



DRINKING WATER OPERATIONS AND MAINTENANCE

AGREEMENT NO. D2217034

by and between

COUNTY OF SONOMA ("Recipient")

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD ("State Water Board")

for the purpose of the

WEST WATER COMPANY OPERATION AND MAINTENANCE ("Project")

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- Health and Safety Code section 116766 & State Water Board Resolution No. 2022-0042.

PROJECT FUNDING AMOUNT: \$70,346
ESTIMATED REASONABLE PROJECT COST: \$70,346

ELIGIBLE WORK START DATE: APRIL 27, 2023
WORK COMPLETION DATE: MARCH 31, 2026
FINAL REIMBURSEMENT REQUEST DATE: APRIL 30, 2026
RECORDS RETENTION END DATE: MARCH 31, 2033

WHEREAS, Health and Safety Code section 116686 authorizes the State Water Board to provide funding for administrative services to designated water systems;

WHEREAS, the State Water Board intends to appoint an administrator to provide West Water Company ("the System") with administrative services;

WHEREAS, the State Water Board intends to provide funding for the above mentioned administrator;

WHEREAS, the System, under administration of the appointed administrator County of Sonoma, is expected to require additional operations and maintenance support;

WHEREAS, County of Sonoma has been designated as the Recipient under this Agreement to receive and administer funds to be paid pursuant to the terms of this Agreement.

THEREFORE, the State Water Board agrees to provide funding pursuant to the terms of this Agreement.

1. The State Water Board and the Recipient mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement, including the following Exhibits, which are attached hereto or are incorporated by reference:
 - EXHIBIT A – SCOPE OF WORK AND SCHEDULE
 - EXHIBIT B – FUNDING TERMS
 - EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV
 - EXHIBIT D – SPECIAL CONDITIONS
2. The following documents are also incorporated by reference, as well as any documents incorporated by reference in Exhibit D:
 - Administrator Order No. _____;
3. Party Contacts during the term of this Agreement are:

State Water Board		County of Sonoma	
Section:	Division of Financial Assistance		
Name:	Kyle Harper, Project Manager	Name:	Olivia Guevara, Project Director
Address:	1001 I Street, 16 th Floor	Address:	2300 County Center Drive, Suite A220
City, State, Zip:	Sacramento, CA 95814	City, State, Zip:	Santa Rosa, CA 95403
Phone:	(916) 341-5957	Phone:	707-565-7952
Email:	Kyle.Harper@waterboards.ca.gov	Email:	Olivia.guevara@sonoma-county.org
State Water Board			
Section:	Division of Drinking Water		
Name:	Misha Anderson, District Engineer		
Address:	50 D Street #200		
City, State, Zip:	Santa Rosa, CA 95404		
Phone:	(707) 576-2728		
Email:	DWPDIST18@waterboards.ca.gov		

Each party may change its contact upon written notice to the other party. While Party Contacts are contacts for day-to-day communications regarding Project work, the Recipient must provide official communications and notices to the Division's Deputy Director.

4. Conditions precedent to this Agreement are set forth as follows:
 - (a) The Recipient must deliver to the Division a resolution authorizing this Agreement and identifying its authorized representative by title.
5. The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement, which shall be at least until the Records Retention End Date:
 - (a) The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.
 - (b) The execution and delivery of this Agreement by the Recipient on behalf of the System, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient,

enforceable in accordance with its terms, except as such enforcement may be limited by law.

- (c) None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of the Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.
 - (d) The Recipient is in compliance with all State Water Board funding agreements to which it is a party.
6. This Agreement, and any amendments hereto, may be executed and delivered in any number of counterparts, each of which when delivered shall be deemed to be an original, but such counterparts shall together constitute one document. The parties may sign this Agreement, and any amendments hereto, either by an electronic signature using a method approved by the State Water Board or by a physical, handwritten signature. The parties mutually agree that an electronic signature using a method approved by the State Water Board is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

COUNTY OF SONOMA:

STATE WATER RESOURCES CONTROL
BOARD:

By:

By:

Name: Johannes J. Hoevertsz
Title: Director, Sonoma County Public
Infrastructure

Name: Joe Karkoski
Title: Deputy Director
Division of Financial Assistance

Date:

Date:

EXHIBIT A – SCOPE OF WORK AND SCHEDULE

A.1 PROJECT PURPOSE AND DESCRIPTION.

