

Memorandum of Understanding (MOU)

To participate in the State-wide Proposition 84 Process

And Revise the Area-wide

Integrated Regional Water Management Plan (IRWMP)

In Santa Barbara County

This Memorandum of Understanding (MOU) is entered into by and between local government agencies, special districts, and non-governmental organizations (NGOs), organizations qualified under 501 (c) (3), 501 (c) (4) or 501 (c) (5) as defined by the Internal Revenue Code) within Santa Barbara County, as listed in Appendix A, and hereinafter referred to as “Cooperating Partners”.

1. Purpose of this MOU

Under this MOU, the Cooperating Partners commit to participate in, and make a financial and/or service oriented contribution toward, the ongoing participation in the process established pursuant to The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act (Public Resources Code Section 75001-75009) (also known as Proposition 84) and further develop a comprehensive County-wide Integrated Regional Water Management Plan (IRWMP). This MOU sets forth the mutual responsibilities of the Cooperating Partners in the development of an IRWMP, and it updates previous agreements and commitments made by some of the Cooperating Partners between 2006 and 2009, including an MOU for initial preparation of the IRWMP (July 2006) and an MOU for pursuing Proposition 50 implementation grant funding (October 2007). This MOU replaces the March, 2009 MOU pertaining to Proposition 84.

2. Background

Proposition 84 provides funding for a range of water related plans and projects. California’s Prop 84 grant program builds on a previous program (Proposition 50) managed jointly by the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to promote integrated assessment and planning for both water quantity and water quality issues, especially on a hydrologic or watershed basis. DWR manages Proposition 84 which, in addition, provides for flood control and climate change response projects.

Santa Barbara County-wide interests successfully prepared an IRWMP pursuant to Proposition 50 guidelines and successfully sought grant funding to implement key projects included in that plan. DWR is now developing guidelines for grants consistent with legislative action to implement Proposition 84. Grant applications for project planning and implementation and IRWM Plan development and/or revision may be due as early as June, 2010. The County-wide IRWMP previously developed will require modification to conform to Proposition 84 guidelines and to include modified project descriptions.

Proposition 84 stipulates that \$52,000,000 must be awarded to the Central Coast Region (including Santa Barbara County.) DWR has conducted a Region Application Process (RAP) by which interests within DWR’s Central Coast Region applied for acceptance of sub-regional boundaries. Remaining consistent with Proposition 50 efforts, Santa Barbara County Cooperating Partners applied for, and were accepted as, a region defined by Santa

Barbara County boundaries. During this process, emphasis was placed on coordination between regions in areas of shared watersheds.

Other funding sources included in IRWM legislation include Proposition 1-E (for flood safety) and other sections of Proposition 84 which offer up to an additional \$800,000,000 statewide and rely on IRWM Plans as a basis for allocation of funding.

3. Principles

Recognizing the importance of a comprehensive IRWMP, and consistent with the MOU of July 2006, the Cooperating Partners endorse the following *Principles* for integrated regional water management planning.

- 3.1 Be consistent with the State's standards for IRWMPs, as specified in Division 43 of the Public Resources Code and related guidelines, and meet or exceed the expected scoring criteria used by the State in its IRWMP approval process.
- 3.2 Establish a process for on-going decision-making among cooperating partners, with inclusive and participatory public involvement to ensure meaningful input.
- 3.3 Share the costs of IRWM planning, analysis, coordination, and product development through both monetary contributions and staff time/in-kind services. NGO's, as specified herein, meeting certain time commitment requests, will be exempted from the monetary contributions afforded all other members of the Cooperating Partners.
- 3.4 Adopt a regional approach which coordinates water planning across jurisdictional boundaries in Santa Barbara County, sets priorities on a regional basis, and considers issues common to regionally shared watersheds.
- 3.5 Adopt an integrated approach to address the complex inter-relationships across strategies for: water supply, demand management, water quality, source water protection, drought management, flood control, and other water management issues as well as sensitivity to water provision and resources in the context of global climate change.
- 3.6 Consider the State's "program preferences" (as specified in the California Water Code and implementing legislation) as well as "Statewide priorities" (as specified in the IRWM Guidelines) during the IRWM planning process.
- 3.7 Incorporate an appropriate level of scientific watershed assessment information.
- 3.8 Modify the plan to continue as an informational "roadmap" toward meeting objectives, but not as a regulatory or enforceable mandate.
- 3.9 Recognize the need for a long-term perspective, which includes monitoring of project and plan implementation.
- 3.10 Provide for adaptive management for future revisions to the Plan.
- 3.11 Provide for coordination with other IRWM Planning efforts in the Central Coast Region.
- 3.12 Provide an inclusive process which seeks involvement from, and opportunities to collaborate with, a wide range of interests including the general public, agriculture, environmental groups, watershed groups, wetlands groups, academic institutions, adjacent region representatives, and NGOs.

