth below.

COUNTY OF SANTA BARBARA

BY: _____
Chair, Board of Supervisors

DATE: _____

CHANDRA L. WALLAR
CLERK OF THE BOARD

By: _____
Deputy

APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

BY: Celeste E. Anderson
Deputy

APPROVED AS TO INSURANCE:
RAY AROMATORIO, ARM, AIC
RISK MANAGER

BY: Ray Aromatorio

APPROVE AS TO ACCOUNTING:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY: Gregory Eric Levin
Deputy
Advanced and Specialty Accounting
Deputy Auditor-Controller

Appendix A: List of Cooperating Partners

The list below is of potential Cooperating Partners. A final list will be prepared based on the actual signatories to the MOU.

Cities and County Entities

City of Buellton
City of Carpinteria
City of Guadalupe
City of Goleta
City of Lompoc
City Santa Barbara
City of Santa Maria – Utilities Division
City of Santa Maria – Parks Division
City of Solvang
County of Santa Barbara – Agricultural Commissioner’s Office
County of Santa Barbara - Parks Department
County of Santa Barbara – Public Works Department

JPAs

Cachuma Operation and Maintenance Board (COMB)
Central Coast Water Authority (CCWA)

NGOs

Heal the Ocean

Community Services Districts

Casmalia Community Services District (Cuyama CSD)
Cuyama Community Services District (Casmalia CSD)
Vandenberg Village Community Services District (VVCSD)

Court Mandated Administrative Authorities

Twitchell Management Authority (TMA)

Sanitary District

Carpinteria Sanitary District (CSD)
Goleta Sanitary District (GSD)
Goleta West Sanitary District (GWSD)
Laguna Sanitation District

Special Districts (Independent & Dependent)

Cachuma Resource Conservation District (RCD) (Independent)
Santa Barbara County Water Agency (SBCWA) (Dependent)
Santa Barbara County Flood Control District (SBCFCD) (Dependent)

Water Districts

Carpinteria Valley Water District (CVWD)

Goleta Water District (GWD)

Santa Maria Valley Water Conservation District (SMVWCD)

Santa Ynez River Water Conservation District (SYRWCD)

Santa Ynez River Water Conservation District, ID #1 (SYRWCD ID#1)

Appendix B: Sample Project Proponent Subgrant Agreement

This agreement must be executed by all project sponsors (Project Proponents) at the time of project grant acceptance. It must be executed by an individual from the sponsoring agency empowered to agree to the terms of this section and execute on behalf of the sponsoring agency.

INTEGRATED REGIONAL WATER MANAGEMENT SUBGRANT AGREEMENT

**Between the Santa Barbara County Water Agency and
(Name of Subgrantee)**

This Integrated Regional Water Management Subgrant Agreement
("AGREEMENT") is made this _____ day of _____, 20____, between the Santa
Barbara County Water Agency ("AGENCY") and _____ ("SUBGRANTEE")
(collectively "THE PARTIES"), regarding the approved grant funded project component
known as the _____ Project.

RECITALS

1. The County of Santa Barbara and 28 other public agencies have approved an
Integrated Regional Water Management Plan ("IRWMP") for the Santa Barbara County
area and submitted a grant application to the State Water Resources Control Board or the
State Department of Water Resources (collectively "STATE") for a Project
Implementation Grant for certain water enhancement projects throughout Santa Barbara
County, as specified in the IRWMP, to be carried out by various public agencies in Santa
Barbara County with authority and responsibility for water facilities and programs;

2. STATE has approved the grant application of THE PARTIES pursuant to (“Name of Funding Instrument” , Prop 50, Prop 84, etc), but requires that the grant agreement be entered into with a single eligible grant recipient, that is Santa Barbara County Water Agency;
3. AGENCY is an eligible grant recipient, and is willing to serve as the single grantee under the grant agreement with STATE and to enter into subgrant agreements with the other public agencies for state-approved project components in the IRWMP and grant application and to act with the assistance of a contractor, as the administrator of the grant;
4. SUBGRANTEE has requested that AGENCY perform the function of grantee under the grant;
5. SUBGRANTEE wishes to carry out the approved grant project component known as the _____ Project (“THE PROJECT COMPONENT”) and consents to implement THE PROJECT COMPONENT through this AGREEMENT with AGENCY.
6. SUBGRANTEE is willing and committed to meet all STATE requirements under the grant agreement for THE PROJECT COMPONENTS, including providing matching funds or in-kind match activities, and will provide all funding for administrative costs as may be incurred by AGENCY or its contractors.

