

COOPERATIVE AGREEMENT TO FUND TOTAL MAXIMUM DAILY LOAD PROGRAMS AND
RELATED ACTIVITIES IN THE NEWPORT BAY WATERSHED

THIS AGREEMENT, for purposes of identification numbered MA-080-23010376, referred to hereinafter as "Agreement", is made and entered into this ____ day of _____, 2023, by and between the County of Orange ("County"), the Orange County Flood Control District, the City of Costa Mesa, the City of Irvine, the City of Laguna Hills, the City of Laguna Woods, the City of Lake Forest, the City of Newport Beach, the City of Orange, the City of Santa Ana, the City of Tustin, Irvine Ranch Water District, and the Irvine Company. These entities are hereinafter sometimes jointly referred to as "Parties" and individually as "Party." City entities are hereinafter sometimes jointly referred to as "Cities." The Cities, County, and the Orange County Flood Control District are hereinafter sometimes jointly referred to as the "Municipal Parties."

RECITALS

WHEREAS, the California Regional Water Quality Control Board, Santa Ana Region ("Regional Board") adopted Resolution No. 98-9, as amended by Resolution No. 98-100, amending the Water Quality Control Plan for the Santa Ana River Basin ("Basin Plan") to incorporate a Nutrient Total Maximum Daily Load ("TMDL") for the Newport Bay/San Diego Creek Watershed on April 17, 1998, and Resolution 99-10 amending the Basin Plan to incorporate a TMDL for Fecal Coliform in Newport Bay on April 9, 1999, pursuant to the provisions of Section 303(d) of the Clean Water Act, and Resolution 2018-0041 amending the Basin Plan to incorporate a TMDL for Selenium in freshwater in Newport Bay Watershed on September 20, 2018; and,

WHEREAS, the United States Environmental Protection Agency established technical TMDLs for toxic pollutants ("Toxics TMDLs") for San Diego Creek and Newport Bay, California, on June 14, 2002, and the Regional Board has been in the process of developing implementation plans or updating these Toxics TMDLs through separate Basin Plan processes, and Basin Plan amendments for Diazinon and Chlorpyrifos TMDLs, the Organochlorines TMDLs, and the Selenium TMDL have been adopted, and Basin Plan amendments for metals are in development; and,

WHEREAS, the Newport Bay Nutrient, Fecal Coliform, and Toxics TMDLs (collectively referred to as “Newport Bay TMDLs”) contain requirements for studies, monitoring, and the development of programs to attain TMDL targets over a multi-year period; and,

WHEREAS, the Newport Bay TMDLs are included in the National Pollutant Discharge Elimination System Municipal Stormwater Permit (“NPDES Permit”), Order No. R8-2009-0030, issued to the Municipal Parties by the Regional Board, which encourages a cooperative watershed program approach, and, as of the end of 2022, NPDES Permit, Order No. R8-2022-0008 is in development; and,

WHEREAS, the Parties entered into Agreement No. D99-128 on September 18, 2003 and subsequent amendments on July 5, 2006, March 29, 2008, and July 8, 2010, to provide funding for the studies and implementation activities related to the Newport Bay TMDLs; and,

WHEREAS, the Parties subsequently entered into Agreement No. D11-066 on June 26, 2012 as a successor to Agreement No. D99-128, with a further amendment on October 20, 2015; and,

WHEREAS, the Parties subsequently entered into Agreement No. MA-080-18011416 on August 14, 2018 as a successor to Agreement No. D11-066; and,

WHEREAS, the Parties intend this Agreement as a successor to Agreement MA-080-18011416, to provide for the performance of: additional studies, research, monitoring, reporting, development and/or revision of programs related to the Newport Bay TMDLs; assessment and development of programs related to current and future Clean Water Act §303(d) listings and/or NPDES Permit requirements for watershed management plans; actions in response to threats of administrative enforcement and citizen suits; and planning, permitting, design, construction, and maintenance of TMDL pilot projects; and,

WHEREAS, the Parties have reached agreement on funding shares which are shown in Exhibit A; and,

