COUNTY REIMBURSEMENT AGREEMENT
FOR CONSTRUCTION OF THE SHANDON TURNOUT PROJECT

This County Reimbursement Agreement for Construction of the Shandon Turnout Project (Agreement) is made this ____ day of _____, 2015 by and between the County of San Luis Obispo, on behalf of County Service Area 16, (County) and the San Luis Obispo County Flood Control and Water Conservation District (District).

A. The District intends to enter into an Agreement for Construction Shandon Turnout Project with the Central Coast Water Authority, in substantial form and content to the draft attached hereto as Exhibit A and incorporated herein by reference (Master Agreement), pursuant to which the District agrees to pay CCWA to oversee the construction of the Shandon Turnout Project as depicted in the design documents approved by the Department of Water Resources (DWR) (Turnout Project).

B. It is estimated that the total cost of CCWA's services will be ten thousand dollars ($10,000) and that the District will advance these costs to CCWA.

C. It is anticipated that the Master Agreement will require that the District and the County enter into an agreement whereby the County will reimburse the District for any and all payments made to CCWA and guarantee all other District obligations under the Master Agreement.

D. It is estimated that the total cost to construct the Turnout Project over and above the estimated cost described above will be one hundred sixty nine thousand dollars ($169,000.00).

E. The purpose of this Agreement is to satisfy the requirements of the Master Agreement and to set forth the terms and conditions under which the County will reimburse the District for costs incurred in connection with the Master Agreement and all other costs incurred in connection with construction of the Turnout Project.

NOW, THEREFORE, the parties agree as follows:

1. The County shall reimburse the District for all costs incurred by the District pursuant to the Master Agreement and all other costs incurred by the District in connection with construction of the Turnout Project. The District will provide a monthly invoice to the County for costs incurred by the District which amount shall become due and payable within fifteen (15) days. If the County fails to make the requisite payment within thirty (30) days of the District's invoice, the District, in its sole discretion, may impose a late fee equal to one half of one percent per month of the outstanding balance.

2. The County shall defend, indemnify and hold harmless the District and its agents, consultants, officers, elected officials, directors and employees from and against any and all

liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from the County and its agents, consultants, contractors, officers, elected officials, directors and employees acts and omissions related to this Agreement, except the District shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct. In addition, in accordance with the Master Agreement, the County agrees to defend, indemnify, and hold harmless CCWA and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses and damages, including attorney's fees and costs, which arise out of, relate to or result from the District and its agents, consultants, contractors, officers, elected officials, directors and employees acts and omissions related to the Master Agreement and the construction of the Turnout Project, except that the County shall have no obligation to indemnify CCWA for any loss, claim, cost, liability, damage or expense resulting from CCWA's sole negligence or willful misconduct.

The District shall defend indemnify and hold harmless the County and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from the District and its agents, consultants, contractors, officers, elected officials, directors and employees acts and omissions related to this Agreement, except the County shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct.

3. The County acknowledges and agrees that all claims and disputes arising under or relating to the Master Agreement shall be settled by binding arbitration in Santa Barbara County, California, or another location mutually agreeable to CCWA and the District in accordance with the terms and conditions set forth in the Master Agreement.

4. In accordance with the Master Agreement, the District shall require any consultant or contractor retained by the District to perform work on the Turnout Project to agree, in writing to add the County and its respective officers, employees, volunteers, and agents as an additional insured on the insurance policies required by DWR.

5. This Agreement constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. This Agreement may be altered, amended or modified only by a supplemental writing executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties above have executed this Agreement and this Agreement shall become effective on the day and year written above.

SAN LUIS OBISPO COUNTY
FLOOD CONTROL AND WATER
CONSERVATOIN DISTRCT

By: _____ Date: _____

Chairperson of the Board
San Luis Obispo County Flood Control
and Water Conservation District,
State of California

ATTEST:

By: _____ Date: _____

County Clerk and Ex-Officio Clerk
of the Board of Supervisors, San Luis
Obispo County Flood Control and
Water Conservation District,
State of California

APPROVED AS TO FORM
AND LEGAL EFFECT:
RITA L. NEAL
County Counsel

By: _____ Date: June 15, 2015

Deputy County Counsel

COUNTY OF SAN LUIS OBISPO

By: _____ Date: _____

Chairperson of the Board
County of San Luis Obispo,
State of California

ATTEST:

By: _____ Date: _____

County Clerk
County of San Luis Obispo,
State of California

APPROVED AS TO FORM
AND LEGAL EFFECT:
RITA L. NEAL
County Counsel

By: _____ Date: 6.23.2015

Assistant County Counsel

EXHIBIT A
DRAFT AGREEMENT FOR CONSTRUCTION SHANDON TURNOUT PROJECT

AGREEMENT FOR CONSTRUCTION
SHANDON TURNOUT PROJECT

This **Agreement for Construction – Shandon Turnout Project** (Agreement) is made this ___ day of _____, 2015 by and between the Central Coast Water Authority (CCWA) and the San Luis Obispo County Flood Control and Water Conservation District (SLOCFCWCD) with reference to the following facts and intentions:

A. SLOCFCWCD has contracted with the California Department of Water Resources (DWR) for State Water Project (SWP) water service and other water deliveries pursuant to a long-term water supply contract dated, February 26, 1963, and as subsequently amended.

B. CCWA is a public entity organized in Santa Barbara County under a Joint Exercise of Powers Agreement, dated August 1991, to finance, design, construct, operate, and maintain the Coastal Branch of the SWP. In addition, CCWA owns and operates a water treatment plant and pipeline that delivers water from the SWP through the Phase II Coastal Branch to SLOCFCWCD and water users in Santa Barbara County. DWR and CCWA entered into a Joint Exercise of Powers Agreement dated October 1, 1996 (1996 Coastal Branch Maintenance Agreement), pursuant to which DWR secured CCWA assistance in connection with the construction, operation, and maintenance of the Phase II Coastal Branch, including its turnout facilities.

C. On May 27, 1992, prior to design and construction of the Phase II Coastal Branch, the SLOCFCWCD Board of Supervisors certified and adopted an Environmental Impact Report for Coastal Branch Local Distribution Lines and Facilities (EIR). The EIR addressed construction of anticipated turnout facilities needed for delivery of SWP water to SLOCFCWCD and its subcontractors, including the Shandon Turnout (Turnout) needed for water deliveries to San Luis Obispo County (County) Service Area 16.

D. On March 1, 1992, during preparation of the EIR, the County entered into a Water Treatment Agreement with CCWA and a Water Supply Agreement with SLOCFCWCD, on behalf of County Service Area 16. These agreements provided for treatment and delivery of SWP water through the Phase II Coastal Branch and Turnout.

E. In the mid-1990's, DWR performed design work for the Turnout as part of its design of the Phase II Coastal Branch. The County later elected not to construct the Turnout with the Phase II Coastal Branch. Instead, a pipeline stub was constructed to provide for future Turnout facilities. The Turnout stub is located at Station 1245+90 on a

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parcel of land in the County of San Luis Obispo, California, described as Assessor's Parcel Number 017-221-003.

F. In an effort to reinitiate activation of the Turnout, the County entered into a Utility Reimbursement Agreement for Design Services with CCWA on August 28, 2012 (Design Services Agreement), whereby CCWA was to update the existing DWR contract documents for the design of the Turnout.

G. On November 7, 2012, SLOCFCWCD updated the EIR with an Addendum that specifically addressed all potential impacts for the Turnout that had arisen since the preparation of the original EIR.

H. On May 16, 2013, SLOCFCWCD and CCWA entered into a Turnout Agreement with DWR attached hereto as Exhibit ____ and incorporated herein, pursuant to which DWR authorized SLOCFCWCD and CCWA to design, construct, operate and maintain the Turnout on DWR's right of way (DWR Turnout Agreement) subject to a number of terms and conditions.

I. In accordance with the Design Services Agreement, Section II, CCWA retained AECOM as the design engineer to prepare contract documents for the project. AECOM has completed the update to the design work previously performed by DWR for the Turnout and CCWA has submitted design drawings, specifications and data (collectively, Design Documents) to DWR for its approval.

J. On _____, DWR returned a copy of the Design Documents with the notation "APPROVED FOR CONNECTION TO THE STATE WATER PROJECT," attached hereto as Exhibit _____ and incorporated herein (Approved Design Documents).

K. With approval of the project by DWR, CCWA's work under the Design Services Agreement is complete.

L. SLOCFCWCD and CCWA now desire to clarify their respective roles in connection with the construction of the Turnout in conformance with the Approved Design Documents (Turnout Project) consistent with the DWR Turnout Agreement.

NOW THEREFORE, the parties agree as follows:

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I. ASSIGNMENT OF DESIGN PLANS

CCWA shall work with AECOM to transfer ownership and the right to use any and all documents prepared by AECOM for CCWA in connection with its update to the DWR contract documents for the Turnout Project, including, without limitation, the Design Documents submitted to DWR, to SLOCFCWCD for use by SLOCFCWCD in construction of the Turnout. Construction of the Turnout Project by SLOCFCWCD shall not commence under this Agreement until transfer of use and ownership of all such Turnout Project contract documents is received by SLOCFCWCD from CCWA and AECOM.