AGREEMENT

IT IS MUTUALLY AGREED BY THE PARTIES THAT:

1. AGENCY shall act as grantee under the Integrated Regional Water Management Grant Program and shall, as an eligible grant recipient, enter into the grant agreement with STATE to implement the approved project components in the IRWMP and to administer the grant requirements. AGENCY may contract with third parties for the administrative services called for in the grant agreement.

2. AGENCY shall pay grant funds to SUBGRANTEE for work on THE PROJECT COMPONENT for activities completed in accordance with the terms of the grant agreement, upon receipt of grant funds for that work from STATE.

3. AGENCY shall timely submit to STATE all invoices, reports, and assurances received from SUBGRANTEE prepared to meet the accounting, reporting and other requirements in the grant agreement for THE PROJECT COMPONENT.

4. AGENCY, assisted by the administration consultant, shall maintain files and accounts for THE PROJECT COMPONENT in accordance with grant agreement.

5. a) SUBGRANTEE shall carry out, build and/or perform THE PROJECT COMPONENT in accordance with all requirements for THE PROJECT COMPONENT set forth in the grant agreement, attached hereto as Exhibit 1 and incorporated herein by this reference. SUBGRANTEE shall fulfill all assurances, declarations, representations and commitments made by SUBGRANTEE in support of SUBGRANTEE's request for grant funds. SUBGRANTEE agrees to all requirements and limitations of the grant agreement for THE PROJECT COMPONENT.

b) SUBGRANTEE shall immediately provide notice to AGENCY in the event SUBGRANTEE wishes to substantially alter the schedule, materials, methods or deliverables related to THE PROJECT COMPONENT as set forth in the grant agreement. AGENCY shall timely forward SUBGRANTEE's request for alteration to STATE for its consideration.

c) As AGENCY is acting as grantee under the grant agreement, SUBGRANTEE's questions and other communications related to the grant agreement or performance of work under the grant agreement shall be directed to the AGENCY's representatives for resolution with STATE, which AGENCY agrees to promptly seek

resolution of. Agency shall promptly relay Sub Grantee's questions and communications to STATE.

6. a) SUBGRANTEE shall pay or cause to be paid and provide all required grant matching funds or in-kind matching services for THE PROJECT COMPONENT, and shall provide all necessary environmental review and obtain all required permits for THE PROJECT COMPONENT.

b) AGENCY and SUBGRANTEE agree that the initial budget for THE PROJECT COMPONENT IS:

"FUNDING SOURCE"	Match	Total
\$ _____	\$ _____	\$ _____

This budget may be adjusted in accordance with the grant agreement.

7. To the extent permitted by law, SUBGRANTEE shall fully indemnify, defend, and hold the AGENCY, its officers, employees and agents, free and harmless from any and all claims, costs, damages, investigations, arbitrations, lawsuits, and expenses, including attorney fees, judgments, awards or liabilities arising out of this AGREEMENT or SUBGRANTEE's work on THE PROJECT COMPONENT.

8. There shall be paid by SUBGRANTEE to AGENCY to fund AGENCY's ongoing administrative services as grant administrator an amount as established in the MOU between AGENCY and SUBGRANTEE, AGENCY may utilize these monies to engage a contractor to assist in the performance of administrative services. Payments shall be made in installments. The first year's payment shall be made within 60 days of entering into this AGREEMENT. Thereafter, SUBGRANTEE shall on or before December 1 of each fiscal year that it is carrying out THE PROJECT COMPONENT,

make payments to AGENCY as set forth in the signed MOU or on such other schedule acceptable to AGENCY to fund AGENCY's services for grant administration.

SUBGRANTEE shall pay AGENCY additional amounts as billed by the AGENCY at applicable hourly rates for any additional costs of administrative services caused by delays of the SUBGRANTEE.

9. In Accordance with the "GRANTEE REPRESENTATIONS" provision of the grant agreement between STATE and AGENCY, THE PARTIES agree that SUBGRANTEE shall comply with all applicable laws, policies and regulations in carrying out this AGREEMENT and THE PROJECT COMPONENT.

10. AGENCY shall use all funds it receives for THE PROJECT COMPONENT from STATE under the grant agreement solely and exclusively for the purposes set out in this AGREEMENT for THE PROJECT COMPONENT; provided, however, that AGENCY shall not be responsible for any funds paid out as a result of fraud, forgery or misrepresentation.