4. Scope of an IRWM Plan

The Cooperating Partners understand and accept that a final IRWMP must consider a range of water management strategies to meet the plan's objectives. These strategies must cover certain State-specified categories and may include other categories. Consistent with the State's expected IRWM guidelines, the Plan must consider strategies that:

- 4.1 Reduce Water Demand
- 4.2 Improve Operational Efficiency & Transfers
- 4.3 Increase Water Supply
- 4.4 Improve Flood Management
- 4.5 Improve Water Quality
- 4.6 Practice Resource Stewardship
- 4.7 Climate Change

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

- 4.8 Water supply reliability
- 4.9 Storm water capture and management
- 4.10 Groundwater management
- 4.11 Water recycling
- 4.12 Water conservation
- 4.13 Flood management
- 4.14 Water quality protection and improvement
- 4.15 Ecosystem restoration
- 4.16 Environmental and habitat protection and improvement
- 4.17 Wetlands enhancement and creation
- 4.18 Recreation and public access
- 4.19 Conjunctive use
- 4.20 Surface storage
- 4.21 Non-point source pollution control
- 4.22 Low impact development
- 4.23 Water and wastewater treatment
- 4.24 Watershed planning
- 4.25 Desalination
- 4.26 Imported water and water transfers
- 4.27 Land use planning

5. Schedule

Following is a tentative schedule of Grant events:

<u>Task:</u>	<u>Time of Completion:</u>
<u>Draft Guidelines Released*</u>	<u>March, 2010</u>
<u>Public Comment /Workshops</u>	<u>March - April, 2010</u>
<u>Final Guidelines Released*</u>	<u>April, 2010</u>
<u>Application Workshops</u>	<u>April-May, 2010</u>
<u>Applications Due</u>	<u>June, 2010</u>

* Implementation grants, IRWMP standards, and Planning grants to be released concurrently

Since revision of the IRWMP may be necessary to conform to Proposition 84 guidelines, obtaining a planning grant may help County-wide interests to defray their direct costs.

Since project selection is a lengthy and critical component of the grant application and the existing IRWMP addresses many of the principles upon which projects may be selected, a formal project selection process is currently underway under the terms and principals of the existing MOU. The process utilizes what is known of forthcoming guidelines and is adaptable to guideline specifics when released.

6. Roles and Responsibilities

In order to develop an effective IRWMP, the Cooperating Partners agree to continue the ongoing planning effort initiated formally in 2006, which resulted in an IRWM Plan and successful application in 2008 to DWR/SWRCB for Prop 50 funding. For the current IRWMP and Prop 84 effort, the Santa Barbara County Water Agency (Agency) shall again act as the single eligible contracting entity. The Agency may engage a consultant to serve as Project Manager for IRWMP development, including data collection, analysis, coordinating stakeholder and public involvement, and overall coordination of plan and grant application preparation. Prior to hiring the consultant, the Agency will obtain advance concurrence of a majority of the Cooperating Partners as to the consultant qualifications and terms of contract.

