

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) NA
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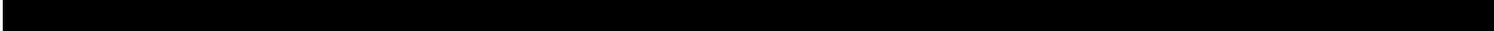
TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): Public Utilities - Water	DATE: 08/13/2013
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SUBJECT: Grant funded restoration of riparian areas at Upper Otay Reservoir.

PRIMARY CONTACT (NAME, PHONE): Jeff Pasek, 619 533-7599 & MS 906	SECONDARY CONTACT (NAME, PHONE): Nicole McGinnis, 619-533-4101 & MS 906
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00



FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): n/a

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Financial Management	ORIG DEPT.	Sasaki, Ann	8/26/2013
Comptroller	CFO		
Liaison Office	DEPUTY CHIEF		
Equal Opportunity Contracting	COO		
	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE		

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

1] Authorizing the Council President, in his capacity under Charter section 265(i), or his designee, to make application to the Department of Water Resources (DWR) of the State of California and to take all necessary actions to secure funding for the Urban Stream Restoration Program (USRP) grant funds for the Upper Otay Reservoir Riparian Restoration project

2] Authorizing the Council President, in his capacity under Charter section 265(i), or his designee, to issue a Right of Entry permit to River Partners; and
3] Determining that this activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15304.

STAFF RECOMMENDATIONS:
Staff recommends approval of the resolution.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	n/a
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COMMUNITY AREA(S):	n/a
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ENVIRONMENTAL IMPACT:	This activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15304.
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CITY CLERK INSTRUCTIONS:	
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**COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 08/13/2013

ORIGINATING DEPARTMENT: Public Utilities - Water

SUBJECT: Grant funded restoration of riparian areas at Upper Otay Reservoir.

COUNCIL DISTRICT(S): n/a

CONTACT/PHONE NUMBER: Jeff Pasek/619 533-7599 & MS 906

DESCRIPTIVE SUMMARY OF ITEM:

This item requests Council approval to allow the Public Utilities Department to enter into a partnership with River Partners, a non-profit organization that restores wetlands and streams for habitat and wildlife, to restore riparian habitat at Upper Otay Reservoir. The project is on city-owned land outside of the City's boundaries in an unincorporated area of the county. The work will be funded by multiple grants from the state of California and the San Diego Foundation.

STAFF RECOMMENDATION:

Staff recommends approval of the resolution.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The Public Utilities Department will partner with River Partners, a non-profit organization that restores wetlands and streams for habitat and wildlife, to restore riparian habitat at Upper Otay Reservoir. The project is on city-owned land outside of the City's boundaries in an unincorporated area of the county. The work will be funded by multiple grants from the state of California and the San Diego Foundation.

The City of San Diego Public Utilities Department owns and manages 1,800 acres of land around Upper Otay Reservoir for source water protection and as part of the City's Multi-Habitat Planning Area (MHPA) of the Multiple Species Conservation Program (MSCP). City land surrounding the reservoirs is part of the "Cornerstone Lands," which are the foundation of the MSCP and MHPA. Water impounded in Upper Otay Reservoir flows to Lower Otay Reservoir. The Otay Water Treatment Plant draws from the reservoirs and supplies drinking water to about 150,000 people in South San Diego, Paradise Hills, and downtown. The Public Utilities Department, through the Water Fund, has owned the land at Otay Reservoirs for 102 years and will sustain ownership and management of the land as part of San Diego's water supply system and for the MHPA.

In the 1990s and early 2000s the East Lake community of over 5,000 homes was built immediately west of the reservoir. The storm drain system was designed to contain runoff onsite or divert it away from the reservoirs. However, the system has not performed as designed and significant runoff flows across City land and into Upper Otay Reservoir. As a result, the small drainages in the area have been transformed from ephemeral streams into year-round streams of urban runoff. The streams now carry pollutants and trash to the reservoir.

In 2008, Public Utilities and River Partners submitted an application for Urban Streams Restoration Program (USRP) grant funds under California's Proposition 84. In April 2012, the project was conditionally awarded \$909,700. In January 2013 the project was submitted to the state's Environmental Enhancement and Mitigation Program (EEMP), and is in line to receive \$300,000. The project was awarded \$18,000 by the San Diego Foundation.

The project proposes restoration along five small urban streams and in the main drainage to Upper Otay Reservoir, totaling nearly 6,900 linear feet of streambed over of 101 acres. Using the grant money, River Partners will remove invasive plants and establish healthy riparian and upland plant communities along and adjacent to the streams, for the purpose of creating high quality habitat. An ancillary benefit will be that the restored drainages will attenuate urban runoff flows and remove pollutants; thus, helping to protect water quality in the City's source water system.

River Partners will do all the restoration work using grant money; there will be no direct expenditures by the City. The bulk of the work will occur over the initial three years during which invasive plants are removed and native plants are established. The California Conservation Corps will provide much of the labor over the first three years. Once established, the riparian and upland plant communities will be self-sustaining.

The USRP grant requires that the City, as the landowner, sign the grant agreement, authorize River Partners to implement the project on City land, and provide River Partners a formal right of access to the site. The EEMP grant requires that the City sign a separate grant agreement. The resolution authorizes the Mayor or his designee to execute the grant agreements. Formal access is provided through the Right of Entry Permit. Both grant programs require that the City provide long-term management of the restored habitat. The City is committed to sustaining the site for the MHPA; and Public Utilities will manage the self-sustaining restored habitat as part of its regular and on-going land management activities.

FISCAL CONSIDERATIONS:

No funding is requested. River Partners, the non-profit organization, will receive and expend the funds directly.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708). This agreement is subject to the City's Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

No previous action

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Friends of the Otay Valley Regional Park (a non-profit citizens group) and Wildcoast (a non-profit group) will work with the City and River Partners, using the project to build public awareness for source water protection, and stewardship of watersheds and open spaces. The California Conservation Corps is a state agency hiring young men and women for a year of natural resource work.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Federal and state wildlife agencies [US Fish and Wildlife, California Department of Fish and Wildlife] and the City's MSCP will see improved habitat for riparian species of interest. City of San Diego water ratepayers will see improved source water protection at Otay Reservoirs.

Sasaki, Ann

Originating Department

Deputy Chief/Chief Operating Officer

CITY OF SAN DIEGO RIGHT-OF-ENTRY PERMIT

THIS CITY OF SAN DIEGO RIGHT-OF-ENTRY PERMIT ("Permit") is entered into by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and RIVER PARTNERS ("PERMITTEE"), to be effective as of October 12, 2013 ("Effective Date") when signed by the parties and approved by the San Diego City Attorney, as follows:

DEFINITIONS

As used in this Permit, the following terms shall be defined as follows:

- A. **“Permit Area”** shall mean all or part of that certain CITY-owned real property commonly known as UPPER OTAY RESEVOIR, located in the County of San Diego, and more particularly described in **Exhibits A-1 & A-2: Permit Area**, attached hereto.
- B. **“Permit Fee”** Fees under this permit will be waived because under this Agreement the City is to receive Urban Stream Restoration Program (USRP) grant funds as provided for by the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for the planning and/or execution of a project located on an Urban Stream which will reduce flooding and erosion damage, protect or restore natural ecological values of streams, and promote community involvement, education, or stewardship in the Upper Otay Watershed area. The City will benefit from habitat restoration of its lands.
- C. **“Permit Use”** shall mean the nonexclusive use of the Permit Area for the purpose of the project restoration efforts, including:
- Site assessment that involves evaluating soils, topography, weed communities and other site factors
 - Ground Preparation such as discing, ripping, rolling, floating and pulling beds/ berms.
 - Weed Control – pre-plant herbicide applications and/or mechanical weed control.
 - Irrigation installation requiring piping water from Upper Otay Reservoir into a screen filtration unit and running it through a distribution manifold to mainlines, sub-mains and drip tubes.
 - Field planting – shoots, cuttings and potted stock planted in the winter and spring of 2013.
 - Irrigation system operation, replants as needed and weed control over the entire project for the four-year duration.
 - Monitoring includes River Partners bio staff undertakes monthly visits to monitor restoration site conditions and develops end of season report on plant survival and overall health of site and documents environmental change
- D. **“Rent”** under this permit will be waived as the project will restore and enhance lands within the ownership of the City’s Public Utilities Department. The Department is a partner and benefactor in this grant-funded project.
- E. **“Term”** shall mean up to three (3) year(s).

FOR VALUABLE CONSIDERATION, the sufficiency of which is acknowledged, the parties agree as follows:

1. Occupancy. Subject to the terms and conditions of this Permit, CITY hereby grants permission to PERMITTEE, its officers, employees, agents, contractors, invitees, and guests to enter upon and occupy the Permit Area solely for the purpose of the Permit Use.
2. Use of Permit Area. PERMITTEE may use the Permit Area solely for the Permit Use and for no other purpose whatsoever without CITY'S prior written consent in each instance.
3. Governmental Approvals. By entering into this Permit, neither CITY nor CITY'S City Council is obligating itself to any governmental agent, board, commission, or agency with regard to any other discretionary action relating to PERMITTEE'S use of the Permit Area. Discretionary action includes without limitation re-zonings, variances, environmental clearances, and all other required governmental approvals.
4. CITY'S Consent, Discretion. Whenever required under this Permit, CITY'S consent or approval shall mean the written consent or approval of the San Diego City Manager, or his or her designee ("City Manager"), unless otherwise expressly provided, without need for further resolution by the City Council. CITY'S discretionary acts hereunder shall be made in the City Manager's discretion, unless otherwise expressly provided. All references to "City Manager" herein shall be deemed to refer to the Mayor of San Diego or his or her designee for the duration CITY operates under the mayor-council (commonly referred to as "strong mayor") form of governance pursuant to Article XV of The City Charter of the City of San Diego, California.
5. Term. The Term shall commence on the Effective Date. The Term shall not exceed three (3) year(s).
6. Revocable License. This Permit is not a lease. It is a license to use CITY-owned property, and may be revoked at will by CITY with 30 days prior written notice, in its sole discretion. CITY shall not be obligated for any loss, financial or otherwise, which may be incurred by PERMITTEE as a result of such revocation or the termination of this Permit. PERMITTEE expressly waives any claim for expense or loss which PERMITTEE might incur as a result of CITY'S revocation or termination of this Permit.
7. Holdover. If PERMITTEE continues to occupy the Permit Area after the expiration or earlier termination of this Permit, such occupancy shall neither constitute a renewal or extension of this Permit, nor give PERMITTEE any rights in or to the Permit Area. The occupancy of the Premises after the expiration or termination of this agreement constitutes a month-to-month tenancy, and all other terms and conditions of this PERMIT shall continue in full force and effect.
8. Termination. PERMITTEE may terminate this Permit at any time and for any reason.
9. Restore and Vacate. Prior to the expiration or PERMITTEE'S earlier termination of this

Permit, PERMITTEE shall leave the area in its natural state – fencing and signage shall remain.

10. Superior Interests. This Permit is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, permits and licenses, easements, and rights-of-way pertaining to the Permit Area, whether or not of record. PERMITTEE shall obtain all licenses, permits, and agreements from such third parties as may be or become necessary or reasonably advisable to allow its use of the Permit Area, relative to any such superior interest. If PERMITTEE'S use of the Permit Area is or becomes inconsistent or incompatible with a preexisting, superior interest, PERMITTEE shall take such actions and pay all costs and expenses necessary to remove such inconsistency or incompatibility to the satisfaction of the holder of the superior interest.
11. Maintenance of the Permit Area. CITY shall at no time during the Term be required to make any improvements or repairs to the Permit Area. PERMITTEE shall keep the Permit Area free and clear of rubbish, debris and litter caused by the Permit Use.
12. Inspection. CITY may at all times enter and inspect the Permit Area.
13. Improvements/Alterations. PERMITTEE shall not construct any improvements, structures, or installations on the Permit Area, and shall not alter the Permit Area without the express written consent of CITY. Except as required by law, CITY shall not be obligated to make any repair or assume any expense for any improvements or alterations to the Permit Area.
14. Insurance. PERMITTEE shall deliver to CITY'S Real Estate Assets Department a current certificate of insurance for:
 - i. Commercial General Liability Insurance, providing coverage for bodily injury, including death, personal injury, and property damage with limits of at least One Million Dollars (\$1,000,000) per occurrence, subject to an annual aggregate of at least Two Million Dollars (\$2,000,000);
 - ii. Automobile Liability Insurance, providing coverage for all bodily injury and property damage, with a limit of at least One Million Dollars (\$1,000,000) per occurrence. Such insurance shall cover liability arising out of any vehicle (including owned, hired, and non-owned vehicles) operated in performing any and all work pursuant to this Permit. Coverage shall be written on *ISO form CA 00 01 12 90*, or a substitute form providing equivalent liability coverage; and
 - iii. Workers' Compensation Insurance, as required by the laws of the State of California for all of PERMITTEE'S employees who are subject to this Permit, with Employers' Liability coverage with a limit of at least One Million Dollars (\$1,000,000).
- 14.1. Additional Insured. Pursuant to a separate endorsement [CG2010 (11/85) or equivalent form], "The City of San Diego, its elected officials, officers, employees, representatives, and agents" shall be named as additional insured in all policies.

