

1.2 Eligible Applicant Documentation

Please note that this Eligible Applicant documentation for BVWSD was submitted in the 2014 IRWM Drought Grant Solicitation. The following is repeated information from that proposal.

BVWSD, a public agency, is one of the signatories to the Kern IRWM Plan Participation Agreement and a member of the Kern IRWM Group. It is an appropriate entity to submit the 2015 IRWM Grant application materials on behalf of the Kern IRWM Group and the application project proponents. BVWSD has the authority to enter into a grant agreement with the California Department of Water Resources. The questions listed in the Proposal Solicitation Package are answered as follows:

- *Is the applicant a local public agency as defined in Appendix B of the 2015 Guidelines? Please Explain?*

The BVWSD is a local public agency. The District is a California Water Storage District, organized and existing pursuant to the California Water Storage District Law (California Water Code, §§ 39000 et seq.). The District satisfies the definition of 'local agency', which is described in the CWC 10701(a) as any city, county, district, agency, or other political subdivision of the state for the local performance of governmental or proprietary functions within limited boundaries.

- *What is the statutory authority or other legal authority under which the applicant was formed and is authorized to operate?*

The District is a California Water Storage District, organized and existing pursuant to the California Water Storage District Law (California Water Code, §§ 39000 et seq.).

- *Does the applicant have the legal authority to enter into a grant agreement with the State of California?*

The District has the authority to enter into a Water Code Section 10795.8 grant contract with the Department of Water Resources under the authority vested in the District pursuant to Water Code sections 43000, 43150, 43151, 43152, and 44000. Specifically, Water Code section 43151 authorizes a Water Storage District to "...enter into any agreement with the United States or with any state, county, district, public corporation, or municipality of any kind, for the purpose appertaining to or beneficial to the project of the district, and it may do any acts necessary or proper for the performance of the agreement." Furthermore, Water Code section 44000 provides a Water Storage District "... may cooperate and contract with the state, the department, any other district, or the United States under any laws of the state or the Federal Reclamation Act of June 17, 1902, and all acts amendatory thereof, or supplementary thereto, or under any other act of Congress heretofore or hereafter enacted authorizing or permitting the cooperation or contract."

- *Describe any legal agreements among partner agencies and/or organizations that ensure performance of project and tracking of funds.*

Prior to BVWSD signing a funding contract with DWR, each implementing agency that will receive funding will enter into and execute a Subgrant Agreement with BVWSD that will include, at a minimum, commitments on the following topics:

- The implementing agency will agree to, by extension, all of the conditions and requirements that are included in the funding contract between DWR and BVWSD.
- Verify that the implementing agency has sufficient available funds to proceed with their project as planned with the knowledge that the grant program is a reimbursement program and that they must incur costs before those costs can be invoiced to DWR through BVWSD.
- That the implementing agency will submit all the identified deliverables in the proposal and all future reimbursement requests in a timely manner to DWR through regular submittals to BVWSD.
- That the implementing agency will accomplish project monitoring, project assessment and collection of performance measures in a timely manner and relay that information back to DWR through submittals to BVWSD.

An example of a Subgrant Agreement executed by BVWSD and other project proponents for the Drought Grant round is included **Appendix 1.2-A**. A Subgrant agreement similar to this example will be executed by BVWSD and the proponents from this Application.

**PROPOSITION 84
INTEGRATED REGIONAL WATER MANAGEMENT 2014 DROUGHT
SUBGRANT AGREEMENT**

**Between the Buena Vista Water Storage District; Kern County Water Agency
Improvement District No. 4; Arvin-Edison Water Storage District; and the Buttonwillow
County Water District**

This Proposition 84 Integrated Regional Water Management 2014 Drought Subgrant Agreement (“Agreement”) is made this 20 day of May, 2015, between the Buena Vista Water Storage District (“BVWSD”); Improvement District No. 4 of the Kern County Water Agency (“ID4”); Arvin-Edison Water Storage District (“AEWSD”); and the Buttonwillow County Water District (“BCWD”) (collectively herein “Sponsors”),

