

**EXHIBIT C3**  
**FUNDING AGREEMENT BETWEEN THE SAN LUIS OBISPO COUNTY**  
**FLOOD CONTROL AND WATER CONSERVATION DISTRICT AND**  
**THE CITY OF EL PASO DE ROBLES**  
**INTEGRATED REGIONAL WATER MANAGEMENT PLANNING GRANT**  
**CALIFORNIA PUBLIC RESOURCES CODE §75026 ET SEQ.**

This Funding Agreement is entered into by and between the San Luis Obispo County Flood Control and Water Conservation District, a public agency in the County of San Luis Obispo, State of California, duly organized, existing, and acting pursuant to the laws thereof (FCWCD), and the City of El Paso de Robles, a municipal corporation of the State of California (CITY), which parties do hereby agree as follows:

1. PURPOSE. On \_\_\_\_\_, 2013, FCWCD and the California Department of Water Resources (State) entered into Grant Agreement No. 460000XXXX attached hereto and incorporated herein by this reference (Grant Agreement). Pursuant to the Grant Agreement, the State shall provide a grant from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 to FCWCD (Grant) for the purpose of updating the San Luis Region Integrated Regional Water Management Plan (IRWM Plan). One of the components of the update identified in the Grant Agreement as eligible for Grant funds is the development of a Paso Robles Groundwater Basin Salt and Nutrient Management Plan (Project) to be locally sponsored by the CITY. The purpose of this Funding Agreement is to set forth the terms and conditions under which the FCWCD will disburse funds provided by the State for the Project pursuant to the Grant Agreement to the CITY.
2. GENERAL RESPONSIBILITIES. As the Grant administrator and fiscal agent for the Grant, FCWCD is responsible for disbursing to CITY Grant funds provided by the State for the Project subject to the terms and conditions of this Funding Agreement. The CITY shall be responsible for faithfully and expeditiously performing or causing to be performed all Project work as described in Exhibit A (Work Plan) and in accordance with Exhibit B (Schedule) and Exhibit C (Budget). The CITY shall comply with all of the terms and conditions of this Funding Agreement and applicable California Public Resources Code (PRC) requirements. In addition, CITY acknowledges and agrees that this Funding Agreement is subject to the obligations and limitations imposed on the FCWCD by the Grant Agreement and all future amendments to the Grant Agreement and is intended to be in conformance and harmony with it. The CITY further acknowledges that if the Grant Agreement is terminated by the State, the FCWCD shall have the right to terminate or amend this Funding Agreement by giving written notice. The CITY hereby expressly agrees to the provisions of the Grant Agreement and to take all actions (and provide all information) necessary for the FCWCD to satisfy its obligations thereunder. The CITY further agrees that the FCWCD has the right to enter into amendments to the Grant Agreement and shall not be restricted or impaired, in any way, by this Funding Agreement.
3. TERM OF FUNDING AGREEMENT. The term of this Funding Agreement begins on the date this Grant Agreement is executed by FCWCD, and terminates on \_\_\_\_\_ or when all of the parties' obligations under this Funding Agreement have been fully satisfied, whichever occurs earlier. The Execution Date is the date the FCWCD signs this Funding Agreement.
4. AMOUNT OF FUNDS AVAILABLE. In accordance with the allocation set forth in the Grant Agreement, the maximum amount of funds available to CITY under this Funding Agreement shall not exceed \$100,000.00.
5. CITY COST SHARE. The reasonable cost of the Project is estimated to be \$173,491.00. The CITY Cost Share (Funding Match) is estimated to be \$73,491.00. The CITY's Funding Match may include in-kind services that are part of Exhibit A (Work Plan) and are performed after September 30, 2008.
6. BASIC CONDITIONS. FCWCD shall have no obligation to disburse money for the Project under this Funding Agreement unless and until CITY has satisfied for the Project the State's requirements for disbursement in accordance with the IRWM Guidelines and Planning Grant PSP which include:
  - a. CITY demonstrates the availability of sufficient funds to complete the Project.
  - b. CITY shall furnish a copy of permits, licenses, and approvals required in performing its obligations under this Funding Agreement.
  - c. Work that is subject to the California Environmental Quality Act (CEQA) shall not proceed under this Funding Agreement until documents that satisfy the CEQA process are received by the State and

State has completed its CEQA compliance responsibilities. Work that is subject to a CEQA document shall not proceed until and unless approved by the State's Project Manager. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. Once CEQA documentation has been completed, State will consider the environmental documents and decide whether to continue to fund the Project or to require changes, alterations or other mitigation.

- d. CITY performs tribal notifications per PRC §75102.
  - e. CITY performs Surface Water Diversion Reporting as required by California Water Code (CWC) Sections 5101 and 5103.
  - f. If CITY is an urban water supplier, it shall maintain compliance with the Urban Water Management Planning Act (CWC §10610 *et. seq.*)
  - g. CITY submits all deliverables as specified in Paragraph 10 and 11 of this agreement and Exhibit A (Work Plan).
7. SUBMITTAL OF INVOICES. Invoices submitted by CITY to FCWCA shall include the following information:
- a. Costs incurred for work performed in implementing the Project during the period identified in the particular invoice.
  - b. Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for the Project during the period identified in the particular invoice for the implementation of the Project.
  - c. Appropriate receipts and reports for all costs incurred.
  - d. Invoices shall be submitted on forms provided by State and shall meet the following format requirements:
    - 1) Invoices must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
    - 2) Invoices must be itemized based on the categories (i.e., line items) specified in the Exhibit C (Budget). The amount claimed for salaries/wages/consultant fees must include a calculation formula (i.e., hours or days worked multiplied by the hourly or daily rate = the total amount claimed).
    - 3) Sufficient evidence (i.e., receipts, copies of checks, time sheets) must be provided for all costs included in the invoice.
    - 4) Each invoice shall clearly delineate those costs claimed for reimbursement from the State's grant allocation, as depicted in Paragraph 4, "Amount of Funds Available" and those costs that represent CITY's costs, as applicable, in Paragraph 5, "CITY Cost Share."
    - 5) Original signature and date (in ink) of CITY's appropriately authorized Project Manager.

Payment will be made no more than monthly, in arrears, upon receipt of the invoice. Submit the original and three (3) copies of the invoice form to the following address:

San Luis Obispo County Flood Control and Water Conservation District  
Courtney Howard, Water Resources Engineer  
County Government Center, Room 207  
San Luis Obispo, CA 93408

8. DISBURSEMENT OF FUNDS. Provided that the CITY has satisfied the Basic Conditions set forth in Paragraph 6, has submitted proper invoicing to FCWCD pursuant to Paragraph 7 and is otherwise in full compliance with the terms of this Funding Agreement as determined by FCWCD (including the requirement that the CITY submit timely progress reports), the FCWCD shall disburse to CITY funds provided by the State to FCWCD specifically for the Project within four (4) weeks of receipt of said funds. Notwithstanding any other provision of this Funding Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, the Grant Agreement, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Any and all money disbursed to CITY under this Funding Agreement and any and all interest earned by CITY on such money shall be used solely to pay Eligible Project Costs, as defined in Paragraph 9, "Eligible Project Costs."

9. ELIGIBLE PROJECT COSTS. CITY shall apply any and all funds received pursuant to this Funding Agreement only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit C (Budget). Eligible Project Costs include the reasonable costs of conducting meetings, stakeholder outreach and engagement, collecting data and information, and developing and writing the IRWM Plan, including administrative costs and incidental costs. Work performed after the date of Grant award, November 29, 2012, shall be eligible for reimbursement. Reasonable administrative expenses may be included as Project Costs and will depend on the complexity of the Project preparation, planning, coordination and collaboration. Reimbursable administrative expenses are the necessary costs incidentally but directly related to the Project, including an appropriate pro-rata allocation of overhead and administrative expenses that are regularly assigned to the Project in accordance with the standard accounting practices of the CITY.