- 14.2. Primary & Non-Contributory. Insurance policies shall be endorsed such that the coverage is primary and non-contributory to any coverage carried or maintained by CITY.
- 14.3. Qualified Insurer(s). All insurance required by the terms of this Permit must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the current AM Best Ratings Guide and which are acceptable to CITY. Non-admitted surplus lines insurers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet CITY requirements.
- 14.4. Deductibles/Retentions. All deductibles and self-insured retentions on any insurance policy are the sole responsibility of PERMITTEE and must be disclosed and acceptable to CITY at the time evidence of insurance is provided.
- 14.5. Continuity of Coverage. All policies shall be in effect on or before the first day of the Term and policies shall be kept in force for the duration of the Term. At least thirty (30) days prior to the expiration of each insurance policy, PERMITTEE shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the requirements of this Permit. PERMITTEE shall provide proof of continuing insurance at least annually during the Term. If insurance lapses or is discontinued for any reason, PERMITTEE shall immediately notify CITY and obtain replacement insurance as soon as possible.
- 14.6. Modification. To assure protection from and against the kind and extent of risk existing with the Permit Use or the Permit Area, CITY, at its discretion, may require the revision of amounts and coverage at any time during the Term by giving PERMITTEE thirty (30) days prior written notice. PERMITTEE shall also obtain any additional insurance required by CITY for new improvements, changed circumstances, or CITY'S reasonable re-evaluation of risk levels related to the Permit Use or the Permit Area.
- 14.7. Accident Reports. PERMITTEE shall immediately report to CITY any accident causing property damage or injury to persons and related to the Permit Use or the Permit Area. Such report shall contain the names and addresses of the involved parties, a statement of the circumstances, the date and hour of the accident, the names and addresses of any witnesses, and other pertinent information.
15. Indemnification. PERMITTEE shall protect, defend, indemnify, and hold CITY and its elected officials, officers, employees, representatives, and agents harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to PERMITTEE'S officers, employees, invitees, guests, agents, or contractors, which arise out of or are in any manner directly or indirectly connected with this Permit or PERMITTEE'S use of the Permit Area, and all expenses of investigating and defending against same, including without limitation attorney fees and costs; provided, however, that PERMITTEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the gross negligence, recklessness, or intentional

misconduct of CITY and its elected officials, officers, employees, representatives, and agents.

16. PERMITTEE'S Risk. PERMITTEE shall bear all risks and liability to PERMITTEE arising out of or in any manner directly or indirectly connected with the PERMITTEE'S use of the Permit Area, and any damages to the improvements on, under, or in the vicinity of the Permit Area resulting directly or indirectly thereby.
17. No Nuisance. PERMITTEE shall not use the Permit Area in any manner which creates a nuisance or unreasonably disturbs the quiet enjoyment of persons in and to the surrounding area.
18. Assignment and Sublicense. PERMITTEE shall not assign or sublicense any rights granted by this Permit or any interest in this Permit without CITY'S prior written consent.
19. Signs. PERMITTEE shall not erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings or similar devices or advertising without CITY'S prior written consent. If any such unauthorized item is found on the Permit Area, PERMITTEE shall remove the item at its expense within twenty-four (24) hours after notice by CITY, or CITY may thereafter remove the item at PERMITTEE'S cost.
20. Encumbrances. PERMITTEE shall keep the Permit Area and any CITY-owned property of which the Permit Area is a part free from all encumbrances and liens of any nature which arise out of or are in any manner directly or indirectly connected with this Permit or PERMITTEE'S use of the Permit Area. PERMITTEE shall protect, defend, indemnify, and hold CITY harmless from and against any and all such encumbrances and/or liens, and from and against any claim, liability, cost or expense, including without limitation all attorney fees and costs, relating to or charged against the Permit Area pursuant to and in the manner provided under Paragraph 16.
21. Compliance with Laws. PERMITTEE shall, at its sole cost and expense, comply with all the requirements of all rules, regulations, ordinances, laws and direction of governing authorities now in effect or which may hereafter be in effect, which pertain to PERMITTEE'S use of the Permit Area.
22. Taxes. PERMITTEE shall pay, before delinquency, all taxes, assessments, and fees assessed or levied upon PERMITTEE or the Permit Area by reason of PERMITTEE'S use of the Permit Area, including without limitation licenses and permits. PERMITTEE'S payment for such taxes, fees, and assessments shall not reduce any payment due CITY.
23. Hazardous Substances. PERMITTEE shall not allow the installation, storage, utilization, generation, sale or release of hazardous or otherwise regulated substances in, on, under, or from the Permit Area. PERMITTEE and PERMITTEE'S agents and contractors shall not install, store, utilize, generate, or sell any hazardous substance on the Permit Area without CITY'S prior written consent. PERMITTEE shall, prior to initiating any operations, obtain all required permits from applicable regulatory agencies, including without limitation the

San Diego County Department of Environmental Health, local fire agencies, the San Diego County Department of Weights and Measures, the San Diego County Air Pollution Control District, and the San Diego Regional Water Quality Control Board. Installing, utilizing, storing, or any other presence of a hazardous substance includes boxes, bags, bottles, drums, cylinders, above or below ground tanks, equipment with tanks, or any other type of container, equipment, or device which holds or incorporates a hazardous substance or hazardous waste.

- 23.1 Release. For the purposes of this provision, a release shall include without limitation any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or otherwise disposing of hazardous substances. "Hazardous substances" shall mean any hazardous liquid, solid, or gaseous material substances listed by the Environmental Protection Agency or the State of California as a hazardous substance, and any type of petroleum-related substances and their chemical constituents. A copy of the presently effective EPA and the State lists is on file in the Office of the City Clerk as Document 769704 and is hereby incorporated into this Permit.
- 23.2 Remediation. If PERMITTEE'S use of the Permit Area results in a release of a hazardous substance, or petroleum related substance or its chemical constituents, PERMITTEE shall pay all costs of remediation and removal to the CITY's satisfaction for unrestricted reuse of the Permit Area, and in accordance with all applicable laws, rules, and regulations of governmental authorities.
- 23.3 Removal. If PERMITTEE or PERMITTEE's contractor or agent has received approval and permits to store, utilize, generate, or install, or otherwise bring hazardous materials or hazardous wastes to the Permit Area, PERMITTEE and/or PERMITTEE's contractor or agent shall remove all hazardous substances and hazardous wastes in any type of container, equipment, or device from the Permit Area immediately upon or prior to the expiration or earlier termination of this Permit. CITY reserves the right to conduct inspections of the Permit Area and/or request documentation demonstrating the legal removal and/or disposal of the hazardous materials, wastes or other containers, equipment, or devices from the Permit Area. PERMITTEE shall be responsible for any and all costs incurred by CITY to remove any container, equipment, or device requiring disposal or removal as required by this provision.
- 23.4 Notice of Release. If PERMITTEE knows or has reasonable cause to believe that a hazardous substance or petroleum related substance or its chemical constituents has been released on, from, or beneath the Permit Area, PERMITTEE shall immediately notify CITY and any appropriate regulatory or reporting agency per California Administrative Code Title 19 and any other applicable laws or regulations. PERMITTEE shall deliver a written report thereof to CITY within three (3) days after receipt of the knowledge or cause for belief and submit any required written reports to regulatory or reporting agencies as required by regulation or law. If PERMITTEE knows or has reasonable cause to believe that such substance is an

imminent release or is an imminent substantial danger to public health and safety, PERMITTEE shall take all actions necessary to alleviate the danger. PERMITTEE shall immediately notify CITY in writing of any violation, notice to comply, or notice of violation received or the initiation of environmental actions or private suits related to the Permit Area.

23.5 Environmental Assessment. Upon reasonable cause to believe that PERMITTEE'S use of the Permit Area ("PERMITTEE'S Operations"), resulted in any hazardous substance being released on, from or beneath the Permit Area, CITY may cause an environmental assessment under regulatory oversight of the suspect area to be performed by a professional environmental consultant registered with the State of California as a Professional Engineer, Certified Engineering Geologist, or Registered Civil Engineer. The environmental assessment shall be obtained at PERMITTEE'S sole cost and expense, and shall establish what, if any, hazardous substances have more likely than not been caused by PERMITTEE'S Operations on, in, from or under the Permit Area, and in what quantities. If any such hazardous substances exist in quantities greater than allowed by city, county, state, or federal laws, statutes, ordinances, or regulations, or require future restricted re-use of the Permit Area, then the environmental assessment shall include a discussion of such substances with recommendations for remediation and removal necessary to effect unrestricted re-use and in compliance with those laws or statutes, and estimates of the cost of such remediation or removal. PERMITTEE shall cause, or if PERMITTEE fails to do so within a reasonable period of time, as determined by CITY in its sole discretion, CITY may cause the remediation and/or removal recommended in the environmental assessment such that unrestricted re-use of the Permit Area and compliance with environmental law and regulations are achieved, and PERMITTEE shall pay all costs and expenses therefor.

23.6 Waiver. The property constituting the Permit Area is publicly owned and held in trust for the benefit of CITY'S citizens. CITY'S failure to insist upon the strict performance of any of PERMITTEE'S obligations under this Permit, in one or more instance, shall not be construed as a waiver of any such obligation, and the same shall remain in full force and effect. CITY'S waiver of a breach shall not be a waiver of any other breach. Any waiver of a breach must be in a writing executed by CITY to constitute a valid and binding waiver. CITY'S delay or failure to exercise a right or seek a remedy shall not be deemed a waiver of that or any other right or remedy under this Permit, at law or in equity. The exercise of any particular right or the use of any particular remedy for any breach shall not waive the use of any other right or remedy for the same breach or for another or later breach. CITY'S acceptance of any rents shall not be a waiver of any breach preceding the rent payment. CITY'S failure to discover a breach or take prompt action to require the correction of any breach shall not result in an equitable estoppel, but CITY may at any and all times require the correction of the breach.

24. Cumulative Remedies. CITY'S rights and remedies under this Permit are cumulative and shall not limit or otherwise waive or deny any of CITY'S rights or remedies at law or in

equity.

25. Survival. Any obligation which accrues under this Permit prior to its expiration or termination shall survive such expiration or termination.
26. Joint and Several Liability. If PERMITTEE is comprised of more than one person or legal entity, such persons and entities, and each of them, shall be jointly and severally liable for the performance of each and every obligation of PERMITTEE under this Permit.
27. No Affiliation. Nothing contained in this Permit shall be deemed or construed to create a partnership, joint venture, or other affiliation between CITY and PERMITTEE or between CITY and any other entity or party, or cause CITY to be responsible in any way for the debts or obligations of PERMITTEE or any other party or entity.
28. Entire Agreement. This Permit constitutes the entire agreement between the parties and supersedes any and all prior understandings, representations, warranties and agreements between them pertaining to this Permit and PERMITTEE'S use of the Permit Area. Any modification, alteration, or amendment of this Permit shall be in writing and signed by all the parties hereto.
29. Legal Proceedings. If any party brings an action or proceeding against another party under this Permit, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable costs and expenses thereof, including without limitation reasonable attorney fees and costs. The "prevailing party" shall be that party who obtains substantially the result sought, whether by settlement, dismissal, or judgment. If, as a result of an action brought by or against PERMITTEE in connection with this Permit, CITY intervenes therein, becomes a party, or is made a party thereto, PERMITTEE shall pay all of CITY'S costs and expenses thereof, including without limitation reasonable attorney fees and costs.
30. Notices. Any notice required or permitted to be given under this Permit shall be in writing and may be served personally or delivered by United States mail, postage prepaid, and addressed to PERMITTEE at PERMITTEE'S Address for Notices, and to CITY as follows:

PERMITTEE:

David Neubert
River Partners
580 Vallombrosa Avenue
Chico, CA 95926
Tel: 1-530-894-5401
Cell: 1-530-592-5554
Email: dneubert@riverpartners.org

CITY:

THE CITY OF SAN DIEGO

Attention: Nicole McGinnis, Public Utilities Department

Address: 525 B Street (MS 906)

San Diego, California 92101

Phone (619) 533-4101

31. Authority to Contract. Each individual executing this Permit on behalf of another person or legal entity represents and warrants that they are authorized to execute and deliver this Permit on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing Permit, and that this Permit is binding upon such person or entity in accordance with its terms. Each person executing this Permit on behalf of another person or legal entity represents and warrants such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

32. Acceptance of Permit Area. By signing this Permit, PERMITTEE represents and warrants that it has independently inspected the Permit Area and made all tests, investigations, and observations necessary to satisfy itself as to the condition of the Permit Area and its suitability for the Permit Use. PERMITTEE further represents and warrants that it is not relying on any representation by CITY as to the condition of the Permit Area or its suitability for the Permit Use, and that PERMITTEE is relying solely on its own and independent inspections, tests, investigations and observations of the Permit Area in entering into this Permit. PERMITTEE accepts the Permit Area in its current condition, and acknowledges and agrees that CITY has fulfilled all obligations it may have had to improve, modify, repair, replace, alter, or otherwise develop the Permit Area prior to the Effective Date. PERMITTEE shall not hold CITY responsible for any defects in the Permit Area. PERMITTEE accepts and assumes all risk of harm to all persons and property, including without limitation PERMITTEE'S employees, from any defects in the Permit Area, and shall be solely responsible therefor.

