



RON CHAPMAN, MD, MPH  
Director & State Health Officer

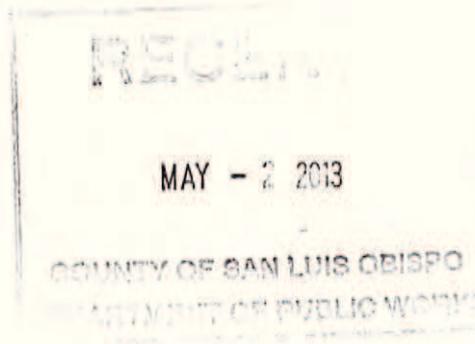
State of California—Health and Human Services Agency  
California Department of Public Health



EDMUND G. BROWN JR.  
Governor

MAY 1 2013

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



Dear Mr. Ogren,

**WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 WATER CODE, DIVISION 26.5 COMMENCING WITH SECTION 79500 (PROPOSITION 50) CHAPTER 3 – WATER SECURITY FUNDING FOR COUNTY OF SAN LUIS OBISPO, PROJECT P50-4010024-207**

Your application for funding under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, has been reviewed by the California Department of Public Health (CDPH). CDPH has determined that project number **P50-4010024-207**, as proposed by the **County of San Luis Obispo**, is eligible for a grant in the amount of **\$2,975,000**.

This letter and the Attachment hereto serve as your Letter of Commitment (LOC). This project is eligible for funding provided the terms and conditions as set forth in the Attachment herein are timely met, subject to availability of funds. It is essential that you sign the Attachment at the space provided and return it within 30 calendar days.

Please mail the signed LOC attachment to:

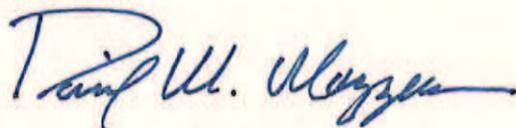
California Department of Public Health  
Division of Drinking Water and Environmental Management  
Proposition 50 Program  
Lance Reese  
1616 Capitol Avenue  
P.O. Box 997377, MS 7408  
Sacramento, CA 95899-7377

Mr. Paavo Ogren  
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The CDPH commends the **County of San Luis Obispo** for taking steps to enhance the provision and protection of the drinking water supplied to your consumers. Also enclosed for your review is a copy of the template for the Funding Agreement with CDPH. If you have any questions regarding this letter, please contact Brian Kinney at (916) 449-5630.

Sincerely,



*per* Leah Godsey Walker, P.E., Chief  
Division of Drinking Water and Environmental Management

Enclosures: Letter of Commitment Attachment  
Funding Agreement  
Std 204 Payee Data Record  
Budget and Expenditure Summary  
Final Release  
Designation of Grant Administrator form

cc: Kurt Souza  
Regional Engineer  
Drinking Water Field Operations Branch  
1180 Eugenia Place, Suite 200  
Carpinteria, CA 93013

Jeffrey Werth  
Environmental Review Unit  
Division of Drinking Water and  
Environmental Management  
California Department of Public Health  
1616 Capitol Avenue, MS 7408  
P.O. Box 997377  
Sacramento, CA 95899-7377

Linda Ng, Chief  
Safe Drinking Water Office  
Department of Water Resources  
1416 Ninth Street, Room 816  
P.O. Box 942836  
Sacramento, CA 94236-0001

Proposition 50  
Chapter 3  
Letter of Commitment Attachment

Application for funding under the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 has been reviewed by the California Department of Public Health (CDPH) and the Department of Water Resources (DWR). CDPH has determined that Project number **P50-4010024-207**, as proposed by the Applicant, **County of San Luis Obispo**, is eligible for a grant in the amount of **\$2,975,000**.

Funding is contingent upon compliance by **County of San Luis Obispo** with the following terms and conditions and the availability of funds. Compliance shall be determined at the sole discretion of CDPH or its authorized representative. Items must be submitted to CDPH as directed. **County of San Luis Obispo** is encouraged to begin fulfilling the terms and conditions within this Letter of Commitment (LOC) immediately.