WHEREAS, the Parties share a common interest in the regulatory compliance gained through the activities to be funded and performed pursuant to this Agreement, and the Parties further acknowledge that: each Party is entering into this Agreement for such purpose; there are common issues/questions of

law and fact among the Parties; it is the understanding of each Party that, in the performance of this Agreement, as with preceding agreements to which this Agreement is successor, confidential communications protected by the attorney-client privilege and attorney work product doctrine may be disclosed among the Parties through their counsel. Based on the foregoing, the Parties now wish to enter into a common interest agreement to memorialize their mutual understanding that confidential communications are to be kept confidential and protected from disclosure to the fullest extent allowed by law; and

WHEREAS, it is recognized that additional compliance efforts may be necessary and the Parties may choose to fund projects under separate agreements.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the Parties agree as follows:

Section 1. PURPOSE. This Agreement is entered into for the purpose of funding and performing program activities related to the Newport Bay TMDLs, NPDES Permit requirements specific to the Newport Bay watershed, current and future Clean Water Act §303(d) listings in the Newport Bay watershed, and other related matters which may affect NPDES Permit compliance and/or enforcement within the Newport Bay watershed.

Section 2. TERM. The term of this Agreement shall commence upon approval and execution of this Agreement by all Parties, or on July 1, 2023, whichever is later, and shall continue until June 30, 2028.

Section 3. PROGRAM WORK PLAN. The County shall work in concert with all Parties to develop a work plan for the following fiscal year and will provide longer term financial forecasts. The work plan for the upcoming fiscal years shall be submitted to each of the Parties by February 15 of each year. The work plan may designate a Party as a lead other than the County for a work plan task(s), provided that the County obtains the prior written consent of such other Party.

Section 4. BUDGET AND COSTS. The budget for the 2023–24 fiscal year, subject to appropriations, is \$1,308,854 and is shown in Exhibit A. The County shall work in concert with all the Parties to develop a budget for the following fiscal years. Budgeted amounts for pilot project(s) shall not

exceed \$200,000 for all pilot projects in any one fiscal year. For the following fiscal year and thereafter, a budget shall be submitted to each of the Parties by February 15 of each year. The budget shall contain an explanation of any recommended program changes, an estimate of all planned expenditures and an estimate of the payment required from each Party for the following fiscal year.

The County shall be entitled to charge to the program all costs for direct labor, materials, equipment, and outside contract services for costs associated with carrying out the approved scope of work. Recoverable costs will also include an overhead charge.

Section 5. WORK PLAN TASK LEAD REIMBURSEMENT. With a Party's prior written consent, the County may designate a Party as a task lead with respect to specific tasks on the operative work plan. If a Party is designated as a task lead, upon prior written authorization from County, the Party shall invoice the County for authorized expenses up to the approved budget amount for the work plan task.

Section 6. APPROVALS AND ADJUSTMENTS. The Parties shall be permitted to review and approve the budget and program work plan for the forthcoming year, review work products, and provide direction for performance of the work plan. The Parties shall be notified of the intent to issue contracts to perform the program work plan, shall be permitted to participate in the preparation and review of the scope of work for such contracts, and to serve on the committee evaluating consultant qualifications/proposals subject to the requirements of the County of Orange Contract Policy Manual. Criteria for approval of the work plan and budget shall be affirmative responses from Parties representing ninety percent (90%) of the funding shares in Exhibit A and 12 of the 13 Parties. The County and Orange County Flood Control District will constitute one approving Party. Any Party not providing a response by July 15 of each year shall be considered as rendering an affirmative response.

Criteria for approval of adjustments to scopes of work shall be the same as for the approval of the work plan and budget.

Section 7. FUNDING SHARE PERCENTAGES. Exhibit A, which is attached to this Agreement and by this reference is made a part hereof, presents the funding share percentages for the Parties for the term of the Agreement and the costs for the Parties for fiscal year 2023-24.

Section 8. PAYMENTS. For the initial year of the Agreement, the County shall invoice each Party for its deposit either at the beginning of the fiscal year or thirty (30) days after approval of the Agreement, whichever is later. In following years, the County shall invoice each Party for its annual deposit at the beginning of each fiscal year. Each Party shall pay the deposit within 45 calendar days of the date of the invoice. Each Party's deposit shall be based on its prorated share of the approved annual budget, reduced by the sum of (a) its prorated share of any surplus identified in the prior fiscal year end accounting, and (b) its prorated share of any funding provided for programs in the approved budget from entities not party to this Agreement.