IN WITNESS WHEREOF, this Permit is executed to be effective as of the Effective Date.

Date: _____

RIVER PARTNERS

BY: _____

Name: John Carlon

Title: President

Date: _____

THE CITY OF SAN DIEGO, a California municipal corporation

BY: _____

Name: James F. Barwick, CCIM

Title: Director, Real Estate Assets

Environmental Analysis Section Environmental Clearance:

- 1) This activity is categorically exempt from CEQA pursuant to State CEQA Guidelines, Section 15306 which allows for data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource.

Date: _____

BY: _____

Name: Nicole McGinnis

Title: Senior Environmental Planner

Approved as to Form and Legality:

JAN I. GOLDSMITH, City Attorney

Date: _____

BY: _____

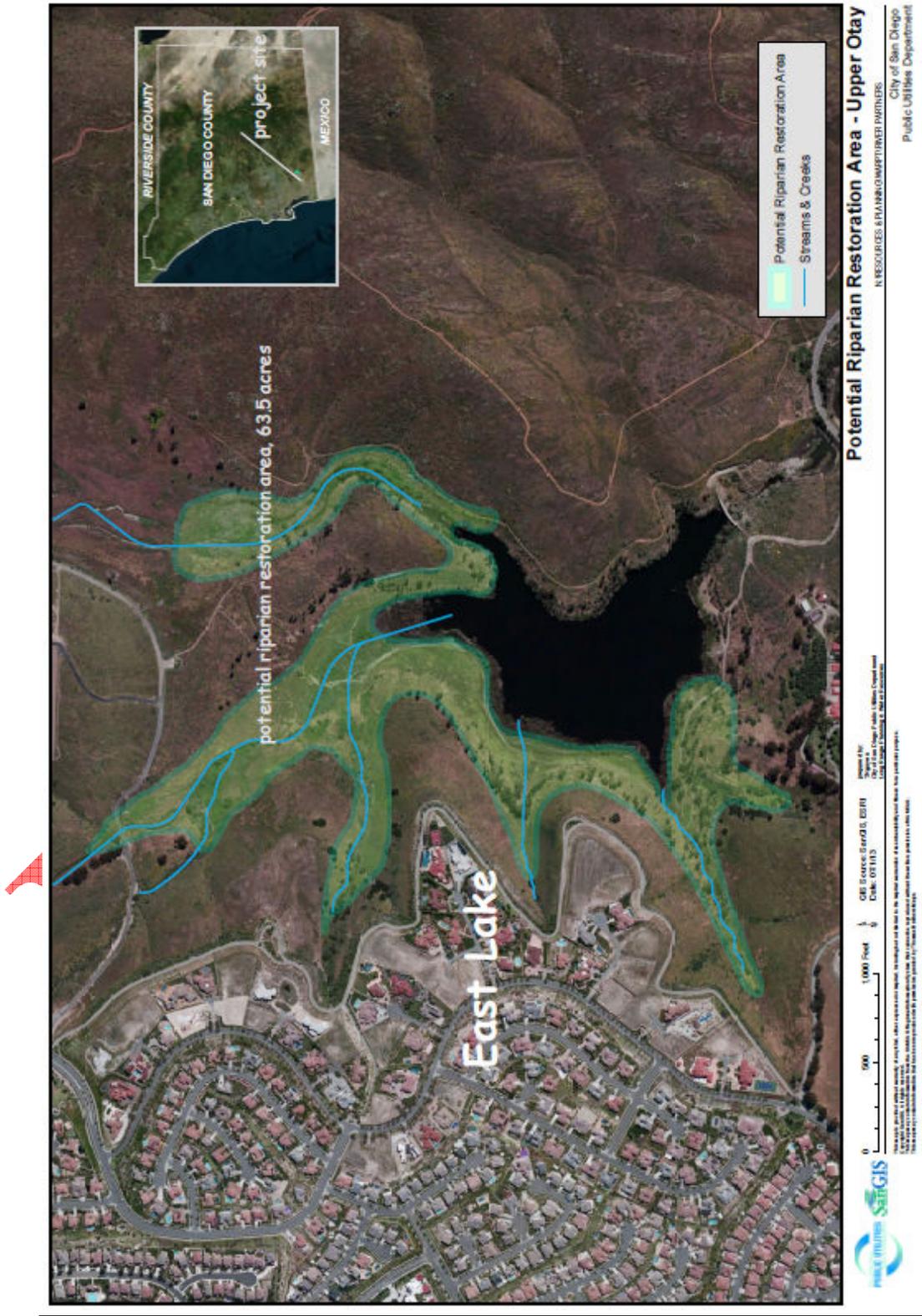
Name: Ray Palmucci

Title: Deputy City Attorney

Exhibit A-1: Permit Area



Exhibit A-2: Permit Area



LEAVE



0 500 1,000 Feet



GIS Source: SanGIS, ESRI
Date: 08/9/13

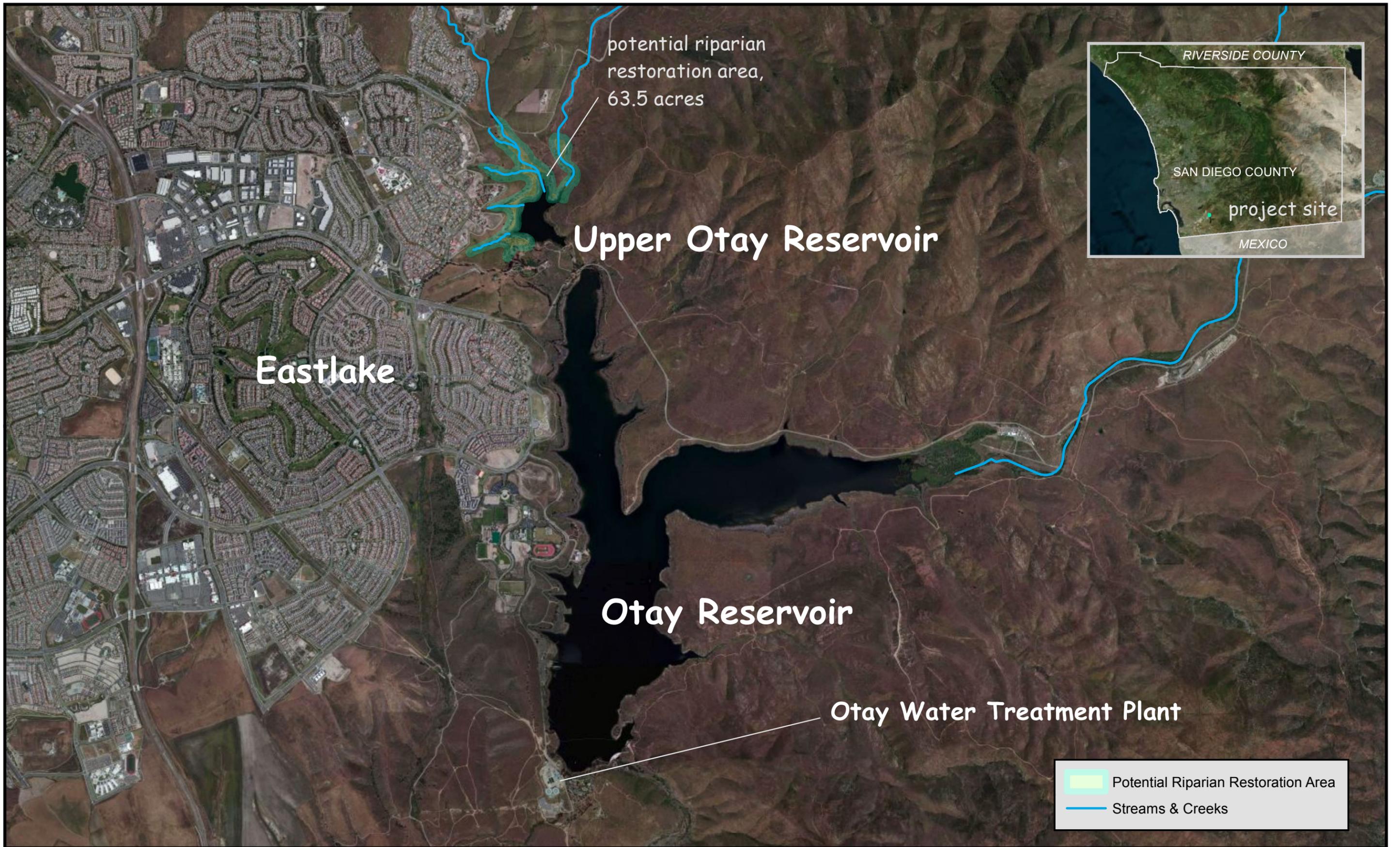
prepared by:
T. Nguyen
City of San Diego Public Utilities Department
Long Range Planning & Water Resources

Potential Riparian Restoration Area - Upper Otay

N:\RESOURCES & PLANNING\WARPT\GRANTS\RIVER PARTNERS

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City of San Diego
Public Utilities Department



potential riparian restoration area, 63.5 acres

Upper Otay Reservoir

Eastlake

Otay Reservoir

Otay Water Treatment Plant

	Potential Riparian Restoration Area
	Streams & Creeks



GIS Source: SanGIS, ESRI
 Date: 08/9/13
 prepared by:
 T.Nguyen
 City of San Diego Public Utilities Department
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Potential Riparian Restoration Area - Upper Otay

N:\RESOURCES & PLANNING\WARPT\GRANTS\RIVER PARTNERS

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**GRANT AGREEMENT BETWEEN THE STATE OF CALIFORNIA THE NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES AND
RIVER PARTNERS & CITY OF SAN DIEGO AGREEMENT NUMBER 4600009870
FOR A GRANT UNDER THE URBAN STREAMS RESTORATION PROGRAM
CALIFORNIA WATER CODE §7048**

THIS AGREEMENT is entered into by and between the Department of Water Resources (DWR) of the State of California, herein referred to as the "State" and the Project Sponsor River Partners, and Project Co-sponsor City of San Diego ("City"). The Project Sponsor, River Partners, will be referred to as "Grantee" throughout this Grant Agreement. The State, City, and Grantee do hereby agree as follows:

1. PURPOSE. The purpose of this Agreement is to provide Urban Stream Restoration Program (USRP) grant funds as provided for by the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84) for the planning and/or execution of a project located on an Urban Stream which will reduce flooding and erosion damage, protect or restore natural ecological values of streams, and promote community involvement, education, or stewardship in the Upper Otay Watershed in San Diego County.
2. TERM OF GRANT AGREEMENT. The term of this Grant Agreement begins on the date this Grant Agreement is executed by State, and terminates on **December 31, 2017**, or when all of the Parties' obligations under this Grant Agreement are fully satisfied, whichever occurs earlier. The execution date is the date the State signs this Grant Agreement indicated on page 9.
3. TOTAL PROJECT COST. The reasonable cost of the Project is estimated to be **\$ 1,386,417**
4. GRANT AMOUNT. The maximum amount payable by State under this Grant Agreement shall not exceed **\$907,700**. Subject to the availability of funds, State shall provide a grant to City and Grantee, payable to the Grantee, to assist in financing the urban stream protection, restoration and enhancement project to be carried out as described in Exhibit A (Work Plan).
5. GRANTEE COST SHARE. No cost share is required for USRP grants. If project costs exceed grant amount, the Grantee agrees to fund the difference between the estimated Total Project Cost in its grant application and the Grant Amount specified in Paragraph 4. Cost Share consists of Funding Match and Other State Funds, as documented in Exhibit C (Budget). Funding Match is equivalent to Cost Share, when Other State Funds are not present. Grantee's Funding Match is estimated to be \$449,426. Costs incurred or in-kind services performed after April 9, 2012 may be counted as Funding Match.

GRANTEE RESPONSIBILITY. Grantee shall faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A, and in accordance with Project Exhibit B (Schedule), and Exhibit C. City shall faithfully and expeditiously perform or cause to be performed all project work that is the City's responsibility, as described in Exhibit A.

