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Memorandum of Understanding (MOU)

To participate in the State-wide Proposition 84 Process

And Revise the Area-wide

Integrated Regional Water Management Plan (IRWMP)

In Santa Barbara County

This Memorandum of Understanding (MOU) is entered into by and between local government agencies and special districts within Santa Barbara County, as listed in Appendix A, and hereinafter referred to as “Cooperating Partners”.

I. Purpose of this Agreement

Under this agreement, the Cooperating Partners commit to participate in, and make a financial contribution toward, the ongoing participation in the process established pursuant to The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (also known as Proposition 84) and further develop a comprehensive County-wide Integrated Regional Water Management Plan (IRWMP). This agreement sets forth the mutual responsibilities of the Cooperating Partners in the development of an IRWMP, and it updates previous agreements and commitments made by some of the Cooperating Partners between 2006 and 2008, including an MOU for initial preparation of the IRWMP (July 2006) and an MOU for pursuing Proposition 50 implementation grant funding (October 2007). This MOU supersedes elements of the October 2007 MOU pertaining to Proposition 84.

II. 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 will manage Proposition 84 which, in addition, provides for flood control and global warming response projects.

Santa Barbara County-wide interests successfully prepared an Integrated Regional Water Management Plan pursuant to Proposition 50 guidelines and successfully sought grant funding to implement key projects included in that plan.

Consistent with legislative action to implement Proposition 84, guidelines for planning and implementation grants are currently being developed by DWR. Grants for the development and/or revision of IRWM Plans may be made available as early as third quarter, fiscal year 2008-09. Depending on the schedule for Implementation Grants, revising the current County-wide IRWMP may be necessary to conform to differences between the Proposition 50 guidelines and the future Proposition 84 guidelines. These revisions may range from revising the discussion of projects in the IRWMP to revisions necessary to incorporate new elements pursuant to future guidelines promulgated by the State.

Proposition 84 stipulates that \$52 Million must be awarded to the Central Coast Region (including Santa Barbara County.) It is anticipated that DWR will look to the interests within the Central Coast region to coordinate the various IRWMP efforts that have been established. In addition, other funding sources include Proposition 1-E (for flood safety) and other sections of Proposition 84 which offer up to an additional \$800 million

statewide and may rely on IRWM Plans as a basis for allocation funding. It is possible that the State may require the Santa Barbara County-wide interests to develop a Central Coast-wide Regional IRWMP in cooperation with 5 other Counties, but this is considered unlikely.

III. 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.

- A. Be consistent with the State's standards for IRWMPs, as specified in Chapter 8, Division 43 of California's Water Code and related guidelines, and meet or exceed the expected scoring criteria used by the State in its IRWMP approval process.
- B. Establish a process for on-going decision-making among cooperating partners, with inclusive and participatory public involvement to ensure meaningful input.
- C. Share the costs of IRWM planning, analysis, coordination, and product development through both monetary contributions and staff time.
- D. Adopt a regional approach which coordinates water planning across jurisdictional boundaries in Santa Barbara County, and which sets priorities on a regional basis.
- E. 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.
- F. 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.
- G. Incorporate an appropriate level of scientific watershed assessment information.
- H. Modify the plan to continue as an informational "roadmap" toward meeting objectives, but not as a regulatory or enforceable mandate.
- I. Recognize the need for a long-term perspective, which includes monitoring of project and plan implementation.
- J. Provide for adaptive management for future revisions to the Plan.
- K. Provide for coordination with other IRWM Planning efforts in the Central Coast Region.

IV. 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:

- A. Reduce Water Demand
- B. Improve Operational Efficiency & Transfers
- C. Increase Water Supply
- D. Improve Flood Management
- E. Improve Water Quality

F. Practice Resource Stewardship

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

- A. Water supply reliability
- B. Storm water capture and management
- C. Groundwater management
- D. Water recycling
- E. Water conservation
- F. Flood management
- G. Water quality protection and improvement
- H. Ecosystem restoration
- I. Environmental and habitat protection and improvement
- J. Wetlands enhancement and creation
- K. Recreation and public access
- L. Global warming
- M. Conjunctive use
- N. Surface storage
- O. Non-point source pollution control
- P. Low impact development
- Q. Water and wastewater treatment
- R. Watershed planning
- S. Desalination
- T. Imported water and water transfers
- U. Land use planning

V Schedule

Grant funding will be available for preparation and/or revision of IRWM Plans. The application process for those “planning” grants may begin by early 2009. Since revision of the IRWMP may be necessary to conform to Proposition 84 guidelines, obtaining a planning grant may help County-wide interests to defray their direct costs. Thus this MOU contemplates development of a grant application of a planning grant to meet costs of revising the IRWMP.

The timeline for developing a revised IRWMP is largely driven by its potential role in project implementation grant proposals to DWR. Although DWR has begun development of draft Guidelines, there is yet no timeline for implementation grant application. Since DWR may expect project grant applications to be based on priorities in the IRWMP, the IRWMP revision process must start as soon as possible. The planning process may need to include a prioritization of major projects by the second quarter of 2009 in order for an application for project implementation grants to be prepared and submitted in the first round of implementation grant applications.

