CITY OF FORT BRAGG
PURCHASE AGREEMENT
WITH
ONEKA TECHNOLOGIES

THIS AGREEMENT is made and entered into this___ day of June, 2024 ("Effective Date"), by and between the City of Fort Bragg with its principal office at 416 North Franklin Street Fort Bragg, CA 95437 (herein "City") and Oneka Technologies US Inc, principal address at 600 W. Broadway, Suite 1200, San Diego, CA 92101 (herein ONEKA). This is a government contract. The terms of this Agreement are not changed by any words added by Oneka, nor superseded because of any form used by Oneka in the course of business. Any change in terms must be agreed to by an authorized representative of the City, in writing. Acceptance by the City of goods, materials or services is not an acceptance of any of Oneka's other terms and conditions not expressly set forth in this Agreement.

RECITALS:

A. WHEREAS, CITY desires to purchase a single Oneka Iceberg Class (50 M3/D) Desalination Unit and to have ONEKA Install, Operate and Maintain the Iceberg Desalination Unit for a period of One (1) Year as part of a Demonstration, facilitated through a grant by the California Department of Water Resources (DWR).

B. WHEREAS, ONEKA is willing to sell a single Oneka Iceberg Class, wave-powered, desalination Unit and install, operate and maintain the Oneka Iceberg Class desalination Unit (herein "Plant") to supply desalinated water to CITY on terms and conditions set forth herein; and

C. WHEREAS, no official or employee of City has a financial interest, within the provisions of Sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

1. DEFINITIONS

1.1 The "Desalination Plant" shall include one Oneka Iceberg Class (50 M3/D) Desalination Unit wave-powered buoy, all desalination equipment, anchors, fixtures, pipelines, improvements, inventories and supplies of the "Plant" which comprise the fully operational facility for the desalination of seawater and conveyance to land and any future expansions or modifications.

1.2 The "Plant Site" shall be the installation site where the Plant shall be installed as set forth in Exhibit 1, hereto.

1.3 The "WWT Plant Site" shall be the property where the City of Fort Bragg Wastewater Treatment Plant is located as set forth in Exhibit 1 Section 3, hereto.

1.4 The "Maximum Daily Production Capacity" of the Plant will be *50 M3/D (13,200 US Gallons Per Day)*, which shall be the average amount of desalinated water which can be produced by the Plant in 24 hours of operation (one day).

1.5 The "Monthly Rated Capacity" shall be thirty (30) times the Maximum Daily Production

Capacity.

1.6 The "Desalinated Water" is water treated by the Plant that shall have a salinity of less than 750 PPM TDS.

1.7 The "Guaranteed Desalinated Water Accepted Capacity" is that portion of the monthly rated capacity of the plant that CITY agrees to accept. The "Guaranteed Desalinated Water Acceptance Capacity" is *all of the water the Plant is capable of producing* or up to 1,521 M3/month (*401,500* US Gallons per month) for twelve (12) months.

1.8 The "Desalinated Water Tariff Meter" is the device, provided and installed by CITY (and or ONEKA), which measures the total quantity of Desalinated Water produced by the Plant. This meter will be installed by CITY (and/or ONEKA) for confirmation of production and shall remain the property of and be controlled by the entity that installed the meter. However, both Parties will permit observation of the device(s) and at their option install their own "Check Flow Meter" in series with the Primary Desalinated Water Tariff Meter.

1.9 The "Monthly Desalinated Water" shall be the total amount of Desalinated Water produced in each calendar month as measured by the Desalinated Water Tariff Meter readings at the beginning of each successive month.

1.10 The "Water Storage Reservoir" shall be a Water Storage Tank, provided by CITY with adequate buffer storage capacity to provide for the designated water requirements of CITY. The Water Storage Reservoir shall be located at the City of Fort Bragg (CITY) Wastewater Treatment Plant (WWTP) near to the western boundary.

1.11 The "Operation & Maintenance Period" of the Agreement shall be the period commencing immediately after the Installation of the Plant during which the Plant is producing and delivering Desalinated Water to CITY.

2. TERM AND DURATION

The term and duration of this Agreement shall commence upon the execution of this Agreement and shall continue until the completion of the twelve (12) month Maintenance and Operation Period. (the "Term") Upon completion of the Term, ONEKA will purchase the Desalination Plant from CITY for the Desalination Plant Buyback Price in the amount of One and 00/100 Dollars ($1.00).

3. EQUIPMENT PURCHASE AND INSTALLATION.

3.1 City purchases from Oneka and Oneka agrees to sell to City, and install at the site described in the **Project Description** attached as **Exhibit 1** to this Agreement, the Desalination Plant as defined in sec. 1.1 above.

3.2 Oneka will install the Desalination Plant pursuant to the **Schedule of Performance** attached as **Exhibit 1 Section 7** to this Agreement.

3.3 Upon completion of the Term of this Agreement and pilot program, Oneka will decommission the Desalination Plant, remove the complete installation up to the connection point at the WWT Plant Site, and Buy Back the Desalination Plant from City for the amount of One Dollar ($1.00).

4. OPERATIONS AND MAINTENANCE.

4.1 ONEKA'S Responsibilities - During the Term, ONEKA shall have complete obligation and responsibility for the operation, full functionality and maintenance of the Desalination Plant and all pipelines, fixtures, fittings, wires, cable or any other ancillary structure or accessory up to and including the point of connection at the CITY WWT Plant Site.

4.2 Oneka shall be responsible for ALL repairs, replacements, spare parts, etc. required to keep the equipment in operating condition and producing as close to nameplate capacity as possible for the duration of the Term.

4.3 Oneka will provide on-site support to operate and maintain the buoy and associated systems and will also collect water quality information in preparation of CITY applying for a Division of Drinking Water permit, and any other permits needed, to facilitate the delivery of produced, potable water into the City's distribution system. From these efforts, a detailed operation and maintenance profile and manual can be created to support future installations in California.

4.4 Oneka will provide data collection for operational parameters such as flow rate, movement of the buoy and pipeline in response to wave energy, and water quality. The product water flow rate will be measured to verify production rates. The movement of the buoy and pipeline will be monitored to evaluate the anchorage in response to the area's wave climate. The product water quality will be tested in accordance with Division of Drinking Water requirements for potable water. Maintenance activities will be recorded to create an operations profile for the future utility-scale installation. Maintenance will include routine cleaning of the intake screens, routine inspections of the buoy to identify any damage or unexpected wear, inspections of the pipeline to check for damage or unexpected wear, and potential emergency responses if the buoy becomes a danger or endangered due to storm energy.

4.5 City Responsibilities - During the Term, CITY shall have complete obligation and responsibility for the operation and maintenance of the Water Storage Reservoir, the WWT Plant Site and all related post treatment equipment, and water distribution equipment.

5. COMPLIANCE WITH CALIFORNIA DEPARTMENT OF WATER RESOURCES GRANT AGREEMENT.

The terms of this Agreement are intended to be in compliance with the Funding Agreement Between The State of California, Department of Water Resources and City Of Fort Bragg For Funding Assistance From The Water Desalination Grant Program For A Design Pilot Project Titled Oneka Seawater Desalination Buoy Design Pilot Study Department of Water Resources Agreement No. 4600015131, Pursuant To The Water Quality, Supply and Infrastructure Improvement Act of 2014 agreement (the "DWR Funding Agreement"), Water Desalination Funding Program Project No. CAP5 DP-2022-02, attached hereto as Exhibit 2 and incorporated herein by this reference. Oneka shall undertake all required efforts and acts to ensure full compliance with the above referenced DWR Funding Agreement and fully comply with all requirements set forth in the DWR Funding Agreement. Should a conflict arise between the terms and conditions of this Agreement and the DWR Funding Agreement the terms and conditions of the DWR Funding Agreement shall control except for terms related to compensation. Oneka must provide all data and information to City that is required for the submission and final approval by the DWR of all reports required by the DWR Funding Agreement.