CDPH understands that the total Project cost is **\$2,975,000** and that **County of San Luis Obispo** is responsible for providing the difference between the grant amount and the total Project cost if any, to ensure a fully funded Project.

**I. Not later than October 31, 2013, unless otherwise specified in this letter, County of San Luis Obispo shall complete all requirements of this Section I. All items under Section I must be submitted before a Funding Agreement will be issued for signature by County of San Luis Obispo's authorized representative.**

1. Submit a draft resolution, which has been reviewed and approved by CDPH and by **County of San Luis Obispo's** governing body, designating (an) official(s) with legal authority to:
  - a. sign the Funding Agreement;
  - b. approve claims for reimbursement;
  - c. sign the Budget and Expenditure Summary form, copy enclosed;
  - d. sign the Final Release form, copy enclosed; and
  - e. sign a certification that the Project is complete and ready for final inspection.

Note: Person(s) signing the Budget and Expenditure Summary and Project completion certification must be a registered engineer(s) or person(s) approved by CDPH.

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**County of San Luis Obispo** may submit a draft of the resolution(s) to CDPH for review prior to taking it to **County of San Luis Obispo's** board or governing body for adoption or approval. CDPH may then review the draft and make recommendations in advance, thus avoiding unnecessary delays in issuance of **County of San Luis Obispo's** Funding Agreement. CDPH cannot accept a resolution that does not meet the program requirements. **County of San Luis Obispo** is encouraged to commence satisfaction of the above CDPH requirements immediately. Any concerns or comments should be directed to CDPH.

2. Submit the completed "Designation of Grant Administrator" form, copy enclosed.
3. **County of San Luis Obispo** shall submit final plans and specifications to the CDPH Santa Barbara District Office for review and approval prior to solicitation of bids. "
4. **County of San Luis Obispo** shall obtain any necessary easements and submit to the CDPH Santa Barbara District Office.
5. **County of San Luis Obispo** shall submit an Inter-agency Agreement between the water systems to the CDPH Santa Barbara District Office.

**II. Prior to final execution of the Funding Agreement by CDPH, the following items must be provided:**

1. Complete and sign a Payee Data Record (STD 204), copy enclosed. This form is to be returned with the signed Funding Agreement.
2. Sign and return Funding Agreement documents to CDPH within 30 calendar days of the receipt of the Funding Agreement package.

Failure to timely comply with CDPH Requirements in Sections I and II may result in a withdrawal of this LOC. Should this occur, **County of San Luis Obispo's** Project will be bypassed but will remain on the project priority list. **County of San Luis Obispo** may submit a new application for future funding only after receiving another letter of invitation from CDPH. If for any unforeseen reason **County of San Luis Obispo** is unable to comply with any of the above requirements, **County of San Luis Obispo** should contact CDPH as soon as possible.

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**III. Before any funds may be disbursed under terms of the Funding Agreement, the following items must be provided:**

1. Evidence that a separate checking account or a separate ledger has been established to account for funds received from CDPH.

Please indicate the name and address of the financial institution, exact name of account holder, and the account name and number. If this bank account is not used solely to account for funds received from CDPH, **County of San Luis Obispo** must establish a ledger within **County of San Luis Obispo's** accounting system identifying the Project number and Proposition 50 Funding Agreement number.

2. Submit an initial Project budget of eligible Project costs approved by CDPH on a CDPH Budget and Expenditure Summary form.

