

FIRST AMENDMENT TO COMMON INTEREST AGREEMENT

This First Amendment to the Common Interest Agreement (hereinafter referred to as the “Agreement”), is entered into, by, between, and among the County of Santa Barbara (“COUNTY”), the Santa Maria Public Airport District (“AIRPORT DISTRICT”), and the City of Santa Maria (“CITY”). COUNTY, CITY and DISTRICT may be collectively referred to as “Parties” or in the singular as “Party,” as the context requires.

RECITALS

A. WHEREAS the Central Coast Regional Water Quality Control Board (“Water Board”) is the lead agency with jurisdiction over the investigation and cleanup of the real property consisting of six parcels identified as Santa Barbara County Assessor Parcel Numbers 111-291-035, 111-291-036, 111-291-037, 111-291-038, 111-291-041, and 111-291-042 (the “Site”).

B. WHEREAS, on September 26, 2023, the Water Board, issued Cleanup and Abatement Order No. R3-2023-0070 (“CAO”) related to the former operations of SEMCO Twist Drill and Tool Company, Inc. (“SEMCO”) at the Site. The CAO contends that SEMCO operated a precision tool manufacturing business at the Site and used cutting oil (a petroleum hydrocarbon-based lubricant) and volatile organic compounds (“VOCs”), such as trichloroethylene (“TCE”) and 1, 1, 1-trichloroethane (“TCA”), as degreasers to clean tools and metal parts, and requires those named therein, who are identified in the CAO as “dischargers,” to meet certain investigation and cleanup deadlines at the Site.

C. WHEREAS the Parties entered into a Common Interest Agreement effective on January 23, 2024 memorializing their mutual interest to implement the required actions under the CAO in a timely, efficient, complete, and coordinated manner.

D. WHEREAS the Parties entered into an Agreement for Services of Independent Contractor effective on March 25, 2024 in which the Parties retained Langan CA, Inc. following a public request for qualifications.

E. WHEREAS, on February 22, 2024, AIRPORT DISTRICT filed a petition for writ of mandate and complaint for injunctive relief to challenge whether it was a properly named party in the CAO in the Superior Court, originally filed in the County of Santa Barbara and transferred to the San Luis Obispo County Superior Court as Case No. 24CV-0379 (“Airport Petition”). The COUNTY and CITY have appeared and are real parties in interest in the Airport Petition.

F. WHEREAS, on February 22, 2024, COUNTY filed a petition for writ of mandate to challenge whether it was a properly named party in the CAO in the Superior Court, originally filed in the County of Santa Barbara and transferred to the San Luis Obispo County Superior Court as Case No. 24CV-0391 (“County Petition”). The AIRPORT DISTRICT and CITY have appeared and are real parties in interest in the County Petition.

G. WHEREAS, on December 19, 2024, CITY filed a petition for writ of mandate to challenge whether it was a properly named party in the CAO in the Superior Court, originally filed in the County of Santa Barbara and transferred to the San Luis Obispo County Superior Court as Case No. 25CV-0136 (“City Petition”). The COUNTY and AIRPORT DISTRICT have appeared and are real parties in interest in the City Petition.

H. WHEREAS the Airport Petition, County Petition, and City Petition are referred to herein collectively as “Petitions.”

I. WHEREAS the Parties have reached a settlement with the Water Board to resolve the Petitions and the Parties’ obligations under the CAO. A copy of the fully executed Settlement Agreement is attached as Exhibit A and memorializes the terms and obligations, including a scope of work that the Parties have agreed to perform (defined therein as “Settlement Work”) in exchange for a release from the Water Board.

J. WHEREAS the Parties have a common interest and desire to cooperate and share in the obligations and performance of the Settlement Agreement between the Parties and the Water Board, which modifies the terms of the Parties’ Common Interest Agreement.

NOW, THEREFORE, for the purpose of performing the obligations in the Settlement Agreement, and in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby stipulate and agree to the amendments and modifications to the Common Interest Agreement as follows.

TERMS

1. EFFECTIVE DATE. This Amendment shall become effective as of the date the last signature set forth at the end of this agreement.
2. AMENDED TERMS. The following terms of the Common Interest Agreement are amended as follows:
 - A. Paragraph 1, Shared Work, of the Common Interest Agreement is amended to read as follows:
 1. Shared Work. The Parties agree to work cooperatively and in good faith to (i) carry out the required actions necessary to comply with the Settlement Agreement between

the Parties and the Water Board, and any modifications or amendments thereto, and (ii) perform any other work associated with the Site that is otherwise determined by the Parties to be in their mutual best interests and that the Parties mutually agree to undertake (collectively, the “Settlement Work”).