WHEREAS, BVWSD has entered into a Grant Agreement with the State of California Department of Water Resources (“State”) for the purpose of funding projects associated with the Kern Integrated Regional Water Management Plan (“IRWM Plan”); and

WHEREAS, the Grant Agreement between BVWSD and the State, which is known as “Grant Agreement Between the State of California (Department of Water Resources) and Buena Vista Water Storage District, Agreement Number 4600010885, Proposition 84 Integrated Regional Water Management (IRWM) 2014 Drought Grant California Public Resources Code § 75026 Et Seq.” (“Grant Agreement”), is attached as Exhibit “A” to this Agreement and is incorporated by this reference herein; and

WHEREAS, the Grant Agreement contemplates providing funds for one grant administration project and four component water enhancement projects associated with the IRWM Plan (“Component Projects”) that will be carried out by various public agencies with authority and responsibility for water facilities and programs within Kern County; and

WHEREAS, the Grant Agreement provides that BVWSD will act as the Grant Administrator of the Grant Agreement, will coordinate the completion of the Component Projects with the Sponsors, which are the agencies responsible for completing those projects, will act as an intermediary between the State and the Sponsors, will be responsible for preparing

and submitting invoices to State and administering grant funds to Sponsors, and will be in charge of overall project management; and

WHEREAS, the Grant Agreement provides that the BVWSD, ID4, AEWSO and BCWD will each be a sponsor of a Component Project; and

WHEREAS, Project 1, Grant Agreement Administration, will be sponsored and carried out by BVWSD; Project 2, Brackish Groundwater Recovery Project, will be sponsored and carried out by BVWSD; Project 3, Cross Valley Canal Extension Lining Project (Phase 1-Pool No. 7), will be sponsored and carried out by ID4; Project 4, In-Lieu Project, will be sponsored and carried out by AEWSO; and Project 5, Water Main Replacement and Meter Installation Project, will be sponsored and carried out by the BCWD; and

WHEREAS, Sponsors (including BVWSD for costs associated with Project 2) are willing to pay their share of BVWSD's costs of administering the Grant Agreement pursuant to Project 1 and as described in Paragraph 9 below; and

WHEREAS, Sponsors are willing to meet all requirements and bear responsibility for all liabilities under the Grant Agreement for their respective Component Projects, including providing matching funds or in-kind matching activities.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS MUTUALLY AGREED BY THE SPONSORS THAT:

1. BVWSD shall act as Grantee under the Grant Agreement on behalf of the Sponsors, and shall, as an eligible grant recipient, enter into the Grant Agreement with the State on behalf of the Sponsors to implement the approved Component Projects of the IRWM Plan and to administer grant requirements. BVWSD may contract with third parties for the administrative services called for in the Grant Agreement, which is described in Paragraph 7 below, subject to Sponsor approval.

2. BVWSD shall disburse grant funds to Sponsors for work on their respective Component Projects for activities completed in accordance with the terms of the Grant Agreement, but shall only be obligated to do so upon receipt of grant funds for that work from

the State and in accordance with disbursement requirements of the Grant Agreement and Paragraph 6b below.

3. The Grant Agreement requires BVWSD, as Grant Administrator, to submit certain documentation to the State regarding the Component Projects. BVWSD shall timely submit to the State invoices, reports, and assurances received from Sponsors prepared to meet the accounting, reporting, and other requirements in the Grant Agreement for their respective Component Projects. Sponsors are responsible for submitting such documents to BVWSD with sufficient time for BVWSD to comply with requirements of the Grant Agreement.

4. BVWSD shall account for Grant Agreement funds separately from all of BVWSD's other funds in accordance with the Grant Agreement. Sponsors shall maintain books, records, and other documents pertinent to their work in accordance with the Grant Agreement.