6. PERMITS AND REGULATORY COMPLIANCE

6.1 CITY shall take reasonable steps to advise ONEKA of any local laws, requirements, and

permits that would affect the execution of ONEKA's duties, but does not warrant nor guarantee the accuracy of this advice.

6.2 CITY shall be responsible for obtaining all permits required under local laws and shall be responsible to obtain all necessary licenses and permits needed for the use and distribution of the desalinated water.

6.3 CITY shall be the Lead Agency for purposes of compliance with the California Environmental Quality Act (CEQA) certification with support from ONEKA including but not limited to all required technical studies and information.

6.4 ONEKA shall be responsible for obtaining all other permits, leases and studies related to installation of the Desalination Plant in the ocean, installing a pipeline to the CITY WWT Plant Site and operating the Desalination Plant (State Land Commission (SLC) Lease, National Pollutant Discharge Elimination System (NPDES) permit, California Coastal Commission (CCC) permit, 401 Water Quality Certification (WQC) permit, US Army Corp of Engineers 404, etc.)

7. COMPENSATION AND PAYMENT TERMS.

7.1 Payment Schedule for Desalination Plant

Project Administration	Not to Exceed $100,000
Permits and Regulatory Compliance required of Oneka. PERMITTING (WITH ENVIRONMENTAL ENGINEERING CONTRACTOR) OF THE BUOY EXCLUDING THE CEQA CERTIFICATION (LED BY CITY) BUT INCLUDING REQUIRED SENSITIVE SPECIES SURVEY, HYDROGRAPHIC SURVEY, SLC LEASE, NPDES LOW THREAT APPLICATION, CA COASTAL COMMISSION APPLICATION, USACE 401, 404 WQC PREP, ETC.	Not to Exceed $250,000
Project Mobilization	20% of Desalination Plant Installed Cost
Turnkey Installed Desalination Plant - Complete Oneka Wave Powered Desalination system, complete with proprietary wave powered pressurization, primary and secondary anchoring, desalinated water piping from the desalination buoy to clients WWT Plant Site boundary. Shipping to Site, City of Fort Bragg WWT Plant.	Total Desalination Plant Installed Cost Seven Hundred Forty Five Thousand and 00/100 Dollars ($745,000) 55% upon delivery to City.
Installation of the desalination buoy and desalinated water piping to Clients WWT Plant boundary. System Installation and Startup. Membrane Cleaning In Place System and Specialty tools required	20% upon completion of installation, Desalination Plant startup and initial delivery of water to City.
Reporting	NOT TO EXCEED $50,000

7.2 All payments required to be made to ONEKA under this contract shall be in free and unblocked currency of the United States.

7.3 ONEKA shall invoice CITY by the fifth (5th) of each three-month period for Operation and Maintenance Services rendered to CITY during the immediately preceding three-month period, and CITY agrees to include the amount of the Oneka Invoice in their quarterly Fee Disbursement to DWR in the next request cycle after receiving the ONEKA invoice. CITY agrees to pay ONEKA such invoiced amounts within ten (10) days of receiving the Quarterly Fee Disbursement from DWR. No payments shall be due from CITY to ONEKA until funds are received by CITY from DWR.

7.4 Oneka must provide evidence to verify the amounts of costs incurred as claimed in the invoice, when they occurred, and the nature of the costs (e.g., items purchased, work performed). Evidence may be receipts, billings, copies of checks, or invoices submitted to Funding Recipient. In lieu of time sheets for labor, summary sheets may be submitted listing employees, time period, hours or days worked, and pay rate. Additional guidance on documentation is provided in Exhibit H to the DWR Funding Agreement (State Audit Document Requirements and Funding Match Guidelines for Funding Recipients).

7.5 All withheld retention shall be released to Oneka within 30 days of final invoice and the City Engineer has issued a certificate of completion for all of the equipment and installation required under this Agreement.

8. WWT PLANT SITE AND WATER STORAGE RESEVOIR ACCESS AND USAGE

During the term of this agreement, CITY shall provide ONEKA, its subcontractors, and agents with the right to have access to the WWT Plant Site during the Term of this agreement, together with the right of ingress to and egress from the WWT Plant Site so as to permit ONEKA access to the WWT Plant Site, all without cost or charges to ONEKA, its subcontractors, or agents for the sole purpose of performing ONEKA's obligations and exercising ONEKA's rights under this Agreement. The access rights herein granted to ONEKA by CITY are for the limited purpose stated and are to be strictly construed to limit ONEKA, its subcontractors, and agents to only a commercially reasonable work area necessary for the required work to be completed and the routes of ingress and egress shall be designated by the City Engineer in their sole discretion.

9. PAYMENT FOR OPERATION AND MAINTENANCE SERVICES

During the Operation and Maintenance period, ONEKA shall deliver Desalinated Water to CITY and CITY shall accept and pay an Operation and Maintenance Service Fee to ONEKA at the rate of $US Seventy-Eight Thousand, Seven Hundred and Fifty Dollars (US $78,750.00) for each three-month "QUARTERLY" period. The Operation and Maintenance Fee is exclusive of any sales, utility, excise, property, extraction, disposal, or other tax or charge imposed by any government authority. In the event that any tax or fee is imposed later, these charges will be passed on to CITY at actual cost.

10. REPRESENTATIONS AND WARRANTIES.

10.1 Water Quantity

ONEKA will maintain and operate the Plant to produce as close to the Monthly Rated Capacity of the Plant as possible (up to 1,521 M3/month / *401,500* US Gallons/month) for twelve (12) months.

However, CITY understands that the Plant will be a single demonstration pilot unit that has variable production dependent upon wave height and may not always produce the maximum rated average capacity each month.

10.2 Water Quality

ONEKA will maintain and operate the Plant to produce desalinated water with an average salinity below 500 PPM TDS for twelve (12) months. However, CITY understands that the Plant will be a demonstration Plant that has variable production depending upon wave height and may produce desalinated water at a higher salinity. Desalinated water with a salinity greater than 750 PPM TDS will be diverted back to the ocean.

10.3 Warranties. Seller warrants for the period ending twelve months after Equipment start-up or eighteen months after shipment, whichever occurs earlier, that Equipment manufactured by Seller will conform in all material respects to any descriptions, plans or specifications included in the Agreement, and will be free of defects in materials and workmanship. Any performance warranties stated elsewhere in the Agreement shall apply only if Equipment is operated in accordance with Seller's instructions when operated on water or other liquids having the characteristics specified in the Agreement. Components and materials of the type that need replacement periodically due to normal wear and tear, such as membranes, frames, gaskets, filter cartridges, pump seals, etc. are warranted against defects only as of the shipment date, unless expressly stated otherwise. Warranties do not apply to damage or wear resulting from accidents, negligence, abuse, or misuse by Purchaser or third parties; from failure to follow Seller's instructions for installation, operation or maintenance; or from alterations or repairs not performed in accordance with Seller's instructions. Seller shall assign to Purchaser any manufacturer's warranties of equipment or materials purchased from others, to the extent they are assignable, and Purchaser's sole recourse shall be against the manufacturer. Seller warrants that any Services will be performed in a good and workmanlike manner. Purchaser shall promptly notify Seller of any warranty claim, and Purchaser's sole remedy shall be the repair or replacement (at Seller's election) of defective Equipment or the correction of deficient Services. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND SELLER MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OTHER THAN AS EXPRESSLY STATED IN THIS AGREEMENT.

