

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791

**SEP 20 2011**

Mr. Paavo Ogren
Director of Public Works
San Luis Obispo County
County Government Center, Room 207
San Luis Obispo, California 93408

Commitment Letter - Proposition 84, Round 1 IRWM Implementation Grant

Dear Mr. Ogren:

Thank you for your interest in the Proposition 84, Round 1 Integrated Regional Water Management (IRWM) Implementation Grant Program. We are pleased to inform you the San Luis Obispo County Integrated Proposal, submitted for this solicitation by San Luis Obispo County Flood Control and Water Conservation District (hereinafter referred to as grantee) has been selected by the Department of Water Resources (DWR) for funding.

This letter serves as DWR's conditional commitment of \$10,401,000 in Proposition 84, IRWM funding for the grant proposal. This award is conditioned upon the execution of a Grant Agreement between DWR and the Grantee (i.e. your agency). A copy of the Grant Agreement template is available at the following website:
http://www.water.ca.gov/irwm/integregio_resourceslinks.cfm.

The execution conditions that must be satisfied before DWR will enter into an agreement with your agency are listed in Attachment 1, along with additional requirements that must be addressed to maintain grant eligibility, or prior to disbursement of grant funds. A 'time clock' icon  is placed at the beginning of each time critical requirement. Your timely attention to these requirements is very important, as DWR wishes to execute the Grant Agreement within the very near future. Failure on your part to meet the general conditions and eligibility requirements, in a timely manner, may result in DWR revoking the grant award. Attachment 2 consists of a list of projects that are anticipated to be a part of the Grant Agreement, while Attachment 3 includes an Environmental Information Form that will need to be completed for each project listed in Attachment 2.

Please return the requested 'time critical' information to Jerry Snow at Post Office Box 942836, Sacramento, California 94236-0001 within the time period documented in Attachment 1.

Mr. Paavo Ogren

SEP 20 2011
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If you have any questions, please contact Jerry Snow at (916) 651-9264 or
glsnow@water.ca.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tracie L. Billington".

Tracie L. Billington, P.E., Chief
Financial Assistance Branch
Division of Integrated Regional Water Management

Attachments

Attachment 1 Execution Conditions and Additional Requirements

The following execution conditions and additional requirements must be satisfied for at least one project and the associated local project sponsor before DWR will enter into a contractual grant agreement. The same conditions and requirements are required to be met for the remaining projects, as applicable, prior to DWR disbursing grant funds for each specific project.

The additional requirements must be continuously met by your agency, and local project sponsors to maintain grant funding eligibility under the grant program; and must be met prior to disbursement of grant funds for individual projects.

Execution Conditions:

-  Within 14 calendar days of the date of this letter, submit a letter confirming your agency as the Grantee and accept the grant award in the amount of \$10,401,000.
-  Within 60 calendar days of the date of this letter, submit documentation that, for at least one project, the local project sponsor has available sources of sufficient funds to complete the grant-funded project. Specifically, submit copies of the three most recent years of audited financial statements, for your agency and the local project sponsor, including the following items:
 - Balance sheets, statements of sources of income and uses of funds, a summary description of existing debts including bonds, and the most recent annual budget
 - Separate details for the water enterprise fund, if applicable to an agency or organization
 - A list of all cash reserves, restricted and unrestricted, and any planned uses of those reserves
 - Any loans required for project funding and a description of the repayment method of any such loans.
-  Since your proposal is awarded partial funding, within 60 calendar days of the date of this letter:
 - Submit the list of projects and any changes to the scope of work, budget, and schedule. Any changes to the project list, scope of work, budget, or schedule will only be accepted by DWR if the IRWM Region maintains or increases the level of quality and benefits as compared to the original application.
- Grantee must demonstrate compliance with all applicable requirements of the California Environmental Quality Act (CEQA) and, if applicable, the National Environmental Policy Act (NEPA). DWR is the responsible agency in complying with CEQA for each individual project included in the grant agreement. For this purpose, Grantee must complete an Environmental Information Form (Attachment 3) for each individual project and submit to DWR in a timely manner. Grantee must submit documents that satisfy the CEQA and NEPA process as well as any mitigation agreements, and environmental permits. Reimbursement of grant expenses related to construction projects is subject to the DWR's decision to concur or not concur with the Grantee's final CEQA document.