Interest earned on the Parties' deposits will not be paid to the Parties, but will be credited against the Parties' share of the program costs.

The County shall notify each of the Parties if it appears that costs may exceed the budget approved by the Parties in any fiscal year. The County shall prepare a fiscal year end accounting within 60 calendar days of the end of the fiscal year. If the fiscal year end accounting results in costs (net of interest earnings) exceeding the sum of the deposits, and the County has notified and obtained approval from the Parties of potential cost overruns, the County shall seek approval of the excess cost from the Parties in the form of a revised budget and, upon approval, shall invoice each Party for its prorated share of the excess cost up to the amount of the revised approved budget. Each Party shall pay the billing within 45 calendar days of the date of the invoice. If the fiscal year end accounting results in the sum of the deposits exceeding costs (net of interest earnings), the excess deposits will carry forward to reduce the billings for the following year. The fiscal year end accounting results and associated invoices for each Party will take into consideration any outside funding provided for programs in the approved budget from entities not party to this Agreement.

Upon termination of the program, a final accounting shall be performed by the County. If costs from approved budgets remaining after the deduction of interest costs exceed the sum of the deposits, the County shall invoice each Party for its prorated share of the deficit. Each Party shall pay the invoice within 45 calendar days of the date of the invoice. If the sum of the deposits, including interest, exceeds

the costs from approved budgets, the County shall reimburse to each Party its prorated share of the excess, within 45 calendar days of the final accounting.

Section 9: CONFIDENTIAL COMMUNICATIONS

a. The term "Confidential Communications" shall mean all communications, regardless of form, including documents and oral or written communications, whether prepared by the Parties or by consultants or experts retained by any Party, exchanged by or among the Parties, their non-employee consultants or experts, and/or their counsel, that are: (i) related to the purpose and/or performance of this Agreement; and (ii) privileged or protected from disclosure to adverse or other persons by reason of the attorney-client privilege, the attorney work product doctrine, or the common interest and/or joint defense privilege. The term Confidential Communications does not include any publicly available information.

b. The Parties agree that the disclosure of Confidential Communications between or among the Parties or their counsel will not diminish the confidentiality of such materials or constitute waiver of any applicable privilege or protection from disclosure. The Parties intend that all Confidential Communications shall be protected from disclosure and discovery, to the fullest extent allowed by law, including under the common interest and/or joint defense privileges. Inadvertent disclosure of Confidential Communications to third parties shall not constitute waiver of any applicable privilege, and shall be entitled to the fullest protection under the law, including the triggering of ethical obligations for the recipient(s) to return such inadvertently disclosed Confidential Communications.

c. The Party providing or disclosing any Confidential Communications to another party to this Agreement, pursuant to this Agreement, shall mark it as: "PRIVILEGED AND CONFIDENTIAL PURSUANT TO AGREEMENT NO. MA-080-23010376." Confidential Communications must be exchanged between the Parties' counsel, although non-attorney staff may be copied on the transmittal. Communications marked in this or substantially similar manner and transmitted in this manner shall be Confidential Communications. The failure to so mark such communications, however, will not diminish

the confidentiality of such communications or constitute waiver of any applicable privilege or protection from disclosure.

d. Confidential Communications shall be held in confidence by the Parties, unless disclosure is required by law or court order. Each Party shall take reasonable and appropriate measures to prevent inadvertent disclosures of Confidential Communications to third parties. In the event any Party receives a third-party request or demand for Confidential Communications marked "PRIVILEGED AND CONFIDENTIAL PURSUANT TO AGREEMENT NO. MA-080-23010376," per section 9.c., or bearing the name of one or more attorneys for any Party, prior to the release of any such Confidential Communications, the receiving Party shall notify all other Parties that such a request or demand has been received, so that the other Parties have the opportunity to seek a protective order or other relief. In the event any Party receives a third-party request or demand for Confidential Communications that are not marked per section 9.c. and do not bear the name of any attorney for any Party, prior to the release of such Confidential Communications, the receiving Party shall endeavor to notify all other Parties, so that the other Parties have the opportunity to seek a protective order or other relief.

e. To the extent allowed by law, the obligations of the Parties under this Section 9 shall survive the termination of this Agreement and shall remain in full force and effect.

f. Neither this Agreement nor the actions of any Party or counsel to a Party shall create any attorney-client relationship between any counsel and any Party that have not otherwise entered into an attorney-client relationship.