The IRWM/ Prop 84 planning and implementation process will include the Project Manager, Cooperating Partners, Steering Committee, and Stakeholders. Each will be responsible for, and participate in the IRWMP and Prop 84 application processes as follows:

6.1 Project Manager

The Agency shall act as or engage a Project Manager to provide overall coordination of the IRWMP/Prop 84 effort. The project manager shall prepare agendas and chair the Cooperating Partners and Steering Committee meetings. In addition, the Project Manager shall implement a public participation process that shall include regular workshops for stakeholders and other interested parties as well as establishing and

maintaining a website pertaining to Proposition 84 that is accessible to the Cooperating Partners and the public. The project manager shall be responsible for the monitoring of Props 84 and 1E and informing the Cooperating Partners regarding developments.

The Project Manager shall participate in the interagency process involving DWR and/or Central Coast interests relating to Proposition 84. This participation will include review and comment on draft guidelines for Props 84/1E, attendance at DWR workshops and meetings on Prop 84/1E and meetings with other Central Coast Region IRWM planning areas. The Project Manager will keep the Cooperating Partners apprised of relevant issues and developments.

6.2 Cooperating Partners

The Cooperating Partners shall consist of those local government agencies, special districts, and non-governmental organizations (NGOs) within the Santa Barbara County IRWM Region, listed in Appendix A. Cooperating Partners' meetings are open to the public. A forum for public comment will be provided at each Cooperating Partners meeting. Decisions by the Cooperating Partners will be based on consensus whenever possible, or by a vote of a simple majority of all members participating in a meeting, each entity that is signatory to this MOU having one vote. Cooperating Partners shall participate in regular meetings and take part in decisions pertaining to the IRWM planning process, project finances, consultant selection, revision of the IRWMP, and planning grant proposals.

6.3 Steering Committee

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

The Steering Committee is an open forum for the proposal and vetting of ideas. Steering Committee members shall be expected to exercise a high degree of leadership, which may include leading workshops or developing documents. The Steering Committee shall recommend or propose actions to the Cooperating Partners, the meetings of which will be the forum to obtain general consensus. Decisions within the Steering Committee will be based on consensus whenever possible, or by a vote of a simple majority

of all members participating in a meeting, each entity that is signatory to this MOU having one vote.

The Steering Committee responsibilities will include the development of revised IRWMP objectives and criteria for ranking projects. Input from all Cooperating Partners and Stakeholders shall be solicited for this process.

6.4 Stakeholders

Stakeholders shall be defined as all interested parties that are not participating in the process as Cooperating Partners. Stakeholders may fall into the following categories as defined in IRWM legislation: (1) Wholesale and retail water purveyors, including a local agency, mutual water company, or a water corporation as defined in Section 241 of the Public Utilities Code; (2) wastewater agencies; (3) flood control agencies; (4) municipal and county governments and special districts; (5) electrical corporations, as defined in Section 218 of the Public Utilities Code; (6) Native American tribes that have lands within the region; (7) self-supplied water users, including agricultural, industrial, residential, park districts, school districts, colleges and universities, and others; (8) environmental stewardship organizations, including watershed groups, fishing groups, land conservancies, and environmental groups; (9) community organizations, including landowner organizations, taxpayer groups, and recreational interests; (10) industry organizations representing agriculture, developers, and other industries appropriate to the region; (11) State, federal, and regional agencies or universities, with specific responsibilities or knowledge within the region; (12) Disadvantaged Community members and representatives, including environmental justice organizations, neighborhood councils, and social justice organizations; (13) any other interested groups appropriate to the region.

Stakeholder involvement will be actively solicited through web-sites, media noticing, personal contact, and the posting of notices. Solicitation of Stakeholders shall be among the responsibilities of Cooperating Partners and Steering Committee members. A current but evolving list of Stakeholders is included as Appendix B.