Additional Requirements:

- Since the region's IRWM Plan was adopted on or before September 30, 2008, the Regional Water Management Group must adopt an IRWM Plan that complies with Part 2.2 of Division 6 of the CWC, commencing with section 10530, within two years of entering into a binding agreement with DWR (i.e., the date of execution of the grant agreement by DWR).
- Undertake all reasonable and feasible efforts to take into account water related needs of DACs in the area within the San Luis Obispo IRWM region.
- Since the San Luis Obispo IRWM region receives water supplied from the Sacramento-San Joaquin Delta (Delta), the IRWM Plan must help reduce dependency on the Delta for water supply.
- All local project sponsors that are urban water suppliers (UWS) receiving grant funding must:
 - Maintain compliance with water metering requirements (California Water Code (CWC) §525 *et seq.*).
 - Maintain compliance with the demand management measures/best management practices implementation requirements (CWC §10631.5).
-  All local project sponsors that are UWS receiving grant funding must meet the Urban Water Management Planning (UWMP) Act requirements (CWC §10610-10656), and the requirements CWC §10608.16-10608.44. All UWS receiving grant funding must have submitted a 2010 UWMP to DWR. If an UWS has not already submitted their 2010 UWMP (which was due July 31, 2011), then explain why it was not submitted, and provide an estimated submittal date. DWR may withhold execution of the grant agreement or disbursing grant funds until we receive and accept each UWS's 2010 UWMP. For UWS who have not submitted their UWMP, please do so as soon as possible and we strongly encourage use of DWR's Online Submittal Tool (DOST) to submit the UWMP. The DOST may be found at the following link: <http://www.water.ca.gov/urbanwatermanagement/dost/>
- For groundwater management and recharge projects and for projects with potential groundwater impacts, the local project sponsor must demonstrate that either:
 - They conform to the requirements of an adjudication of water rights in the subject groundwater basin
 - Are an active participant implementing a Groundwater Management Plan (GWMP) that is in compliance with CWC §10753.7
 - Must adopt prior to January 7, 2012, a GWMP in compliance with CWC §10753.

**Attachment 2
List of Awarded Projects**

Project Name	DAC Project	Water Conservation Project
Flood Control Zone 1/1A Waterway Management Program 1st Year Vegetation and Sediment Management Project		
Los Osos Community Wastewater Project		
Nipomo Waterline Intertie Project		

**Attachment 3
Environmental Information Form**

Grantees are responsible for complying with all applicable laws and regulations for their projects, including the California Environmental Quality Act (CEQA). Work that is subject to the CEQA shall not proceed under the IRWM Grant Agreement until documents that satisfy the CEQA process are received by the Department of Water Resources (DWR) and DWR has completed its CEQA compliance review. Work that is subject to a CEQA shall not proceed until and unless approved by DWR. 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, DWR will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations or other mitigation. **This form is to be completed by the Grantee or Lead Agency.**

Grantee organization: _____
Project Manager: _____ **Project Title:** _____
Phone Number: _____
Address: _____

1. List the source of any other grants or funds received from the Department of Water Resources to implement a portion of this project. If none, please respond NA.
2. Is this a project as defined by CEQA? Explain. If no, skip to No. 9 below. If yes proceed to No. 3.
3. Is this project exempt from CEQA compliance? Yes _____ No _____
 If no, skip to No. 4, below.
 If yes, check the appropriate response below; provide reasons for exemption in the space provided below; and then skip to #9, below. Cite the CEQA Article, Section and Title of the CEQA exemption, if appropriate (statutory exemptions: http://ceres.ca.gov/topic/env_law/ceqa/guidelines/art18.html , categorical exemptions: http://ceres.ca.gov/topic/env_law/ceqa/guidelines/art19.html);
 _____Lead Agency has already filed a Notice of Exemption (NOE) with the State Clearinghouse and/or County Clerk. (Attach copy of the NOE and, if applicable, a copy of the governing Board Resolution accepting the NOE)
 _____Lead Agency will file a NOE with the State Clearinghouse and/or County Clerk.
 Provide estimated date: _____
 _____Lead Agency will NOT file a NOE with the State Clearinghouse and/or County Clerk. *If Lead Agency chooses not to file a NOE, sufficient documentation and information must be submitted to the Project Manager, along with this form, to allow DWR to make its own CEQA findings.*

Reasons for Exemption:

4. If the project will require CEQA compliance, identify the Lead Agency.
 CEQA Lead Agency: _____
5. Please check types of CEQA documents to be prepared:
 _____ Initial Study
 _____ Negative Declaration / Mitigated Negative Declaration
 _____ Environmental Impact Report

6. Please describe the status of the CEQA documents, expected date of completion, and estimated cost, if requesting DWR funds relating to CEQA compliance:

Status: _____

Date of Completion: _____

Estimated Costs: _____

7. If the CEQA document has been completed, please provide the title of the document and the State Clearinghouse number if available. Submit one hard copy and a CD copy of the CEQA document and any environmental permits listed in Question 8 to the contact listed in the Commitment letter.