Advanced funds cannot be provided. Costs that are not eligible for reimbursement include but are not limited to:

- a. Costs, other than those noted above, incurred prior to the award date of the Grant.
  - b. Costs for preparing and filing a grant application belonging to another solicitation.
  - c. Operation and maintenance costs, including post construction Project performance and monitoring costs.
  - d. Purchase of equipment not an integral part of the Project.
  - e. Establishing a reserve fund.
  - f. Purchase of water supplies.
  - g. Replacement of existing funding sources for ongoing programs.
  - h. Support of existing punitive regulatory agency requirements and/or mandates in response to negligent behavior.
  - i. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of the Project, as set forth and detailed by engineering and feasibility studies.
  - j. Payment of principal or interest of existing indebtedness or any interest payments unless the debt is incurred after effective date of the Grant award, the State agrees in writing to the eligibility of the costs for reimbursement before the debt is incurred, and the purposes for which the debt is incurred are otherwise reimbursable Project costs.
  - k. Overhead not directly related to Project costs.
  - l. Meals, food items, or refreshments other than those allowed per Standard Condition D-47, "Travel."
10. PROGRESS REPORTS. CITY shall submit progress reports to FCWCD on a regular and consistent basis (in accordance with specific deadlines to be set by FCWCD) to meet the State's requirement for disbursement of funds. The reporting period shall not exceed one quarter in length. The progress reports shall be sent via e-mail, to the FCWCD's Project Manager at the frequency specified in Exhibit B (Schedule). The progress reports shall provide a brief description of the work performed, CITY activities, milestones achieved, any accomplishments, during the reporting period, and any problems encountered in the performance of the work under this Funding Agreement. A recommended progress report format is attached as Exhibit E.
11. PROJECT COMPLETION REPORT. Upon completion of the Project, CITY shall prepare and submit to FCWCD, for review and approval by FCWCD and State, a Project Completion Report. The Project Completion Report shall be provided in hard copy and digital format. Final payment of Grant funds withheld will not be made until the FCWCD and State approve the Project Completion Report. Project Completion Report format is attached as Exhibit E.
12. CITY REPRESENTATIONS. CITY accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Funding Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the FCWCD or CITY in the application, accompanying documents, and communications filed in support of FCWCD's request for grant funding. CITY shall comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, policies and regulations.
13. PERFORMANCE EVALUATION. Upon completion of this Funding Agreement, CITY's performance will be

evaluated by the FCWCD and State and a copy of the evaluations will be placed in the State and FCWCD files. Copies will be sent to the CITY.

14. LABOR COMPLIANCE. CITY agrees to comply with all applicable California Labor Code requirements, including prevailing wage provisions. CITY must, independently or through a third party, adopt and enforce a Department of Industrial Relations-certified Labor Compliance Program (LCP) meeting the requirements of Labor Code section 1771.5 for the Project. CITY's failure to comply with this Paragraph 14 is a breach of this Funding Agreement. At the request of State or FCWCD, CITY must promptly submit written evidence of CITY's adoption of an LCP.
15. WITHHOLDING OF DISBURSEMENT BY STATE OR FCWCD. If State or FCWCD determines that the Project is not being implemented in accordance with the provisions of the Grant Agreement or this Funding Agreement, or that CITY has failed in any other respect to comply with the provisions of this Funding Agreement, and if CITY does not remedy any such failure to the satisfaction of State or FCWCD, State or FCWCD may withhold from CITY all or any portion of the Amount of Funds Available pursuant to Paragraph 4 and may take any other action that they deem necessary to protect their interests, including demanding repayment of any portion of the disbursed Grant amount. State may consider CITY's refusal to repay the requested disbursed grant amount a contract breach subject to the default provisions in Paragraph 16, "Default Provisions."
16. DEFAULT PROVISIONS. CITY will be in default under this Funding Agreement if any of the following occur:
  - a. Breach of this Funding Agreement, or any supplement or amendment to it, or any other agreement between CITY and FCWCD evidencing or securing CITY's obligations;
  - b. Failure to comply with the terms, provisions, conditions and written commitments set forth in the Grant Agreement or failure to take the actions (or provide the information) necessary for FCWCD to satisfy its obligations under the Grant Agreement;
  - c. Making any false warrant, representation, or statement with respect to this Funding Agreement of the application filed to obtain Grant funding from the State;
  - d. Making any false warranty, representation, or statement with respect to this Funding Agreement or the application filed to obtain Grant funding from the State;
  - e. Failure to operate or maintain the Project in accordance with this Funding Agreement.
  - f. Failure to make any remittance required by this Funding Agreement.
  - g. Failure to comply with Labor Compliance Plan requirements.

Should an event of default occur, State or FCWCD may do any or all of the following:

- h. Declare the disbursed funds be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
  - i. Terminate any obligation to make future payments to CITY.
  - j. Terminate the Funding Agreement.
  - k. Take any other action that they deem necessary to protect their interests.
17. NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party or to the State under this Funding Agreement shall be in writing. Notices may be sent by any of the following means: (i) by delivery in person; (ii) by certified U.S. mail, return receipt requested, postage prepaid; (iii) by "overnight" delivery service; provided that next-business-day delivery is requested by the sender; or (iv) by electronic transmission (i.e. e-mail). Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U. S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent by electronic transmission will be effective on the date successfully received. Notices shall be sent to the addresses below. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below. FCWCD will notify CITY if it receives notice of a change of address from the State.
  18. NOTIFICATIONS TO STATE AND FCWCD. CITY shall promptly notify FCWCD and State, in writing, of the following items:

- a. Substantial changes in the scope, budget, or schedule and
- b. Any public or media event publicizing the accomplishments and/or results of the Grant Agreement or this Funding Agreement.

CITY agrees that no substantial change will be undertaken until written notice of the proposed change has been provided to State and FCWCD and State and FCWCD have given written approval for such change. Substantial changes generally include changes to the wording/scope of work, schedule or agreement term, and budget. CITY shall make notification at least fourteen (14) calendar days prior to a public or media event to provide opportunity for attendance and participation by representatives of State and FCWCD.

19. PROJECT REPRESENTATIVES. The Project Representatives during the term of this Funding Agreement will be:

San Luis Obispo County Flood Control and  
Water Conservation District  
Paavo Ogren  
Director of Public Works  
Public Works Department  
County Government Center, Room 207  
San Luis Obispo, CA 93408  
Phone: (805) 781-5252  
e-mail: [pogren@co.slo.ca.us](mailto:pogren@co.slo.ca.us)

Department of Water Resources  
Paula Landis  
Chief, Division of IRWM  
P.O. Box 942836  
Sacramento CA 94236-0001  
Phone: (916) 651-9220  
e-mail: [plandis@water.ca](mailto:plandis@water.ca).

City of El Paso de Robles  
PR Name  
Title  
Street Address  
Paso Robles, CA 93446  
Phone : (805) XXX-XXXX  
e-mail: \_\_\_\_\_

Direct all inquiries to the Project Manager:

San Luis Obispo County Flood Control and  
Water Conservation District  
Courtney Howard  
Public Works Department  
County Government Center, Room 207  
San Luis Obispo, CA 93408  
Phone: (805) 781-1016  
e-mail: [choward@co.clo.ca.us](mailto:choward@co.clo.ca.us)

Department of Water Resources  
PM Name  
Appropriate Regional Office Address  
CA XXXX-XXXX  
Phone: (XXX) XXX-XXXX  
Fax: (XXX) XXX-XXXX  
e-mail: \_\_\_\_\_@water.ca.gov

City of El Paso de Robles  
PM Name  
Title  
Street Address  
Paso Robles, CA 93446  
Phone : (805) XXX-XXXX  
e-mail: \_\_\_\_\_

Either party may change its Project Representative or Project Manager upon written notice to the other party.