6. Grantee shall develop a plan to manage stream bank stability, and the stream channel environment and watershed for the purpose of reducing damages from erosion and flooding, and improving the environmental values of the riparian environment. Development of this management plan is provided for in Exhibit A, Exhibit C, and Exhibit D. Grantee shall comply with all of the terms and conditions of this Grant Agreement and applicable California Water Code (CWC) Section 7048, and California Public Resources Code (PRC) requirements. Any planning and design assistance provided to Grantees by DWR is provided pursuant to CWC Section 7048, and is not governed by the terms of this agreement.
7. BASIC CONDITIONS. State shall have no obligation to disburse money for a project under this Grant Agreement unless and until Grantee has satisfied the following conditions in accordance with the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006.
 - a) An urban water supplier that receives grant funds governed by this Grant Agreement shall maintain compliance with the Urban Water Management Planning Act (CWC§10610 *et. seq.*)

- b) For the term of this Grant Agreement, Grantee submits timely Quarterly Progress Reports as required by Paragraph 17, "Submission of Reports."
- c) Grantee submits all deliverables as specified in Paragraph 17 of this Grant Agreement and in Exhibit A.
- d) Prior to the commencement of construction or implementation activities, Grantee shall submit the following to the State:
 - i. When applicable, final plans and specifications certified by a California Registered Civil Engineer as to compliance for each approved project as listed in Exhibit A of this Grant Agreement.
 - ii. Work that is subject to the California Environmental Quality Act (CEQA) and/or environmental permitting shall not proceed under this Grant Agreement until the following actions are performed:
 - 1. City submits all applicable environmental permits as indicated on the Environmental Information Form to the State,
 - 2. Documents that satisfy the CEQA process are received by the State,
 - 3. State has completed its CEQA compliance review as a Responsible Agency, and
 - 4. City receives written concurrence from the State of Lead Agency's CEQA document(s) and State notice of verification of environmental permit submittal.
 - 5. Prior to adoption of a Mitigated Negative Declaration or Environmental Impact Report under CEQA, the City agrees to comply with PRC §75102 to notify the California Native American tribe (which is on the contact list maintained by the Native American Heritage Commission) of Project Construction if that tribe has traditional lands located within the area of the Project.

State's concurrence of City, as Lead Agency's CEQA documents is fully discretionary and shall constitute a condition precedent to any work (i.e., construction or implementation activities) for which it is required. Once CEQA documentation has been completed, State will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations or other mitigation. Grantee must also demonstrate that it has complied with all applicable requirements of the National Environmental Policy Act by submitting copies of any environmental documents, including environmental impact statements, Finding of No Significant Impact, mitigation monitoring programs, and environmental permits as may be required prior to beginning construction/implementation.

- iii. A monitoring plan as required by Paragraph 20, "Project Monitoring Plan Requirements."
8. DISBURSEMENT OF GRANT FUNDS. Following the review of each invoice, State will disburse to Grantee the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Grant Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. For each project, funds will be disbursed by State in response to each approved invoice in accordance with the Exhibit C. Any and all money disbursed to Grantee under this Grant Agreement and any and all interest earned by Grantee on such money shall be used solely to pay Eligible Costs.
9. ELIGIBLE PROJECT COST. Grantee shall apply State funds received only to eligible project costs in accordance with applicable provisions of the law, and Exhibit C. Eligible project costs include the reasonable costs of studies, engineering, design, land and easement acquisition, legal fees, preparation of environmental documentation, environmental mitigations, monitoring, and project construction. Work performed on the project after April 9, 2012 shall be eligible for reimbursement. Reasonable administrative expenses may be included as Project Costs and will depend on the complexity of the project preparation, planning, coordination, construction, acquisitions, implementation, and maintenance. Reimbursable administrative expenses are the necessary costs incidentally but directly related to the project including an appropriate pro-rata allocation of overhead and administrative expenses that are regularly assigned to all such projects in accordance with the standard accounting practices of the Grantee.

Advanced funds will not be provided, unless as provided for in property right acquisition, explained in Paragraph 10. Costs that are not eligible for reimbursement include but are not limited to:

- a) Costs, other than those noted above, incurred prior to the award date of the Grant.
- b) Purchase of equipment not an integral part of a project.
- c) Establishing a reserve fund.
- d) Purchase of water supply.
- e) Replacement of existing funding sources for ongoing programs.
- f) Support of existing agency requirements and mandates (e.g. punitive regulatory agency requirements).
- g) Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of a project, as set forth and detailed by engineering and feasibility studies, or land purchased prior to the effective date of the grant award with the State.
- h) Payment of principal or interest of existing indebtedness or any interest payments unless the debt is incurred after execution of this Grant Agreement, the State agrees in writing to the eligibility of the costs for reimbursement before the debt is incurred, and the purposes for which the debt is incurred are otherwise eligible costs. However, this will only be allowed as Grantee cost share (i.e., Funding Match).
- i) Overhead not directly related to project costs.
- j) State may reject an invoice if:
 - i. It is submitted without signature
 - ii. It is submitted under signature of a person other than Grantee's duly authorized representative
 - iii. Grantee fails to timely submit a final invoice within the time period specified in Paragraph 2. State will notify grantee of any costs so rejected, and the reasons therefore. State may withhold up to 100 percent of payment for a specific statement of cost if the progress of the Project is not satisfactory. An invoice containing a mathematical error will be corrected by State, after notification to Grantee, and will thereafter be treated as if submitted in the corrected amount. State will provide Grantee with notification of the corrected invoice.
- k) State will notify Grantee, whenever, upon review of an invoice, State determines that any portion or portions of the costs claimed:
 - i. Are ineligible to be paid under Federal or State law, or the terms of this Grant agreement
 - ii. Do not constitute Eligible Project Costs approved by State for funding under the terms of this Grant agreement
 - iii. Are not supported by invoices or receipts acceptable to State. Grantee may, within thirty (30) days of the date of receipt of such notice, submit additional documentation to State to cure such deficiency (ies). If Grantee fails to timely submit adequate documentation curing the deficiency (ies), State will adjust the pending invoice by the amount of the ineligible and/or unapproved cost(s).

10. PROPERTY RIGHTS ACQUISITIONS. City and Grantee may acquire real property rights for the purpose of the protection, restoration, and enhancement of urban stream channels. Whenever any real property fee title or interest is to be acquired with grant funds, the following shall apply:

- a) State will not make payments for property rights acquisitions in excess of fair market value; additionally the state will not participate in any transactions in excess of fair market value.
- b) Acquisitions will be backed by 1) an appraisal supporting the purchasing price, and 2) written concurrence from DWR or the State of California Department of General Services (DGS), attesting to the appraisal's compliance with applicable DGS standards and requirements. For low value property interests, State, in its sole discretion, may waive any of the foregoing submittal requirements.
- c) Grantee shall submit a preliminary title report, vesting documents, and a fully conformed appraisal report to State pursuant to the Appraisal Report Provisions, Exhibit G. The report shall be prepared and signed by a qualified general appraiser, who is licensed by the California Department of Real Estate Appraisers and demonstrates compliance with the Uniform Standards for Professional Appraisal Practices.
- d) The property rights shall be acquired from a willing seller and in compliance with current laws governing acquisition of properties by public agencies.
- e) Grantee shall provide sufficient notice to adjacent landowners and other members of the public to enable public input on interests that may be affected by the acquisition and changes in land use.

- f) City shall use, manage, and maintain the property in a manner consistent with the purpose of the acquisition, for at least 20 years. City further assume all management and maintenance costs associated with the acquisition, including the costs of ordinary repairs and replacements of a recurring nature, and costs of enforcement of regulations. State shall not be liable for any cost of such management or maintenance.
- g) Grantee shall identify all riparian rights that will be affected by a real property acquisition and propose appropriate treatment of such rights.
- h) Fee title shall generally be acquired by the local agency Sponsor. However, if the Co-sponsor has non-profit 501(c)(3) status, it may acquire fee title. In the latter case, fee title shall be transferred within 180 days after completion of the on-site work to the local agency Sponsor, which hereby agrees to accept such transfer.
- i) An Irrevocable Offer to dedicate real property interest for public use that is less than a fee title, such as an easement or license, shall be recorded concurrently with the instrument that conveys the real property interest to the Project Sponsor or Co Sponsor.
- j) Grantee shall complete the attached Example Land Acquisition Cost Schedule, Exhibit H, which includes budget items relevant to the acquisition.
- k) Method of payment. Funds provided by State for real property acquisitions shall be deposited by State with an escrow holder acceptable to State and with escrow instructions regarding funding and disbursement provided by State. If the escrow does not close by the date set forth in State's escrow instructions, or such other date as may be agreed to by the parties, the funds shall be returned to State.
- l) Grantee shall supply a copy of any recorded vesting documents to State after close of escrow.

11. METHOD OF PAYMENT. After the disbursement requirements in Paragraph 7 "Basic Conditions" are met, State will disburse the whole or portions of the Grant commitment to Grantee, following receipt from Grantee of an invoice for costs incurred, and timely Quarterly Progress Reports as required by Paragraph 17, "Submission of Reports." Invoices submitted by Grantee shall include the following information:

- a) Costs incurred for work performed in implementing the project during the period identified in the particular invoice.
- b) Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for a project during the period identified in the particular invoice for the construction, operation, or maintenance of a project. For real property acquisition components of projects, see Paragraph 10, Property Rights Acquisitions.
- c) Appropriate receipts and reports for all costs incurred.
- d) Invoices shall be submitted on forms provided by State and shall meet the following format requirements:
 - i. Invoices must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
 - ii. Invoices must be itemized based on the categories specified in the Exhibit C. The amount claimed for salaries/wages/consultant fees must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = the total amount claimed).
 - iii. One set of sufficient evidence (i.e., receipts, copies of checks, time sheets) must be provided for all costs included in the invoice.
 - iv. Each invoice shall clearly delineate those costs claimed for reimbursement from the State's grant amount, and those costs that represent Grantee costs.
 - v. Original signature and date (in ink) of Grantee's Project Manager.
- e) Payment will be made no more frequent than monthly, in arrears, upon receipt of an invoice bearing the Grant Agreement number. Submit the original "wet signature" copy of the invoice form to the following address:

Attention: Jerry Snow
Program Manager
Floodsafe Environmental Stewardship and Statewide Resources Office (FESSRO)
Riverine Ecosystem Section

Urban Streams Restoration Program
Post Office Box 942836
Sacramento, California 94236-0001

12. WITHHOLDING OF GRANT DISBURSEMENT BY STATE. If State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if Grantee does not remedy any such failure to State's satisfaction, State may withhold from Grantee all or any portion of the Grant Amount and take any other action that it deems necessary to protect its interests. Where a portion of the grant has been disbursed to the Grantee and State notifies Grantee of its decision not to release funds that have been withheld pursuant to Paragraph 9, the portion that has been disbursed shall thereafter be repaid immediately with interest at the California general obligation bond interest rate at the time the State notifies the Grantee, as directed by State. State may consider Grantee's refusal to repay the requested disbursed grant amount a contract breach subject to the default provisions in Paragraph 13, "Default Provisions." If State notifies Grantee of its decision to withhold the entire funding amount from Grantee pursuant to this paragraph, this Grant agreement shall terminate upon receipt of such notice by Grantee and the State shall no longer be required to provide funds under this Grant agreement and the Grant agreement shall no longer be binding on either party.
13. DEFAULT PROVISIONS. Grantee will be in default under this Grant Agreement if any of the following occur:
- a) Breach of this Grant Agreement, or any supplement or amendment to it, or any other agreement between Grant Recipient and State evidencing or securing Grant Recipient's obligations.
 - b) Making any false warranty, representation, or statement with respect to this Grant Agreement.
 - c) Failure to operate or maintain project in accordance with this Grant Agreement.
 - d) Failure to make any remittance required by this Grant Agreement.
 - e) Failure to comply with Labor Compliance Plan (LCP) requirements.
- Should an event of default occur, State may do any or all of the following:
- a) Declare the Grant be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
 - b) Terminate any obligation to make future payments to Grantee.
 - c) Terminate the Grant Agreement.
 - d) Take any other action that it deems necessary to protect its interests.
14. PERMITS, LICENSES, APPROVALS, AND LEGAL OBLIGATIONS. Except as provided for in Exhibit A Task 1. Grantee shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any work under this Grant agreement, including those necessary to perform design, construction, or operations and maintenances of the Project. Grantee shall be responsible for observing and complying with any applicable federal, state and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental, procurement, and safety laws, rules, regulations, and ordinances. Grantee shall provide copies of permits and approvals.
15. RELATIONSHIP OF PARTIES. Grantee is solely responsible for design, construction, and operation and maintenance of the projects. Review or approval of plans, specifications, bid documents, or other construction documents by State is solely for the purpose of proper administration of grant funds by State and shall not be deemed to relieve or restrict responsibilities of Grantee and Local Project Sponsors under this Grant Agreement.
16. GRANTEE REPRESENTATIONS. City and Grantee accepts and agrees to comply with all applicable terms, provisions, conditions, and commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Grantee in the application, documents, amendments, and communications filed in support of its request for Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 financing.