The Project is for the benefit of the Recipient and the System. The funding under this Agreement shall be used to fund the Operation and Maintenance Costs of the System. Project Funds are intended to fill funding gaps on a temporary basis until the Recipient can evaluate and take necessary steps to enable the System to fully fund the Operation and Maintenance Costs without Project Funds.

A.2 SCOPE OF WORK.

The Recipient agrees to do the following:

1. Project Management.

1.1. Provide technical and administrative services as needed for Project completion; plan, organize, direct, control, and report on the Project to complete the agreed-to scope on schedule and within the assigned budget in accordance with approved procedures, applicable laws, and regulations.

1.2. Prepare correspondence, attend teleconferences, and participate in team meetings with the State Water Board, as needed, during the grant period.

2. Water System Operation and Maintenance.

2.1. Complete necessary operations and maintenance tasks in accordance with industry standards and the provisions and conditions set forth in the drinking water system permit, enforcement actions, and all statutory and regulatory drinking water requirements. Eligible costs associated with this work include but are not limited to: permitting, sampling and monitoring, reporting, utility bills, chemicals, replacement or change out of existing equipment or media, unforeseen repairs necessary to keep the System pressurized or to restore service to the System's customers, appropriately qualified plant operator(s) and contractors.

A.3 PROGRESS REPORTS.

The Recipient must submit quarterly progress reports to the State Water Board's Project Manager by the twentieth (20th) of the month following the end of the calendar quarter (March, June, September, and December). Progress reports must provide a brief description of the work performed, accomplishments during the quarter, milestones achieved, monitoring results (if applicable), and any problems encountered in the performance of the work under this Agreement. The Recipient must document all contractor activities and expenditures in

progress reports. The Reimbursement Request must accompany the progress report. The Reimbursement Request must reflect charges for the work completed during the reporting period covered by progress report. The Reimbursement Request cannot be paid prior to submission of a progress report covering the invoice reporting period.

A.4 FINAL REPORTS.

At the conclusion of the Project, the Recipient must submit the following to the Project Manager:

(a) Draft Final Project Report.

Prepare and submit to the Project Manager, for review and comment, a draft Final Project Report in a format provided by the Project Manager.

(b) Final Project Report.

Prepare a Final Project Report that addresses, to the extent feasible, comments made by the Project Manager on the draft Final Project Report. Submit one (1) reproducible master copy and an electronic copy of the draft Final Project Report.

If the Recipient fails to submit a timely Final Project Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold reimbursements under this Agreement or other agreements, and begin administrative proceedings.

A.5 SPECIAL REPORTS.

The Recipient must submit information required for compliance with Greenhouse Gas Reduction Fund requirements, as required by the Division.

A.6 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the "Estimated Due Date" column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to the Work Completion Date. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final Reimbursement Request prior to the Final Reimbursement Request Date set forth on the Cover Page.

ITEM	DESCRIPTION OF SUBMITTAL	CRITICAL DUE DATE	ESTIMATED DUE DATE
EXHIBIT A – SCOPE OF WORK AND SCHEDULE			
A.2	SCOPE OF WORK		
1.	Project Management		
1.2	Prepare Correspondence, Attend Teleconferences, Participate in Meetings		As Needed
REPORTS			
A.3	Progress Reports	Quarterly	
A.4.(a)	Draft Final Project Report	January 31, 2026	
A.4.(b)	Final Project Report	February 28, 2026	
A.5	Special Reports.	As Needed	
EXHIBIT B – FUNDING TERMS			
	REIMBURSEMENTS		
B.6 (e)	Reimbursement Requests	Quarterly	
B.6 (b)(5)	Final Reimbursement Request	April 30, 2026	

The Recipient must deliver any request for extension of the Work Completion Date no less than ninety (90) days prior to the Work Completion Date. Any work occurring after the Work Completion Date will not be reimbursed under this Agreement.

EXHIBIT B – FUNDING TERMS

B.1 ESTIMATED REASONABLE COST AND PROJECT FUNDS.

The estimated reasonable cost of the total Project is set forth on the Cover Page of this Agreement, and is greater than or equal to the funding anticipated to be provided by the State Water Board under this Agreement. Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.2 RECIPIENT CONTRIBUTIONS.