5. a.) Sponsors shall carry out, build and/or perform, operate and maintain their respective Component Projects in accordance with all requirements for their respective Component Projects as set forth in the Grant Agreement. The terms and requirements of the Grant Agreement, or any amendment thereof, shall be controlling and mandatory for the purposes of this Agreement where those terms and requirements relate, to any extent, to the Component Projects. Each Sponsor shall fulfill all assurances, declarations, representations and commitments made by that Sponsor to either BVWSD or the State in support of that Sponsor's request for grant funds. Sponsors shall meet all requirements and limitations of the Grant Agreement for their respective Component Projects.

b.) In the event any Sponsor wishes to alter the schedule, materials, methods or deliverables related to its respective Component Project as set forth in the Grant Agreement, such Sponsor shall immediately provide notice to BVWSD's representative. BVWSD shall timely forward Sponsor's request for alteration to the State for consideration, if necessary.

c.) As BVWSD is acting as the Grant Administrator under the Grant Agreement, questions and other communications related to the Grant Agreement or performance of work under the Grant Agreement by Sponsors shall (unless waived by BVWSD) coordinate with BVWSD's representative for resolution with the State.

6. a.) Sponsors shall pay and provide all required grant matching funds or in-kind matching services (where applicable) for their respective Component Projects and shall provide all necessary environmental review and obtain all required permits for their respective Component Project (where applicable).

b.) BVWSD and Sponsors agree that the Grant Agreement budget for each respective Component Project shall be as follows, but acknowledge that the budget outlined below is not fixed but is subject to change:

Project	Grant Funding	Funding Match	Total
1	\$221,897	\$0	\$221,897
2	\$2,030,027	\$727,000	\$2,757,027
3	\$3,951,876	\$2,099,240	\$6,051,116
4	\$2,029,917	\$802,418	\$2,832,335
5	\$3,687,362	\$0	\$3,687,362
Total	\$11,921,079	\$3,628,658	\$15,549,737

7. BVWSD will retain Provost & Pritchard Consulting Group to provide support for grant administration as described in the proposal provided in Exhibit "B". Provost & Pritchard shall track the grant administration work attributable to each Component Project separately. Each Sponsor shall pay BVWSD for its share of applicable costs as requested, but no more than once per month. Sponsors will be responsible for their share of any costs above those described in Exhibit "B" should any change orders related to Provost & Pritchard proposal be awarded that increase costs to BVWSD.

8. INDEMNIFICATION:

a.) To the extent permitted by law, Sponsors shall fully indemnify, defend, and hold BVWSD (including its officers, employees and agents) and each other Sponsor (including its officers, employees and agents) free and harmless from any and all claims, costs, damages, investigations, arbitrations, lawsuits, and expenses, including reasonable attorneys' fees and expert expenses, judgments, and awards of liabilities arising out of such indemnifying

Sponsor's performance of this Agreement; work (of any kind, including planning, design, construction, maintenance, and/or operation) on their respective Component Project; failure (of any kind) to comply with the terms and requirements of the Grant Agreement; or any act or omission on their part that causes BVWSD, as Grant Administrator, to fail to meet the requirements of the Grant Agreement.

b.) Each Sponsor hereby acknowledges and understands that the State may, pursuant to the Default Provisions of Paragraph 14 of the Grant Agreement: terminate the Grant Agreement; demand that funding be immediately repaid, with interest; terminate any obligation to make future payments; or take any other action to protect its interest. In the event that an act or omission by a Sponsor results in an uncured default pursuant to Paragraph 14 of the Grant Agreement which results in the State demanding a return of funding, that Sponsor shall be responsible for making an immediate payment to BVWSD in an amount sufficient to cover the funds and interest demanded by the State. Said Sponsor shall be responsible for both the immediate payment demanded by the State and the entire, final obligation to the State (should it exceed the initial demand) and shall not seek or be entitled to reimbursement from BVWSD or any other Sponsor, provided that the State's enforcement of the provisions of Paragraph 14 of the Grant Agreement was substantially caused by said Sponsor's default.