**IV. General Requirements**

1. If **County of San Luis Obispo** is required to provide matching funds, with each disbursement claim submitted, **County of San Luis Obispo** must submit acceptable documentation that an equal amount has been expended, from non-CDPH sources, for eligible Project costs.
2. If any materials submitted to satisfy the conditions of this LOC are deemed inadequate, **County of San Luis Obispo** must submit additional information as specified, and within a timeframe designated by CDPH.
3. As grant funding is to be provided, **County of San Luis Obispo** must use a competitive bid process for the construction of the Project. The bid summary must be submitted to CDPH for review and approval prior to the awarding of the prime construction contract.
4. **County of San Luis Obispo** must initiate Project construction within 120 calendar days of execution of Funding Agreement by CDPH.
5. **County of San Luis Obispo** must complete Project construction within three (3) years of execution of Funding Agreement by CDPH.
6. Subsequent to Funding Agreement execution, **County of San Luis Obispo** may request a **one-time** increase in funding. Such request must be based upon competitive bids and shall be submitted to CDPH. Approval of **County of San Luis Obispo's** request may be granted or denied at the sole discretion of CDPH, and is subject to funding availability.

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7. All disbursements for construction costs may be subject to a ten percent (10%) retention on each claim until completion of the Project as specified in the Funding Agreement.
8. This LOC is not an authorization to begin construction. Unless prior written approval from CDPH is received, initiation of construction of this Project prior to the execution of a Proposition 50 Funding Agreement may affect CDPH participation in reimbursement of eligible costs.
9. **County of San Luis Obispo** may be reimbursed only for such eligible Project costs consisting of eligible construction expenses incurred on or after the date of this LOC, and eligible preliminary expenses incurred after March 5, 2005.
10. If **County of San Luis Obispo** is required to provide matching funds, **County of San Luis Obispo** may use only eligible Project costs incurred after October 28, 2003 to satisfy matching fund requirements.
11. Reimbursements will not occur until the Funding Agreement has been executed.
12. **County of San Luis Obispo** shall comply with all the applicable provisions of Labor Code, Division 2, Part 7, Chapter 1, Article 2, commencing with Section 1770 and implementing regulations regarding labor compliance monitoring and prevailing wage requirements.

**V. Special Conditions to be Included in the Funding Agreement**

1. **County of San Luis Obispo** shall notify the CDPH Santa Barbara District Office within ten (10) days following commencement of Project construction.
2. **County of San Luis Obispo** shall notify the CDPH Santa Barbara District Office at 50% completion of the Project
3. **County of San Luis Obispo** shall notify the CDPH Santa Barbara District Office at the completion of the Project.
4. **County of San Luis Obispo** shall notify the CDPH Santa Barbara District Office prior to any start-up testing of the interconnection facilities.
5. **County of San Luis Obispo** may place interconnections into operation prior to completion of the Project if prior written approval is obtained from CDPH.

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6. Notwithstanding any other provision of this Agreement, including but not limited to Article A-8, **County of San Luis Obispo** shall not supply water from the Project facilities to any distribution system prior to receiving approval from CDPH.
7. **County of San Luis Obispo** shall maintain water rights and inter-agency water transfer agreements sufficient to operate the Project for its reasonably expected useful life as specified in Section 9 of this agreement.
8. Notwithstanding any other term or condition of this Agreement, **County of San Luis Obispo** is not required to provide Matching Funds.

Note: Pursuant to Government Code Section 8546.7, the contracting parties shall be subject to the examination and audit of the State or any agent thereof, and the State Auditor.

The signed LOC shall be submitted to:

California Department of Public Health  
Division of Drinking Water and Environmental Management  
Lance Reese  
Proposition 50 Program  
1616 Capitol Avenue  
P.O. Box 997377, MS 7408  
Sacramento, CA 95899-7377

The signature below of the authorized representative for **County of San Luis Obispo** indicates the acceptance of the terms and conditions of this LOC as well as intent to proceed with the Project as proposed. This LOC does not constitute an obligation to enter into a Funding Agreement. The authorized representative for **County of San Luis Obispo** must sign this LOC at the space provided below and return it within 30 calendar days of receipt to CDPH. Failure to sign and return this LOC within the timeframe specified will result in a bypass of this Project.

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The terms and conditions set forth in this LOC are acceptable to the **County of San Luis Obispo** and it is our intention to continue with this Project as proposed.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
[street]

\_\_\_\_\_ [city] [state] [zip code]