Section 10. ADDITIONAL PARTIES. It is recognized that there may be other parties who wish to participate in and provide funding for the activities described in this Agreement. Nothing in this Agreement is intended to preclude additional participants being added by written amendment as parties to this Agreement pursuant to Section 11. Exhibit A will be revised to add funding share percentage(s) for the additional party(ies) and proportionately reduced percentage shares for the Parties.

Section 11. AMENDMENT. This Agreement may be amended in writing only with the unanimous written approval of the Parties.

Section 12. LIABILITY. It is mutually understood and agreed that, merely by the virtue of entering into this Agreement, each Party neither relinquishes any rights nor assumes any liabilities for its own actions or the actions of other Parties. It is the intent of the Parties that the rights and liabilities of each Party shall remain the same, while this Agreement is in force, as it was before this Agreement was made, except as otherwise specifically provided in this Agreement.

Section 13. TERMINATION. Any Party wishing to terminate its participation in this Agreement shall so notify all other Parties in writing by March 1 of any year. Such termination shall be effective the following June 30. The terminating Party shall be responsible for financial obligations hereunder to the extent incurred in accordance with this Agreement by the Party prior to the effective date of termination. The balance of the Parties may continue in the performance of the terms and conditions of this Agreement with a proportionate reallocation of the terminating Party's cost share in Exhibit A among the remaining Parties.

Section 14. AVAILABILITY OF FUNDS. The obligation of each Party is subject to the availability of funds appropriated for this purpose, and nothing herein shall be construed as obligating the Parties to expend or as involving the Parties in any contract or other obligation for the future payment of money in excess of appropriations authorized by law.

Section 15. NO THIRD-PARTY BENEFICIARIES. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person (except the Parties hereto and any entity in which a Party has a legal interest (such as, but not limited to, a limited liability membership interest or a partnership interest), and any permitted successors or assigns of a Party) any legal or equitable right, remedy or claim under or in respect of this Agreement or any provisions herein contained. This Agreement and any conditions and provisions hereof is intended to be and is for the sole and exclusive benefit of the Parties and the entities in which they have a legal interest and their successors or assigns and for the benefit of no other person, agency or entity.

Section 16. REFERENCE TO CALENDAR DAYS. Any reference to the word "day" or "days" herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.

Section 17. ATTORNEY'S FEES. In any action or proceeding brought to enforce or interpret any provision of this Agreement, or where any provision hereof is asserted as a defense, each Party shall bear its own attorney's fees and costs.

Section 18. ENTIRE AGREEMENT. This Agreement is intended by the Parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the Parties in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to such matter.

Section 19. SEVERABILITY. If any part of this Agreement is held, determined or adjudicated to be illegal, void, or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 20. SUCCESSORS AND ASSIGNS. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and assigns.

Section 21. NOTICES. All notices required or desired to be given under this Agreement shall be in writing and (a) delivered personally, or (b) sent by certified mail, return receipt requested or (c) sent by electronic mail followed by a mailed copy as required, to the addresses specified below, provided each Party may change the address for notices by giving the other Parties at least ten (10) days written notice of the new address. Notices shall be deemed received when actually received in the office of the addressee or when delivery is refused, as shown on the receipt of the U.S. Postal service, or other person making the delivery, except that notices sent by electronic mail shall be deemed received on the first business day following transmission.