11. INSURANCE.

11.1 Commercial General Liability and Automobile Liability Insurance. Coverage for liability because of Bodily Injury and Property Damage including, but not limited to the following coverage:

- Completed Operations and Products Liability
- Bodily Injury
- Personal Injury
- Broad Form Property Damage Liability
- Contractual Liability insuring the obligations assumed by the Contractor under the Contract Documents

Commercial General Liability Self-Insured Retentions:

- All self-insured retentions (SIR) must be disclosed to City for approval and shall not reduce the limits of liability.
- Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or the City.

- The City reserves the right to obtain a full certified copy of any insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.

11.2 Commercial Umbrella Policy. The limits of insurance required in these Contract Documents may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City (if agreed to in a written contract or agreement) before the City's own Insurance or self-insurance shall be called upon to protect it as a named insured.

11.3 The Additional Insured coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from the City's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13.

11.4 The limits of the insurance required above will be at least:

Comprehensive General Liability		
Bodily Injury Liability	$5,000,000	each occurrence
	$10,000,000	each aggregate
Property Damage Liability	$5,000,000	each occurrence
	$10,000,000	each aggregate

11.5 Vehicle Insurance. Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (nonowned), with limit no less than $1,000,000 per accident for bodily injury and property damage.

11.6 Workers' Compensation insurance as required by the State of California.

11.7 For each insurance policy required under the Agreement except for the required workers compensation insurance policy, the Contractor must provide endorsements that add the City, its officials, officers, employees, agents and volunteers as an additional insured ("Additional Insured"). Such endorsements must: provide that the insurance required to be furnished by the Contractor will be primary as regards the City, and that the City's insurance will be excess of and not contribute to the insurance required to be furnished by the Contractor; that the City will receive 30 day written notice of any reduction or cancellation of such insurance required to be furnished by the Contractor; and include a severability of interest clause acceptable to the City. Said endorsement shall be at least as broad as Insurance Services Office form number CG2010 (Ed. 11/85).

11.8 If Oneka maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by Oneka. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

12. INDEMNIFICATION.

To the extent permitted by law, Oneka does hereby assume liability for, and agrees to defend, with counsel acceptable to City, indemnify, protect, save and keep harmless City and its directors, officers, employees, and its successors and assigns from and against any and all

liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs and expenses and disbursements including reasonable attorneys' fees and expenses (including allocated costs of City staff attorneys) of any kind and nature (collectively "claims") imposed in, asserted against, incurred or suffered by City or its directors, officers or employees or its successors and assigns by reason of damage, loss or injury (including death) of any kind or nature whatsoever to persons or property in any way relating to or arising out of:

12.1. any negligent act or action, or any negligent omission or failure to act when under a duty to act on the part of Oneka or any of its officers, agents, servants, employees, or subcontractors of any tier in its or their performance hereunder whether or not caused in part by City's negligence, but not to the extent of City's sole negligence or willful misconduct; and/or

12.2. any claims of patent, copyright or trade secret infringement in connection with the services performed and/or work products provided under this Agreement by Oneka or any of its officers, agents, servants, employees, subcontractors or subcontractors of any tier; and/or

12.3. a defect in any product supplied by Oneka except that claims indemnified under this section must be claims caused by such defect prior to City acceptance of that product.

12.4. In addition to any other remedy authorized by law, so much of the money due Oneka under this Agreement as shall be considered necessary by City may be retained until disposition has been made of any claim for damages. The foregoing requirements are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Oneka pursuant to this Agreement, including, but not limited to, the provisions concerning insurance and warranty.

13. PERFORMANCE BOND.

13.1. Oneka will, within ten (10) days of execution of this Agreement, and before the City will make any payments required under this Agreement, submit performance security in the form of a faithful Performance Bond or Irrevocable Standby Letter of Credit duly issued by a corporate surety authorized to do business in California and satisfactory to the City, in an amount equal to one hundred percent (100%) of the Agreement price as required by the DWR Funding Agreement.

13.2. Said surety shall be admitted to do business in the State of California. If, during the term of this Agreement, the rating for said surety is below a Best's rating of A or is below the comparable rating provided by another nationally recognized rating provider if Best's ratings are discontinued, then Oneka shall immediately replace said performance bond with another that satisfies all of the above requirements upon City's written request therefor. City may withhold any payment otherwise due to Oneka until Oneka complies with the requirements of this section.

13.3. If Oneka elects to submit a letter of credit as performance security, Oneka agrees to submit replacement security acceptable to City, if so notified by City, if the letter of credit expires and/or is not renewed prior to completion of performance under the Agreement and Agreement Documents.

13.4. The Performance Bond shall ensure the timely delivery of the Desalination Plant equipment meeting the specifications required by this Agreement. The Performance Bond will be released within 10 days after the City receives the first operational waterflow from the Desalination Plant. The Performance Bond is not intended to cover any warranties required by this Agreement.

14. CALIFORNIA LABOR CODE REQUIREMENTS.

14.1 In accordance with California Labor Code Section 1771.1, this Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations (DIR). The Contractor and subcontractors engaged in performance of the Work must comply with Labor Code Section 1771.1.

14.2 In accordance with California Labor Code Section 1810, eight (8) hours of labor in performance of the Work shall constitute a legal day's work under the Agreement.

14.3 In accordance with California Labor Code Section 1811, the time of service of any worker employed in performance of the Work is limited to eight hours during any one calendar day, and forty hours during any one calendar week, except in accordance with California Labor Code Section 1815, which provides that work in excess of eight hours during any one calendar day and forty hours during any one calendar week is permitted upon compensation for all hours worked in excess of eight hours during any one calendar day and forty hours during any one calendar week at not less than one-and-one-half times the basic rate of pay.

14.4 The Contractor and its subcontractors will forfeit as a penalty to the City $25 for each worker employed in the performance of the Work for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one calendar day, or more than forty (40) hours in any one calendar week, in violation of the provisions of California Labor Code Section 1810 et seq.

14.5 In accordance with California Labor Code Section 1773.2, the City has determined the general prevailing wages in the locality in which the Work is to be performed for each craft or type of work needed to be as published by the State of California Department of Industrial Relations, Division of Labor Statistics and Research, a copy of which is on file in the Public Works Department and shall be made available on request. The Contractor and subcontractors engaged in the performance of the Work shall pay no less than these rates to all persons engaged in performance of the Work.

14.6 In accordance with California Labor Code Section 1775, the Contractor and any subcontractors engaged in performance of the Work must comply with Labor Code Section 1775 which establishes a penalty of up to $200 per day for each worker engaged in the performance of the Work that the Contractor or any subcontractor pays less than the specified prevailing wage. The amount of such penalty shall be determined by the Labor Commissioner. The Contractor or subcontractor shall pay the difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate. If a subcontractor worker engaged in performance of the Work is not paid the general prevailing per diem wages by the subcontractor, the Contractor is not liable for any penalties therefor unless the Contractor had knowledge of that failure or unless the Contractor fails to comply with all of the following requirements:

14.6.1 The contract executed between the Contractor and the subcontractor for the performance of part of the Work must include a copy of the provisions of California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.

14.6.2 The Contractor must monitor payment of the specified general prevailing rate of per diem wages by the subcontractor by periodic review of the subcontractor's certified payroll records.

14.6.3 Upon becoming aware of a subcontractor's failure to pay the specified prevailing rate of wages, the Contractor must diligently take corrective action to halt or rectify the failure,

including, but not limited to, retaining sufficient funds due the subcontractor for performance of the Work.