c.) In addition, each Sponsor understands and acknowledges that BVWSD will be employing Provost & Pritchard for the benefit of this Agreement and the Sponsors. Each Sponsor agrees to indemnify, defend and hold harmless BVWSD (including its officers, employees and agents) free and harmless from any and all claims, costs, damages, investigations, arbitrations, lawsuits, expenses, including reasonable attorneys' fees and expert expenses, judgments, and awards of liability arising out of BVWSD's employment of Provost and Pritchard for administrative services related to this Agreement and the Grant Agreement not arising out of BVWSD's own negligence, to the extent that Provost and Pritchard is not able to make BVWSD whole. Sponsors shall only be liable to indemnify BVWSD for their proportional share of BVWSD's losses that are not or cannot be compensated by Provost & Pritchard.

9. BVWSD will also incur costs related to staff time for administration of the Grant which must be reimbursed (excluding those associated with its own Component Project). BVWSD will invoice the Sponsors for actual administration costs at the same time the costs described in Paragraph 7 are invoiced. These costs are estimated to be 10% of the costs described in the proposal in Exhibit "B" and are provided in the table below:

Project	Provost & Pritchard (Exhibit "B")	BVWSD Admin. Costs	Total
2	\$40,900	\$4,090	\$44,990
3	66,500	6,650	73,150
4	41,000	4,100	45,100
5	53,400	5,340	58,740
Total	\$201,800	\$20,180	\$221,980

10. In accordance with the "Grantee's Responsibility" provision of the Grant Agreement (Paragraph 7 of Exhibit "A"), the Sponsors agree that they shall comply with all applicable laws, policies and regulations in carrying out this Agreement, their respective Component Projects, or any other acts required or contemplated by the Grant Agreement.

11. BVWSD guarantees that all monies it receives for the respective Component Projects from the State under the Grant Agreement shall solely and exclusively be used for the purposes set out in this Agreement; provided, however, that BVWSD shall not be responsible for any money paid out as a result of fraud, forgery or misrepresentation.

12. BVWSD shall have no responsibility as Grant Administrator for maintenance of or insurance for the respective Component Projects of the Sponsors; provided, however, that BVWSD shall be responsible for all duties of a Sponsor with respect to Project 2.

13. BVWSD is not acting as a surety. This Agreement is not a performance, payment, completion or labor and materials bond. BVWSD does not guarantee or warrant that construction of the respective Component Project of an individual Sponsor will proceed, be completed, or that the grant funds for the respective Component Project will be sufficient to meet incurred

expenses. BVWSD does not guarantee or warrant the plans and specifications for the respective Component Project of a Sponsor. BVWSD does not guarantee or warrant any estimated construction costs of budgets set forth in either this Agreement, the grant application or the Grant Agreement. BVWSD shall have no responsibility for any aspect of bidding or the selection of contractors or subcontractors to perform any aspect of the work of the respective Component Projects (except Project 2) of the Sponsors under this Agreement. Instead, BVWSD is only acting as a conduit for: 1.) transfer of grant monies to Sponsors for their respective Component Projects in furtherance of the Grant Agreement; and 2.) the transmission of invoices, reports, financial information and State disclosure assurances and other information required by the Grant Agreement to be transmitted from the Sponsors to the State.

14. BVWSD will not pay any invoices submitted by Sponsor until monies for approved invoices have actually been transmitted by the State to BVWSD. BVWSD assumes no liability to any entity, including but not limited to, any Sponsor or any contractors or subcontractors on the respective Component Projects of the Sponsors for any delays by the State in approval or transmittal of grant monies to BVWSD.