B. Paragraph 2, Joint Consultant, of the Common Interest Agreement subsections b (Management of Consultants), c (Regional Board Communications), d (Reimbursements), and e (Independent Work) are amended to read as follows:

- b. Management of Consultant. The COUNTY and CITY shall be responsible for ensuring compliance with the terms and obligations in the Settlement Agreement relating to the Settlement Work through receipt of a completion determination from the Water Board pursuant to subparagraph 3.8 of the Settlement Agreement. The COUNTY shall take the lead in facilitating the performance and completion of the Settlement Work, including but not limited to: (1) authorizing task orders of the joint consultant, (2) having sole authority to terminate the Joint Consultant, and (3) overseeing and approving actions and reports by the joint consultant. The CITY shall participate as an active partner with the COUNTY in facilitating the performance and completion of the Settlement Work. The AIRPORT DISTRICT shall not be responsible for or actively participate in facilitating the performance and completion of the Settlement Work and is only obligated to provide contribution to the costs of work as set forth in subsection d below.
- c. Regional Board Communications. The COUNTY shall have the lead responsibility to conduct all communications with the Water Board on behalf of the Parties that relate predominantly to the Settlement Work.
- d. Reimbursement and Payment Terms. The Cost of the Settlement Work in the Settlement Agreement is estimated to be one million one hundred fifty thousand dollars (\$1,150,000) (“Shared Funds”). The COUNTY shall be responsible for accepting the contributions set forth below, holding the Shared Funds in an earmarked account, and reimbursing the Joint Consultant for its fees, costs, and expenses incurred to carry out the Settlement Work. The Shared Funds shall be used in the first instance in full to reimburse the Joint Consultant.
 1. The COUNTY shall contribute \$487,500 toward the Settlement Work.
 2. The CITY shall contribute \$437,500 toward the Settlement, which the CITY shall provide to the COUNTY within thirty (30) days of the date the Settlement Agreement takes effect.

3. The AIRPORT DISTRICT shall contribute \$225,000 to the Settlement Work and shall make installment payments in accordance with the following schedule:

Within 45 days of the Effective Date of the Settlement Agreement:	\$75,000
July 15, 2026	\$75,000
July 15, 2027	\$75,000

The AIRPORT DISTRICT shall not be required to make any additional contributions beyond the \$225,000 towards the costs necessary to complete the Settlement Work.

The COUNTY and CITY shall each be responsible for one-half of any and all costs necessary to complete the Settlement Work that exceed the above contribution amounts of \$1,150,000. Upon depletion of the Shared Funds, the COUNTY and CITY shall reimburse the Joint Consultant on an equal, one-half pro rata basis for its fees, costs, and expenses incurred to carry out the remainder of the Settlement Work.

If there are any funds remaining from the contribution amounts of \$1,150,000 after completion of the Settlement Work, those amounts shall be credited to the COUNTY and CITY, in equal shares, to reduce the amounts of their total contribution set forth above.

- e. Independent Work. No Party, or its independent consultant, shall have the right to conduct invasive sampling or testing of the Site or surrounding properties without the written consent of all Parties. This provision does not extend to the CITY's operation or sampling of its drinking water supply wells, except for Wells 2AS. Each of the Parties, including its independent consultant, shall have the right, at their own expense to access any portion of the Site during the performance of the Settlement Work and Party any may oversee, monitor, take split samples, photos or otherwise document the Settlement Work for the purposes of ensuring compliance with this Agreement and the Settlement Agreement.
- C. Paragraph 2, Joint Consultant, of the Common Interest Agreement is amended to add the subsection f as follows:
- f. Amendment to Joint Consultant Contract. The March 25, 2024 Agreement for Services with the Parties' Joint Consultant, Langan, shall be amended to be consistent with the terms of this Agreement, including modifications to Paragraph 5, Paragraph 19, Exhibit A (Statement of Work), and Exhibit B (Payment Arrangements). The

amendment to the Joint Consultant contract shall become effective and be conditioned on the execution of the Settlement Agreement with the Water Board.