The Recipient on behalf of the System utilizing Revenues and Project Funds shall pay any and all costs connected with the Project including, without limitation, any and all Operation and Maintenance Costs. If the Project Funds are not sufficient to pay the System's Operation and Maintenance Costs in full, the System must nonetheless satisfy its operations and maintenance and other permit obligations and pay that portion of the Operation and Maintenance Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

If the System recovers funds from any Responsible Parties, the Recipient shall immediately notify the Division. The amount of this Agreement may be reduced to reflect the recovered funds.

B.3 VERIFIABLE DATA.

Upon request by the Division, the Recipient must submit verifiable data to support deliverables specified in the Scope of Work. The Recipient's failure to comply with this requirement may be construed as a material breach of this Agreement.

B.4 BUDGET COSTS.

Budget costs are contained in the summary Project Cost table below:

LINE ITEM	PROJECT FUNDING AMOUNT	TOTAL ESTIMATED PROJECT COSTS
Personnel/Direct Staff Costs	\$0	\$0
Operating Expenses/Program Implementation	\$7,200	\$7,200
Professional Contracted Services	\$56,751	\$56,751
Travel	\$0	\$0
Indirect	\$0	\$0
*Contingency	\$6,395	\$6,395
TOTAL	\$70,346	\$70,346

*Funds allowed for the “Contingency” line item are only for reasonable and necessary Project costs which, for good cause, exceed the funds allotted for another line item. The Recipient shall not be entitled to any reimbursement from the “Contingency” line item without prior approval in writing from the Project Manager.

The Recipient is prohibited from requesting disbursement amounts that represent the Recipient’s mark-ups to costs invoiced or otherwise requested by consultants or contractors.

B.5 LINE ITEM ADJUSTMENTS.

- (a) Subject to the prior review and approval of the Project Manager, adjustments between existing line items may be used to defray allowable direct costs up to fifteen percent (15%) of the total Project Funding Amount, including any amendment(s) thereto. Line item adjustments in excess of fifteen percent (15%) or line item adjustments that result in a change to the scope of work will require an Agreement amendment. If the detailed budget includes an amount for the Recipient’s personnel costs, that amount is based on the hours, classifications, and rates submitted by the Recipient in its application. Any changes to the hours, classifications, and rates must be approved, in advance and in writing, by the Project Manager.
- (b) The Recipient may submit a request for an adjustment in writing to the Project Manager. Such adjustment may not increase or decrease the total Project Funding Amount. The Recipient shall submit a copy of the original Agreement budget reflecting the requested changes and shall note proposed changes by striking out the original amount(s) followed with proposed change(s) in bold and underlined. Budget adjustments deleting

a budget line item or adding a new budget line item shall require a formal amendment. The Division may also propose budget adjustments.

- (c) The sum of adjusted line items shall not exceed the total Project Funding Amount.

B.6 REIMBURSEMENT PROCEDURE.

Except as may be otherwise provided in this Agreement, reimbursement of Project Funds will be made as follows:

- (a) Upon execution and delivery of this Agreement, the Recipient may request reimbursement of any eligible Project Costs specified in this Exhibit through submission to the State Water Board of the Reimbursement Request forms provided by the Division.
- (b) Reimbursement Requests must contain the following information:
 - (1) The date of the request;
 - (2) The time period covered by the request, i.e., the term “from” and “to”;
 - (3) The total amount requested;
 - (4) Original signature and date (in ink) or electronic signature, consistent with the State Water Board’s approved procedures, of the Recipient’s Project Director or his/her designee; and
 - (5) The final Reimbursement Request must be clearly marked “FINAL REIMBURSEMENT REQUEST” and must be submitted NO LATER THAN the Final Reimbursement Request Date.
- (c) The Recipient may sign Reimbursement Requests either by an electronic signature consistent with the State Water Board’s approved procedures or by a physical, handwritten signature. The parties mutually agree that an electronic signature consistent with the State Water Board’s approved procedures is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.
- (d) Reimbursement Requests must be itemized based on the line items specified in the budget in this Exhibit. Reimbursement Requests must be complete, signed by the Recipient’s Project Director or his/her designee, and addressed to the Project Manager as set forth in this Agreement. Reimbursement Requests submitted in any other format than the one provided by the State Water Board will cause a Reimbursement Request to be disputed. In the event of such a dispute, the Project Manager will notify the Recipient. Payment will not be made until the dispute is resolved and a corrected Reimbursement Request submitted. The Project Manager has the responsibility for approving Reimbursement Requests. Project Costs incurred prior to the Eligible Work Start Date of this Agreement will not be reimbursed.