VI. Cost Estimate

Each of the Cooperating Partners will incur costs for staff time devoted to the development of an IRWMP. In addition, there will be extramural costs for hiring a Project Manager and/or consultants for at least one year, with duties for coordination,

analysis, outreach and plan revision, as outlined in the “Roles and Responsibilities” section of this MOU. These extramural costs are estimated to be approximately \$200,000 which would be funded in part by monetary contributions from Cooperating Partners.

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. The Cooperating Partners sharing costs may do so in any manner to which they agree. The Cooperating Partners agree to actively encourage participation by all public agencies with a direct or indirect interest in water resources.

VII. Roles and Responsibilities

In order to develop an effective IRWMP, the Cooperating Partners 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. Under the administration of the County Water Agency, in conjunction with the Cooperating Partners, a Project Manager shall facilitate the ongoing Advisory Stakeholders Group to provide input to the Cooperating Partners in periodic meetings or in other forums.

A. For overall planning and coordination:

1. The County Water Agency shall act as the single eligible contracting entity as required by DWR and engage a Project Manager to provide overall coordination of the planning effort.
2. The Project Manager shall chair the Advisory Stakeholders Group, prepare agendas and follow-up for meetings of the Cooperating Partners and propose a schedule for revision of the IRWMP.
3. Cooperating Partners shall participate in meetings and the planning process, and in group decisions pertaining to revision of the IRWMP, including preparation of a proposal for a planning grant.
4. The Project Manager, in conjunction with the Cooperating Partners shall convene an Advisory Stakeholders Group to provide input to the Cooperating Partners in periodic meetings or in other forums.
5. The Project Manager shall participate in the interagency process involving DWR and/or Central Coast interests relating to Proposition 84 and 1-E. This participation will include review and comment on draft guidelines for Props 84/1E, attendance at DWR workshops and meetings on Prop 84/1E and meetings with other Central Coast Region IRWM planning areas. The Project Manager will keep the Cooperating Partners apprised of relevant issues.
6. 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 Proposition 84 and 1-E that is accessible to the Cooperating Partners and the public.
7. The County Water Agency shall engage an expert consultant to serve as Project Manager for IRWMP development, including data collection, analysis, coordinating stakeholder and public involvement, and overall coordination of plan preparation. Prior to hiring the consultant, the County will obtain advance concurrence of a majority of the Cooperating Partners as to the consultant qualifications and terms of contract.

8. The Project Manager shall participate in Roundtable of Regions meetings and conference calls; and share info and participate in Southern California Water Dialogue Meetings and report results to the Cooperating Partners with recommendations as appropriate
- B. For Financial Management:
1. The County Water Agency shall establish an IRWMP account for handling the monetary contributions from Cooperating Partners.
 - i. Each Cooperating Partner shall contribute funds to this IRWMP account, with contributions as specified in Appendix B, recognizing that contributions are subject to specific approval by each Cooperating Partner's respective governing board.
 - ii. As indicated in Appendix B, and subject to appropriation by the Board of Supervisors, the County Water Agency will contribute approximately 50 % of the estimated cost for hiring a consultant for IRWMP preparation. The Water Agency will also contribute 50% of the cost to engage a Project Manager for general IRWMP coordination and grant application.
 2. Cooperating Partners shall pay their respective contributions to the County Water Agency no later than May 29, 2009. Payment will be sent to: Santa Barbara County Water Agency, 123 E. Anapamu St., Santa Barbara, CA 93101.
 3. If funds received are in excess of the cost of actual plan coordination and preparation services, then the County Water Agency shall refund monies to Cooperating Partners on a pro-rated basis according to each partner's contribution.
 4. If insufficient funds are collected to meet the estimated costs of coordination and plan preparation, then the County Water Agency may ask all Cooperating Partners to provide supplemental funds. The planning effort may be terminated with the concurrence of a majority of the Cooperating Partners or in the event that insufficient funds can be acquired. The Steering Committee will determine whether to request additional funds or terminate the planning effort.
- C. For development of a Revised IRWM Plan if deemed necessary by the Cooperating Partners:
1. Cooperating Partners shall provide existing plans, data and information as deemed appropriate by the Partners.
 2. The Cooperating Partners shall assess existing information and data gaps and analyze issues, programs and projects for incorporation into the IRWMP.
 3. The County Water Agency shall engage expert consultants for analysis of data, information or issues, and to manage overall development of the revised IRWMP. Upon its completion by the consultants, the Project Manager shall forward to all Cooperating Partners a draft revised IRWMP which contains all of the elements required by statute and by State IRWMP guidelines, as well as containing any voluntary components as agreed by the Cooperating Partners.
 4. The Cooperating Partners, with input from the Advisory Stakeholders Group, shall jointly identify priorities for project implementation, with priority projects serving as the basis for a Prop 84 project implementation grant application expected as early as the second quarter of 2009.