7. Financial Considerations

Each of the Cooperating Partners, respectively except for NGOs that qualify for an exemption from monetary participation, agree to in-kind time and materials commitments, and shall be solely responsible for costs for staff time devoted to the revision of an IRWMP and potentially for making application for grant funding. In addition, there will be extramural costs for hiring a Project Manager and/or consultants for at least one year, with duties for coordination, analysis, outreach, biennial plan revision, and grant application as outlined in the "Roles and Responsibilities" section of this MOU. There will also be extramural costs for administrative services including those conducted by the Santa Barbara County and Water Agency staff including accounting services, web services, project oversight, and legal services, as necessary. Extramural costs, after deduction of funds remaining in the IRWM account and the County's 50% cost share as described in Section 7.2.1 of this MOU, are estimated to be

approximately **\$131,000** for the first year which shall be funded by monetary contributions from the Cooperating Partners. In addition, the Cooperating Partners shall contribute **\$26,200 (20%)** to a contingency fund to be used only in the event of a shortfall of funds already committed. The Cooperating Partners agree that only those Partners with projects selected for application of implementation grant funding will bear the costs of grant application, including consultant services and extramural costs.

The Cooperating Partners agree to generally allocate costs by approximate service area population. Where two or more Cooperating Partners serve the same general population, they may agree to share the costs between themselves in any manner to which they mutually agree. The Cooperating Partners agree to actively encourage participation by all public agencies with a direct or indirect interest in water resources.

7.1 Non-Governmental Organizations

It is recognized that some organizations that wish to participate in the IRWM/Prop 84 process as Cooperating Partners and/or Steering Committee members may not have the means by which to make a financial contribution. In lieu of a financial contribution, these organizations may make an “in kind” contribution consisting of the commitment of time and labor in support of the IRWM/Prop 84 process. Pursuant to language in the PUC Section 75005(k), commonly known as Proposition 84, Chapter 2 Integrated Regional Water Management, Nonprofit Organizations are defined as "any nonprofit corporation qualified to do business in California, and qualified under Section 501 (c) 3, 501 (c) (4) or 501 (c) (5) of the Internal Revenue Code." The option of “in-kind” service in lieu of a financial contribution will extend only to those meeting this definition.

Examples of “In-kind” contributions include but are not limited to:

- 7.1.1 Attendance at and participation in Cooperating Partners and Steering Committee meetings.
- 7.1.2 Organization and/or conducting of informational, workshops and meetings.
- 7.1.3 Production and/or distribution of written materials necessary to conduct business relevant to the IRWM process.
- 7.1.4 Solicitation of involvement by Stakeholders.
- 7.1.5 Review of, and comment on, documents produced as part of the IRWM process.

7.2. For Financial Management:

- 7.2.1 The County Water Agency has established an IRWM account for handling the monetary contributions from those Cooperating Partners responsible for making a financial contribution (Financially Responsible Cooperating Partners). Each Financially Responsible Cooperating Partner shall contribute funds to this IRWMP account. These contributions are specified

in Appendix C, recognizing that contributions are subject to specific approval by each financially responsible Cooperating Partner's respective governing board. As indicated in Appendix C, and subject to appropriation by the Board of Supervisors, the County Water Agency will contribute **50%** of the cost for hiring consultants for IRWMP preparation and grant application which may include, but is not limited to, project selection, project management, and administrative support. The Water Agency will also contribute **50%** of the cost of its staff time for project management and administration for general IRWMP coordination and grant application. The Cooperating Partners shall reimburse the County Water Agency for the remaining **50%** of all of the costs above. The IRWM account shall include a Contingency Fund in the amount of **20% (\$26,200)** of the estimated first year Cooperating Partner contribution (**\$131,000**). The Contingency Fund shall be used only in the event that costs have been committed that cannot be paid either from existing IRWM account funds or supplemental funds collected from the Cooperating Partners as specified in section 7.2.4. The Cooperating partners shall be required to replace any funds used from the IRWM Contingency Fund.