- (e) Project Funds must be requested quarterly via Reimbursement Request for eligible costs incurred during the reporting period of the corresponding Progress Report, describing the activities and expenditures for which the reimbursement is being requested. Each Reimbursement Request must be accompanied by a Progress Report. Failure to provide timely Reimbursement Requests may result in such requests not being honored.
- (f) The Recipient agrees that it will not submit any Reimbursement Requests that include any Project Costs until such costs have been incurred and are currently due and payable by the Recipient, although the actual payment of such costs by the Recipient is not required as a condition of reimbursement. Supporting documentation (e.g., receipts, laboratory invoices) must be submitted with each Reimbursement Request. The amount requested for administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Reimbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented and accurately addressed Reimbursement Request.
- (g) The Recipient will not seek reimbursement of any Project Costs that have been reimbursed from other funding sources.
- (h) The Recipient must use Project Funds within thirty (30) days of receipt to reimburse contractors, vendors, and other Project Costs. Any interest earned on Project Funds must be reported to the State Water Board and will either be required to be returned to the State Water Board or deducted from future reimbursements. In the event that the Recipient fails to disburse Project Funds to contractors or vendors within thirty (30) days from receipt of the Project Funds, the Recipient must immediately return such Project Funds to the State Water Board. Interest shall accrue on such Project Funds from the date of reimbursement through the date of mailing of Project Funds to the State Water Board. If the Recipient held such Project Funds in interest-bearing accounts, any interest earned on the Project Funds shall also be due to the State Water Board.
- (i) The Recipient must submit its final Reimbursement Request no later than the Final Reimbursement Request Date specified herein. If the Recipient fails to do so, then the undisbursed balance of this Agreement may be deobligated.
- (j) The Recipient agrees that it will not request a reimbursement unless that cost is allowable, reasonable, and allocable.
- (k) Notwithstanding any other provision of this Agreement, no reimbursement shall be required at any time or in any manner that is in violation of or in conflict with federal or state laws, policies, or regulations.
- (l) The Recipient agrees that it shall not be entitled to interest earned on undisbursed Project Funds.
- (m) The Recipient must include any other documents or requests required or allowed under this Agreement.

- (n) Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at: <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>. Reimbursement will be at the state travel and per diem amounts that are current as of the date costs are incurred by the Administrator. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the Project Manager.
- (o) If state or federal law, policies, or regulations change such that reimbursement of Project Funds under this Agreement would violate or conflict with state or federal law, policies, or regulations, as determined by the Division, the State Water Board has the option to either cancel this Agreement with no liability accruing to the State Water Board or, if possible, offer an amendment to the Recipient to reflect the new funding conditions.

If the Recipient does not submit invoices requesting all of the funds encumbered by the Final Reimbursement Request Date, any remaining amount will revert to the State.

B.7 REVERTING FUNDS AND DISENCUMBRANCE.

In the event the Recipient does not submit Reimbursement Requests for all funds encumbered under this Agreement timely, any remaining funds revert to the State. The State Water Board may notify the Recipient that the project file is closed, and any remaining balance will be disencumbered and unavailable for further use under the Agreement.

EXHIBIT C – GENERAL TERMS AND CONDITIONS 2019-NOV

GENERAL TERMS AND CONDITIONS 2019-NOV is incorporated by reference and is posted at https://www.waterboards.ca.gov/water_issues/programs/grants_loans/general_terms.html

EXHIBIT D – SPECIAL CONDITIONS

D.1 DEFINITIONS.