5. The Cooperating Partners shall coordinate appropriate IRWMP reviews and approvals by their senior managers, boards, or other decision-making bodies, as appropriate.
6. Upon completion of the revised IRWMP it is anticipated that the partners will each approve the IRWMP by resolution.

VIII. Decisions Related to Development of the IRWMP

In development of an IRWMP, the Cooperating Partners shall establish a Steering Committee to provide overall guidance and decision making. Any signatory to the MOU may join the Steering Committee by providing written intent to attend Steering Committee meetings on a regular basis and to act as a Steering Committee member. The Steering Committee will be comprised, at a minimum, of each of the following agencies or organizations: Santa Barbara County, represented by the Water Agency or the Project Manager; Two Incorporated Cities; One Joint Power Authority (representing at least two special districts, such as water districts, sanitary districts, and/or community service districts); and Two Special Districts (water districts, sanitary districts, and/or community service districts).

The Project Manager shall act as Chair of the Steering Committee. Decisions by the Steering Committee will be based on consensus whenever possible, or by a vote of a simple majority of all members participating in a meeting.

Steering Committee responsibilities will include:

- A. Developing revised IRWMP objectives and criteria for ranking projects; input shall be obtained from all Cooperating Partners, and the Steering Committee will seek to obtain consensus among all Partners on the objectives and ranking criteria.
- B. Advising the Project Manager on guidance and direction to be provided to the contractor.
- C. Reviewing and commenting on the scope, content and timing of contractor products and deliverables.
- D. Providing guidance on planning and implementing the public involvement process and stakeholder outreach.

The Steering Committee shall carry out all of its proceedings in accordance with the Brown Act. Pursuant to this Act, a majority of Steering Committee members must be present to constitute a quorum for decision-making.

IX. Termination of Participation

Any signatories to the MOU may terminate their participation in this MOU with 30 days written notification to all other signatories. The agreement shall become effective only upon its execution by a majority of the parties listed in Appendix "A".

Any entity terminating participation which later wishes to participate in this MOU shall first make payment of any funding due from such party at the time of its termination, and also pay its share of any expenses for which it otherwise would have been obligated absent such termination, as determined by the Cooperating Partners.

X. Defend and Hold Harmless

Each Cooperating Partner shall cooperate in the defense of and hold harmless each other and the Water Agency from all actions, claims or judgments by, or in favor of, third parties arising out of any act or omission of such Cooperating Partner, its officers, employees, or agents in connection with the performance of this agreement.

XI Term of this MOU:

The provisions of this MOU will end: (i) on December 31, 2010; or (ii) when Cooperating Partners sign a new MOU that specifically covers ongoing coordination of the IRWMP process.

XII Counterparts:

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

XIII. 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

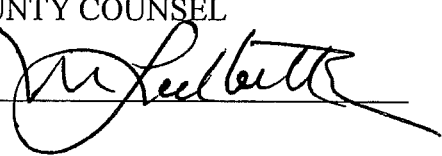
In witness whereof, the Cooperating Partners hereto have executed this MOU effective on the dates provided hereof. This MOU may be executed in one or more counterparts and each counterpart shall be evidence of participation by all signatories.

Signatures of Cooperating Partners

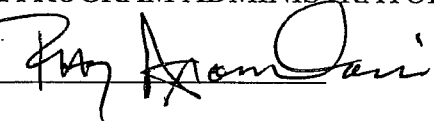
SANTA BARBARA COUNTY WATER AGENCY
SCOTT MCGOLPIN
PUBLIC WORKS DIRECTOR
BY: _____

DATE: _____


APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

BY:  _____

APPROVED AS TO INSURANCE:
RAY ARMATORIO, ARM, AIC
RISK PROGRAM ADMINISTRATOR

BY:  _____

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

BY:  _____
Deputy

SIGNATURE OF COOPERATING PARTNER

BY: _____

NAME: _____

TITLE: _____

AGENCY/ORGANIZATION: _____

DATE: _____

Appendix A: List of Cooperating Partners

County Agencies:

Santa Barbara County, Agricultural Commissioner's Office
Santa Barbara County Flood Control
Santa Barbara County Parks Department
Santa Barbara County Water Agency

Cities:

City of Buellton
City of Carpinteria
City of Goleta
City of Guadalupe
City of Lompoc
City of Santa Barbara
City of Santa Maria
City of Solvang

Water Districts:

Carpinteria Valley Water District
Goleta Water District
Montecito Water District
Santa Maria Valley Water Conservation District
Santa Ynez River Water Conservation District
Santa Ynez River Water Conservation District, ID#1

Sanitary Districts:

Carpinteria Sanitary District
Goleta Sanitary District
Goleta West Sanitary District
Summerland Sanitary District

Community Service Districts:

Casmalia Community Service District
Cuyama CSD
Vandenberg Village CSD

Joint Powers Agencies:

Cachuma Conservation and Release Board
Cachuma Operations and Maintenance Board
Central Coast Water Authority

Appendix B: Expected Contributions from Cooperating Partners