8. Please list all environmental permits you must obtain to complete the project. (attach additional pages as necessary). Submit a hard copy and a CD copy of any permits already completed.

Type of Permit	Permitting Agency

9. This Environmental Information Form was completed by:

Print or Type Name: _____ Agency: _____

Phone Number: _____

Signature: _____ Date: _____

Please return the completed form to Jerry Snow at glsnow@water.ca.gov; (916) 651-9264

For DWR Use Only.

_____ DWR received environmental documents.

_____ DWR made findings.

Implementation Grant Project Summaries

Project 1: Grant Administration SLO

The San Luis Obispo County Flood Control and Water Conservation District (District) will be the grant administrator and fiscal agent for the Proposition 84 IRWM Implementation Grant, responsible for executing and administering the DWR Grant Agreement; submitting all quarterly, project completion, and grant completion reports and developing and submitting grant reimbursement invoices.

Project 2: Los Osos Community Wastewater Project

The Los Osos Wastewater Project includes design, construction, and operation of a gravity wastewater collection system and tertiary treatment facility intended for water reuse in the Los Osos Groundwater Basin.

Project 3. Flood Control Zone 1/1A – Modified 3c Project

The Flood Control Zone 1/1A Modified Alternative 3c (Modified 3c) project will improve flood protection for the Arroyo Grande Creek channel and the community of Oceano. Project benefits include a) increasing flood protection from the 10-year event to the 20-year event for the residential areas north of the channel and agricultural lands to the south; b) protecting the exterior slope of the south levee through installation of erosion control and slope reinforcement; and c) stabilizing and improving the levee top access roads to reduce long-term maintenance costs.

Project Number 4. Nipomo Supplemental Water (Waterline Intertie) Project

The Nipomo Community Services District (NCSD) is the lead agency for implementation of the Nipomo Supplemental Water Project (Project). The Project will interconnect the NCSD water distribution system with the City of Santa Maria water distribution system. The Project will deliver 645 acre-feet per year (AFY) of supplemental water purchased by NCSD from the City of Santa Maria and will allow NCSD to reduce pumping from existing wells to slow the depletion of groundwater and reduce the potential for seawater intrusion on the Nipomo Mesa.

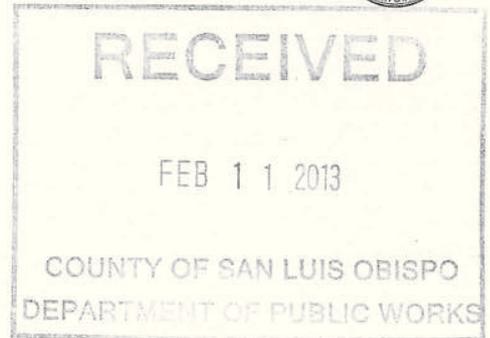
*Choward***DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836
 SACRAMENTO, CA 94236-0001
 (916) 653-5791



February 7, 2013

Mr. Paavo Ogren
 Public Works Director
 San Luis Obispo County Flood Control
 and Water Conservation District
 County Government Center, Room 207
 San Luis Obispo, California 93408



Subject: Commitment Letter - Proposition 84 IRWM Round 2 Planning Grant

Dear Mr. Ogren:

Thank you for your interest in the Proposition 84, Integrated Regional Water Management (IRWM), Planning Grant Solicitation Program. We are pleased to inform you that the proposal "San Luis Obispo County Intergrated Planning Proposal" filed by San Luis Obispo County Flood Control and Water Conservation District has been selected by the Department of Water Resources (DWR) for possible funding.