- D. Paragraph 3, Funding Outreach, of the Common Interest Agreement is removed. The Parties agree that no funding outreach will be jointly pursued at this time. Any further efforts shall be made through amendment of this Agreement in writing, if it should become necessary and desirable.
- E. Paragraph 4, Term, of the Common Interest Agreement is amended to remove the reference “unless terminated earlier as provided herein.” The remainder of Paragraph 4 remains in full force and effect.
- F. Paragraph 5, Termination, of the Common Interest Agreement is removed.
- G. Paragraph 17, Survival, of the Common Interest Agreement is amended to read as follows:

Sections 6, 7, 20, and 21 of this Agreement shall expressly survive termination of this Agreement. All other provisions and warranties, which by their nature, shall also survive termination of this Agreement

- H. Paragraphs 19 (Cooperation), 20 (Indemnity), and 21 (No Attorney’s Fees and Costs) are added to the Common Interest Agreement as follows:

19. Cooperation.

- a. Generally. The Parties, and each of them, shall cooperate and assist the other Parties and the Water Board to take all steps necessary to implement the Settlement Work and any other obligations of the Settlement Agreement, including but not limited to motions for good faith determination and dismissals and any changes in conditions.
- b. Well Ownership. The CITY shall own and maintain the two deep groundwater monitoring wells to be installed by the Joint Consultant pursuant to the Settlement Agreement until completion of the Settlement Work described in the Settlement Agreement. Once the groundwater monitoring scope of the Settlement Work is completed, the CITY may quit claim or otherwise transfer ownership of the two wells to the current property owner(s) of the SEMCO Site or take other steps to transfer ownership of the wells to another party that is named in the CAO, who shall own and be responsible for properly maintaining the wells. The COUNTY and CITY shall work cooperatively to ensure that the future owner of the well located on the COUNTY’s public property has proper and legal ownership with a license agreement for its location in the public right of way. The COUNTY shall approve the form of any quitclaim or other ownership transfer conveyance for any well located on COUNTY property.

- c. Sites Access. The COUNTY and CITY shall be responsible for and work cooperatively to obtain site access agreements for all of the properties subject to the Settlement Work, including the Site and the Mafi Trench site. The COUNTY and CITY shall also not prevent access to their respective public properties as necessary to complete the Settlement Work, including but not necessarily limited to CITY's drinking water supply well 2AS, and the location designated for the two deep groundwater monitoring wells that are contemplated to be located one on COUNTY property and one on CITY property near the Site.
20. Indemnity. The COUNTY and CITY shall indemnify and hold the AIRPORT DISTRICT harmless against any and all third-party claims caused from the Settlement Work. The Parties maintain the right to seek any and all relief from the Parties' Joint Consultant under the Consultant Contract. The indemnity obligation in this section expressly does not include any third-party claims arising outside of the scope of the Settlement Work, including but not limited to claims relating to any existing contamination at or originating on the Site or any claim arising from the AIRPORT DISTRICT's former ownership of, or operations at the Site.
21. No Attorney's Fees and Costs. The Parties agree that each will be responsible for its own expenses, including attorney's fees and costs, in connection with the underlying Petitions, any costs outside of the Joint Consultant costs necessary to complete the Settlement Work, and the enforcement of this Agreement.

(Signature Pages Follow)

IN WITNESS WHEREOF, the Parties have entered into this First Amendment to the Common Interest Agreement as of the Effective Date set forth above.

CITY OF SANTA MARIA

By: _____

Title: _____

Date: _____

APPROVED AS TO LEGAL FORM:

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

Mellissa Guerrero
Risk Manager, City of Santa Maria

By: _____
Risk Management

SANTA MARIA PUBLIC AIRPORT DISTRICT

By: _____

Title: _____

Date: _____

ATTEST:

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:

By: _____

Title: _____

Date: _____

APPROVED AS TO LEGAL FORM:

By: _____

Title: _____

Date: _____

COUNTY OF SANTA BARBARA

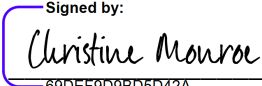
By: _____

Title: _____

Date: _____

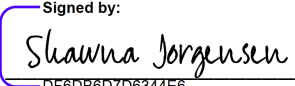
APPROVED AS TO FORM:

Rachel Van Mullem
County Counsel, County of Santa Barbara

By: 
69DEF9D9BD5D42A...
Deputy County Counsel

**APPROVED AS TO ACCOUNTING
FORM:**

Betsy M. Schaffer, CPA
Auditor-Controller, County of Santa Barbara

By: 
DF6DB6D7D6344E6...
Deputy

APPROVED AS TO FORM:

Gregory Milligan, ARM
Risk Manager, County of Santa Barbara

By: 
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Risk Management