11. AGENCY shall have no responsibility for maintenance of or insurance for THE PROJECT COMPONENT.

12. AGENCY is not acting as a surety. This AGREEMENT is not a performance, payment, completion or labor and materials bond. AGENCY does not guarantee or warrant that construction of THE PROJECT COMPONENT will proceed, be completed, or that the grant funds for THE PROJECT COMPONENT will be sufficient to meet incurred expenses. AGENCY does not guarantee or warrant the plans and specifications for THE PROJECT COMPONENT. AGENCY does not guarantee or warrant any estimated construction costs or budget set forth in either the grant application or grant agreement. AGENCY shall have no responsibility for any aspect of bidding and

selection of contractors and subcontractors to perform any aspect of the work of THE PROJECT COMPONENT under this AGREEMENT. Instead, AGENCY is only acting as a conduit: 1) for transfer of grant funds to SUBGRANTEE for THE PROJECT COMPONENT in furtherance of the grant agreement and 2) for the transmission of invoices, reports, financial information and state disclosure assurances and other information required by the grant agreement to be transmitted from the SUBGRANTEE to STATE.

13. a) AGENCY does not guarantee or warrant that it will pay any invoice submitted by SUBGRANTEE until funds for approved invoices have actually been transmitted by STATE to AGENCY. AGENCY assumes no liability to any entity, including but not limited to, SUBGRANTEE, and any contractors and subcontractors on THE PROJECT COMPONENT for any delays by STATE in approval or transmittal of grant funds to the AGENCY.

b) SUBGRANTEE agrees that it shall return any audit disallowance related to THE PROJECT COMPONENT, as provided in the grant agreement to the AGENCY for transmission to STATE.

14. THE PARTIES agree that if SUBGRANTEE abandons carrying out THE PROJECT COMPONENT or fails to cure any breach of this AGREEMENT within 30 days of receipt of Notice of Breach from AGENCY, then AGENCY may, in its sole discretion serve written notice to SUBGRANTEE that AGENCY intends to terminate this AGREEMENT due to SUBGRANTEE's breach in 30 days and, if the breach is not timely and reasonably cured, terminate this AGREEMENT.

15. It is agreed by THE PARTIES that if any applicable federal or state budget act of the current year and/or any subsequent years does not appropriate sufficient

funds for the grant, then this AGREEMENT shall be suspended until such time as funding is appropriated. Agreement shall terminate if the grant agreement is canceled by STATE. In this event, except for those funds already received from STATE and approved for payment for work on THE PROJECT COMPONENT, AGENCY shall have no liability to transmit any funds for work on THE PROJECT COMPONENT to SUBGRANTEE. SUBGRANTEE agrees to indemnify and defend and hold AGENCY harmless from any claims asserted against AGENCY by any entity in the event that the applicable federal or state budget act does not appropriate sufficient fund for THE PROJECT COMPONENT.

16. AGENCY shall not be responsible for securing insurance protection against loss or damage to THE PROJECT COMPONENT or any pre-purchased materials for said PROJECT COMPONENT, including but not limited to losses due to the following: fire, earthquake, vandalism and theft. Neither is AGENCY liable for any loss or damage resulting from the failure to secure any such insurance. As a minimum, SUBGRANTEE shall provide all insurance coverages as required for THE PROJECT COMPONENT in the grant agreement.

17. Upon completion of construction or performance of THE PROJECT COMPONENT or termination of this AGREEMENT, AGENCY shall: 1) disburse to SUBGRANTEE any remaining sums of money in the account approved by STATE for payment to SUBGRANTEE, which have not already been disbursed by AGENCY to SUBGRANTEE, and 2) distribute pro rata refunds to SUBGRANTEE of unexpended administrative cost contributions.

18. SUBGRANTEE shall proceed with all reasonable diligence in: (i) the commencement and completion of THE PROJECT COMPONENT; (ii) submission of

written reports, financial information, insurance, bonds, and assurances required by the grant agreement for THE PROJECT COMPONENT; and (iii) submittal of requests for payment fully compliant with the grant agreement, and accompanied by written verification certified under penalty of perjury that the request for payment is truthful and accurate and the described costs have all been incurred solely for THE PROJECT COMPONENT.

19. AGENCY shall not be obligated to recognize any assignment of this AGREEMENT by SUBGRANTEE to any third party, except as agreed to in writing by the AGENCY and SUBGRANTEE.

20. Should any provision of this AGREEMENT be found invalid, such invalidity shall not, in any way, affect the remaining provisions of this AGREEMENT.