15. The Sponsors agree that if any Sponsor is responsible for a default pursuant to Paragraph 14 of the Grant Agreement or becomes aware that a potential default may occur in the future, that Sponsor will work to cure the default within the time period prescribed by the State. If said Sponsor fails to cure such a default, it will be liable to BVWSD and all other Sponsors pursuant to Indemnification provisions of Paragraph 8(b) of this Agreement.

16. BVWSD may withhold disbursements from Sponsors for breaches under this Agreement (if the breach is not cured within 10 days from Sponsor's receipt of notice of the breach) until such breach is cured to the satisfaction of BVWSD.

17. It is agreed by the Sponsors that if any applicable state budget act of the current year or any subsequent year does not appropriate sufficient funds for the grant and/or if the State terminates the Grant Agreement, then this Agreement shall be suspended and shall be of no further force or effect. In this event, except for those monies already received from State and approved for payment for the work on the Component Projects, BVWSD shall have no liability

to transmit any monies for work on the respective Component Projects to the Sponsors. For their respective Component Projects, Sponsors agree to indemnify, defend and hold harmless BVWSD from any claims asserted against BVWSD by any entity in the event that the applicable state budget act does not appropriate sufficient funds for the Component Projects.

18. BVWSD shall not be responsible for securing insurance protection against loss or damage from any source (including but not limited to the following: fire, earthquake, vandalism or theft) to the respective Component Projects of the Sponsors (other than its own) or any pre-purchased materials. BVWSD is not liable for any loss or damage resulting from the failure to secure any such insurance. Sponsors shall provide all insurance required or desired for their respective Component Projects.

19. Upon completion of construction or performance of the respective Component Project of the Sponsor or termination of this Agreement with respect to an individual Sponsor, BVWSD shall: 1.) disburse to that Sponsor any remaining sums of money in the account approved by the State for payment to that Sponsor, which have not already been disbursed by BVWSD; and 2.) distribute pro rata refunds to that Sponsor of unexpended administrative costs contributions. Sponsors shall be required to prepare annual Post-Performance Reports in accordance with the Grant Agreement for 10 years at their own expense.

20. Sponsors shall proceed with all reasonable diligence in: 1.) the commencement and completion of their respective Component Project; 2.) submission of written reports, financial information, insurance, bonds, and assurances required by the Grant Agreement for their respective Component Project; and 3.) submittal of requests for payment that are fully compliant with the Grant Agreement and accompanied by written verification under penalty of perjury that the request for payment is truthful and accurate and the described costs have all been incurred solely for their respective Component Project.

21. BVWSD shall not be obligated to recognize any assignment of this Agreement by any Sponsor to any third party, except as agreed to in writing by both BVWSD, all Sponsors and the State (if required by the Grant Agreement). Any assignment without the required written authorization is *void ab initio*.

22. Should any provision of this Agreement be found invalid, such invalidity shall not, in any way, affect the remaining provisions of this Agreement.

23. This Agreement is only for the benefit of the Sponsors and not for the benefit of any third party, other than the State.

24. If any provision of this Agreement conflicts with the Grant Agreement, the provisions of the Grant Agreement shall control.

25. Each sponsor shall designate in a written notice to BVWSD a representative that will be responsible for making reimbursement requests to BVWSD. The signature of such representative on any request for payment shall conclusively and finally establish the right of BVWSD to draw checks as so requested, subject to BVWSD's performance of its responsibilities as Grant Administrator to the Grant Agreement and subject to the State's transmittal of grant monies to BVWSD for the respective Component Project of the Sponsor requesting payment.

26. Nothing in this Agreement shall create any contractual relationship between any contractor or subcontractor of any Sponsor and BVWSD. Sponsors agree to be fully responsible to BVWSD for the acts and omissions of their contractors, subcontractors, and persons either directly or indirectly employed by them or otherwise acting as an agent of the Sponsor. Sponsors' obligation to pay their contractors and subcontractors is independent of the obligation of the State to transmit monies to BVWSD and BVWSD's obligation to transmit monies to a Sponsor. As a result, BVWSD shall have no obligation to pay monies to any contractor or subcontractor of any Sponsor (other than its own).