14.6.4 Prior to making final payment to the subcontractor, the Contractor must obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general prevailing rate of per diem wages to employees engaged in the performance of the Work and any amounts due pursuant to California Labor Code Section 1813.

14.7 In accordance with California Labor Code Section 1776, the Contractor and each subcontractor engaged in performance of the Work, must keep accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed in performance of the Work. Each payroll record must contain or be verified by a written declaration that it is made under penalty of perjury, stating that the information contained in the payroll record is true and correct and that the employer has complied with the requirements of Sections 1771, 1811, and 1815 for any work performed by the employer's employees on the public works project. The payroll records required pursuant to California Labor Code Section 1776 must be certified and must be available for inspection by the City and its authorized representatives, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations and must otherwise be available for inspection in accordance with California Labor Code Section 1776.

14.8 In accordance with California Labor Code Section 1777.5, the Contractor, on behalf of the Contractor and any subcontractors engaged in performance of the Work, will be responsible for ensuring compliance with California Labor Code Section 1777.5 governing employment and payment of apprentices on public works contracts.

14.9 In case it becomes necessary for the Contractor or any subcontractor engaged in performance of the Work to employ on the Work any person in a trade or occupation (except executive, supervisory, administrative, clerical, or other non-manual workers as such) for which no minimum wage rate has been determined by the Director of the Department of Industrial Relations, the Contractor must pay the minimum rate of wages specified therein for the classification which most nearly corresponds to Work to be performed by that person. The minimum rate thus furnished will be applicable as a minimum for such trade or occupation from the time of the initial employment of the person affected and during the continuance of such employment.

15. NO ASSIGNMENT OF WORK.

No party to this Agreement may assign any right or obligation under this Agreement. Any attempted or purported assignment of any right or obligation under this Agreement shall be void and of no effect.

16. INDEPENDENT CONTRACTOR.

In performing this Agreement, Oneka shall act as an independent contractor and not as an employee of City. In accordance with that relationship, Oneka shall assume all responsibility for Federal and State income tax withholding, FICA, SDI, and any other deduction from income that Oneka is properly required to make as an independent contractor.

17. ATTORNEY'S FEES AND COSTS; WAIVER OF DAMAGES.

If the services of any attorney are required by any party to secure the performance of this Agreement or otherwise upon the breach or default of another party, or if any judicial remedy or arbitration is necessary to enforce or interpret any provisions of this Agreement or the rights and duties of any person in relation to this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law. Whenever provision is made in this Agreement for the payment of attorney's fees, such fees shall be payable whether the legal services are rendered by a salaried employee for the party or by independent counsel and shall include such fees as are incurred in connection with any alternative dispute resolution, pretrial proceeding, trial, or appeal of the action.

Neither ONEKA nor City shall be responsible for any consequential or incidental damages arising out of or related to the Party's performance under this Agreement. City assumes all risks associated with the distribution, ultimate use and disposal of the Desalinated Water delivered to City by ONEKA and agrees to indemnify ONEKA from any consequential damages arising out of or related to the use of the Desalinated Water.

18. COVENANT AGAINST GRATUITIES.

Oneka covenants and warrants that it has not offered or given gratuities in the form of entertainment, gifts, compensation, or otherwise to any member, officer, or employee of City with a view toward securing favorable treatment in the award, modification or performance evaluation of the Agreement. For breach or violation of this covenant, City shall have the right to terminate this Agreement without liability.

19. NON-WAIVER.

Waiver of any breach of default hereunder shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or of another provision of this Agreement.

20. MODIFICATION.

No waiver, alteration, modification or termination of this Agreement shall be valid unless made in writing and signed by the authorized parties hereof.

21. THIRD PARTY OBLIGATIONS.

Oneka shall be solely liable to third parties with whom it enters into contracts to effectuate the purposes of this Agreement. Oneka shall pay directly such parties for all amounts due under said arrangement. Oneka shall indemnify and hold City harmless from any and all claims and liabilities arising from this Agreement. Oneka shall exert its best efforts to prevent any loss to City from the failure of proper performance of any third party. City's only obligation with respect to such third parties shall be limited to reimbursement to Oneka for those expenses for which City is obligated to reimburse by virtue of the terms of this Agreement.

22. TERMINATION.

22.1 City may terminate this Agreement, in whole or in part, at any time by written notice to Oneka. In the event of termination before delivery, the City will reject delivery and cancel the project. Oneka shall be paid its costs, including contract close-out costs and profit on work performed, up to the time of termination. Oneka shall promptly submit its termination claim to be

paid to Oneka. If Oneka has any property in its possession belonging to the City, Oneka will account for it and dispose of it in the manner City directs.

22.2 In addition to the above obligation in paragraph 22.1, in the event of termination of this agreement, CITY shall pay ONEKA for all Operation and Maintenance Services rendered until the point of termination and Oneka shall repurchase all rights, title and interest in the Desalination Plant from City for the amount of One Dollar ($1.00)**.**

22.3 This agreement may be terminated by ONEKA if CITY has failed to pay ONEKA any sums due, and after said sums have been more than ninety (90) days overdue, by means of a written notice of thirty (30) days from ONEKA to CITY. ONEKA is obligated to give CITY proper notice.

23. FORCE MAJEURE

The Parties shall not be liable to each other for any loss or damage, and shall not be considered in breach of their obligations under this Agreement for any delay or failure to perform their obligations hereunder, if such delay or failure results from any Force Majeure, provided that the affected Party (i) promptly notifies the other Party of the situation and the anticipated delays, and (ii) makes diligent efforts to minimize the impact of the Force Majeure on the performance of its obligations, including by continuing to perform its obligations as reasonably possible in light of the Force Majeure.

24. NOTICE

Any written notice required or permitted under the terms of this agreement shall be sent by certified or registered mail to the following address:

City Of Fort Bragg
City of Fort Bragg – Department of Public Works
Street Address: 416 North Franklin Street, Fort Bragg, CA 95437, USA
Mailing Address: 416 North Franklin Street, Fort Bragg, CA 95437, USA
Phone: +1(707) 961-2823

ONEKA:
Oneka Technologies US Inc
Street Address: 600 W. Broadway, Suite 1200, San Diego, CA 92101, USA
Mailing Address: 600 W. Broadway, Suite 1200, San Diego, CA 92101, USA
Phone : + 1 (819) 485-0335

Or other such addresses as the parties may designate from time to time by written notice to the other. Notice shall be deemed received five (5) business days following the date postmarked in the event of mailing.

25. GOVERNING LAW.

The interpretation and enforcement of the Agreement shall be governed by the laws of the State of California, the state in which the Agreement is signed. This transaction is further governed by the California Uniform Commercial Code; certain terms used in this Agreement are used in the same manner as those terms are used in the Uniform Commercial Code.

26. AUTHORITY.

Each of the signatories to this Agreement represent that he or she is authorized to sign the Agreement on behalf of such party and that all approvals, resolutions and consents which must be obtained to bind such party have been obtained and that no further approvals, acts or consents are required to bind such party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF FORT BRAGG,
A municipal corporation

_____ Date: _____
Isaac Whippy, City Manager

ATTEST:

_____
Diana Sanchez, City Clerk

ONEKA EMERGENCY EQUIPMENT

_____ Date: _____
Signature

_____
Name and Title

_____
Social Security or Taxpayer ID Number

APPROVED AS TO FORM:

_____ Date: _____
Baron J. Bettenhausen, City Attorney

DEPARTMENTAL APPROVAL:

_____ Date: _____
John Smith, Director of Public Works

EXHIBIT 1

PROJECT DESCRIPTION AND DESALINATION PLANT LOCATION, CITY WASTEWATER TREATMENT PLANT LOCATION AND DESCRIPTION OF CONNECTION POINT FOR DESALINATION PLANT WATER LINE, SCHEDULE OF PERFORMANCE

Project Description

This document presents a description of the City of Fort Bragg's (City's) Oneka Desalination Buoy Pilot Project (Pilot Project). It provides the project background, the environmental setting for the deployment area offshore of the City, the design of the Pilot Project components, the construction/installation methods, the operation and maintenance (O&M) plan, the decommissioning approach, and the requisite permits and approvals.