Director of Public Services
City of Costa Mesa
77 Fair Drive, P.O. Box 1200
Costa Mesa, CA 92626-1200

Director of Community Development
City of Irvine
1 Civic Center Plaza, P.O. Box 19578
Irvine, CA 92623-9578

Director of Public Services
City of Laguna Hills
24035 El Toro Road
Laguna Hills, CA 92653

City Manager
City of Laguna Woods
24264 El Toro Road
Laguna Woods CA 92637

Environmental Manager and Director of Public Works
City of Lake Forest
100 Civic Center Drive
Lake Forest, CA 92630

Director of Public Works
City of Newport Beach
100 Civic Center Drive
Newport Beach, CA 92660

Director of Public Works
City of Orange
300 E. Chapman Ave, P.O. Box 449
Orange, CA 92866

Executive Director, Public Works Agency
City of Santa Ana
20 Civic Center Plaza (M21)
Santa Ana, CA 92702

Director of Public Works
City of Tustin
300 Centennial Way
Tustin, CA 92780

Director, OC Public Works
County of Orange
601 N. Ross Street
Santa Ana, CA 92701

Director of Water Quality & Regulatory Compliance
Irvine Ranch Water District
15600 Sand Canyon Avenue
Irvine, CA 92618

Vice President of Environmental Affairs
The Irvine Company
550 Newport Center
Newport Beach, CA 92658-8904

Section 23. EXECUTION OF AGREEMENT. This Agreement may be executed in counterparts and the signed counterparts shall constitute a single instrument.

Section 24. GOVERNING LAW AND VENUE. This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394. Furthermore, the Parties have specifically agreed, as part of the consideration given and received for entering into this Agreement, to waive any and all rights to request that an action be transferred for trial to another county under Code of Civil Procedure Section 394 or any other provision of law.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first
above written:

COUNTY OF ORANGE,
a political subdivision of the State of California

Date: _____

By: _____
Chairman of the Board of Supervisors

ORANGE COUNTY FLOOD CONTROL DISTRICT
a body corporate and politic

By: _____
Chairman of the Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS
AGREEMENT HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD.

Date: _____

By _____
Robin Stieler
Clerk of the Board of Supervisors of

Orange County, California

APPROVED AS TO FORM
COUNTY COUNSEL

By _____
Deputy

Date: _____

CITY OF COSTA MESA

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Costa Mesa

CITY OF IRVINE

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Irvine

CITY OF LAGUNA HILLS

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Laguna Hills

CITY OF LAGUNA WOODS

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

Yolie Trippy, City Clerk

Alisha Patterson, City Attorney of Laguna Woods

CITY OF LAKE FOREST

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Lake Forest

CITY OF NEWPORT BEACH

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Newport Beach

CITY OF ORANGE

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Orange

ATTEST:

CITY OF SANTA ANA

City Clerk

City Manager

APPROVED AS TO FORM:

City Attorney

By: John M. Funk

John M. Funk
Chief Assistant City Attorney

CITY OF TUSTIN

Date: _____

By: _____
Mayor

APPROVED AS TO FORM:

ATTEST:

City Clerk

City Attorney of Tustin

THE IRVINE RANCH WATER DISTRICT

Date:_____

By: _____
Paul Cook, General Manager

Approved as to Form

Date:_____

By: _____
Claire H. Collins, General Counsel

THE IRVINE COMPANY

Date:_____

By: _____

Name:_____

Title:_____

Date:_____

By: _____

Name:_____

Title:_____

EXHIBIT A - FUNDING SHARES*

PARTIES	FUNDING SHARE PERCENTAGES	FISCAL YEAR 2023-24 BUDGET
Costa Mesa	4.317	\$56,503
County of Orange	9.296	\$121,671
Irvine	31.177	\$408,061
Laguna Hills	1.000	\$13,089
Laguna Woods	1.000	\$13,089
Lake Forest	6.402	\$83,793
Newport Beach	9.452	\$123,713
Orange	1.000	\$13,089
Santa Ana	9.898	\$129,550
Tustin	6.458	\$84,526
Orange County Flood Control District	10.000	\$130,885
Irvine Ranch Water District	5.000	\$65,443
Irvine Company	5.000	\$65,443
Total	100	\$1,308,855

*Funding shares are based on a consideration of land area and population, an equal split for some compliance responsibilities, and a minimum share of one percent.