20. STANDARD PROVISIONS. The following exhibits are attached and made a part of this Grant Agreement by this reference:

- Exhibit A                    Project Work Plan
- Exhibit B                    Project Schedule
- Exhibit C                    Project Budget
- Exhibit D                    Standard Conditions
- Exhibit E                    Report Format and Requirements
- Exhibit F                    Grantee Resolution (intentionally omitted)
- Exhibit G                    Guidelines for Grantee and Borrowers
- Exhibit H                    Statewide Monitoring
- Exhibit I                    Grant Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Funding Agreement:

<p><b>COUNTY OF SAN LUIS OBISPO FLOOD CONTROL AND WATER CONSERVATION DISTRICT</b></p> <p>By: _____  Chairperson of the Board  County of San Luis Obispo Flood Control and Water Conservation District,  State of California</p> <p>Date: _____, 20__</p>	<p><b>CITY OF EL PASO DE ROBLES</b></p> <p>By: _____</p> <p>Date: _____, 20__</p>
<p><b>APPROVED AS TO FORM AND LEGAL EFFECT:</b>  RITA L. NEAL  County Counsel</p> <p>By: _____  Deputy County Counsel</p> <p>Date: _____, 20__</p>	<p><b>APPROVED AS TO FORM AND LEGAL EFFECT:</b></p> <p>By: _____  City Attorney</p> <p>Date: _____, 20__</p>
<p><b>ATTEST:</b></p> <p>_____  <b>County Clerk and Ex-Officio Clerk of the Board of Supervisors, County of San Luis Obispo Flood Control and Water Conservation District, State of California</b></p> <p>Date: _____, 20__</p>	

## Exhibit A

### **Task 19.2 SNMP for the Paso Robles Groundwater Basin**

The City of Paso Robles will develop a complete SNMP for the Paso Robles Groundwater Basin to serve as model for the SLO Region and develop salt and nutrient management planning recommendations based on lessons learned and feedback from the RWQCB. This plan will include:

- Establishing basin characteristics (in conjunction with Task 19.3);
- Evaluating water quality objectives;
- Identifying existing and foreseeable salt and nutrient sources and describing their fate and transport;
- Developing implementation measures, goals, and objectives;
- Optimizing and regionalizing the monitoring programs; and
- Ultimately tying these elements together into an SNMP.

The following agencies provide water and/or wastewater service in or tributary to the Paso Robles Groundwater Basin:

- County of San Luis Obispo
- City of Atascadero
- Templeton Community Services District
- City of Paso Robles
- San Miguel Community Services District
- Camp Roberts (California National Guard); and
- Heritage Ranch Community Services District

These “Agencies” have agreed to collaborate on the development of a Salt and Nutrient Management Plan (hereafter “Plan”) for the Paso Robles Groundwater Basin that meets all Policy requirements.

## Exhibit A

### **Task 19.2.1 Facilitate a Collaborative Process**

The Policy requires “...locally driven and controlled, collaborative processes open to all stakeholders...” The water quality chapter of the *Paso Robles Groundwater Basin Study, Phase I* indicates the areas of increasing groundwater salt and nutrient concentrations are within the Salinas River corridor, near existing municipal wastewater discharges. Consequently, the water and wastewater agencies listed above are funding development of the Plan and will be considered primary stakeholders. As many as four (4) face-to-face primary stakeholder meetings will be held to collect data and coordinate review of deliverables. Meetings shall be coordinated to coincide with key data collection and review of major deliverables. RWQCB staff will be invited to all coordination meetings. Meetings will be held at public facilities, such as Paso Robles City Hall or the Templeton CSD office, and will be open to all interested persons.

If subsequent tasks identify groups whose activities or operations may impact salt and nutrient management in the basin (e.g., agriculture), appropriate representatives of those stakeholders will be identified and added to the project contact list for meetings and distribution of deliverables for review and comment.

#### ***Deliverables:***

- Coordination meeting agendas and minutes
- Content for Plan Section 1 (see draft outline in Task 19.2.8 below)

### **Task 19.2.2 Establish Basin Characteristics**

The Policy states:

“the degree of specificity within these plans and the length of these plans will be dependent on a variety of site-specific factors [including] size and complexity of a basin...hydrogeology, and aquifer water quality.”

This task is to establish basin characteristics that will guide the Plan’s length and specificity.

The basin characteristics will be derived from the existing studies listed above, especially the *Paso Robles Groundwater Basin Management Plan*. The basin description should include:

- Basin physiography;
- Basin boundaries;
- Watersheds and hydrology, including areas that are tributary to the groundwater basin
- Climate;
- Beneficial water uses;
- Relevant Water Quality Objectives from the Central Coast Basin Plan;

## Exhibit A

- Land uses; and
- Land cover.

Of particular interest will be areas of historically increasing salt or nutrient levels, where such trends may adversely affect any beneficial uses within the next 50 years. Chapter 4 of the *Paso Robles Groundwater Basin Study, Phase I* identifies such areas.

A GIS project will be developed that includes watershed and basin boundaries, impervious areas, open space, recreational areas, agricultural areas, other irrigated areas, parcel information, areas of wastewater discharge to the basin, groundwater recharge areas, and monitoring and production well locations. The County maintains several GIS project files that may form the basis of such a project.

### ***Deliverables:***

- Content for SNMP Section 2
- GIS project with layers to be maintained on County of San Luis Obispo servers. Layers and updates will be provided to the agencies.

### **Task 19.2.3 Evaluation of Water Quality Objectives**

The existing Water Quality Objectives (WQOs) in the Central Coast Basin Plan are based on a limited data set and may not be statistically valid. Later SNMP tasks, such as the assimilative capacity analysis, are predicated on defensible WQO's. This task is a comparison of a statistically significant set of ambient water quality data to relevant WQO's. If any changes to the WQO's appear justified, additional work may be required that would be completed outside of this grant agreement. This additional work may include a full study of the WQO's and available data, recommendations for alternative WQO's, and all the documentation necessary to support a Basin Plan amendment by the Central Coast RWQCB. The Agencies would request the Central Coast RWQCB share the cost of these additional services.

### ***Deliverable:***

- Possibly a proposal for additional services to study Water Quality Objectives.

### **Task 19.2.4 Identify Existing and Foreseeable Salt and Nutrient Sources**

The Policy states:

“...plans shall address and implement provisions, as appropriate, for all sources of salt and/or nutrients to groundwater basins, including recycled water irrigation projects and groundwater recharge reuse projects.”

Existing and possible future projects that may add salt or nutrients to the Paso Robles Groundwater Basin will be identified, and constituent mass loading from these sources will be estimated.

## Exhibit A

Where such information is not already available in existing studies, information will be gathered from agencies and organizations with property interests in the Paso Robles Groundwater Basin and associated sub-basins to determine salt, nutrient, irrigation practice, and chemical loading characteristics of maintenance or management activities.

The effect of the Nacimiento Water Project on salt and nutrient loading will be addressed. No water recycling projects currently exist in the Basin, but the City of Paso Robles is planning a water recycling system and will be described as a part of this task. The Templeton CSD's wastewater facilities are being evaluated as a part of the "Identifying and Prioritizing Recycled Water Strategies" (as described in Task 19.5) focused planning effort of this grant application.

Most of the primary stakeholders are participating in the Central Coast Joint Effort to Implement Low Impact Development and Hydromodification Control (see: [http://www.swrcb.ca.gov/rwqcb3/water\\_issues/programs/stormwater/docs/lid/lid\\_hydromod\\_charette\\_index.shtml](http://www.swrcb.ca.gov/rwqcb3/water_issues/programs/stormwater/docs/lid/lid_hydromod_charette_index.shtml)). The purpose of this effort is to maintain natural hydrology in future urban development (i.e., maintain stormwater recharge). This effort will be described in the SNMP to satisfy the Policy requirement to establish "stormwater recharge/use goals and objectives."

### ***Deliverable:***

- Identify all sources of salts and nutrients in the basin and sub-basins.

### **Task 19.2.5 Salt and Nutrient Evaluation**

The Policy states the SNMP shall include a component that evaluates, "assimilative capacity and loading estimates, together with fate and transport of salt and nutrients." Templeton CSD, City of Paso Robles, and City of Atascadero have already studied the fate and transport of salts and nutrients in their wastewater discharges to the Salinas River corridor. These are Existing Studies 5, 6, and 8, respectively. Since these three communities represent the majority of wastewater flow to the Paso Robles Groundwater Basin, and the fate of salt and nutrient discharges from these larger agencies may be used to approximate the behavior of discharges from the smaller agencies, this task will not include further study of the fate and transport of salt and nutrients. This task will include:

- a. A description of the hydrologic and hydrogeologic conceptual model of the basin;
- b. An estimate of the water balance of the basin, using the existing numeric groundwater model of the basin (see Existing Study No. 3). If the County of San Luis Obispo's 2012 model update is complete, the updated model results shall be used. The water balance is being updated as a part of the "Groundwater Model Update – Paso Robles Groundwater Basin" (Task 19.3) focused planning effort of this grant application.