Each capitalized term used in this Agreement has the following meaning:

- “Authorized Representative” means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient’s authorizing resolution that designates the Authorized Representative by title.
- “District Office” means District Office of the Division of Drinking Water of the State Water Board.
- “Division of Drinking Water” means the Division of Drinking Water of the State Water Board.
- “Eligible Work Start Date” means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any costs may be incurred and eligible for reimbursement hereunder.
- “Enterprise Fund” means the enterprise fund of the Recipient in which Revenues are deposited.
- “Event of Default” means, in addition to the meanings set forth in Exhibit C, the occurrence of any of the following events:
 - (a) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient’s ability to satisfy its obligations under this Agreement.
 - (b) Failure to operate the System or the Project, unless the Division has given its approval for such non-operation.
 - (c) The occurrence of a material breach or event of default under any Recipient obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption.
- “Net Revenues” means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

- "Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits, licenses, and charges to operate the System and insurance premiums; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles.
- "Project Director" means an employee of the Recipient designated by the Authorized Representative to be responsible for the overall management of the administrative and technical aspects of the executed Agreement.
- "Recipient" means County of Sonoma.
- Responsible Party means an individual or entity that is responsible for the discharge or threatened discharge of waste into waters of the State or for an actual or threatened condition of pollution or nuisance.
- "Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction.
- "System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the West Water Company, or its successor agency, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

D.2 ADDITIONAL REPRESENTATIONS AND WARRANTIES.

Public Purpose. The Recipient represents and warrants that the Project has a clear and definite public purpose, and must benefit customers of the System, not the investors.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.

The execution, delivery, and performance by the Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date of execution of this Agreement by the Recipient, or result in any breach or default under any contract, obligation, indenture, or other instrument to which the Recipient is a party or by which the Recipient is bound as of the date of execution of this Agreement by the Recipient.

Except as set forth in this paragraph, there are, as of the date of execution of this Agreement by the Recipient, no pending or, to the Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the Revenues, and/or the Project.

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain any of the real or personal property related to or necessary for the Project.

The Recipient is duly organized and existing and in good standing under the laws of the State of California. The Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. Within the preceding ten (10) years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.

Any financial statements or other financial documentation of the Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements or other financial documentation: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements or other financial documentation, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements or other financial documentation been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by the Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.

The Recipient has no conflicting or material obligations, except as set forth in this paragraph.

The Recipient has sufficient real or personal property rights necessary for the purposes of this Agreement, not subject to third party revocation, which rights extend at least to the Records Retention End Date of this Agreement, except as disclosed to the State Water Board. The Recipient has disclosed to the State Water Board all proceedings, actions, or offers of which the Recipient has knowledge or belief that may in any way affect the Recipient's ability to access or legally possess all of the property necessary for the purpose of this Agreement, including any proceedings, actions, or offers to lease, purchase, or acquire by eminent domain any of the real or personal property related to or necessary for the Project.

The Recipient and its principals, contractors, and subcontractors, to the best of the Recipient's knowledge and belief, are not presently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized; nor have they engaged or permitted the performance of services covered by this Agreement from parties that are debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized.

The Recipient possesses all water rights necessary for this Project.

D.3 ACKNOWLEDGEMENTS.

The Recipient must include the following acknowledgement in any document, written report, or brochure to be shared with the general public prepared in whole or in part pursuant to this Agreement:

"Funding for this drinking water system has been provided in full or in part under the Safe and Affordable Funding for Equity and Resiliency (SAFER) Drinking Water Program through an agreement with the State Water Resources Control Board. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

D.4 RATES, FEES, AND CHARGES.

The Recipient on behalf of the System must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance

Costs, and must ensure that Net Revenues are in an amount necessary to meet its obligations under this Agreement. The Recipient on behalf of the System may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

D.5 RESERVED.

D.6 FUNDS RELATED TO CONTAMINATION.

- (a) As a condition precedent to this Agreement and prior to any disbursement, the Recipient shall (i) notify the Division of any demands made by the Recipient against third parties for monetary damages, reimbursement of costs, or other relief, including litigation, related to drinking water contamination, including but not limited to contamination by 1,2,3-trichloropropane (1,2,3-TCP); and (ii) unless waived by the Division, notify and provide to the Division copies of any agreements with third parties (e.g., settlement agreements, consent agreements, etc.) or court or administrative orders arising out of litigation or disputes related to contamination of the drinking water associated with the Project.
- (b) After execution of this Agreement, the Recipient shall notify the Division promptly of the new occurrence of any matters requiring notice under paragraph (a), above. Upon request, the Recipient shall promptly provide information and copies of documents as requested by the Division.
- (c) The Recipient shall place all funds received after the date of this Agreement under any order or agreement described in paragraphs (a)(ii) and (b), above, into a restricted account to be used either for a capital improvement project that addresses the contamination, or for operation and maintenance of treatment or remediation of the contamination. Alternatively, upon consent of the Division, the funds received after the date of this Agreement under any such order or agreement shall be used as match funding for the Project or held in a restricted reserve account to support the financial capacity of the System.
- (d) The amount of this Agreement may be reduced, and/or disbursements withheld, to offset amounts received under any contamination-related order or agreement described in paragraphs (a)(ii) or (b), above, to avoid double recovery. Noncompliance with paragraphs (a), (b), or (c) above shall be an Event of Default.