1. Project Background

The City has suffered water reliability concerns in recent years during the severe droughts California has endured. In response, the City installed portable, containerized desalination units to treat the brackish or saline waters at a diversion point approximately 4.5 miles upriver from the Noyo River mouth. To avert future challenges, the City has sought out new, reliable water supply alternatives. One promising technology is the Oneka Technologies (Oneka) wave-powered desalination system. The Oneka units convert seawater into freshwater through reverse osmosis (RO), using only the power of ocean waves. The Oneka design will be the first of its kind in California and would therefore benefit from a pilot study to demonstrate its effectiveness and refine its operational parameters to inform a future utility-scale deployment.

In consultation with the City, Oneka identified their Iceberg class unit as the most appropriate to pilot test off the coast of the City. The Iceberg unit is the 9th generation of this technology developed over seven years in the ocean environment. The pilot study will deploy a single Iceberg class unit that will produce on average 13,200 gal/day or 0.013 million gallon/day (MGD) for a period of 12 months. Over the course of the pilot study, the operational parameters and environmental impact of the Iceberg's operation will be monitored to support permitting of a future array of Iceberg units to provide a utility-scale water supply.

2. Environmental Setting

The City is located in western Mendocino County on a stretch of the rugged Northern California coastline between the Noyo River and Pudding Creek. It is one of the, comparatively, more urban areas within the mostly rural Mendocino County. Historically, the local economy has been dominated by natural resource-based business enterprises such as timber, fishing, and tourism. The 2002 closure of the Georgia-Pacific Mill reduced the timber industry's stake in the local economy. Fishing and tourism remain significant parts of the coastal economy.

The coastal waters where the buoy for this pilot project will be moored is a mix of sandy plains interspersed among high-rugosity rocky reefs underlying a high-wave-energy environment (Figure 1). In support of the pilot study, a detailed map of the seafloor was created using side-scan sonar imaging followed by remotely operated vehicle surveys to verify the structures identified during the sonar imaging. This resulted in identifying the mapped soft-bottom habitat displayed in tan in Figure 1. Kelp canopy mapped for three years (1989, 1999, and 2016) is also shown in Figure 1. Two of the years represent near-maximum canopy area (1989 and 1999) and the most recent year for which a GIS shapefile is available (2016) from the California Department of Fish and Wildlife's Marine GIS unit

(https://filelib.wildlife.ca.gov/Public/R7_MR/). Kelp canopy areas can be used as a proxy for the presence of hard substrate. Canopy forming kelps require hard substrate to attach to in high-energy wave areas to maintain position. Not all hard substrate, however, supports canopy-forming kelp. This can be due to turbidity, high-concentration of suspended solids that scour the substrate and eliminate canopy-forming kelp holdfasts, an abundance of herbivorous predators, and others (Foster and Schiel 2015). Marine protected areas (MPAs) in the area were also added to the map (Figure 1) to assess the spatial proximity of the proposed project to protected areas.

Recent environmental surveys in compliance with the City's wastewater treatment plant (AMS 2023) documented a variety of marine resources such as various algal species, sea urchins (including *Strongylocentrotus purpuratus* and *S. franciscanus*), and red abalone (*Haliotis rufescens*). Foliose algal species such as *Desmarestia* and *Nereocystis* were either absent or present in very low densities consistent with the overall trend of declining algal communities along the Northern California coastline (Rodgers-Bennet and Catton 2019). The algal community decline has coincided with an increase in the sea urchin populations, which may be correlated to the algal decline, and an increase in exposed rocky habitat. During the four surveys in the area since 2007, AMS (2023) reported a gradual habitat conversion from sand to rocky substrate throughout the area. This coincides with two significant drought episodes in California.

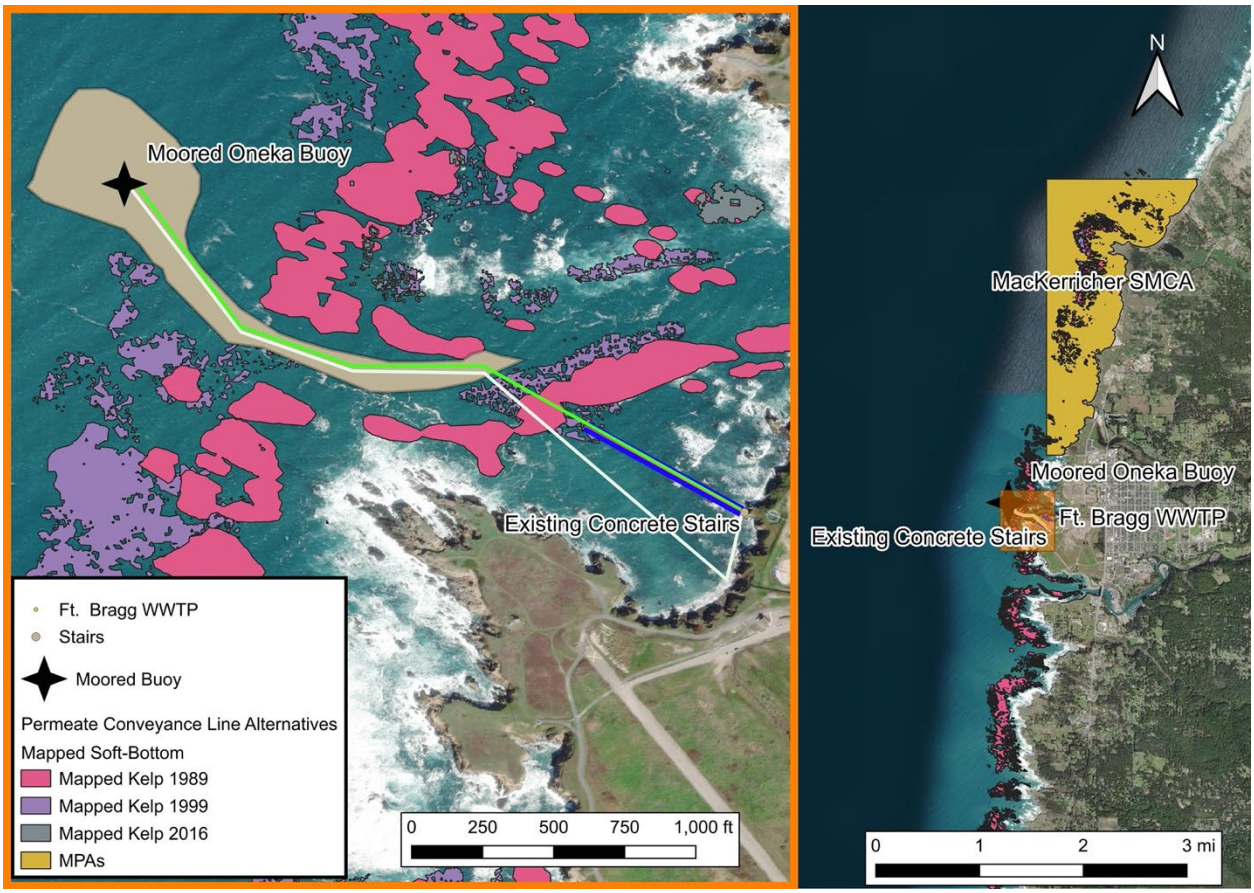


Figure 1: Map of the proposed pilot project and surrounding habitat, existing infrastructure, and location of the nearest Marine Protected Area (MPA). Mapped kelp areas drawn from the California Department of Fish and Wildlife's Marine GIS. Mapped soft-bottom from side-scan sonar survey summarized in Appendix 1. Green (preferred) and white (alternative) permeate conveyance lines depicted on the map.