This letter serves as DWR's conditional commitment of \$1,000,000.00 in Proposition 84, Chapter 2 funding for the grant proposal. This award is conditioned upon the execution of a Grant Agreement between DWR and the grantee and contingent upon the availability of funds. A copy of the Grant Agreement template is available at the following website: <http://www.water.ca.gov/irwm/grants/resourceslinks.cfm>

Please note that the execution of your planning grant agreement is conditioned on San Luis Obispo County Flood Control and Water Conservation District executing the previously awarded Proposition 84 Implementation Round 1 (awarded February 7, 2011) and Proposition 1E Stormwater Flood Management (SWFM) (awarded December 21, 2011) grants. The agreement for this planning grant will not be executed before the agreements for these previously awarded grants are executed.

Also note that for urban water suppliers receiving grant funds, the agreement requires continued compliance with urban water management plans.

The requirements that must be satisfied before DWR will enter into an agreement with your agency are listed in Attachment 1. Your timely attention to this matter is very important. Failure on your part to meet the grant execution requirements, in a timely manner, may result in DWR revoking the grant award.

Mr. Paavo Ogren
February 7, 2013
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Please return the requested information in Attachment 1, Items 1-3, by February 22, 2013 to Ms. Monica Reis at:

Department of Water Resources
Division of Integrated Regional Water Management
P.O. Box 942836
Sacramento, CA 94236-0001

If you have any questions, please contact Ms. Reis at monica.reis@ca.water.gov or (916) 651-9291.

Sincerely,



Tracie L. Billington, P.E., Chief
Financial Assistance Branch
Division of Integrated Regional Water Management

cc: Dane Mathis, DWR, SCRO
Monica Reis, DWR
Courtney Howard, San Luis Obispo County Flood Control & WCD

Attachment 1

Grant Agreement Execution Requirements and Related Information

The following requirements must be satisfied before DWR will enter into an agreement with your agency:

- 1) Submit a letter documenting the grantee has available sources of sufficient funds to start and maintain progress on the grant while DWR processes reimbursement requests.
- 2) Submit detailed information including:
 - a) Any changes to the scope of work based on changes since the grant application was submitted. In Task 18 there is a statement that funds will be used for grant research and writing. In your revised scope, please clarify this text as State grants funds cannot be used to prepare grant applications for another solicitation.
 - b) The budget must also clarify which grant funds are being used for disadvantaged community involvement. As a reminder, DWR must meet the required 10 percent DAC funding target statewide. At the time of award, DWR estimates an additional \$25,328.00 is required statewide to meet the funding target. Grant awards may be affected if the funding target is not met. Please verify which grant funds will be used for DAC involvement/participation in the IRWM planning. Activities that support or facilitate DAC participation include but are not limited to direct outreach, understanding DAC water management needs, or revising/developing process(es) that allow DACs access to or involvement in the planning process. The budget needs to be formatted into a line item budget. Exhibit A explains line item budgets and the format that should be followed. Do not add new categories. Categories not used, should be deleted. The switch to line item budgets is being made to increase efficiency of managing these planning grants.
 - c) The schedule contained in the application does not mention deliverables. Please provide an updated schedule were deliverables are included along with progress report milestones and incorporates any changes that have occurred since the application.
- 3) The completed Environmental Information Form.
- 4) Execution of previously awarded Prop 84 implementation and Proposition 1E SWFM grants noted above.

Planning Grant Scope Summaries

Update the IRWM Plan

The objectives for the IRWM Plan update are to:

- Build on the successful collaboration and planning presented in the 2007 SLO IRWM Plan;
- Incorporate and consider the four regional Proposition 50 planning studies;
- Consider and address the enhanced State IRWM planning standards;
- Consider changed regional conditions and enhanced planning approaches, including a revised governance approach;
- Address the highest priority data gaps and planning needs as determined through a public solicitation and review process; and
- Maintain eligibility for future implementation grants.

Salt and Nutrient Management / Recycled Water Planning

The objectives of the specific planning studies related to Salt and Nutrient Management (SNMP) and Recycled Water planning are to begin addressing the State Water Board's Recycled Water Policy mandate to develop SNMPs for all basins in the region and develop the information needed to promote the use of recycled water. These specific studies include:

- Identification of Basins Requiring SNMPs
- Santa Maria Groundwater Basin Characterization Study
- Paso Robles Groundwater Basin SNMP
- Paso Robles Groundwater Basin Computer Model Update
- Regional Recycled Water Strategic Planning

Watershed Management Planning

The objective of Watershed Management Planning is to develop a methodology to evaluate watershed concerns and prioritize protection and restoration efforts between the Region's watersheds. This effort will also close a priority data gap by developing a methodology for estimating in-stream flow needs.