## Exhibit A

- c. An estimate of salt and nutrient balances for existing and planned land and water use, using sources of salt and nutrient loading and the water balance from the previous sub-tasks. This task should be used to focus the assimilative capacity analysis.
- d. A summary of the fate and transport studies prepared for Templeton Community Services District, City of Paso Robles, and City of Atascadero.
- e. Assimilative Capacity. In this sub-task, GIS data shall be related, using the existing numerical model of the basin (consultant may propose another method), to assess potential for salt and nutrient loading impacts to groundwater. Information to be related include: land cover type, irrigation practices, source-water type and constituent concentrations, and assimilative capacities of the various soils and land uses (retention, uptake, removal, and transformation). This model shall be designed to provide an indication of steady state constituent loading to the aquifer at a parcel or land use block scale, depending upon detail present in existing land cover data obtained in previous tasks.
- f. Antidegradation Analysis. If the previous subtask indicates any planned recycled water projects have the potential to degrade the water quality of the Paso Robles Groundwater Basin, an antidegradation analysis to satisfy the requirements of State Water Resources Control Board's Resolution 68-16 may be required. This sub-task is not part of this scope of work, but may be recommended as a follow-up task after the SNMP is completed.

### ***Deliverable:***

- Content for SNMP Section 4 described in a-e above.

### **Task 19.2.6 Implementation Measures, Goals and Objectives**

The Policy states the SNMP shall include 1) implementation measures to manage salt and nutrient loading in the basin on a sustainable basis, and 2) water recycling and stormwater recharge/use goals and objectives. This task is the culmination of all previous tasks and the most important for the stakeholders. The RWQCB may ultimately incorporate these measures into the Water Quality Control Plan, Central Coast Basin (Basin Plan).

This task will start with a review of the Basin Plan to determine whether the existing implementation plan for the Salinas River Hydrologic Unit remains appropriate. If not, the consultant will develop a list of recommended implementation measures for presentation to the stakeholders. The recommended implementation measures should be tailored to each agency and its unique waste loading and environmental settling. Examples of implementation measures that should be evaluated include:

- Importation of Nacimiento water;

## Exhibit A

- Control of self-regenerating water softeners;
- Removal of nutrients from wastewater discharges;
- Water recycling;
- Implementation of low impact development and hydromodification control (stormwater recharge);
- Recharge area protection/restoration;
- Wellhead protection; and
- Institutional controls such as land use plans and local ordinances.

This task also includes development of quantitative goals and objectives for:

- Salt and nutrient waste load reduction;
- Water conservation;
- Water recycling; and
- Stormwater recharge.

Consultant will lead a meeting of the stakeholders to determine which recommended implementation measures and goals and objectives are truly sustainable and should be incorporated into the Plan. The evaluation will consider the vulnerability of the Basin to effects of climate change and the contribution to climate change implementation measures may have.

Triggers or threshold concentrations of selected salts and nutrients will be proposed that would invoke specific implementation measures. Elements that are required for successful implementation of the measures will be outlined in the plan. These will include: performance measures, implementation schedule, public outreach and education, cost analysis, funding opportunities, institutional arrangements, and organizational structure.

### ***Deliverables:***

- Draft list of recommended implementation measures, goals and objectives for consideration by stakeholders
- Content for SNMP Section 5

### **Task 19.2.7 Monitoring Program and Database**

The Policy states the SNMP shall include,

“...a basin/sub-basin wide monitoring plan that includes an appropriate network of monitoring locations. The scale of the basin/sub-basin wide monitoring plan is dependent upon the site-specific conditions and shall be adequate to provide cost-effective means of determining whether the concentrations of salt, nutrients, and other constituents of concern as

## Exhibit A

identified in the salt and nutrient plans are consistent with applicable water quality objectives.”

Existing monitoring programs will be evaluated first, before recommending a monitoring program specific to the SNMP. These include, but are not limited to, the County’s ongoing groundwater level monitoring throughout the Basin, and each water and wastewater agency’s individual groundwater monitoring programs. Existing monitoring programs will be described (constituents monitored, frequency, responsible party, how data is disseminated).

If existing monitoring programs are not adequate for determining whether salt and nutrients are consistent with applicable water quality objectives, additional features, constituents, and frequencies will be identified. The preferred approach for developing the monitoring program will be to use existing wells for data collection, where the existing wells provide the spatial coverage necessary to determine water quality throughout the most critical areas of the basin. Additional monitoring locations will be recommended, if necessary. Existing monitoring locations that do not provide much value will be identified. The primary stakeholders would like to optimize existing monitoring programs to ensure that together they represent a regional monitoring program anticipated by the Policy. The recommended groundwater monitoring program should not result in significant additional ongoing costs.

The monitoring program will be designed to:

- Facilitate salt and nutrient source loading monitoring;
- Facilitate trend analysis;
- Answer the question: Are the relevant water quality objectives of the Central Coast Basin Plan being exceeded or threatening to be exceeded?

The State Water Resources Control Board’s Science Advisory (Blue Ribbon) Panel’s Spring 2010 report on monitoring of chemicals of emerging concern (CECs) found that monitoring of CECs is not a priority where recycled water is used for landscape irrigation. Since none of the agencies currently use recycled water at all, the possibility that no CEC monitoring may be necessary will be explored.

This task includes analysis of existing available databases, including GAMA Geotracker, and a recommendation on which database to use for storing monitoring data, in order to ensure applicable State databases receive the data generated from SNMP implementation.

The monitoring program will identify stakeholders responsible for conducting, compiling and reporting monitoring data under the SNMP. Those responsible for updating the database and the frequency of updates will be specified. The monitoring program will

## Exhibit A

include a requirement that data will be compiled and reported to the RWQCB staff at least once every three years.

This task includes developing a cost estimate to implement the recommended monitoring program.

### ***Deliverables:***

- Draft Groundwater Monitoring Program for review and comment by stakeholders
- Content for SNMP Sections 6 and 7

### **Task 19.2.8 Prepare Salt and Nutrient Management Plan**

The following is a draft outline of the proposed SNMP for the Paso Robles Groundwater Basin. This outline will likely change based on stakeholder input, after a consultant is selected.

#### **Section 1: Stakeholder Identification and Involvement**

#### **Section 2: Paso Robles Groundwater Basin Characteristics**

- a. Basin boundaries
- b. Basin physiography
- c. Watersheds and hydrology
- d. Climate
- e. Beneficial water uses
- f. Water Quality Objectives
- g. Land uses and land cover
- h. Surface water quality
- i. Groundwater quality

#### **Section 3: Salt and Nutrient Sources**

- a. Existing salt and nutrient sources
- b. Proposed salt and nutrient sources

#### **Section 4: Salt and Nutrient Evaluation**

- a. Conceptual model
- b. Water balance
- c. Salt and nutrient balances
- d. Fate and transport of salt and nutrients
- e. Assimilative capacity
- f. Discussion of future antidegradation analysis, if necessary

#### **Section 5: Implementation Measures**

- a. Measures to manage salt and nutrient loading
- b. Water recycling and stormwater recharge/use goals and objectives

## Exhibit A

- c. Management triggers
- d. Performance measures
- e. Implementation schedule
- f. Public outreach and education
- g. Institutional arrangements (e.g., cost sharing agreements between stakeholders)

### **Section 6: Existing Groundwater Monitoring Programs and Databases**

- a. Existing database identification and description
- b. Data gaps
- c. Recommended database

### **Section 7: Recommended Salt and Nutrient Monitoring Program**

- a. Goals and objectives
- b. Location of monitoring features
- c. Constituents to be monitored
- d. Sampling methodology
- e. Sampling frequency
- f. Stakeholder roles and responsibilities
- g. Reporting, including trend analysis
- h. Cost estimate to implement recommended monitoring program

#### **Task 19.2.9 Quality Assurance and Quality Control**

This task includes an independent technical review by the members of the consultant's firm that are experienced in groundwater management but are not directly involved in the development of this SNMP. This internal review will ensure the SNMP meets the expectations of the stakeholders and meets the requirements of the Recycled Water Policy.