A circular area measuring approximately 6.3 acres of predominantly sandy substrate (the bowl) was identified offshore of the City wastewater treatment plant and deemed suitable for the placement of the buoy mooring system with minimal risk to sensitive habitat. A sand channel extending from the offshore bowl inshore to near the terminus of the City's wastewater treatment plant ocean outfall was identified and deemed suitable for the placement of the permeate pipeline. The permeate pipeline will have to cross hard substrate that supported canopy-forming kelp in both the 1989 and 1999 mapping surveys. No kelp canopy was reported in this area during 2016 mapping effort or during the side-scan sonar and ROV surveys performed for this project. The proposed channel from the offshore bowl to the existing wastewater treatment plant ocean outfall is the least impactful identified. The channel's minimum width is 71 ft; wide enough for the permeate pipeline and its anchoring system to reach the shoreline.

Two sites were initially evaluated for the deployment, the preferred site in Mill Bay offshore of the Wastewater Treatment Plant, and the alternative site offshore Noyo Harbor (Figure 2). The mooring system is approximately 427 ft in diameter. This size was used on the map in Figure 2 to represent the area likely closed to vessel traffic in each alternative site. The preferred site is positioned approximately 0.5 mile offshore of the wastewater treatment plant. Mill Bay does not support any marinas, ports, harbors, or other high-traffic areas for commercial and recreational vessels. It does, however, already contain habitat disturbed for the installation and operation of the wastewater treatment plant's ocean outfall. Noyo Harbor contains a working marina and port supporting the local blue economy with consistent vessel traffic. The Noyo Harbor entrance channel is approximately 1,400 wide with kelp canopy mapped along both sides of the channel further constricting the safe passage. No infrastructure exists on the bluffs on either side of the Noyo Harbor channel that could temporarily support the Iceberg pilot study, thus requiring the permeate pipeline to make landfall in Noyo Harbor at the docks. Additional infrastructure would be needed to accept the permeate in a way that would allow for the proper discharge of unused permeate while providing access to the permeate for testing and non-potable uses at the City's discretion.

Using these maps (Figures 1 and 2), the preferred Iceberg mooring site is approximately 570 ft from the nearest canopy-forming kelp based on the 1989 mapping survey, 317 ft from the nearest canopy-forming kelp based on the 1999 mapping survey, and 0.75 miles from the nearest MPA, MacKerricher State Marine Conservation Area (SMCA).

2.1 Water Quality

AMS (2023) measured four water quality parameters at five stations (Figure 3) in the area on August 31, 2022. The parameters were stable throughout the water column and across the monitoring area. A summary of these data is provided in Table 1. All parameters were within the ranges specified in the California Ocean Plan. For the purposes of this analysis, no stations were considered as the reference site. The pH was less than 0.2 units different among any of the stations. All dissolved oxygen concentrations were within 90%, or more, of each other indicating the concentration at any one station was depressed no more than 10% from ambient. Salinity and water temperature were nearly identical across the area. The salinity in the area on August 31, 2022 was between 33.0 and 33.1 PSS (Table 1). This was consistent with the long term average salinity (33.0 PSS, standard error = 0.007) recorded in Humboldt Bay between March 22, 2021 and March 22, 2024 (https://data.caloos.org/#metadata/20363/station/data).

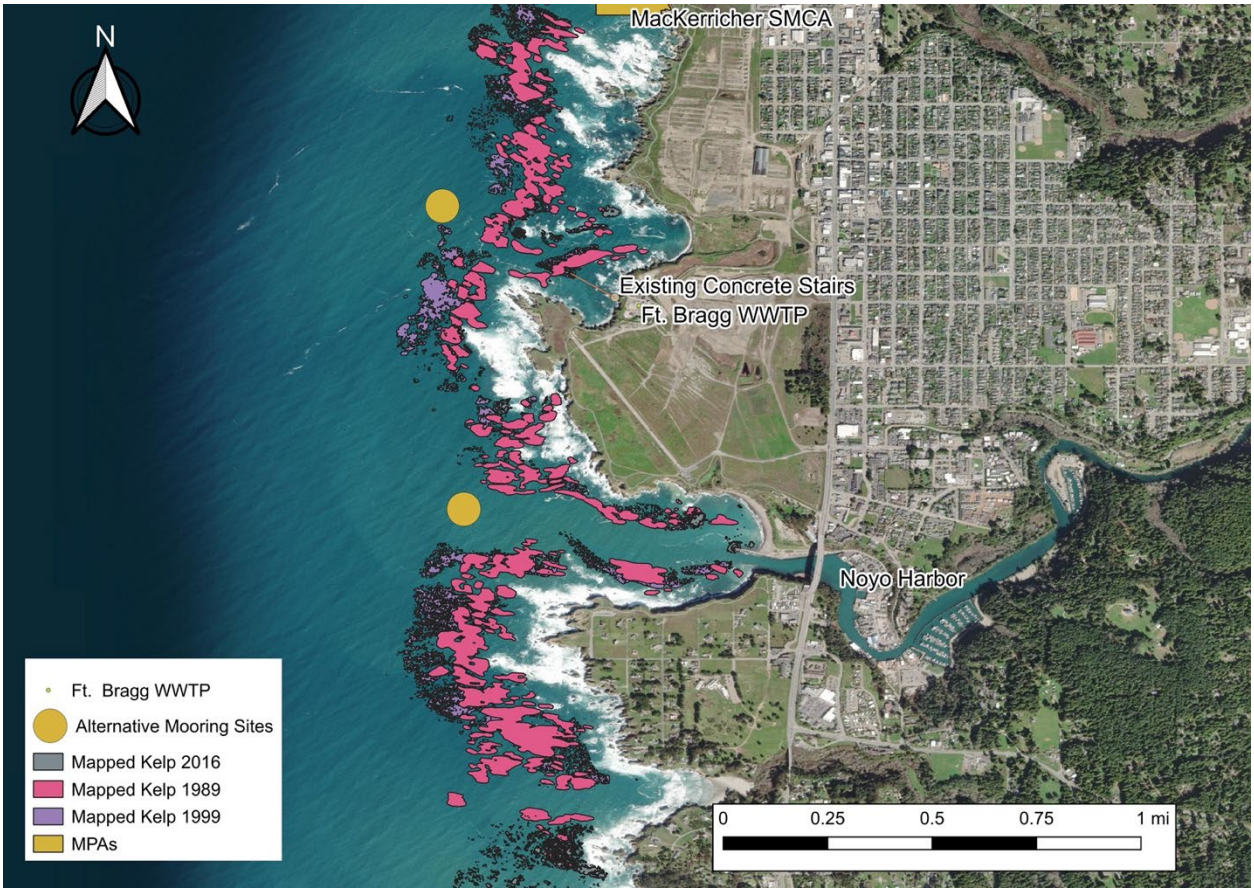


Figure 2. Iceberg buoy mooring sites considered in this analysis with habitat layers included for reference.