- 7.2.2 Financially Responsible Cooperating Partners shall pay their respective contributions to the County Water Agency not later than **April 30, 2010**. Payment will be sent to: Santa Barbara County Water Agency, 123 E. Anapamu St., Santa Barbara, CA 93101.
- 7.2.3. Each year the Water Agency will provide an accounting of the IRWM fund. If funds received are in excess of the cost of actual plan coordination and preparation services, then the County Water Agency will carry forward the balance for use in the next year's IRWM activities. If the IRWM process is completed or terminated, the Water Agency will refund monies to Cooperating Partners on a pro-rated basis according to each partner's contribution.
- 7.2.4. If the estimated costs of coordination and plan preparation exceed the funds available to the County Water Agency under this MOU, the County Water Agency may ask all Cooperating Partners to provide supplemental funds. If individual Partners refuse to provide the supplemental funds, the shortfall will be spread over the remaining Partners on a voluntary basis. If such shortfalls are not made up, then all planning efforts and obligations shall automatically terminate. The planning effort may also be terminated with the concurrence of a majority of the Cooperating Partners. The Steering Committee will determine whether to request additional funds or terminate the planning effort.

8. Termination of Participation

Any signatory to the MOU may terminate its participation in this MOU after 30 days written notification to all other signatories. Any entity terminating participation that later wishes to participate in this MOU shall first make payment of any funding due from such party at the time of its termination, and also pay its share of any expenses for which it

otherwise would have been obligated absent such termination, as determined by the Cooperating Partners.

9. Addition of Parties

Entities may join the Proposition 84/IRWM Cooperating Partners by submitting a written request to the Cooperating Partners and receiving their approval. Entities joining the Cooperating Partners or Steering Committee will be subject to all of the provisions of, and be required to make a financial or in-kind contribution in accordance with, this MOU. Each paying participant's financial obligation will be reduced proportionally with the addition of funds from any joining entity and applied as a credit to the existing participant's account.

10. Defend and Hold Harmless

Tort Liability. Government Code Section 895.2 imposes certain tort liability jointly upon public agencies solely by reason of such public agencies being parties to an agreement as defined in Government Code Section 895. Therefore, the Parties hereto, as between themselves, pursuant to the authorization contained in Government Code Sections 895.4 and 895.6, each assumes the full liability imposed upon it or any of its officers, agents, representatives or employees by law for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement, to the same extent that such liability would be imposed in the absence of Government Code Section 895.2. To achieve this purpose, each Party indemnifies and holds harmless the other Party for any loss, cost, or expense, including reasonable attorneys' fees that may be imposed upon or incurred by such other Party solely by virtue of Government Code Section 895.2.

11. Term of this MOU:

The provisions of this MOU will end: (i) on December 31, 2013; or (ii) when Cooperating Partners sign a new MOU that specifically covers ongoing coordination of the IRWMP process, whichever occurs first.

12. Counterparts:

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

13. Notices

All notices or other official correspondence relating to MOU matters between the Cooperating Partners shall be addressed to:

Matt Naftaly, Manager
Santa Barbara County Water Agency
123 E. Anapamu St.
Santa Barbara, CA 93101

In witness whereof, the Cooperating Partners hereto have executed this MOU effective at the time that a majority of the parties listed in Appendix A have approved and executed this MOU.

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

DATE: _____

APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

BY: _____
Deputy

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

BY: _____

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

BY: _____
Deputy

SIGNATURE OF COOPERATING PARTNER

BY: _____

NAME: _____

TITLE: _____

AGENCY/ORGANIZATION: _____

DATE: _____

Appendix A: List of Cooperating Partners

The list below is of potential Cooperating Partners. A final list will be prepared based on the actual signatories to the MOU.

County Agencies:

- Agricultural Commissioner's Office - Santa Barbara County
- Flood Control and Water Conservation District - Santa Barbara County
- Water Agency – Santa Barbara County

Cities:

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

Water Districts:

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

Non Governmental Organizations:

- Heal the Ocean

Sanitary Districts:

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

Community Services Districts:

- Casmalia Community Services District
- Cuyama Community Services District
- Vandenberg Village Community Services District

Joint Powers Agencies:

- Cachuma Operations and Maintenance Board (COMB)
- Cachuma Conservation Release Board (CCRB)
- Central Coast Water Authority (CCWA)

Appendix B: Stakeholder List

Appendix C: Expected Contributions from Cooperating Partners