D.7 APPOINTMENT OF RECEIVER OR CUSTODIAN.

Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the State Water Board under this Agreement, the State Water Board may make

application for the appointment of a receiver or custodian of the Revenues, pending such proceeding, with such power as the court making such appointment may confer.

D.8 RETURN OF FUNDS.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, to immediately return to the State Water Board any disbursed Project Funds received pursuant to this Agreement and pay interest at the highest legal rate on all of the foregoing.

D.9 DESIGNATED WATER SYSTEM'S TAX IDENTIFICATION NUMBER.

To the extent practicable, Recipient shall use the Designated Water System's tax identification number to receive Project Funds. Recipient shall notify the Project Manager in writing if it desires to use a trust account separate from the Designated Water System's other revenues.

D.10 OPERATION AND MAINTENANCE.

The Recipient shall sufficiently and properly staff, operate, and maintain the facility and structures constructed or improved as part of the Project throughout the term of this Agreement, consistent with the purposes of this Agreement. The Recipient assumes all operations and maintenance costs of the facilities and structures; the State Water Board shall not be liable for any cost of such maintenance, management or operation.

To the extent feasible, the Recipient must sufficiently and properly staff, operate, and maintain the System through the Work Completion Date pursuant to the Administrator Order and consistent with the purposes of this Agreement. Notwithstanding the foregoing, the Administrator shall not be responsible for the cost of such maintenance, management, or operation of the System beyond the funding authorized for such purposes and the utilization of any existing assets or revenue of the System. For the avoidance of doubt, the Administrator is under no obligation to utilize its own assets to fund such costs. Except as expressly set forth in this Agreement or in another funding agreement, the State Water Board shall not be liable for any cost of such maintenance, management or operation.

D.11 INSURANCE.

The Recipient will procure and maintain or cause to be maintained insurance on the System/Project with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an

independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System must be free and clear of all claims and liens.

D.12 CONTINUOUS USE OF PROJECT; NO LEASE, SALE, TRANSFER OF OWNERSHIP, OR DISPOSAL OF PROJECT.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the Useful Life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

D.13 WEB CONTENT ACCESSIBILITY.

Upon request, the Recipient shall ensure that any data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work submitted to the State Water Board or uploaded directly to any State internet website or database in the performance of this Agreement comply with the accessible content requirements set forth in Government Code sections 7405 and 11135; section 508 of the federal Rehabilitation Act (29 USC 794d) and the regulations promulgated thereunder (36 CFR part 1194); and the most current Web Content Accessibility Guidelines published by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria.

D.14 INDEMNIFICATION.

Notwithstanding Section 21 of Exhibit C, the Recipient agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Recipient in the performance of this Agreement. The provisions of this section survive the term of this Agreement.

D.15 NOTICE.

Upon the occurrence of any of the following events, the Recipient must promptly notify the Division's Deputy Director and Party Contacts by email:

- (a) Bankruptcy, insolvency, receivership or similar event of the Recipient, or actions taken in anticipation of any of the foregoing;
- (b) Change of ownership of the System (no change of ownership may occur without written consent of the Division);
- (c) Loss, theft, damage, or impairment to the System;
- (d) Events of Default, except as otherwise set forth in this section;
- (e) A proceeding or action by a public entity to acquire the System by power of eminent domain;
- (f) Any litigation pending or threatened with respect to the System or the Recipient's technical, managerial or financial capacity or the Recipient's continued existence;
- (g) Consideration of dissolution, or disincorporation;
- (h) Enforcement actions by or brought on behalf of the State Water Board;
- (i) The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this funding, or in any certification, report, or request for reimbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
- (j) Any circumstance, combination of circumstances, or condition, which is expected to or does delay Work Completion for a period of ninety (90) days or more;
- (k) Any monitoring, demonstration, or other implementation activities required in this Agreement;
- (l) Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- (m) Any event requiring notice to the Division pursuant to any other provision of this Agreement.