II. CONSTRUCTION WORK

SLOCFCWCD shall procure a contractor with the requisite expertise to construct the Turnout Project through a competitive bidding process in compliance with public procurement policies, funding agency requirements and all applicable laws. SLOCFCWCD may utilize its own forces or retain a Consultant to perform construction-related services during the course of the Turnout Project including, but not limited to, bidding, submittal review, construction observation, change orders, progress payments and other services.

SLOCFCWCD will manage, or retain a consultant to manage, all aspects of the construction of the Turnout Project and will control all work and require the contractor to complete all work in strict conformance with the DWR Turnout Agreement and the Approved Design Documents. Any material deviations from the Approved Design Documents must be approved in writing first by CCWA and then by DWR. SLOCFCWCD shall submit shop drawings illustrating any proposed deviation to CCWA and DWR as well. All construction within DWR's right of way shall conform to DWR's requirements for protection of the California Aqueduct and the Phase II Coastal Branch and all flow measure devices shall be DWR approved.

Prior to commencement of any construction work, SLOCFCWCD shall submit for CCWA's and DWR's approval a proposed construction schedule along with any and all manufacturer's catalogs, data, copies of certificates of competence for construction workers requiring certificates, materials certificates and test reports and any other data relevant to the construction, operation or completion of the Turnout Project. At least five (5) days prior to starting excavation on DWR's right of way, SLOCFCWCD shall take all actions set forth in Paragraph 28 of the DWR Turnout Agreement in order to locate all buried cables and underground facilities in the construction area.

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Within thirty (30) days of completion of all construction work, SLOCFCWCD shall furnish to CCWA and DWR reproducible prints of as-built record drawings for the Turnout, including copies of all contract change orders and manufacturer manuals for operation and maintenance of devices and equipment. The as-built record drawings shall contain any deviations from the approved constructions plans, including changes made by contract change orders.

III. PAYMENT FOR WORK

SLOCFCWCD and the County shall enter into an agreement (County Reimbursement Agreement) whereby the County will reimburse SLOCFCWCD for any and all payments made to CCWA and guarantee all other SLOCFCWCD financial and non-financial obligations under this Agreement. The County Reimbursement Agreement, including amendments, shall be subject to CCWA's approval, which approval shall not be unreasonably withheld, conditioned or delayed and which approval is a condition precedent to SLOCFCWCD proceeding with the Turnout Project construction. SLOCFCWCD shall furnish a copy of the fully executed County Reimbursement Agreement to CCWA.

Currently, CCWA does not have funds allocated in its budget to finance the DWR-required construction observation of the Turnout Project. It is estimated that the total cost of CCWA's services will be $_____. SLOCFCWCD agrees to advance these costs to CCWA in order for CCWA to be able to provide the DWR-required services on the Turnout Project under this Agreement. SLOCFCWCD therefore agrees that within thirty (30) days of execution of this Agreement and subject to approval and execution of the County Reimbursement Agreement and to the assignment of the contract documents prepared by AECOM that SLOCFCWCD shall deposit the sum of $_____ in favor of CCWA in an interest-bearing account or trust fund in a State of California or national bank in California consistent with SLOCFCWCD's Practices and Policies.

CCWA will prepare and submit monthly progress bills to SLOCFCWCD for costs incurred not to exceed CCWA's recorded costs as of the billing date less estimated credits applicable to completed services. Payment of progress invoices not to exceed the amount of this Agreement may be made under the terms of this Agreement from the funds advanced by SLOCFCWCD to CCWA. In the event that the funds advanced are insufficient to complete the work, CCWA shall submit an invoice to SLOCFCWCD for additional monies which shall be supported by written reasonable documentation and justification. Provided that SLOCFCWCD approves of said justification and documentation, which approval shall not be unreasonably withheld, conditioned or

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delayed, SLOCFCWCD shall, within thirty (30) days, deposit the requested supplemental advance in the above-referenced interest bearing account or trust fund. CCWA shall submit to SLOCFCWCD a final invoice within thirty (30) days of completion of the construction of the Turnout Project.

When all services related to the Turnout Project are completed, CCWA shall send SLOCFCWCD a final invoice for reconciliation of the total sum advanced by SLOCFCWCD. In the event that the actual and necessary cost of the work as established herein is less than the sum of money, including interest, advanced by SLOCFCWCD, CCWA agrees to refund to SLOCFCWCD the difference between the actual and necessary cost and the sum of money that was advanced. In the event that the actual and necessary cost of the services as established herein exceeds the amount of money advanced to CCWA, including interest, in accordance with the provisions of the Agreement, SLOCFCWCD will reimburse CCWA the excess costs incurred by CCWA upon receipt of an itemized bill from CCWA.