17. **SUBMISSION OF REPORTS.** The submittal and approval of all reports is a requirement for the successful completion of this Grant Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proofread for content, numerical accuracy, spelling, and grammar prior to submittal to State. All reports shall be submitted to the State's Project Manager, and shall be submitted in both electronic and hard copy forms. If requested, Grantee shall promptly provide any additional information deemed necessary by State for the approval of reports. Reports shall be presented in the formats described in the applicable portion of Exhibit F. The timely submittal of reports is a requirement for initial and continued disbursement of State funds. Submittal and subsequent approval by the State, of a Final Report is a requirement for the release of any funds retained for such project.
- a) **Quarterly Progress Reports:** Grantee shall submit Quarterly Progress Reports to meet the State's requirement for disbursement of funds. Quarterly Progress Reports shall be uploaded via GRANTS, and the State's Project Manager notified of upload. Quarterly Progress Reports shall, in part, provide a brief description of the work performed, Grantees activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Grant Agreement during the reporting period. The first Quarterly Progress Report should be submitted to the State no later than **January 31, 2013**, with future reports then due on successive three-month increments based on the invoicing schedule and this date.
- b) **Final Reports:** Upon completion of the project, Grantee shall provide a final written report in a format as directed by the State in Exhibit F, that includes (but is not limited to) the following:
- i. A description of conditions before the project was executed.
 - ii. A summary of the restoration and planning work and techniques used.
 - iii. A description of the results of the project.
 - iv. An analysis of the techniques used, and a description of planned long-term monitoring.
 - v. Photographs of progress and utilization of restoration techniques and activities.
 - vi. Photographs of community participation in planning or implementation activities (i.e. design charettes, community meetings, site tours, volunteer workers) if part of the project.
 - vii. Photographs on-site before, during and after implementation to document project conditions. Specific geographic positions through maps and/or GPS readings of where the photos were taken (photo-points), so images can be produced from the same vantage point in subsequent years to document long-term vegetation growth, channel formation, and geomorphic response to bankfull and flood flows.
 - viii. Grantee shall prepare and submit an online catalog entry form to the California Environmental Information Catalog (CEIC) for information products and reports (e.g., environmental and biological field surveys, natural hazard assessments, geographic information, etc.) relating to California's natural environment that have been prepared with funds made available by Proposition 13, 40, and 84. Of particular interest are those products that characterize site-specific conditions with regard to vegetation, wildlife populations, species occurrences, and other measures of biological diversity, environmental and ecological condition. Information that should be in the CEIC submittal include the following deliverables described in Exhibit A:
 - Site Assessment and Restoration Plan
 - Final Report
 - ix. The online catalog entry form is available at: <http://gis.ca.gov/ceic/newCatalog.php>
 - ix. Grantees shall also report general project information to the Natural Resources Project Inventory (NRPI) database or its successor, as determined by DWR. The following NRPI link includes instructions on how to enter project information, as well as how to login to the NRPI database: <http://www.ice.ucdavis.edu/nrpi/Forms.aspx>
 - x. DWR staff will review the CEIC and NRPI databases to ensure project deliverables and information have been submitted during review of the Final Report.

18. **PROJECT PERFORMANCE AND ASSURANCES.** City and Grantee agrees to faithfully and expeditiously perform or cause to be performed all applicable project work as described in the Exhibit A, under this Grant Agreement and implement the Project in accordance with applicable provisions of the law. City, Grantee

and its representatives shall fulfill its obligations under the Grant Agreement, and shall be responsible for the performance of the project. In the event State finds it necessary to enforce this provision of this Grant Agreement in the manner provided by law, Grantee agrees to pay all costs incurred by State including, but not limited to, reasonable attorneys' fees, legal expenses, and costs.

19. LABOR COMPLIANCE. The City and Grantee will be required to keep informed of and take all measures necessary to ensure compliance with applicable California Labor Code requirements, including, but not limited to, Section 1720 et seq. of the California Labor Code regarding public works, limitations on use of volunteer labor (California Labor Code Section 1720.4), labor compliance programs (California Labor Code Section 1771.5) and payment of prevailing wages for work done and funded pursuant to these *Guidelines*, including any payments to the Department of Industrial Relations under California Labor Code Section 1771.3.

20. PROJECT MONITORING PLAN REQUIREMENTS. City and Grantee agrees to use, manage, and maintain the property acquired, developed, rehabilitated or restored with the grant funds provided in this Agreement consistent with the purposes of the program. A monitoring plan shall be submitted to the State prior to disbursement of grant funds for construction or monitoring activities for each project in this Grant Agreement. Specific maintenance and monitoring activities are outlined in Exhibit D. Monitoring plans should include the following information: baseline conditions, a brief discussion of monitoring techniques to be used, frequency of monitoring actions, and the location of monitoring points.

City and Grantee or their successors may, with the written approval of State, transfer this responsibility to use, manage, and maintain the property.

21. STATEWIDE MONITORING REQUIREMENTS. City and Grantee shall ensure that all groundwater projects and projects that include groundwater monitoring requirements are consistent with the Groundwater Quality Monitoring Act of 2001 (Part 2.76 (commencing with Section 10780) of Division 6 of CWC) and, where applicable, that projects that affect water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including where applicable, the Surface Water Ambient Monitoring Program carried out by the State Water Resources Control Board. Refer to Exhibit I for more information on Statewide monitoring and reporting.

22. NOTIFICATION OF STATE. For each project, Grantee shall promptly notify State, in writing, of the following items:

- a) Events or proposed changes that could affect the Work Plan, Budget, Schedule, or work performed under this Grant Agreement. Grantee agrees that no substantial change in the scope of a project will be undertaken until written notice of the proposed change has been provided to State and State has given written approval for such change. Substantial changes generally include changes to the wording/scope of work, schedule or term, and budget.
- b) Any public or media event publicizing the accomplishments and/or results of this Grant Agreement and provide the opportunity for attendance and participation by State's representatives. Grantee shall make such notification at least fourteen (14) calendar days prior to the event.
- c) Completion of work on a project. Grantee shall notice the State of the Final inspection of a project and provide State the opportunity to participate in the inspection. Grantee shall make such notification at least fourteen (14) calendar days prior to the final inspection.

23. NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Grant Agreement shall be in writing. Notices may be transmitted by any of the following means:

- a) By delivery in person.
- b) By certified U.S. mail, return receipt requested, postage prepaid.
- c) By "overnight" delivery service; provided that next-business-day delivery is requested by the sender.
- d) By electronic means.
- e) Notices delivered in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days

after the date deposited with the U. S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent electronically will be effective on the date of transmission, which is documented in writing. Notices shall be sent to the below addresses. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.

24. PERFORMANCE EVALUATION. Upon completion of this Grant Agreement, City and Grantee's performance will be evaluated by the State and a copy of the evaluation will be placed in the State file and a copy sent to the City and Grantee.
25. AMENDMENTS. The provisions of this agreement may be amended by agreement between State and Grantee, refer to Exhibit J for requirements of formal amendments. Minor shifts in Work Plan, Budget, and Schedule may be approved by the FESSRO – Riverine Ecosystems Section Manager.
26. PROJECT REPRESENTATIVES. The Project Representatives during the term of this Grant Agreement will be:

Department of Water Resources
Gail Newton
Chief, FESSRO
P.O. Box 942836
Sacramento CA 94236-0001
Phone: (916) 651-7052
e-mail: gnewton@water.ca.gov

River Partners
John Carlon
President
580 Vallombrosa Ave
Chico, CA 95926
(530) 894-5401
info@riverpartners.org

Direct all inquiries to the Project Manager:

Department of Water Resources
Jerry Snow
FloodSAFE Environmental Stewardship
Statewide Resources Office
P.O. Box 942836
Sacramento CA 94236-0001
Phone: (916) 651-9626
e-mail: jsnow@water.ca.gov

River Partners
David Neubert
River Partners- VP Business Development
580 Vallombrosa Ave
Chico, Ca 95926
(530) 674-8833
dneubert@riverpartners.org

Either party may change its Project Representative, or Project Manager, upon written notice to the other party.

27. STANDARD PROVISIONS. The following Exhibits are attached and made a part of this Grant Agreement by this reference:

- Exhibit A – Work Plan
- Exhibit B – Schedule
- Exhibit C – Budget
- Exhibit D – Maintenance and Monitoring Plan
- Exhibit E – Standard Conditions
- Exhibit F – Report Formats and Requirements
- Exhibit G – Appraisal Report Provisions
- Exhibit H – Example Land Acquisition Cost Schedule
- Exhibit I – Requirements for Data Submittal Guidelines for Grantee
- Exhibit J – State Audit Document Requirements and Amendment Guidelines for Grantee

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement.

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Gail Newton, Chief
Floodsafe Environmental Stewardship Statewide
Resources Office
Date _____

Approved as to Legal Form and Sufficiency

Spencer Kenner, Assistant Chief Counsel
Office of Chief Counsel

Date _____

SPONSOR: RIVER PARTNERS

By _____
Signature

John Carlon _____
Printed Name

Address: 580 Vallombrosa Ave
Chico, Ca 95926

Title President

CO-SPONSOR: CITY OF SAN DIEGO
PUBLIC UTILITIES DEPARTMENT

By _____
Signature

Walt Ekard _____
Printed Name

Address: 600 B Street, Suite 600
San Diego, Ca 92101

Title Interim Chief Operating Officer

EXHIBIT A
WORK PLAN

Table 1: Work Plan For The UOWR Project	
Task 1: Planning & Permitting	Site Assessment - will involve evaluating soils, topography, weed communities and other site factors that will determine the species composition of the riparian and upland re-vegetation mix. Deliverable: Site assessment completed by River Partners bio staff
	Restoration Plan - involves the production of an implementation document for the entire project. Deliverable: Restoration Plan completed by River Partners bio staff which notes plant population per species, plant density, planting locations and area (acres) per species
	After site assessment has been completed, the City's Public Utilities Department will apply for all necessary local, state and federal permits. Deliverable: City Public Utilities Department completes CEQA NOE, DFG 1602 permit and all other required permits
Task 2: Ground Preparation¹	Ground Preparation - may include discing, ripping, rolling, floating and pulling beds/ berms. Deliverable: River Partners field staff complete ground preparation
	Weed Control – pre-plant herbicide applications and/or mechanical weed control. Deliverable: River Partners field staff complete pre-plant herbicide treatment and/or other weed control operations
Task 3: Irrigation²	Irrigation installation will require piping water from Upper Otay Reservoir into a screen filtration unit and running it through a distribution manifold to mainlines, sub-mains and drip tubes. Deliverable: irrigation pipeline system is designed and installed
	The entire site can be serviced by one irrigation pump and filter unit. Deliverable: irrigation system design followed by irrigation pump and filter system installation by River Partners and/or a subcontractor
	The entire motor, pump, filtration and manifold system can be installed on a trailer and removed from the site (to a secure location) when not in use, this is done to prevent vandalism or other losses. Deliverable: key irrigation system hardware items are designed, fabricated and made secure by River Partners (or our subcontractors)
Task 4: Planting³	Plant propagation - will involve service contracts with plant nurseries to grow container-stock for re-vegetation. Deliverable: Contracts to grow numbers and types of plants as noted in the completed Restoration Plan noted in Task 1
	Field Layout – install all plant labels in field. Deliverable: River Partners staff completes labeling and label layout of the restoration site
	Field planting – shoots, cuttings and potted stock planted in the winter and spring of 2014. Deliverable: River Partners staff and/or subcontractor completes planting of the restoration site
Task 5: Maintenance	Irrigation system operation, replants as needed and weed control over the entire project for the four-year duration. Deliverable: weeds are controlled and the irrigation system is operated as required to insure good plant growth at the restoration site and replants are installed as needed by River Partners

Task 6: Monitoring⁴	Takes place monthly as implementation practices are monitored. End of season monitoring will show areas of low or high survival for each plant species. Deliverable: River Partners bio staff undertakes monthly visits to monitor restoration site conditions and develops end of season report on plant survival and overall health of site and documents environmental change
Task 7: Management	Management of material inputs, labor, sub-contractors, coordination with project implementation partners, consultation with local governments, community groups and media. Deliverables: creation of a successful/ sustainable habitat restoration project on-time and within budget
Task 8: Project Administration	Preparation of invoices, quarterly reports, final reports, meetings, travel, presentations, and correspondence (between DWR, City, RP)

1. Ground preparation at the site is planned to start in October of 2013. Topography on parts of the UOWR site is safe for the operation of tractors and off-road vehicles (ORV). In areas with steeper slopes where tractors cannot be used, hand crews will be used to remove invasive species, plant native species and control weeds during the maintenance phase of the project.
2. Details on irrigation design will be addressed in the planting plan developed in the first quarter of operations for the approximately 42 acres of the UOWR site actively restored using native riparian species, and the planted ~29 acres of oak woodland/ upland habitat.
3. Planting of shoots, cuttings and potted stock will commence in April 2014 (weather allowing). River Partners will use genetic material native¹ to the Otay watershed. This may require River Partners to collect seeds and start seedlings for many of the plants in nurseries, then transplant the plant material to the site during the spring (April – June) 2013. Woody species such as willows, cottonwoods and sycamores can be planted by cuttings. River Partners will collect cuttings from native plants in late winter and install them at the project site.
4. As noted in the attached worksheet, the project's primary activities occur in the first 42 months. After this time, irrigation and maintenance will stop as the native species will be tapped into soil moisture and be biologically sustainable. From month 43 through month 48, River Partners will continue to monitor and manage the site as necessary to ensure long-term sustainability.

¹ The Project will require installation of about 15,400 plants (most of which will be produced under contract at a local native plant nursery).

**EXHIBIT B
SCHEDULE**

Upper Otay Watershed Restoration Project , 2013	Start Date	End Date	Year 1 – 2013 / 2014 ¹				Year 2 – 2014 / 2015				Year 3 – 20 15 / 2016				Year 4 – 2016/2017				Year 5 – 2017 ³
			Q1	Q2 ²	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Planning and Permitting	Oct-13	Apr-14																	
2. Ground Preparation	Oct-13	May-14																	
3. Irrigation (design, install, operate)	Mar-14	Feb-17																	
4. Planting	Apr-14	Jun-14																	
5. Maintenance	Apr-14	Feb-17																	
6. Monitoring	Apr-14	Aug-17																	
7. Management	Oct-13	Aug-17																	
8. Administration	Oct-13	Aug-17																	

1. Fiscal Years run July 1-June 30
2. Q1 = 1st Quarter (July 1-Sept. 30), Q2 = 2nd Quarter (Oct. 1-Dec. 31), Q3 = 3rd Quarter (Jan. 1-Mar. 30), Q4 = 4th Quarter (Apr. 1-Jun. 30)
3. The Schedule is dependent on contract execution completed by October 2013. Many activities are also weather dependent.