27. Sponsors agree that, at Sponsors' sole expense, Sponsors shall ensure that BVWSD, its officers, directors, and employees and agents, shall be named as additional insured, and insured in the same amount as Sponsors, on all policies which Sponsors are required to obtain for their respective Component Projects pursuant to the Grant Agreement. Sponsors agree to provide BVWSD with written documentation that it has been so named as an additional insured on all such insurance policies during the term of this Agreement.

28. The term of this Agreement shall be the same as, and coincide with, the term of the Grant Agreement and any extensions thereof. This Agreement shall terminate upon the

earlier of: 1.) March 31, 2017 (unless extended by the Grant Agreement); 2.) completion of all obligations under the Agreement; or 3.) termination of the Grant Agreement by the State.

29. For three years after completion of the respective Component Project or longer if otherwise required by the Grant Agreement, BVWSD and each respective Sponsor shall retain copies of records of: 1.) deposits into, and disbursements from, accounts for the Sponsor's respective Component Project; and 2.) request for payment from that Sponsor. Upon prior written request, BVWSD and such Sponsor shall provide reasonable access to inspect such records to each other or the State during normal business hours.

30. Each of the Sponsors represents and warrants that each person signing this Agreement on behalf of any of the Sponsors has legal authority to sign this Agreement and bind that party.

31. Notice pursuant to this Agreement shall be deemed received on the day of delivery if personally served or provided by e-mail and on the 2nd day following posting if provided by United States mail. Notice shall be given to the following representatives at the addresses shown below unless notification of a change is provided.

Buena Vista Water Storage District

Maurice Etchechury
Engineer-Manager
P.O. Box 756
Buttonwillow, CA 93206
Phone: (661) 324-1101
E-mail: maurice@bvh2o.com

Improvement District No. 4

David Beard
Manager
P.O. Box 58
Bakersfield, CA 93302
Phone: (661) 634-1493
E-mail: dbeard@kcwa.com

Arvin-Edison Water Storage District

Steve Collup
Engineer-Manager
P.O. Box 175
Arvin, CA 93203
Phone: (661) 854-5573
E-mail: Arvined@aewsd.org

Buttonwillow County Water District

Regina Houchin
Board Secretary
P.O. Box 874
Buttonwillow, CA 93206
Phone: (661) 764-5405
E-mail: agcenter@bak.rr.com

32. This Agreement is entered into and shall be construed and interpreted in accordance with the laws of the State of California.

33. This Agreement has been negotiated by the Sponsors and shall not be construed against any Sponsor as the drafting party.

34. This Agreement will be considered binding and effective when it has been fully executed by the Sponsors. This Agreement may be executed in counterpart originals, with all counterparts taken as a whole constituting the complete Agreement.

WHEREFORE, having read the foregoing and having understood and agreed to the terms of this Agreement, the Sponsors have affixed their signatures below:

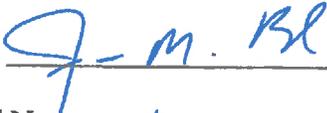
[SIGNATURES FOLLOW ON NEXT PAGE]

SIGNATURES

BUENA VISTA WATER STORAGE DISTRICT

By: 
Printed Name: MAURICE J. ETCHENCHANY
Title: ENGINEER-MANAGER
Date: 5/19/15

KERN COUNTY WATER AGENCY IMPROVEMENT DISTRICT NO. 4

By: 
Printed Name: James M. Beck
Title: General Manager
Date: April 27, 2015

ARVIN-EDISON WATER STORAGE DISTRICT

By: 
Printed Name: Steve Collup
Title: Engineer-Manager
Date: April 20, 2015

BUTTONWILLOW COUNTY WATER DISTRICT

By: 
Printed Name: Leland Scott
Title: Board chair
Date: 5/15/15