#### **Task 19.2.10 Project Management**

This task includes general project management and coordination during the initial project start up, procurement of any necessary sub-contractors, and preparation of the SNMP. This includes preparing monthly invoices and progress reports for the IRWM planning grant administrator. Project management activities will continue throughout the duration of the project.

Consultant procurement and selection, associated stakeholder coordination meetings and the development and execution of the Reimbursement Agreement are anticipated to occur before August 6, 2012 as in-kind services by the agencies.

#### ***Deliverables:***

Monthly invoices and progress reports to the District

Exhibit B

San Luis Obispo County  
 Integrated Regional Water Management Region  
 Proposition 84 Planning Grant Application Schedule

ID	Task Name	Duration	Start	1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Quarter			2nd Quarter			3rd Quarter			4th Quarter		
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
1	<b>Salt and Nutrient Management Plan - Paso Robles Groundwater Basin</b>	<b>440 days</b>	<b>Mon 3/12/12</b>																								
2	1: Facilitate a Collaborative Process	15 mons	Mon 8/6/12																								
3	2: Establish Basin Characteristics	4 mons	Mon 9/3/12																								
4	3: Identify Existing and Foreseeable Salt and Nutrient Sources	2 mons	Mon 12/24/12																								
5	4: Salt and Nutrient Evaluation	3 mons	Mon 2/18/13																								
6	5: Implementation Measures, Goals and Objectives	2 mons	Mon 5/13/13																								
7	6: Monitoring Program and Database	2 mons	Mon 7/8/13																								
8	7: Prepare Salt and Nutrient Management Plan	2 mons	Sat 8/31/13																								
9	8: Quality Assurance and Quality Control	16 mons	Mon 8/6/12																								
10	9: Project Management	22 mons	Mon 3/12/12																								

Exhibit C

**Budget - Salt and Nutrient Management Plan for the Paso Robles Groundwater Basin**

Tasks	Total
	Total Budget
<b>Salt and Nutrient Management Plan for the Paso Robles Groundwater Basin</b>	
1: Facilitate a Collaborative Process	\$21,769
2: Establish Basin Characteristics	\$25,610
3: Identify Existing and Foreseeable Salt and Nutrient Sources	\$11,359
4: Salt and Nutrient Evaluation	\$35,393
5: Implementation Measures, Goals and Objectives	\$14,212
6: Monitoring Program and Database	\$18,306
7: Prepare Salt and Nutrient Management Plan	\$16,700
8: Quality Assurance and Quality Control	\$13,380
9: Project Management	\$16,762
Total:	<b>\$173,491</b>

**EXHIBIT D  
STANDARD CONDITIONS**

**D.1 ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENT:**

- a) **Separate Accounting of Grant Disbursement and Interest Records.** CITY shall account for the money disbursed pursuant to this Funding Agreement separately from all other CITY funds. CITY shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. CITY shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. CITY shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State or FCWCD at any and all reasonable times.
- b) **Disposition of Money Disbursed.** All money disbursed pursuant to this Funding Agreement shall be deposited, administered, and accounted for pursuant to Grant Agreement and the provisions of applicable law.
- c) **Remittance of Unexpended Funds.** CITY, within a period of forty-five (45) calendar days from the final disbursement from FCWCD to CITY of Grant funds or within fifteen (15) days of the expiration of the Funding Agreement, whichever comes first, shall remit to FCWCD any unexpended funds that were disbursed to CITY under this Funding Agreement and were not needed to pay Eligible Project Costs.

**D.2 ACKNOWLEDGEMENT OF CREDIT:** CITY shall include appropriate acknowledgement of credit to the State and FCWCD when promoting the Project or using any data and/or information developed under this Funding Agreement.

**D.3 AIR OR WATER POLLUTION VIOLATION:** Under State laws, the CITY shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to a cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

**D.4 AMENDMENT:** This Funding Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to the Grant Agreement or to applicable law. Requests by the CITY for amendments must be in writing stating the amendment request and the reason for the request. The FCWCD shall have no obligation to agree to an amendment.

**D.5 AMERICANS WITH DISABILITIES ACT:** By signing this Funding Agreement, CITY assures FCWCD that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

**D.6 APPROVAL:** This Funding Agreement is of no force or effect until signed by all parties to the Funding Agreement. CITY may not submit invoices or receive payment until all required signatures have been obtained.

**D.7 AUDITS:** CITY acknowledges that the State and FCWCD have the right to conduct an audit at any time between the execution of this Funding Agreement and the completion of the Project, with the costs of such audit borne by State or FCWCD. After completion of the Project, the State and FCWCD have the right to require CITY to conduct a final audit, at CITY's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by CITY to comply with this provision shall be considered a breach of this Funding Agreement, and the State and FCWCD may take any action they deem

necessary to protect their interests.

Pursuant to Government Code Section 8546.7, CITY shall be subject to the examination and audit by State for a period of three (3) years after final payment under the Grant Agreement with respect of all matters connected with the Grant Agreement, including but not limited to, the cost of administering this Funding Agreement. All records of CITY or subcontractors shall be preserved for this purpose for at least three (3) years after Project completion. See Exhibit H for a listing of documents/records that auditors would need to review in the event of a grant being audited.

- D.7 BUDGET CONTINGENCY:** If the Budget Act of the current year covered under this Funding Agreement does not appropriate sufficient funds for the Integrated Regional Water Management Grant Program, this Funding Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of State or FCWCD to make any payments of any kind. In this event, neither State nor the FCWCD shall have any liability to pay any funds whatsoever to CITY or to furnish any other considerations under the Grant Agreement or this Funding Agreement. Nothing in this Funding Agreement shall be construed to provide CITY with a right of priority for payment over any other local project sponsors. If funding for any fiscal year after the current year covered by this Funding Agreement is reduced or deleted by the Budget Act for purposes of this program, FCWCD shall have the option to either cancel this Funding Agreement with no liability occurring to FCWCD, or offer a Funding Agreement amendment to CITY to reflect the reduced amount.
- D.8 CALIFORNIA CONSERVATION CORPS:** As required in CWC Section 79038(b), CITY shall examine the feasibility of using the California Conservation Corps or community conservation corps to accomplish the habitat restoration, enhancement and protection activities listed in the Work Plan (Exhibit A), and shall use the services of one of these organizations whenever feasible.
- D.9 CEQA:** Activities funded under this Funding Agreement regardless of funding source must be in compliance with the California Environmental Quality Act (CEQA) (PRC §21000 *et seq.*). Information on CEQA can be found at the following links:

Environmental Information: [ceres.ca.gov/index.html](http://ceres.ca.gov/index.html)

California State Clearinghouse Handbook: [ceic.resources.ca.gov/](http://ceic.resources.ca.gov/)

- D.10 CHILD SUPPORT COMPLIANCE ACT:** CITY acknowledges in accordance with Public Contract Code Section 7110 that:
- a. The CITY recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
  - b. CITY, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- D.11 CLAIMS DISPUTE:** Any claim that the CITY may have regarding performance of this Funding Agreement including, but not limited to, claims for additional compensation or extension of time, shall be submitted to the FCWCD within thirty (30) days of the CITY's knowledge of the claim. FCWCD and CITY shall then attempt to negotiate a resolution of such claim.
- D.12 COMPETITIVE BIDDING AND PROCUREMENTS:** CITY shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in

CITY's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by FCWCD under this Funding Agreement.