**EXHIBIT C
BUDGET**

Upper Otay Watershed Restoration Project			
Task	Local Agency Cost Share*	Grant Cost Share	Total
Task 1 – Planning and Permitting	\$1,000	\$33,335	\$34,335
Task 2 – Ground Preparation	\$1,517	\$50,552	\$52,069
Task 3 – Irrigation Installation	\$2,418	\$80,603	\$83,021
Task 4 – Planting	\$4,721	\$157,379	\$162,100
Task 5 – Maintenance	\$349,098	\$338,606	\$687,704
Task 6 – Monitoring	\$4,318	\$143,936	\$148,254
Task 7 – Management	\$113,645	\$105,289	\$218,934
TOTAL	\$ 476,717	\$ 909,700	\$ 1,386,417
*Local Agency Cost Share includes funds or in-kind services from the Resources Legacy Fund, San Diego City Public Utilities Department, WILD COAST, and Friends of Otay Valley Regional Park. Actual Local Agency Cost breakdown are describe Section B-B the Grant Application.			
Original: July 12, 2012			

EXHIBIT D MAINTENANCE AND MONITORING PLAN

Introduction: River Partners and our co-sponsor, the City of San Diego Public Utilities Department, plans to implement a Prop 84 Urban Streams Restoration Program to prevent erosion and restore habitat on 71 acres located in the Upper Otay watershed east of the City of Chula Vista. The project footprint lies in San Diego County jurisdiction on lands owned by the Public Utilities Department.

Goals & Objectives: The Upper Otay Watershed Restoration Project meets USR goals by reducing property damage caused by erosion through establishing native riparian habitats along the six target drainages in the project area. Additionally, the project will restore habitat and natural ecology in the watershed, specifically targeting Neotropical birds and threatened and endangered species.

The project will be used as a teaching tool by the community through our collaborative work with two local non-profits, Wildcoast (and their Habitat Heroes Program) and Friends of the Otay Valley Regional Park (OVRP). Our local community partners will focus on building public education and public awareness for the value of native riparian habitats. Additionally, our partners will work with local schools, churches and clubs through hands-on programs designed to get the community involved in stewardship of the Otay watershed's ecosystem.

Site Location & History: Historically, the area around the project site was used for dryland farming barley and cattle grazing. In the 1990's, developers built the East Lake subdivision in Chula Vista. This subdivision, containing over 5,000 homes, required developers to grade the topography and channel urban runoff water away from the Otay drainage; however, the grading plan for the subdivision has not performed as designed and significant runoff enters the Otay drainage. The result has been a transformation of the area's small stream hydrology from periodic flows during storm events to perennial urban streams runoff.

The project outlined in the proposal includes work in five contiguous urban stream drainages and the Proctor Valley drainage (an undeveloped watershed) containing nearly 6,900 linear feet of streambed. Currently most of the habitat in the project area is a mixture of thin, non-contiguous riparian strips heavily affected by invasive species transitioning to upland ecosystems also significantly affected by invasive species.

Improvements Implemented: River Partners will remove invasive species at the site and establish a healthy riparian and upland ecosystem capable of sustaining itself over time and supporting a wide variety of Neotropical birds, as well as several threatened and endangered species (including the Quino Checkerspot Butterfly, Least Bell's Vireo, California gnatcatcher, and the arroyo toad). Additionally, the restoration project will reduce erosion in the urban streams and provide source water protection for San Diego's drinking water supply. The Upper Otay Lake Reservoir is located on the eastern edge of the project and is an important source of drinking water for the local community.

Monitoring Metrics

- River Partners will conduct pre- and post-treatment mapping of exotic species and expect a 50% reduction.
- River Partners will establish and enhance 71 acres of habitat, with approximately 29 acres of upland and 42 acres of riparian.
- River Partners will establish a native understory with the goal of 70% cover at the end of the 4-year project.
- The target plant survivorship goal for the site is 75%
- River Partners will establish habitat for Least Bell's Vireo, California gnatcatcher and arroyo toad.
- Ephemeral stream, now more "perennial" due to urban runoff – stream will be monitored for flow

Maintenance Metrics

Irrigation:

- River Partners will maintain the irrigation system for 36 month as required for plant development. Irrigation will be applied with the goal that plants will become self-sufficient by the end of the third growing season. In the first growing season, the rapidly growing seedlings have roots only in the surface (the top 1-2 feet) of the soil profile. The rooting zone must be kept moist through the season to ensure optimum growth and survival. The intervals between irrigations are dependent upon soil texture, depth to water table, the weather conditions, and plant water stress.

The strategy for the second and third year is to train the roots to grow deep. Roots at depth (5-15 feet) will need less water and may be able to tap into the water table on the site and out-compete more shallow-rooted weeds. Less frequent, deep watering will encourage roots to grow deeper, well below the roots of the weeds, allowing the plants exclusive use of this deep moisture. As the roots grow deeper, the times between irrigations become longer; this allows the soil surface layers to dry, thereby reducing weed vigor.

Pest Management:

- River Partners will control weeds in planting rows as required to sustain healthy plant growth and to deter pests. A number of measures can help control or minimize the effects of herbivores on young plants. Cultural practices such as mowing or spraying can discourage most of these herbivores. One of the advantages of active restoration is that more plants are planted than the herbivores can eat. Some damage by herbivores is tolerable and should not impact the success of the planting.
- All herbicide use conditions for mixing, application and clean-up shall conform to all applicable federal, state and local regulations. Any application of herbicide shall be done under the supervision of a licensed applicator in accordance with all applicable, federal, state, local laws, and City procedures and/or guidelines.
- River Partners will apply all herbicides (and other chemicals) as per labels; cognizant of runoff risk into bodies of water.
- During the growing season, weeds along the planting rows should primarily be controlled by the timely spraying of Roundup or a generic herbicide brand with glyphosate as the active ingredient². Rows will also be mowed with side mower and weed eater as needed. The aisles between the planted rows (centers) should be mowed or disked to minimize weed growth and propagation. Spraying and/or mowing should be implemented every 3-6 weeks during the growing season for at least the first two years.
- In areas to be planted with herbaceous species, we will spray and mow for at least one year before planting. Once the herbaceous species are planted, mowing and spraying with chemicals which target grasses (ie Goal) will be used. Chemicals to target broadleaved plants will be used in native grass areas.

Special Environmental Considerations

- Planning & Permits, Upon the completion of a restoration plan, River Partners (in concert with San Diego City Public Utilities Department) will seek to secure permits, as required by regulatory agencies, prior to project implementation. Potential permits may include DFG Streambed Alteration (1600). River

² Use of glyphosate or chemicals that contain the surfactant polyethoxylated tallow amine (POEA) for control of weeds is not recommended by the DWR - USRP. To comply with DWR preferred restoration methodology, River Partners, when required, will use Rodeo or other analogs of glyphosate that do not include the surfactant polyethoxylated on the Upper Otay site. River Partners recognizes that the preferred methods for weed control include mowing, grazing, and hand removal of target species. Additionally, River Partners will avoid cultural practices on the restoration site that involve broadcast applications of herbicide over large areas. Alternatively, River Partners will utilize strip spraying and spot spraying if/when applying herbicides.

Partners will adhere to any special conditions or permit requirements issued by regulatory agencies as project implementation.

Performance Measures

- Specific performance measures will be developed as part of Upper Otoy restoration plan.
- River Partners will submit an annual report (one hard copy and one electronic copy).
- River Partners will develop as-built plans to funder.
- Monthly monitoring of plant health, vigor, site conditions
- Annual report to funder

Frequency and Duration of Maintenance Activities

- Maintenance activities will span 36 months. Like all agricultural activities, maintenance will be a function of weather and climate. The goal of maintenance activities would be to control winter and summer weeds that may inhibit plant growth by competing for available resources.
- River Partners will be responsible for all monitoring and maintenance activities.
- River Partners will use an Adaptive Management Strategies which allows for a rapid response when unexpected events occur at the restoration site

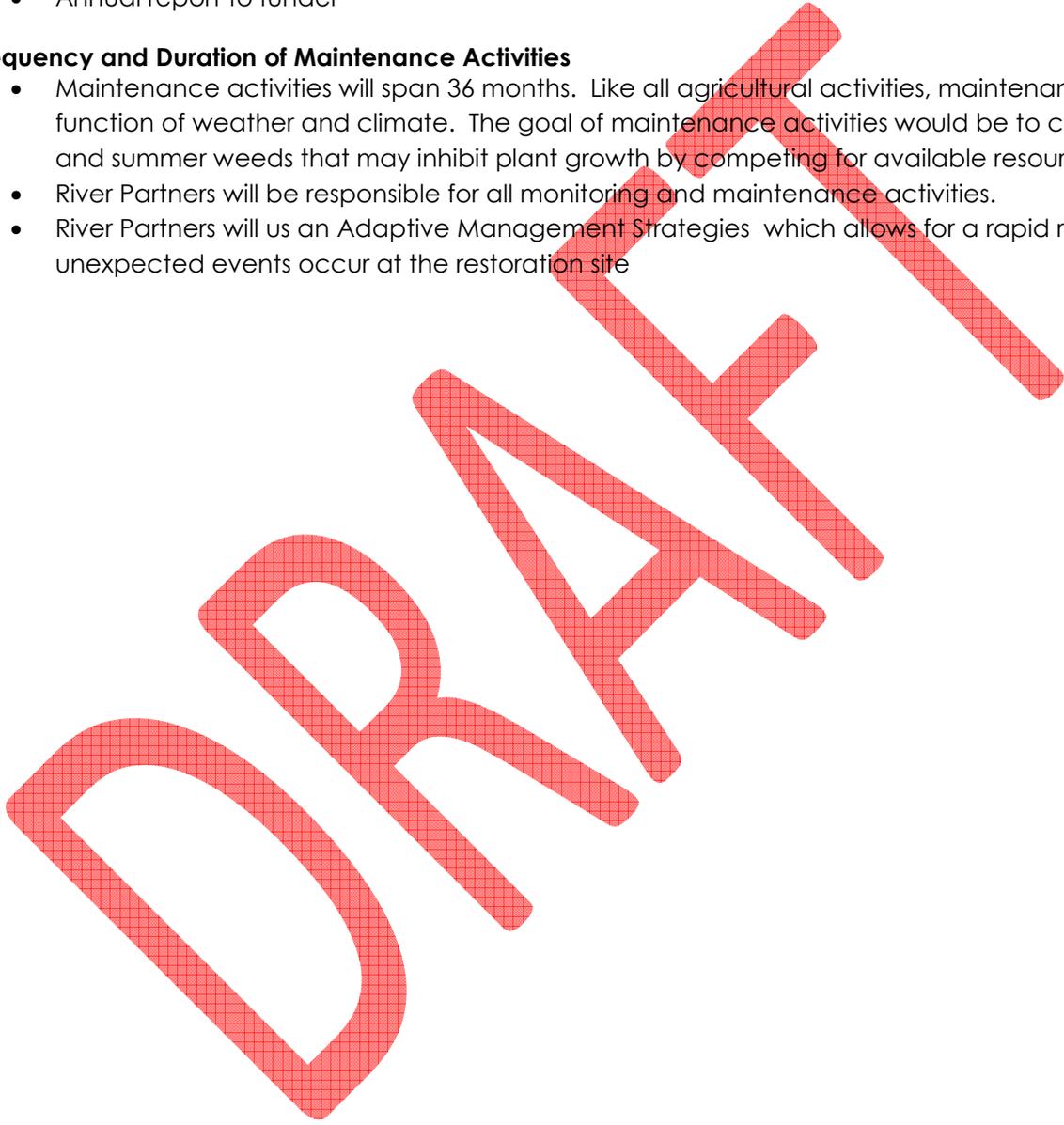


Exhibit E
Standard Conditions

E.1 ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENT:

- a) **SEPARATE ACCOUNTING OF GRANT DISBURSEMENT AND INTEREST RECORDS:** Grantee shall account for the money disbursed pursuant to this Grant Agreement separately from all other Grantee funds. Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Grantee shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State at any and all reasonable times.
- b) **FISCAL MANAGEMENT SYSTEMS AND ACCOUNTING STANDARDS:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of state law or this Grant Agreement.
- c) **REMITTANCE OF UNEXPENDED FUNDS:** Grantee, within a period of sixty (60) calendar days from the final disbursement from State to Grantee of grant funds, shall remit to State any unexpended funds that were disbursed to Grantee under this Grant Agreement and were not needed to pay Eligible Project Costs.