The final billing shall be in the form of an itemized statement of the total cost of CCWA's services related to the construction of the Turnout Project, less the credits provided for in this Agreement, and less any amounts covered by progress billings and payments. However, SLOCFCWCD shall not pay the final invoices which exceed the estimated cost of this Agreement without documentation of the reason for the increase of said cost from CCWA and approval of documentation by SLOCFCWCD, which shall not be unreasonably withheld.

IV. INDEMNIFICATION.

SLOCFCWCD shall defend, indemnify, and hold harmless CCWA and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from SLOCFCWCD's and its agents, consultants, contractors, officers, elected officials, directors and employees acts and omissions related to this Agreement and the construction of the Turnout Project, except CCWA shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct.
Without limiting the foregoing, SLOCFCWCD expressly agrees to indemnify, defend and hold harmless CCWA against any loss, liability or reimbursement obligation arising out of any claim or action brought against CCWA by DWR based on SLOCFCWCD's or SLOCFCWCD's contractor's failure to comply with any of the obligations imposed on SLOCFCWCD under the DWR Turnout Agreement or any of the obligations set forth in

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the DWR Turnout Agreement and imposed on SLOCFCWCD pursuant to Section II of this Agreement.

CCWA shall defend, indemnify, and hold harmless SLOCFCWCD and its agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from CCWA's and its agents, consultants, officers, elected officials, directors and employees acts or omissions related to this Agreement, except SLOCFCWCD shall not be indemnified hereunder for any loss, claim, cost, liability, damage or expense resulting from its sole negligence or willful misconduct.

Any consultant or contractor retained by SLOCFCWCD to perform the work on the Turnout Project described in the Agreement shall agree, in writing, to defend, indemnify, and hold harmless CCWA and its respective agents, consultants, officers, elected officials, directors and employees from and against any and all liabilities, claims, costs, expenses, losses, and damages, including attorney's fees and costs, which arise out of, relate to or result from said consultant's or contractor's performance of their services and work on the Turnout Project

V. ARBITRATION.

All claims and disputes arising under or relating to this Agreement shall be settled by binding arbitration in Santa Barbara County, California, or another location mutually agreeable to the parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact and shall include the assessment of costs, expenses, and reasonable attorneys' fees. The parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. An award of arbitration may be confirmed in a court of competent jurisdiction.

VI. INSURANCE

Any consultant or contractor retained by SLOCFCWCD to perform work on the Turnout Project, shall agree, in writing, to purchase, maintain and provide proof of insurance policies required by the DWR Turnout Agreement before commencing work on the Turnout Project. Any such consultant or contractor shall add DWR, CCWA, SLOCFCWCD and the County, and their respective officers, employees, volunteers,

and agents as additional insureds on said policies. SLOCFCWCD shall immediately cease all activities with respect to this Agreement if it determines that any consultant or contractor performing work on the Turnout Project fails to carry, in full force and effect, all required insurance policies. SLOCFCWCD shall recommence work upon any noncomplying consultant or contractor obtaining the requisite insurance policies.

VII. GENERAL CONDITIONS

If the Turnout Project is canceled or modified so as to eliminate the necessity of work by SLOCFCWCD, SLOCFCWCD will notify CCWA in writing and CCWA and SLOCFCWCD reserve the right to terminate this Agreement by Amendment. The Amendment shall provide mutually acceptable terms and conditions for terminating the Agreement, including the SLOCFCWCD's payment of all CCWA costs incurred through execution of an amendment terminating this Agreement.

This Agreement constitutes the entire agreement between the parties concerning the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. This Agreement may be altered, amended or modified only by a supplemental writing executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

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[SIGNATURES TO FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the above parties have executed this Agreement the day and year above written.

CENTRAL COAST WATER AUTHORITY:

By: _____ Date: _____
Raymond A. Stokes, Executive Director

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT:

By: _____ Date: _____
Chairperson of the Board
San Luis Obispo County Flood Control
and Water Conservation District,
State of California

ATTEST:

By: _____ Date: _____
County Clerk and Ex-Officio Clerk
of the Board of Supervisors, San Luis
Obispo County Flood Control and
Water Conservation District,
State of California

APPROVED AS TO FORM AND LEGAL EFFECT:
RITA L. NEAL
County Counsel
(as Ex Officio Counsel for SLOCFCWCD)

By: _____ Date: _____
Deputy County Counsel

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