- D.13 COMPUTER SOFTWARE:** The CITY certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Funding Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.14 CONFIDENTIALITY:** CITY acknowledges that by participating in the Grant application, it waives its rights to the confidentiality of that application. After the Projects are selected, all applications (those selected *and* those not) are public documents.
- D.15 CONFLICT OF INTEREST:**
- a) **Current State Employees.** No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
  - b) **Former State Employees.** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
  - c) **Employees of the CITY.** Employees of the CITY shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act, Cal. Gov't Code § 87100 *et seq.*
  - d) **Employees and Consultants to the CITY.** Individuals working on behalf of CITY may be required by the State to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.
- D.16 DELIVERY OF INFORMATION, REPORTS, AND DATA:** The CITY agrees to expeditiously provide, during work on the Project and throughout the term of this Funding Agreement, such reports, data, information, and certifications as may be reasonably required by the State or the FCWCD.
- D.17 DISPOSITION OF EQUIPMENT:** CITY shall provide to State, not less than 30 days prior to submission of the final Project invoice, a final inventory list of equipment purchased with Grant funds. The inventory shall include all items with a current estimated fair market value of more than \$5,000 per item.
- D.18 NO DISCRIMINATION AGAINST DOMESTIC PARTNERS:** CITY certifies by signing this Funding Agreement, under penalty of perjury under the laws of State of California that CITY is in compliance with Public Contract Code section 10295.3.
- D.19 DRUG-FREE WORKPLACE CERTIFICATION:** By signing this Funding Agreement, CITY, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 *et seq.*) and have or will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a).
- b) Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(b) to inform employees, contractors, or subcontractors about all of the following:
  - 1. The dangers of drug abuse in the workplace,
  - 2. CITY's policy of maintaining a drug-free workplace,
  - 3. Any available counseling, rehabilitation, and employee assistance programs, and
  - 4. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c) Provide as required by Government Code Sections 8355(c) that every employee, contractor, and/or subcontractor who works under this Funding Agreement:
  - 1. Will receive a copy of CITY's drug-free policy statement, and
  - 2. Will agree to abide by terms of CITY's condition of employment, contract or subcontract.

This Funding Agreement may be subject to suspension of payments or termination, or both, and CITY may be subject to debarment if the State or FCWCD determines that:

- a) CITY, its contractors, or subcontractors have made a false certification, or
- b) CITY, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted above.

**D.20 EASEMENTS:** Where the CITY acquires property in fee title or funds improvements to real property already owned in fee by the CITY using Grant funds provided through this Funding Agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in perpetuity, approved by the State and FCWCD, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State and FCWCD. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State and FCWCD. Where the CITY acquires an easement under this Funding Agreement, the CITY agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State and FCWCD permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner. Failure to provide an easement acceptable to the State and FCWCD can result in termination of the Grant Agreement and this Funding Agreement.

**D.21 CITY COMMITMENTS:** CITY accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Grant Agreement and all incorporated documents, including, without limitation, the Grant Agreement, and to fulfill all assurances, declarations, representations, and statements made by CITY or FCWCD in the application, documents, amendments, and communications filed in support of FCWCD's request for California Disaster Preparedness and Flood Prevention Bond Act of 2006 and the California Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 funding for the Project.

**D.22 GOVERNING LAW:** This Funding Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

**D.23 INDEMNIFICATION:** CITY shall indemnify and hold and save the FCWCD and the State, their officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and the Grant Agreement or this Funding Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of levee

rehabilitation measures for this Project and any breach of the Grant Agreement or this Funding Agreement.

Without limiting the foregoing, the CITY expressly agrees to indemnify, defend and hold harmless the FCWCD against any loss or liability arising out of any claim or action brought against FCWCD by State for breach of the Grant Agreement (or any related cause of action) based on CITY's failure to comply with the terms, provisions, conditions and written commitments set forth therein.

**D.24 INSURANCE:** CITY, at its sole cost and expense, shall purchase and maintain the insurance policies set forth below on all of its operations under this Funding Agreement. Such policies shall be maintained for the full term of this Funding Agreement and the related warranty period (if applicable) and shall provide products/completed operations coverage for four (4) years following completion of CITY's work under this Funding Agreement and acceptance by the FCWCD. Any failure to comply with the reporting provision(s) of the policies referred to above shall not affect coverage provided to the FCWCD, its officers, employees, volunteers and agents. For purposes of the insurance policies required hereunder, the term "FCWCD" shall include officers, employees, volunteers and agents of the FCWCD, individually or collectively.

- a) Minimum Scope and Limits of Required Insurance Policies. The following policies shall be maintained with insurers authorized to do business in the State of California and shall be used under forms of policies satisfactory to the FCWCD:
  1. Commercial General Liability Insurance Policy (CGL). Policy shall include coverage at least as broad as set forth in Insurance Services Office (ISO) Commercial General Liability coverage (Occurrence Form CG 0001) with policy limits of not less than the following:
    - \$1,000,000 each occurrence (combined single limit);
    - \$1,000,000 for personal injury liability;
    - \$1,000,000 aggregate for products-completed operations; and
    - \$1,000,000 general aggregateThe general aggregate limits shall apply separately to CITY's work under this Funding Agreement.
  2. Business Automobile Liability Policy (BAL). Policy shall include coverage at least as broad as set forth in ISO Business Automobile Liability Coverage, Code 1 "Any Auto" (Form CA 0001). This policy shall include a minimum combined single limit of not less than one-million dollars (\$1,000,000) for each accident, for bodily injury and/or property damage. Such policy shall be applicable to vehicles used in pursuit of any activities associated with this Funding Agreement. CITY shall not provide a Comprehensive Automobile Liability policy which specifically lists scheduled vehicles without the express written consent of the FCWCD.
  3. Workers' Compensation and Employers Liability Insurance Policy (WC/EL). This policy shall include at least the following coverages and policy limits:
    - i. Workers' Compensation Insurance as required by the State of California; and
    - ii. Employer's Liability Insurance Coverage B with coverage amounts not less than one million dollars (\$1,000,000) each accident/bodily Injury (BI); one million dollars (\$1,000,000) policy limit BI by disease; and one million dollars (\$1,000,000) each employee BI by disease.
- b) Deductibles and Self Insurance Retentions. Any deductible and/or self-insured retentions which apply to any of the insurance policies referred to above shall be declared in writing by CITY and approved by FCWCD before work is begun pursuant to this Funding Agreement. At the option of the FCWCD, CITY shall either reduce or eliminate such deductibles or self-insured retentions as respect to the FCWCD, its officers, employees, volunteers and agents or shall provide a financial guarantee satisfactory to the FCWCD

guaranteeing payment of losses and related investigations, claim administration and/or defense expenses.

- c) Endorsements. All of the following clauses and endorsements, or similar provisions, are required to be made a part of the insurance policies indicated in parentheses below:
1. A "Cross Liability", "Severability of Interest" or "Separation of Insureds" clause (CGL & BAL);
  2. The FCWCD and State, their officers, employees, volunteers and agents are hereby added as additional insureds with respect to all liabilities arising out of the CITY's performance of work under this Funding Agreement (CGL & BAL);
  3. If the insurance policy covers an "accident" basis, it must be changed to "occurrence" (CGL & BAL);
  4. This policy shall be considered primary insurance with respect to any other valid and collective insurance FCWCD may possess, including any self-insured retention FCWCD may have, and any other insurance FCWCD does possess shall be considered excess insurance only and shall not be called upon to contribute to this insurance (CGL & BAL &);
  5. No cancellation or non-renewal of this policy, or reduction of coverage afforded under the policy, shall be effective until written notice has been given at least thirty (30) days prior to the effective date of such reduction or cancellation to FCWCD at the address set forth in Paragraph 25 (CGL, BAL & WC/EL &);
  6. CITY and its insurers shall agree to waive all rights of subrogation against FCWCD, its officers, employees, volunteers and agents for any loss arising under this Funding Agreement (CGL); and
  7. Deductibles and self-insured retentions must be declared (all policies).
- d) Absence of Insurance Coverage. FCWCD may direct CITY to immediately cease all activities with respect to this Funding Agreement if it determines that CITY fails to carry, in full force and effect, all insurance policies with coverage at or above the limits specified in this Funding Agreement. Any delays or expense caused due to stopping of work and change of insurance shall be considered CITY's delay and expense. At the FCWCD's discretion, under conditions of lapse, the FCWCD may purchase appropriate insurance and charge all costs related to such policy to CITY.
- e) Proof of Insurance Coverage and Coverage Verification. Prior to commencement of work under this Funding Agreement and annually thereafter for the term of this Funding Agreement, CITY, or each of CITY's insurance brokers or companies, shall provide FCWCD a current copy of a Certificate of Insurance, on an Accord or similar form, which includes complete policy coverage certifications, as evidence of the stipulated coverages. All of the insurance companies providing insurance for CITY shall have and provide evidence of a Best Rating Service Rate of A VI or above. The Certificate of Insurance and coverage verification and all other notices related to cancellation or non-renewal shall be mailed to FCWCD at the address set forth in Paragraph 25.