E.2 ACKNOWLEDGEMENT OF CREDIT: Grantee shall include appropriate acknowledgement of credit to the State and to all cost-sharing partners for their support when promoting the Project or using any data and/or information developed under this Grant Agreement. During construction of the Project, Grantee shall install a sign at a prominent location which shall include a statement that the Project is financed under the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, administered by State of California, Department of Water Resources. Grantee shall notify State that the sign has been erected by providing them with a site map with the sign location noted and a photograph of the sign.

E.3 AMENDMENT: No amendment or variation of the terms of this Grant Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or agreement not incorporated in the Grant Agreement is binding on any of the parties. For guidance on the Amendment Requirements see Exhibit J.

E.4 AMERICANS WITH DISABILITIES ACT: By signing this Grant Agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 *et seq.*), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

E.5 AUDITS: State reserves the right to conduct an audit at any time between the execution of this Grant Agreement and the completion of the Project, with the costs of such audit borne by State. After completion of the Project, State may require Grantee to conduct a final audit, at Grantee's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and State may take any action it deems necessary to protect its interests.

Pursuant to Government Code Section 8546.7, the parties shall be subject to the examination and audit of State for a period of three years after final payment under this Grant Agreement with respect of all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of Grantee or subcontractors shall be preserved for this purpose for at least three (3) years after Project completion. See Exhibit J for a listing of documents/records that State Auditors would need to review in the event of a grant being audited.

- E.6 BUDGET CONTINGENCY/LIMIT ON STATE FUNDS:** Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 and subject to the availability of funds, including any mandates from the Department of Finance, the Pooled Money Investment Board or any other state authority, the State will not make payments of any kind -- advances or reimbursements -- until funding is made available by the State Treasurer.
- E.7 CHILD SUPPORT COMPLIANCE ACT:** For any Grant Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:
- The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
 - The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- E.8 COMPETITIVE BIDDING AND PROCUREMENTS:** Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Grantee's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by State under this Grant Agreement.
- E.9 COMPUTER SOFTWARE:** The Grantee certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Grant Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- E.10 CONFLICT OF INTEREST**
- Current State Employees:** No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
 - Former State Employee:** For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
- E.11 DISPOSITION OF EQUIPMENT:** Grantee shall provide to State, not less than 30 days prior to submission of the final project invoice, a final inventory list of equipment purchased with grant funds provided by State. Grantee shall consult with State on the scope of the inventory not less than 60 days prior to the submission of the final project invoice. The inventory shall include all items with a current estimated fair market value of more than \$5,000 per item. Within 60 days of receipt of such inventory, State shall provide Grantee with a list of the items on the inventory that State will take title to. All other items shall become the property of Grantee. State shall arrange for delivery from Grantee of items that it takes title to. Cost of transportation, if any, shall be borne by State.
- E.12 DISPUTES:** In the event of an invoice dispute, payment will not be made until the dispute is resolved and a corrected invoice submitted. Failure to use the address exactly as provided may result in return of the invoice to the Grantee. Payment shall be deemed complete upon deposit of the payment, properly addressed, postage prepaid, in the United States mail. Any claim that Grantee may have regarding the performance of this Grant Agreement including, but not limited to claims for additional compensation or extension of time, shall be submitted to the Director, Department of Water Resources, within thirty (30)

calendar days of Grantee's knowledge of the claim. State and Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to the Grant Agreement to implement the terms of any such resolution.

E.13 DRUG-FREE WORKPLACE CERTIFICATION

Certification of Compliance: By signing this Grant Agreement, Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 *et seq.*) and have or will provide a drug-free workplace by taking the following actions:

- a) Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a).
- b) Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(b) to inform employees, contractors, or subcontractors about all of the following:
 1. The dangers of drug abuse in the workplace,
 2. Grantee's policy of maintaining a drug-free workplace,
 3. Any available counseling, rehabilitation, and employee assistance programs, and
 4. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c) Provide as required by Government Code Sections 8355(c), that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
 1. Will receive a copy of Grantee's drug-free policy statement, and
 2. Will agree to abide by terms of Grantee's condition of employment, contract or subcontract.

E.14 FINAL INSPECTIONS AND CERTIFICATION OF REGISTERED CIVIL ENGINEER: Upon completion of a construction project and as determined by State, Grantee shall provide for a final inspection and certification by a California Registered Civil Engineer that the project has been completed in accordance with submitted final plans and specifications and any modifications thereto and in accordance with this Grant Agreement and to the State's satisfaction.

E.15 GOVERNING LAW: This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

E.16 INCOME RESTRICTIONS: The Grantee agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Grantee under this Grant Agreement shall be paid by the Grantee to the State, to the extent that they are properly allocable to costs for which the Grantee has been reimbursed by the State under this Grant Agreement.

E.17 INDEPENDENT CAPACITY: Grantee, and the agents and employees of Grantee, if any, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.

E.18 INSPECTIONS: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any local project sponsor, subagreements, and Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with State. Grantee acknowledges that the Project work site will be reportable under the Public Records Act (California Government Code Section 6250 *et. seq.*). State shall have the right to inspect the Grantee's office at any and all reasonable times after completion of the project to ensure compliance with the terms and conditions of this Grant Agreement. During regular office hours, State shall have the right to inspect and to make copies of any books, records, or reports of the Grantee relating to this Grant Agreement. Grantee shall maintain and shall make available at all times for such inspection accurate records of its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by Grantee to comply with this provision shall be

considered a breach of this Grant Agreement, and State may withhold disbursements to Grantee or take any other action it deems necessary to protect its interests.

E.19 NONDISCRIMINATION: During the performance of this Grant Agreement, Grantee and its contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Grantee and contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) *et seq.*) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 *et seq.*). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Grant Agreement by reference and made a part hereof as if set forth in full. Grantee and its contractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Grantee shall include the nondiscrimination and compliance provisions of this clause in all contracts to perform work under the Grant Agreement.

E.20 NO THIRD PARTY RIGHTS: The parties to this Grant Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Grant Agreement, or of any duty, covenant, obligation or undertaking established herein.

E.21 PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION: Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project without prior permission of State. Grantee shall not take any action concerning the performance of this Grant Agreement, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of Grantee to meet its obligations under this Grant Agreement, without prior written permission of State. State may require that the proceeds from the disposition of any real or personal property acquired through this Grant Agreement be remitted to State.

E.22 REMEDIES, COSTS, AND ATTORNEY FEES: The Grantee agrees that any remedy provided in this Grant Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State as a result of breach of this Grant Agreement by the Grantee, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Grant Agreement by the State shall not preclude the State from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Grant Agreement, it is agreed that the prevailing party shall be entitled to such reasonable costs and/or attorney fees as may be ordered by the court entertaining such litigation.

E.23 RETENTION: Notwithstanding any other provision of this Grant Agreement, State shall, for each project, withhold five percent (5.0%) of the funds requested by Grantee for reimbursement of Eligible Costs until the project is completed and Grantee has met requirements of Paragraph 17, "Submissions of Reports." Grantee may submit a request to the State to exempt the Grantee from the retention requirement, or request payment of retention at the close of specific tasks shown in Exhibit C. Waiving the Grantees retention requirement is at the sole discretion of the State.

E.24 RIGHTS IN DATA: The Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Grant Agreement shall be in the public domain. The Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to the State for financial support. The Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so.

E.25 SEVERABILITY OF UNENFORCEABLE PROVISION: If any provision of this Grant Agreement is held invalid or unenforceable by a court of final jurisdiction, all other provisions of this Grant Agreement shall be construed to remain fully valid, enforceable, and binding on the parties.

E.26 STATE REVIEWS AND INDEMNIFICATION: The parties agree that review or approval of Project applications, documents, permits, plans and specifications or other Project information by the State is for administrative purposes only and does not relieve the Grantee of their responsibility to properly plan, design, construct, operate, maintain, implement, or otherwise carry out the Project. To the extent permitted by law, the Grantee agree to indemnify, defend and hold harmless the State and the State against any loss or liability arising out of any claim or action brought against the State from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from, or in any way connected with:

- a) The Project or the conditions, occupancy, use, possession, conduct or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the Project or any part thereof;
- b) Performing any of the terms contained in this Grant Agreement or any related document;
- c) Any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the California Hazardous Waste Control Law and CWC Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System; or
- d) Any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Grantee for use in any disclosure document utilized in connection with any of the transactions contemplated by this Grant Agreement. Grantee agrees to pay and discharge any judgment or award entered or made against the State with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section shall survive the term of the Grant Agreement.

E.27 SUCCESSORS AND ASSIGNS: This Grant Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Grant Agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.

E.28 TERMINATION, IMMEDIATE REPAYMENT, INTEREST: This Grant Agreement may be terminated by written notice at any time prior to completion of the Project, at the option of the State, upon violation by the Grantee of any material provision after such violation has been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this Grant Agreement within a reasonable time as established by the State. In the event of such termination, the Grantee agrees, upon demand, to immediately repay to the State an amount equal to the amount of grant funds disbursed to the Grantee prior to such termination. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the Grantee to the date of full repayment by the Grantee.

E.29 UNENFORCEABLE PROVISION: In the event that any provision of this Grant Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Grant Agreement have force and effect and shall not be affected thereby.

E.30 WAIVER OF RIGHTS: None of the provisions of this Grant Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here to that from time to time either party may waive any of its rights under this Grant Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Grant Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.

E.31 WITHHOLDING OF GRANT DISBURSEMENTS: The State may withhold all or any portion of the grant funds provided for by this Grant Agreement in the event that the Grantee has materially violated, or threatens to materially violate, any term, provision, condition, or commitment of this Grant Agreement; or the Grantee fails to maintain reasonable progress toward completion of the Project.

DRAFT

**EXHIBIT F
REPORT FORMAT AND REQUIREMENTS**

These reporting outlines should be followed. Submitting reports in an alternative format requires State approval.

QUARTERLY PROGRESS REPORT

Grantee shall submit Quarterly Progress Reports on a consistent basis to meet the State's requirement for disbursement of funds. The quarterly progress report should describe the work performed during the reporting period. For each project, describe the work performed including:

PROJECT INFORMATION (INCLUDE ANY OF THE BELOW THAT WERE APPLICABLE DURING THE REPORTING PERIOD)

- Legal matters.
- Engineering matters.
- Environmental matters.
- Status of permits, easements, rights-of-way, and approvals as may be required by other State, federal, and/or local agencies.
- Major accomplishments during the quarter (i.e. tasks completed, milestones met, meetings held or attended, press releases, etc).
- Discussion of data submittal effort(s) for the previous quarter, including a description of the data submitted and date(s) of submittal.
- Issues/concerns that have, will, or could affect the schedule or budget, with a recommendation on how to correct the matter.
- Description of any differences between the work performed and the work outlined in the project work plans.

COST INFORMATION

- Provide a Table showing all costs incurred during the quarter by the Grantee, and each contractor working on the project. The Table should include all costs as they relate to the Work Plan tasks.
- A discussion on how the actual budget is progressing in comparison to the project budget included in the Work Plan.
- A revised budget, including an explanation of why the revisions were necessary, by task, if changed from latest budget shown in Exhibit C, Budget. Note, a revised budget may require an official amendment to the Agreement before it is accepted as final.

SCHEDULE INFORMATION

- A schedule showing actual progress verse planned progress as shown in Exhibit B.
- A discussion on how the actual schedule is progressing in comparison to the schedule in Exhibit B.
- A revised schedule, by task, if changed from latest schedule in Exhibit B. Note, a revised schedule may require an official amendment to the Agreement before it is accepted as final.

ANTICIPATED ACTIVITIES NEXT QUARTER

- Provide a description of anticipated activities for the next quarterly reporting period.

FINAL REPORT

A Final Report is required for the project identified in the Work Plan, Exhibit A. This report will include the following Sections:

EXECUTIVE SUMMARY

The Executive Summary consists of a maximum of ten (10) pages summarizing project information (see report status section below for topics). The Executive Summary should include the following:

- Brief description of work proposed to be done in the original USRP Grant application.
- Description of actual work completed and any deviations from the work plan identified in the Grant Agreement. List any official amendments to the Agreement, with a short description of the amendment

METHODS/ANALYSIS/CONSTRUCTION/RESULTS

- A description of conditions before the project was executed.
- An analysis of the techniques used, and a description of planned long-term monitoring.
- If applicable, describe the findings of any study and whether the study determined the engineering, hydrologic, hydrogeologic, environmental, economic and financial feasibility of the project.
- A description of the results of the project.
- Photographs of restoration techniques and activities; and community participation (i.e. design charettes, community meetings, site tours, volunteer workers) if part of the project.
- Photographs during and after construction to document project conditions. Include specific geographic positions through mapped photo points and/or GPS readings, so images can be produced from the same vantage point in subsequent years to document long-term vegetation growth, channel formation, and geomorphic response to bankfull and flood flows.

REPORTS AND/OR PRODUCTS

- Provide a copy of any final technical report or study, produced for this project.
- Provide a map and shapefile(s) showing the location of the completed project. A description of the geographic projection and datum used for the shapefile must be submitted with the shapefile (NAD '83 datum and either a UTM 10 or UTM 11 projection, dependent on the project's location).
- Provide an electronic copy of any as-built plans (media: CD-ROM; PDF format).
- For projects involving a modeling component, Grantee shall provide the major input data files, parameters, calibration statistics, and output files.
- Provide copies of any data collected along with location maps.