On August 9, 2023, seawater was collected from the surface where the Iceberg will be deployed. The seawater sample was delivered to Alpha Analytical Laboratories, Inc. (ELAP# 1551) for analytical testing. Testing was for the Ocean Plan Table 1 list of analytes with the full results in Appendix 2. Only five analytes were detected in the water sample (Table 2).

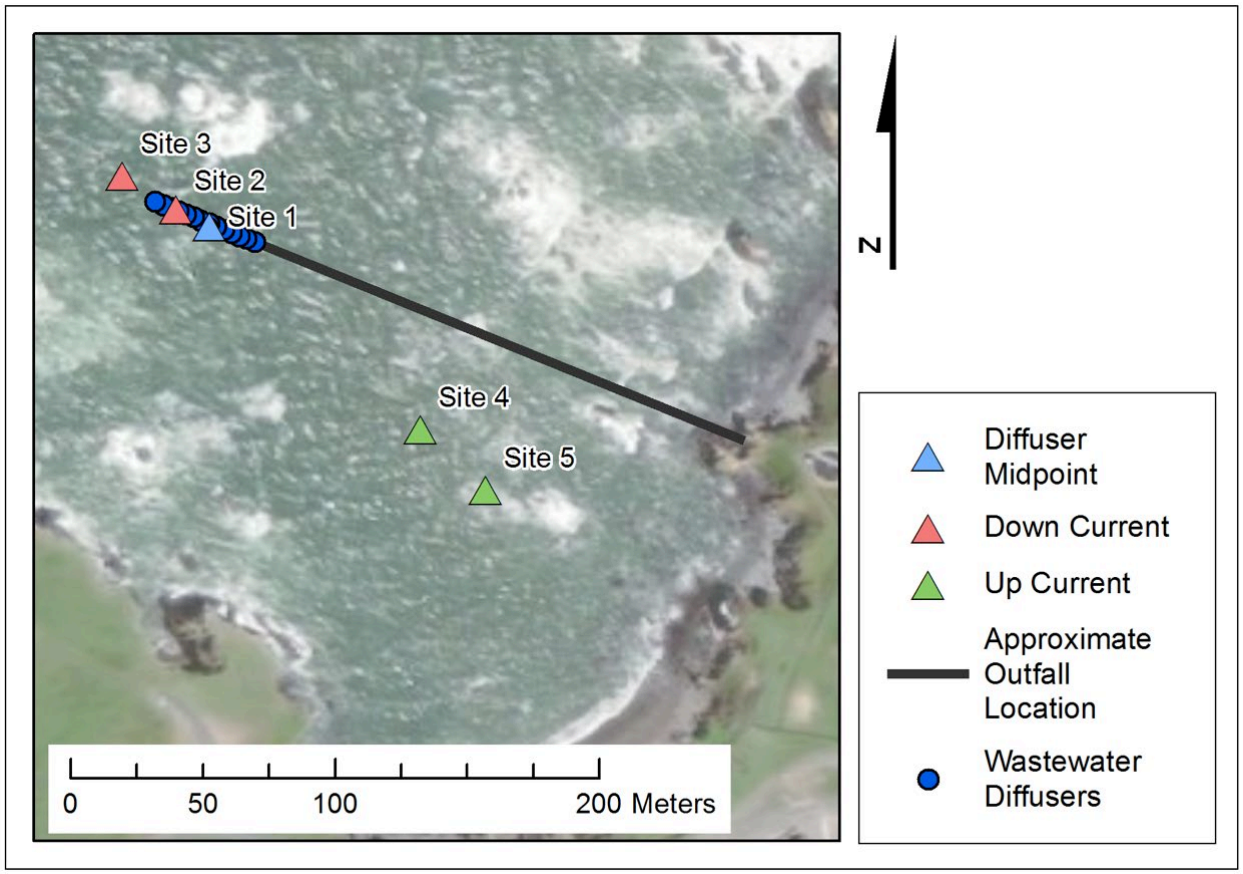


Figure 3. Water quality monitoring stations. From AMS (2023).

Table 1. Average water quality parameter values recorded throughout the water column at each Site surveyed on August 31, 2022. Data provided by Applied Marine Sciences.

Parameter	Site 1	Site 2	Site 3	Site 4	Site 5
Water Temperature (°C)	11.4	11.4	11.5	11.6	11.5
Salinity (PSS)	33.1	33.0	33.1	33.0	33.1
pH	8.0	8.0	8.1	8.1	8.1
Dissolved Oxygen (mg/l)	8.2	8.4	8.7	9.0	8.7

Table 2. Analytical chemistry results for a water sample collected on August 9, 2023 at the proposed location of the moored Iceberg.

Parameter	Value	Units
Copper	5.4	µg/L
Nickel	8.1	µg/L
Ammonia	0.17	mg/L
Acetone	5.5	µg/L
Di-n-butyl phthalate	6.2	µg/L

3 Design of Components

The Pilot Project is designed to produce a maximum of 22,000 gal/day or 0.022 MGD for a period of 12 months. The system is comprised of the following components. A site layout is provided in Figure 8 and shows all the principal project components. The design of each component is described in greater detail in the following subsections

- Iceberg buoy – the buoy is the floating structure that houses the wave power-generating device, the seawater intake system, the seawater RO membranes, and the brine discharge system.
- Mooring/anchoring system – the mooring/anchoring system keeps the Iceberg unit anchored to the seafloor with built-in redundancy providing a safety back-up in the event that the principal mooring system fails for any reason.
- Permeate pipeline – the permeate pipeline is used to convey desalinated permeate from the Iceberg buoy to shore. It will also be anchored to the seafloor.

3.1 Buoy

The Oneka Iceberg-class wave-powered desalination buoy weighs 22 tons and measures 19.7 ft wide by 28.7 ft long. The Iceberg is 21.7 ft tall with 15.6 ft above the water line and 6.1 ft below the water line (Figure 4). The Iceberg is designed to be towed to and from the dock and deployment site using a towboat. It can be installed or removed within a few hours.

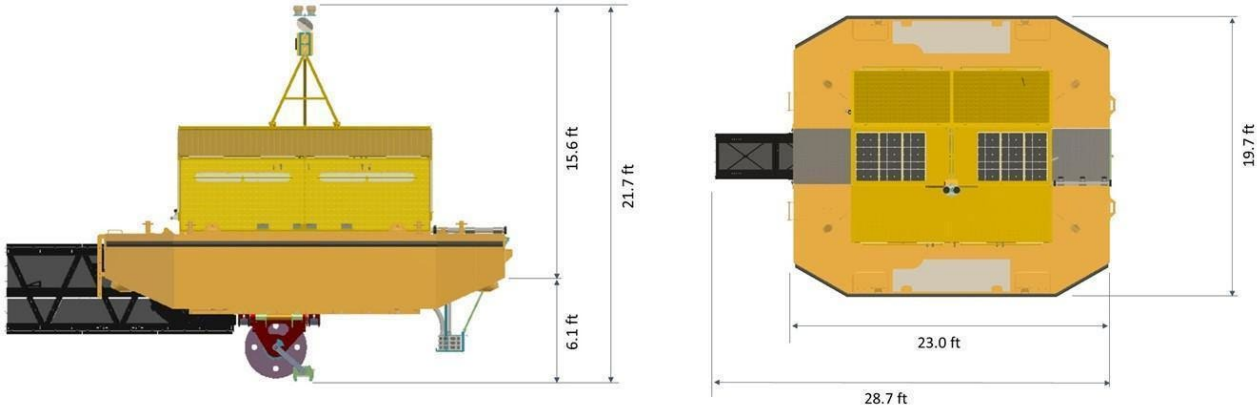


Figure 4: Dimensions of the Iceberg unit

The buoy is a fully self-contained desalination system powered exclusively by mechanical wave energy and uses no chemicals in the treatment process. Using the point absorber principle, the buoy gathers energy with every wave. The patented Power Take Off (PTO) mechanism drives a water pump which has a self-cleaning, 60-micron mesh, cylindrical intake screen at a nominal depth of four ft below the ocean surface. All material, including nearly all forms of marine life, are passively excluded by the 60-micron mesh intake screen at the point of withdrawal.