**D.25 INDEPENDENT CAPACITY:** CITY, and the agents and employees of CITY, if any, in the performance of the Funding Agreement, shall act in an independent capacity and not as officers, employees, or agents of the FCWCD or State.

**D.26 INSPECTIONS OF BOOKS, RECORDS, AND REPORTS:** During regular office hours, FCWCD and State and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of CITY pertaining to this Funding Agreement or matters related hereto. The CITY shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Funding Agreement. Failure or refusal by CITY to comply with this provision shall be considered a breach of this Funding Agreement, and State and FCWCD may withhold disbursements to FCWCD or take any other action they deem necessary to protect their interests.

- D.27 INSPECTIONS OF PROJECT BY STATE AND FCWCD:** CITY acknowledges that the State and FCWCD shall have the right to inspect the work being performed at any and all reasonable times during the term of the Funding Agreement. This right shall extend to any subcontracts, and CITY shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to this Funding Agreement.
- D.28 LABOR CODE COMPLIANCE:** The CITY is required to keep informed of and take all measures necessary to ensure compliance with applicable California Labor Code requirements, including, but not limited to, Section 1720 *et seq.* of the California Labor Code regarding public works, limitations on use of volunteer labor (California Labor Code Section 1720.4), labor compliance programs (California Labor Code Section 1771.5) and payment of prevailing wages for work done and funded pursuant to these Guidelines, including any payments to the Department of Industrial Relations under Labor Code Section 1771.3.
- D.29 NONDISCRIMINATION CLAUSE:** During the performance of this Funding Agreement, CITY and its sub-contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. CITY and its sub-contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. CITY and its sub-contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Funding Agreement by reference and made a part hereof as if set forth in full. CITY and its sub-contractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. CITY shall include the nondiscrimination and compliance provisions of this clause in all sub-contracts to perform work under the Funding Agreement.
- D.30 OPINIONS AND DETERMINATIONS:** Where the terms of this Funding Agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.
- D.31 PERFORMANCE AND ASSURANCES:** CITY agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the Scope of Work and to apply Grant funds received only to Eligible Project Costs in accordance with applicable provisions of the law.
- D.32 PRIORITY HIRING CONSIDERATIONS:** CITY shall give priority consideration in filling vacancies in positions funded by the Grant to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.
- D.33 PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE OR FCWCD PERMISSION:** CITY shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with CITY's service of water, without prior permission of State and FCWCD. CITY shall not take any action, including but not limited to, actions relating to user fees, charges, and assessments that could adversely affect the ability of CITY to meet its obligations under this Funding Agreement, without prior written permission of State and FCWCD. State or FCWCD may require that the proceeds from the disposition of any real or personal property be remitted to State.

- D.34 REIMBURSEMENT CLAUSE:** If applicable, travel and per diem expenses to be reimbursed under this Funding Agreement shall be at the same rates the State provides for unrepresented employees in accordance with the provisions of Title 2, Chapter 3, of the California Code of Regulations.
- D.35 REMEDIES, COSTS, AND ATTORNEY FEES:** The COUNTY agrees that any remedy provided in this Funding Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the FCWCD as a result of breach of this Funding Agreement by the COUNTY, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Funding Agreement by the FCWCD shall not preclude the FCWCD from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Funding Agreement, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.
- D.36 RIGHTS IN DATA:** The CITY agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Funding Agreement shall be made available to the FCWCD and State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act., Cal. Gov't Code §§ 6250 *et seq.* The CITY may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Funding Agreement, subject to appropriate acknowledgement of credit to the State and FCWCD for financial support. The CITY shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
- D.37 SEVERABILITY:** Should any portion of this Funding Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Funding Agreement shall continue as modified.
- D.38 SUIT ON FUNDING AGREEMENT:** Each of the parties hereto may sue and be sued with respect to this Funding Agreement.
- D.39 SUCCESSORS AND ASSIGNS:** This Funding Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Funding Agreement or any part thereof, rights hereunder, or interest herein by the CITY shall be valid unless and until it is approved by FCWCD and made subject to such reasonable terms and conditions as FCWCD may impose.
- D.40 TERMINATION FOR CAUSE:** The FCWCD may terminate this Funding Agreement and be relieved of any payments should CITY fail to perform the requirements of the Grant Agreement or this Funding Agreement at the time and in the manner herein provided.
- D.41 TERMINATION WITHOUT CAUSE:** The FCWCD may terminate this Funding Agreement without cause on 30 days advance written notice. The CITY shall be reimbursed for all reasonable expenses incurred up to the date of termination provided that the FCWCD has received payment for such reasonable expenses from the State.
- D.42 TIMELINESS:** Time is of the essence in this Funding Agreement.
- D.43 THIRD PARTY BENEFICIARIES:** Subject to CITY's obligations to the State, as set forth in this Funding Agreement, the parties do not intend to create rights in, or grant remedies to, any third party.
- D.44 TRAVEL:** Travel includes the reasonable and necessary costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Funding Agreement. Travel

and per diem shall be reimbursed consistent with the rates current at the time of travel. These rates are published at: <http://www.dpa.ca.gov/jobinfo/statetravels.htm> or its successor website. For the purpose of computing such expenses, travel must be part of the scope of work and originate and terminate within the San Luis IRWM region. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the State and FCWCD.

**D.45 UNION ORGANIZING:** CITY, by signing this Funding Agreement, hereby acknowledges the applicability of Government Code 16645 through 16649 to this Funding Agreement. Furthermore, CITY, by signing this Funding Agreement, hereby certifies that:

- a) No State funds disbursed by this Funding Agreement will be used to assist, promote, or deter union organizing.
- b) CITY shall account for State funds disbursed for a specific expenditure by this Funding Agreement to show those funds were allocated to that expenditure.
- c) CITY shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
- d) If CITY makes expenditures to assist, promote, or deter union organizing, CITY will maintain records sufficient to show that no State funds were used for those expenditures and CITY shall provide those records to the Attorney General and FCWCD upon request.

**D.46 WAIVER OF RIGHTS:** None of the provisions of this Funding Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties hereto that from time to time either party may waive any of its rights under this Funding Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Funding Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

**D.47 WITHHOLDING OF GRANT DISBURSEMENTS (RETENTION):**

- a) Withholding Clause: The CITY acknowledges that the State, at its discretion, may withhold ten percent (10%) of the funds requested by the FCWCD for reimbursement of Eligible Project Costs until the Project is completed and the Project Completion Report is received by State. Withheld funds may be released by State upon completion of milestones identified in the Scope of Work.
- b) Additional Conditions for Withholding: The CITY further acknowledges that if the State determines that the Project is not being completed substantially in accordance with the provisions of the Grant Agreement or that the CITY has failed in any other respect to comply substantially with the provisions of the Grant Agreement or this Funding Agreement and if the CITY does not remedy such failure to the State's satisfaction, the State may withhold from the FCWCD all or any portion of the Grant commitment and take any other action that it deems necessary to protect its interests.

**D.48 WORKER'S COMPENSATION:** CITY affirms that it is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and CITY affirms that it will comply with such provisions before commencing the performance of the work under this Funding Agreement and will make its contractors and subcontractors aware of this provision.