21. This AGREEMENT is only for the benefit of THE PARTIES and not for the benefit of any third party, other than STATE.

22. The signature of SUBGRANTEE's General Manager or Project Manager on the requests for payment to AGENCY submitted by SUBGRANTEE shall conclusively and finally establish the right of AGENCY to draw checks as so requested, subject to AGENCY's performance of its responsibilities as grantee pursuant to the grant agreement, and subject to STATE's transmittal of grant monies to AGENCY for THE PROJECT COMPONENT. Changes to authorized signatures shall be accomplished by written notice from SUBGRANTEE to AGENCY.

23. Nothing in this AGREEMENT shall create any contractual relationship between any contractor, subcontractor, or consultants of SUBGRANTEE and AGENCY. SUBGRANTEE agrees to be fully responsible to AGENCY for the acts and omissions of its contractors, subcontractors, consultants and persons either directly or indirectly

employed by them as it is for the acts and omissions of persons directly employed by SUBGRANTEE. SUBGRANTEE's obligation to pay its contractors, subcontractors, and consultants is independent of the obligation of STATE to transmit monies to AGENCY. AGENCY has no obligation to transmit monies to any contractor, subcontractor, or consultant of SUBGRANTEE.

24. SUBGRANTEE agrees that, at SUBGRANTEE's sole expense, SUBGRANTEE shall ensure that the AGENCY, including its board, officers, consultants, employees, agents and volunteers, shall be named as additional insured, and insured in the same amount as SUBGRANTEE, on all insurance policies which SUBGRANTEE is required to obtain pursuant to the grant agreement. SUBGRANTEE agrees to provide AGENCY with written documentation that it has been so named as an additional insured on all insurance policies which SUBGRANTEE is required to obtain pursuant to the grant agreement.

25. The term of the AGREEMENT shall be the same as, and coincide with, the term of the grant agreement.

26. This AGREEMENT shall terminate upon the earlier of: (i) written notice from STATE to AGENCY and SUBGRANTEE of insufficient appropriations and cancellation of the grant agreements; (ii) AGENCY's disbursement of all funds for THE PROJECT COMPONENT pursuant to this AGREEMENT by ____, 20__, plus 35 years; or (iii) termination of the AGREEMENT by AGENCY due to breach as set forth in Paragraph 14.

27. For five years after completion of THE PROJECT COMPONENT or as otherwise required by the grant agreement, AGENCY shall retain a copy of records of: (i) AGENCY deposits into, and disbursements from, accounts for THE PROJECT

COMPONENT; (ii) requests for payment received from SUBGRANTEE; and (iii) AGENCY inspection of SUBGRANTEE requests for payment on THE PROJECT COMPONENT. Upon prior written request from STATE or SUBGRANTEE, AGENCY shall provide STATE or SUBGRANTEE reasonable access to inspect such records on AGENCY premises during normal business hours.

28. Each of THE PARTIES represents and warrants that each person signing this AGREEMENT on behalf of any of THE PARTIES, has legal authority to sign this AGREEMENT, and bind that party.

29. Notice pursuant to this AGREEMENT shall be sent by United States mail and by facsimile transmission to the following representatives for THE PARTIES.

SUBGRANTEE:

Attn: _____

AGENCY:

Santa Barbara County Water Agency
123 East Anapamu Street
Santa Barbara, CA 93101
Attn: Thomas Fayram

THE PARTIES may change representatives upon written notice to the other party.

30. This AGREEMENT is entered into, and shall be construed and interpreted in accordance with the laws of the State of California.

31. This AGREEMENT has been negotiated between THE PARTIES and shall not be construed against any party as the drafting party.

32. This AGREEMENT will be considered binding and effective when it has been fully executed by THE PARTIES. This AGREEMENT may be executed in counterpart originals, with all counterparts taken as a whole constituting the complete AGREEMENT.

Wherefore, having read the foregoing and having understood and agreed to the terms of this AGREEMENT, THE PARTIES voluntarily affix their signatures below.

ACCEPTED and AGREED:

Signatures of AGENCY

SANTA BARBARA COUNTY WATER AGENCY
Public Works Director

By: _____

Date: _____

APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO INSURANCE:
RAY AROMATORIO, ARM, AIC
RISK MANAGER

By: _____

APPROVE AS TO ACCOUNTING:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

BY: _____

Deputy

Signatures of SUBGRANTEE

By: _____

Name: _____

Title: _____

Organization: _____

Date: _____

EXHIBIT 1

Insert Project Description

SAMPLE