COST & DISPOSITION OF FUNDS INFORMATION

- A summary Table of invoices showing:
 - The date each invoice was submitted to State.
 - The amount of the invoice.
 - The date the check was received.
 - The amount of the check (If a check has not been received for the final invoice, then state so).
- A spreadsheet summary of the original budget costs by task versus the final project costs

ADDITIONAL INFORMATION

- A final project schedule showing actual progress verse planned progress.
- Certification from a California Registered Civil Engineer that the project was conducted in accordance with the approved Work Plan and any approved modifications thereto.
- Submittal schedule for the Post Performance Report and an outline of the proposed reporting format.

ELECTRONIC REPORT FORMATTING

Grantee agrees that work funded under this Grant Agreement will be provided in an electronic format to State. Electronic submittal of final reports, plans, studies, data, and other work performed under this grant shall be as follows:

- Text preferably in MS WORD or text PDF format.
- Files generally less than 10 MB in size.
- Files named so that the public can determine their content.

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EXHIBIT G

APPRAISAL REPORT PROVISIONS

1. Grantee shall provide Department of Water Resources two copies of all appraisal reports.
2. The property owner or a designated representative will be offered the opportunity to accompany the appraiser during property inspection. The appraisal shall include a statement that the owner or representative was given this opportunity, and that they accepted or declined. If the offer was accepted, the date of the inspection shall be stated in the report.
3. The report shall discuss all encumbrances of record.
4. The report shall be a complete or summary appraisal, in a self-contained appraisal report format to conform to the Uniform Standards of Professional Appraisal Practice currently adopted by the Appraisal Standards Board of the Appraisal Foundation, standard and ethics of the Appraisal Institute, and the requirements of California Evidence Code §822. The appraiser shall correct any omissions or errors on his/her part at no extra cost.
5. There shall be a letter of transmittal summarizing the important assumptions and conclusions, value estimate, date of value and date of report.
6. The report shall include:
 - a) A list of assumptions and limiting conditions;
 - b) a description of the scope of work, including the extent of data collection and limitations;
 - c) a statement of the definition of market value as defined in 12 CFR Part 34.42, and Federal Register 55, 165 pg. 34696;
 - d) photographs, plat maps and a legal description of the subject property;
 - e) ownership and sales history of the subject property during the past three years;
 - f) a regional (up to and including County, if necessary), area, and immediate vicinity (neighborhood) analysis;
 - g) a description of improvements on the subject property, including physical age and condition;
 - h) a history of the leasing and operating cost history of the subject property;
 - i) an opinion on the highest and best use of the subject property, and reasoning in support of the opinion in the depth and detail required by its significance to the appraisal. If alternative feasible uses exist, the report should include an explanation of the market, development, cash flow and risk factors leading to an ultimate highest and best use;
 - j) all approaches to market value applicable to the subject market, including an explanation and support for not using any usual approach to value;
 - k) maps showing comparable properties in relation to the subject property. The report shall include photographs and plat maps of comparable properties. The report shall discuss the comparable properties and make direct comparisons to the subject property;
 - l) comparable sales data sheets, that include: grantor/grantee, sale/recordation dates, financing, conditions of sale, location information, land/site characteristics, improvements, other relevant information and confirming source; and
 - m) a discussion of severance damages or lack thereof.
7. The report shall describe market conditions and trends, including identification of the relevant market, a discussion of supply and demand within the market area and a discussion of the relevant market factors impacting demand.
8. The report shall describe the characteristics of the subject property (size, topography, zoning and land use, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, taxes and assessments, and other relevant information).
9. In the course of the appraiser's investigation of the property and review of related documents, the appraiser shall consider the results of a site assessment report.
10. The report shall discuss the effect of the exceptions to title on fair market value.
11. The report shall discuss and conclude whether there has been an implied dedication of the property to the public due to the public's use of the property without challenge by the owner.
12. The report shall include a reconciliation and final value estimate, with an explanation and support for all conclusions. The report shall include any departures taken in the development of the appraisal.
13. The report shall be prepared and include a signed certification by a California licensed appraiser.

**EXHIBIT H
EXAMPLE LAND ACQUISITION COST SCHEDULE**

Stream Name:	
---------------------	--

Indicate fee or easement:		
Willing Seller? (check one)	<input type="checkbox"/> Yes	<input type="checkbox"/> No

ACQUISITION BUDGET				
I. Land Value	DWR Share	Other Share	Other Share Description	Total Cost
Fair Market Value				
Improvements				
Other				
Subtotal				
II. Associated Costs				
Preliminary Title Rpt.				
Appraisal				
Negotiations				
Escrow				
Surveying				
Site Assessment				
Other				
Other				
Subtotal				
III. Other Costs				
Administration				
Contingency				
Subtotal				
Grand Total				

ACQUISITION SCHEDULE		
Description	Timeframe	Comments
Request Appraisals		
Submit appraisal and title report for State approval		
Submit instruments of conveyance, escrow instructions, and purchase agreements for State approval		
Close of escrow and complete acquisition		

EXHIBIT I
REQUIREMENTS FOR DATA SUBMITTAL

SURFACE WATER QUALITY DATA

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. CEDEN website:

<http://www.ceden.org>.

GENERAL PROJECT INFORMATION

Grantees shall also report general project information to the Natural Resources Project Inventory (NRPI) database or its successor, as determined by DWR. The following NRPI link includes instructions on how to enter project information, as well as how to login to the NRPI database: <http://www.ice.ucdavis.edu/nrpi/Forms.aspx>

TECHNICAL STUDIES

Grantee shall prepare and submit an on-line catalog entry form to the California Environmental Information Catalog (CEIC) for information products and reports (e.g., environmental and biological field surveys, natural hazard assessments, geographic information, etc.) relating to California's natural environment that have been prepared with funds made available by Proposition 13, 40, and 84. Of particular interest are those products that characterize site specific conditions with regard to vegetation, wildlife populations, species occurrences and other measures of biological diversity, environmental and ecological condition. Information that should be in the CEIC submittal includes deliverables noted in paragraph 17 of this grant agreement. The on-line catalog entry form is available at: <http://gis.ca.gov/ceic/newCatalog.php>

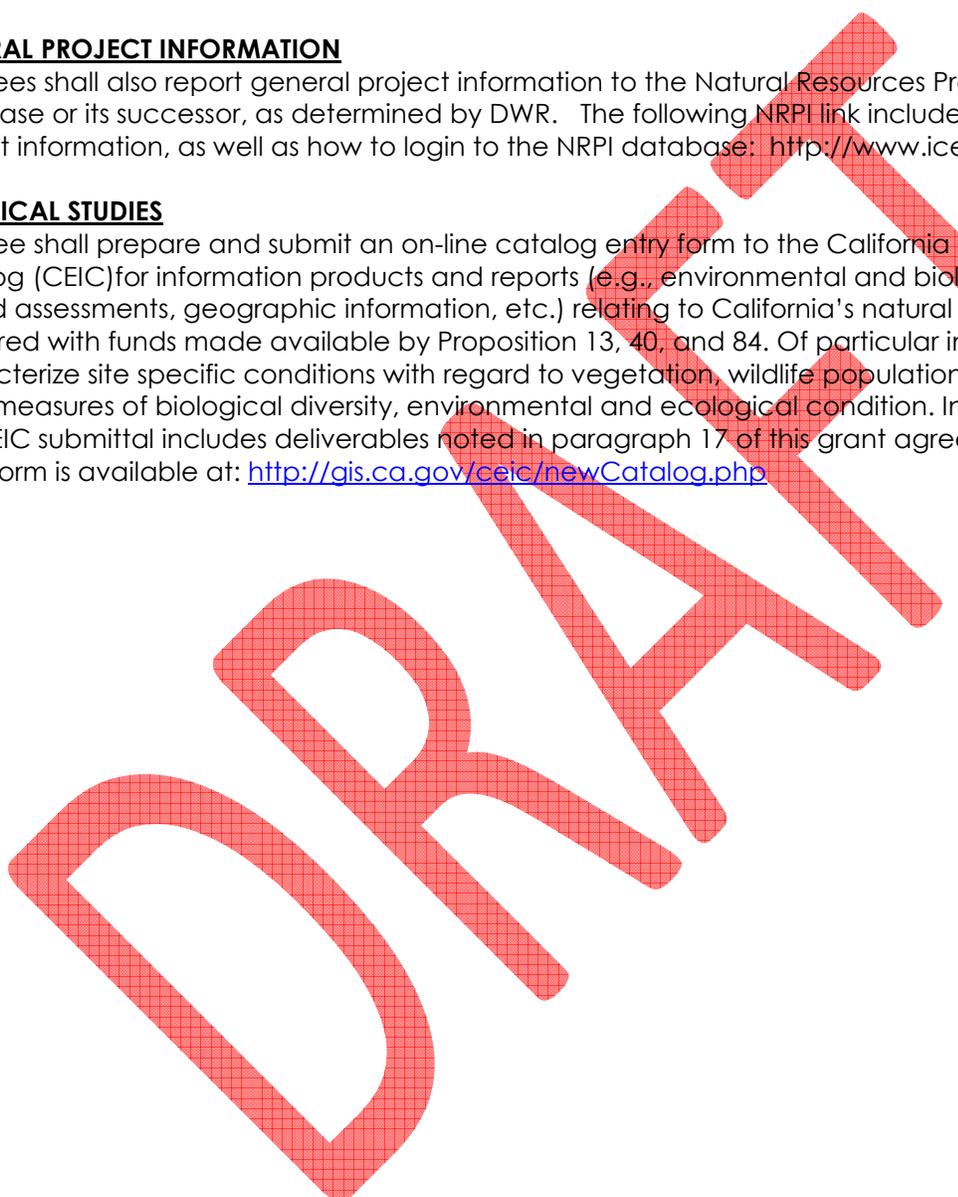


EXHIBIT J**STATE AUDIT DOCUMENT REQUIREMENTS AND AMENDMENT GUIDELINES FOR GRANTEE**

The following provides a list of documents typically required by State Auditors and general guidelines for Grantee. List of documents pertains to both Grant, and Grantee's Cost Share, and details the documents/records that State Auditors would need to review in the event of this Grant Agreement is audited. Grantee should ensure that such records are maintained for each funded project.

List of Documents for AuditInternal Controls:

1. Organization chart (e.g., Agency's overall organization chart and organization chart for this Grant Agreement's funded projects).
2. Written internal procedures and flowcharts for the following:
 - a. Receipts, deposits and disbursements
 - b. State reimbursement requests
 - c. Grant expenditure tracking
 - d. Guidelines, policy, and procedures on grant funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on grant funded Program/Project.

Agreements and Contracts:

1. Original signed Grant Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants received from the State.
3. A listing of all other funding sources for the project.
4. All subcontractor and consultant contracts and related or partners documents, if applicable.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under this Grant Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related budget line items under this Grant Agreement.
3. Reimbursement requests submitted to the State for this Grant Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.
3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under this Grant Agreement.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for grant reimbursement.

Administration Costs: Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency staff that worked on this grant funded project.
2. Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to this Grant Agreement.

Project Files:

1. All supporting documentation maintained in the project files.
2. All correspondence related to this Grant Agreement.

General Grant Agreement Guidelines

Amendment Requirements:

Amendments (to the work plan, budget, and/or schedule portions of the agreement) are triggered when the proposed changes are deemed by DWR to be substantial. Substantial changes generally include changes to the wording/scope of work, schedule or term, and budget. For example, a formal budget change to an Agreement is required when the proposed budget change for a Task is greater than 10% of the budget for that particular Task or the Task to be exchanged with.

DRAFT

DOCKET SUPPORTING INFORMATION
CITY OF SAN DIEGO

EQUAL OPPORTUNITY CONTRACTING PROGRAM EVALUATION

DATE:

September 12, 2013

SUBJECT: Grant funded restoration of riparian areas at Upper Otay Reservoir

GENERAL CONTRACT INFORMATION

Recommended Contractor: River Partners (non-profit organization)

Amount of this Action: \$ 1,227,700.

Funding Source: State Grants and San Diego Foundation

Goals: TBD

SUBCONTRACTOR PARTICIPATION

The subcontractor participation is unidentified at this time. Any future subcontracting activity will be subject to agency requirements.

ADDITIONAL COMMENTS

Equal Opportunity: Required

River Partners submitted a Work Force Report for their San Diego County employees dated Sept 11, 2013 indicating 13 employees and therefore, is exempt from the employment category goals.

This agreement is not subject to the City's Equal Opportunity Contracting (San Diego Ordinance No. 18173, Section 22.2701 through 22.2708). This agreement is subject to the City's Non-Discrimination in Contracting Ordinance (San Diego Municipal Code Sections 22.3501 through 22.3517).

ADDITIONAL COMMENTS

Urban Streams Restoration Program (USRP) grant funds under California Proposition 84 with the project conditionally awarded \$909,700.. Environmental Enhancement and Mitigation Program (EEMP), and is in line to receive \$300,000. The project was awarded \$18,000 by the San Diego Foundation.

River Partners will do all the restoration work using grant money; there will be no direct expenditures by the City. Originating Department is responsible to adhere to reporting requirements and assure the City is in compliance with Funding Agency requirements for advertisement, award and contract administration for all associated contracts attached to requested Grant Funds.

RW