**EXHIBIT E**  
**REPORT FORMAT AND REQUIREMENTS**

The following reporting formats should be utilized:

**PROGRESS REPORTS**

Progress Reports shall generally use the following format:

**PROJECT STATUS**

Describe the work performed during the time period covered by the report including:

**PROJECT INFORMATION**

- Legal matters;
- Engineering evaluations;
- Environmental matters;
- Status of permits, easements, rights-of-way, rights of entry and approvals as may be required by State, federal, and/or local agencies;
- Major accomplishments during the reporting period (i.e. tasks completed, milestones met, meetings held or attended, press releases, etc.);
- Issues/concerns that have, will, or could affect the scope, schedule, or budget, with a recommendation on how to correct the matter, including identifying possible future agreement amendment needs;
- Describe differences between the work performed and the work outlined in the Work Plan, including any change orders. Also include an estimate of the percentage of Project work completed to date.
- Identify issues not captured in above items that need to be resolved for successful completion of the Grant.

**COST INFORMATION**

- A discussion on how the actual budget is progressing in comparison to the Project budget included in the Work Plan, including budget percentage spent to date;
- A list of any changes approved to the budget in accordance with Funding Agreement and a revised budget, by task, if changed from latest budget in the Work Plan; and
- A discussion of whether there have been any changes to the CITY's finance plan for payment of the CITY's share of Eligible Project Costs.

**SCHEDULE INFORMATION**

- A schedule showing actual progress verses planned progress;
- A discussion on how the actual schedule is progressing in comparison to the original or last reported schedule; and
- A list of any changes approved to the Schedule in accordance with the Funding Agreement and a revised schedule, by task, if changed from latest reported schedule.

**PROJECT COMPLETION REPORT**

Project Completion Reports shall generally use the following format.

**EXECUTIVE SUMMARY**

The Executive Summary shall consist of a maximum of one-half page summarizing the Project. The Executive Summary should include the following:

- Brief description of work proposed to be done in the original Grant application; and
- Description of actual work completed and any deviations from the Work Plan identified in the Funding Agreement.

**COST AND DISPOSITION OF FUNDS**

- A summary table of all invoices showing:
  - The date each invoice was submitted to State;
  - The amount of the invoice;
  - Accounting of the Cost Share and Grant share expenditures;
  - The date the check from State was received; and
  - The amount of the check (if a check has not yet been received for the final or retention invoice(s), then state so in this section).
- Final budget (after all amendments and costs showing Grant and Cost Share spent on the Project).

**ADDITIONAL PROJECT INFORMATION**

Summary of work completed during the term of the Funding Agreement and any elaboration on information provided in the executive summary, including:

- A final Project schedule showing actual progress verses planned progress.
- Discussion of problems that occurred during the work and how those problems were resolved.
- Discussion of factors that positively or negatively affected the Project cost and any deviation from the original Project cost estimate.
- Anticipated benefit from the Project as implemented vs. the anticipated benefits claimed at the time of the Grant application.

**REPORTS AND/OR PRODUCTS**

Provide a summary of major deliverables (including data deliverables) or products provided under the Grant including:

- Name of deliverable/product;
- When the deliverable was delivered to DWR or appropriate State Agency; and
- A sentence or two about what the deliverable/product contains or does

Note: Data submittals may be subject to provisions of Exhibit H of this Funding Agreement.

**EXHIBIT F**  
**[NOT APPLICABLE – INTENTIONALLY LEFT BLANK]**

**EXHIBIT G**  
**STATE AUDIT DOCUMENT REQUIREMENTS AND**  
**FUNDING MATCH GUIDELINES FOR GRANTEES**

The following provides a list of documents typically required by State Auditors and general guidelines for Grantees. The List of documents is applicable to both State funding and CITY's Funding Match and details the documents/records that State Auditors would need to review in the event of the Grant Agreement or this Funding Agreement is audited. CITY should ensure that such records are maintained for the Project.

**List of Documents for Audit**

Internal Controls

1. Organization chart (e.g., Agency's overall organization chart and organization chart for the Project).
2. Written internal procedures and flowcharts for the following:
  - a. Receipts and deposits
  - b. Disbursements
  - c. State reimbursement requests
  - d. Expenditure tracking of State funds
  - e. Guidelines, policy, and procedures on State funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on the State funded Program/Project.

State Funding:

1. Original Funding Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State.
3. A listing of all other funding sources for each Program/Project.

Contracts:

1. All subcontractor and consultant contracts and related or partners documents, if applicable.
2. Contracts between the Agency and member agencies as related to the State funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Funding Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related Funding Agreement budget line items.
3. Reimbursement requests submitted to the State for the Funding Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grants or loans.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for funding receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for Funding Agreement reimbursement.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to the program.

Project Files:

- a) All supporting documentation maintained in the project files.
- b) All Funding Agreement related correspondence.

**Funding Match Documentation**

Funding Match (often referred to as CITY Cost Share) consists of non-State funds, including in-kind services. In-kind services are defined as work performed (i.e., dollar value of non-cash contributions) by the CITY (and potentially other parties) directly related to the execution of the Project. Examples include volunteer services, equipment use, and use of facilities. The cost of in-kind service can be counted as Funding Match in-lieu of actual funds (or revenue) provided by the CITY. Other funding match and in-kind service eligibility conditions may apply. Provided below is guidance for documenting Funding Match with and without in-kind services.

1. Although tracked separately, in-kind services shall be documented and, to the extent feasible, supported by the same methods used by the CITY for its own employees. Such documentation should include the following:
  - a. Detailed description of the contributed item(s) or service(s)
  - b. Purpose for which the contribution was made (tied to Project Work Plan)
  - c. Name of contributing organization and date of contribution
  - d. Real or approximate value of contribution. Who valued the contribution and how was the value determined? (e.g., actual, appraisal, fair market value, etc.). Justification of rate. (See item #4, below)
  - e. Person's name and the function of the contributing person
  - f. Number of hours contributed
  - g. If multiple sources exist, these should be summarized on a table with summed charges
  - h. Source of contribution if it was provided by, obtained with, or supported by government funds
2. Rates for volunteer or in-kind services shall be consistent with those paid for similar work in the CITY organization. For example, volunteer service of clearing vegetation performed by an attorney shall be valued at a fair market value for this service, not the rate for professional legal services. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market. Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation.
3. Funding Match contribution (including in-kind services) shall be for costs and services directly attributed to activities included in the Funding Agreement. These services, furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as in-kind if the activities are an integral and necessary part of the Project.
4. Cash contributions made to the Project shall be documented as revenue and in-kind services as expenditure. These costs should be tracked separately in the CITY's accounting system.

**EXHIBIT H**  
**STATEWIDE MONITORING**

**REQUIREMENTS FOR STATEWIDE MONITORING AND DATA SUBMITTAL**

**SURFACE AND GROUNDWATER QUALITY DATA:**

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in Project reports, as described in Exhibit E.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. CEDEN website: <http://www.ceden.org>.

If the Project's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program Information on the GAMA Program can be obtained at: [http://www.waterboards.ca.gov/water\\_issues/programs/gama/](http://www.waterboards.ca.gov/water_issues/programs/gama/). If further information is required, the CITY can contact the State Water Resources Control Board (SWRCB) GAMA Program. A listing of SWRCB staff involved in the GAMA program can be found at: [http://www.swrcb.ca.gov/water\\_issues/programs/gama/contact.shtml](http://www.swrcb.ca.gov/water_issues/programs/gama/contact.shtml)

**GROUNDWATER LEVEL DATA**

If the Project collects groundwater level data, CITY will need to submit this data to DWR's Water Data Library (WDL), with a narrative description of data submittal activities included in Project reports, as described in Exhibit E. Information regarding the WDL and in what format to submit data in can be found at: <http://wdl.water.ca.gov/>.

DWR's WDL has been replaced by the California Statewide Groundwater Elevation Monitoring program (CASGEM). CITY will submit groundwater level data to CASGEM. Information regarding the CASGEM program can be found at: <http://www.water.ca.gov/groundwater/casgem/>.

**EXHIBIT H**  
**GRANT AGREEMENT NO. 460000XXXX**