Within three (3) days, if the Recipient is regulated by the California Public Utilities Commission, the Recipient must submit to the State Water Board by certified mail and by email to DrinkingWaterSRF@waterboards.ca.gov copies of any and all documents

filed with the California Public Utilities Commission, including but not limited to applications, petitions, and investigations.

24-hour notice. The Recipient must notify the Division of Drinking Water, the Division, and the Party Contacts of any event that may (1) affect the ability of the System or the water facilities to produce safe, potable water or (2) result in any other significant public health risks. Reportable events include, but are not limited to, spills of raw sewage or other hazardous chemicals, significant chemical overfeeds, significant bacteriological failures, and unplanned water outages.

The Recipient must promptly notify the State Water Board of events or proposed changes that could affect the scope, budget, or work performed under this Agreement. The Recipient agrees that no substantial change in the scope of the Project will be undertaken until written notice of the proposed change has been provided to the State Water Board, and the State Water Board has given written approval for such change, except where immediate action is legally required and imperative to public health. The Recipient must notify the State Water Board at least ten (10) working days prior to any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by the State Water Board's representatives.

D.16 FRAUD, WASTE, AND ABUSE.

The Recipient shall prevent fraud, waste, and the abuse of Project Funds, and shall cooperate in any investigation of such activities that are suspected in connection with this Agreement. The Recipient understands that discovery of any evidence of misrepresentation or fraud related to Reimbursement Requests, invoices, proof of payment of invoices, or other supporting information including, but not limited to, double or multiple billing for time, services, or any other eligible cost, may result in an administrative action by the State Water Board and/or referral to the Attorney General's Office or the applicable District Attorney's Office for appropriate action. The Recipient further understands that any suspected occurrences of false claims, misrepresentation, fraud, forgery, theft or any other misuse of Project funds may result in withholding of reimbursements and/or the termination of this Agreement requiring the immediate repayment of all funds disbursed hereunder. A person who knowingly makes or causes to be made any false statement, material misrepresentation, or false certification in any submittal may be subject to a civil penalty, criminal fine, or imprisonment. (Wat. Code, § 13490 et seq.)

D.17 DISPUTES.

The Recipient must continue with the responsibilities under this Agreement during any dispute. The Recipient may, in writing, appeal a staff decision within thirty (30) days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within thirty (30) days. The Office of the Chief Counsel of the State Water Board will prepare a summary

of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute. This provision does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law. This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

D.18 RUSSIAN SANCTIONS.

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State Water Board determine Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State Water Board shall provide Recipient advance written notice of such termination, allowing Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State Water Board.

The Recipient represents that the Recipient is not a target of economic sanctions imposed in response to Russia's actions in Ukraine imposed by the United States government or the State of California. The Recipient is required to comply with the economic sanctions imposed in response to Russia's actions in Ukraine, including with respect to, but not limited to, the federal executive orders identified in California Executive Order N-6-22, located at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf> and the sanctions identified on the United States Department of the Treasury website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). The Recipient is required to comply with all applicable reporting requirements regarding compliance with the economic sanctions, including, but not limited to, those reporting requirements set forth in California Executive Order N-6-22 for all Recipients with one or more agreements with the State of California with an aggregated value of Five Million Dollars (\$5,000,000) or more. Notwithstanding any other provision in this Agreement, failure to comply with the economic sanctions and all applicable reporting requirements may result in termination of this Agreement.

For Recipients with an aggregated agreement value of Five Million Dollars (\$5,000,000) or more with the State of California, reporting requirements include, but are not limited to, information related to steps taken in response to Russia's actions in Ukraine, including but not limited to:

1. Desisting from making any new investments or engaging in financial transactions with Russian institutions or companies that are headquartered or have their principal place of business in Russia;
2. Not transferring technology to Russia or companies that are headquartered or have their principal place of business in Russia; and
3. Direct support to the government and people of Ukraine.

D.19 STATE CROSS-CUTTERS.

Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:

- The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, section 15000 et seq.
- Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
- Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
- Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in sections 1725.5 and 1771.1 of the Labor Code.
- Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
- Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
- Urban Water Demand Management requirements, including the requirements of Water Code section 10608.56.
- Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, Title 23, section 5002.

- Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
- Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.
- The Recipient agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with directives or orders issued pursuant to Division 7 of the Water Code.