Once into the system, the pressurized water is filtered through 5-micron mesh cartridge filters before entering the RO membranes. Before discharging back to the ocean, the high-pressure brine is used to power an energy recovery device for maximum efficiency.

3.1.1 Intake System

The intake screen is 16.5 inch in diameter and 10.3 inch long (Figure 5) and is designed to withdraw a nominal 66,000 gal/day (0.07 MGD). The calculated through-screen intake velocity is approximately 0.22 ft/sec at the design flow rate and 0.27 ft/sec with an assumed 15% open area blocked. Under all operating scenarios, the intake for the Pilot Project will not exceed 0.5 ft/sec.

The screening mesh is 316 stainless steel. The intake screen is automatically cleaned via a rotary cleaning device inside the screen which is driven mechanically by intake and discharge flow. This internal cleaning is continuous as long as the buoy is operating. The intake system is also retrievable to the surface, so manual cleaning can be done (if required) without divers.

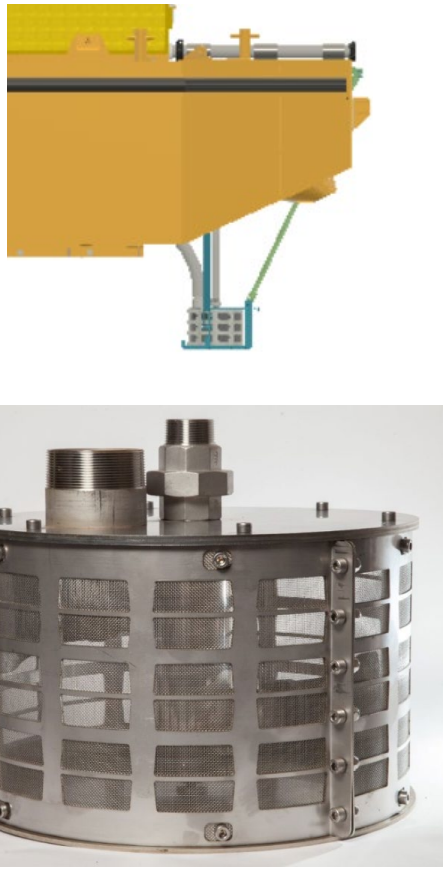


Figure 5: Seawater intake and brine discharge system with 60-micron mesh screening

https://www.rotorflush.com/products/rf400a/#models

3.1.2 SWRO System

The Iceberg buoy will contain four RO membranes distributed across two pressure vessels (two RO membranes per pressure vessel).

While capable of a maximum production of 21,134 gal/day (0.021 MGD), during the Pilot Project the buoy will nominally produce 13,200 gal/day (0.013 MGD) of permeate, on average. The 13,209 gal/day (0.013 MGD) production rate is analyzed here as it represents average operating conditions and produces the

highest salinity brine depending on the recovery percentage (Table 2). A range of potential recovery percentages are also presented to describe the average operational envelope.

Assuming ambient salinity is 33.1 ppt in the deployment area, the maximum seawater intake volume will occur with 20% recovery but will result in the least saline brine (41.38 ppt). As the recovery percentage increases the brine volume decreases, but its salinity increases to an estimated maximum of 50.92 ppt salinity at a 35% recovery rate.

Table 2. Iceberg buoy seawater desalination processing parameters with a nominal permeate production of 13,200 gallons/day.

Recovery %	Seawater Intake		Brine Discharge		Produced water	
	Volume (x1000 G)	**Salinity (ppt)**	**Volume (x1000 G)**	**Salinity (ppt)**	**Volume (x1000 G)**	**Salinity (ppt)***
20	66	33.1	52.8	41.38	13.2	0.167
25	52.8	33.1	39.6	44.13	13.2	0.175
30	44	33.1	30.8	47.29	13.2	0.185
35	37.7	33.1	24.5	50.92	13.2	0.196

3.1.3 Brine Discharge System

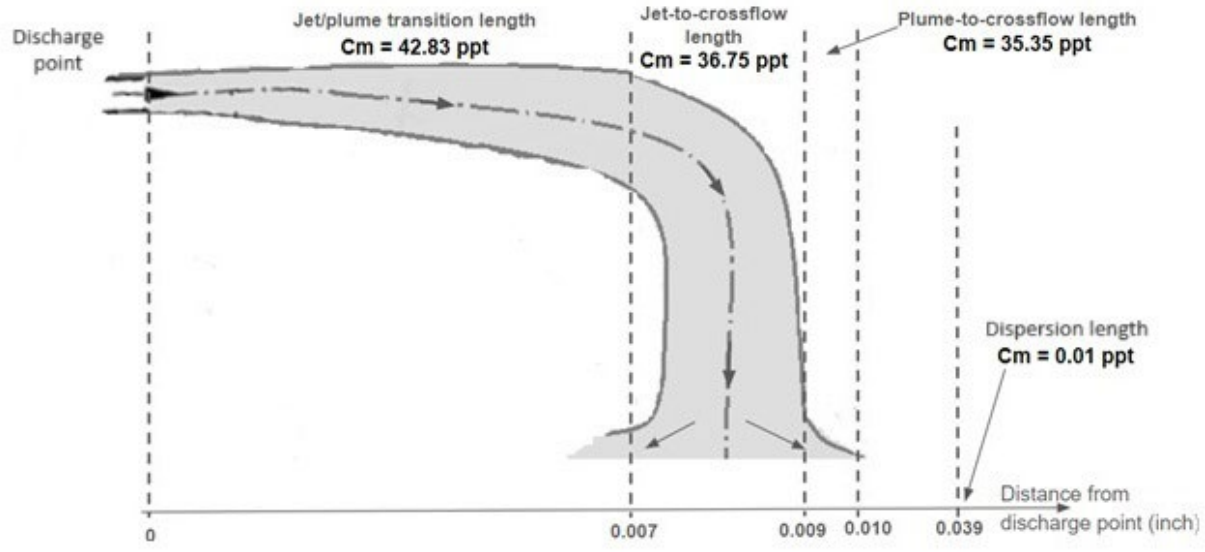
Brine rejected from the RO system first passes through the energy recovery device before being discharged through the same component used for the intake (Figure 5). The point of discharge is therefore in the face of the 60-micron screen. Since brine is discharged at the same point of intake, brine discharge is diluted to ambient salinity quickly (see figure xx). The maximum brine velocity at the point of discharge is 0.23 ft/sec.

Modeling in the case of highest salinity discharge (35 % recovery) and a stagnant sea, brine dilutes to no more than 2.0 ppt over ambient salinity within 0.01 inches from the discharge point and to ambient salinity (33.1 ppt) at about .039 inches from the discharge point.

Table 3: Brine discharge dilution model at 35 % recovery (highest salinity discharge) and stagnant sea, showing the different lengths of the brine mixing zone and their relative distance from the discharge point.

Position	**mixed concentration (Cm) (ppt)**	**Difference with ambient salinity (ppt)**	**distance from discharge point (inch)**
Jet/plume transition length	42.83	6.62	0.007
Jet-to-crossflow length	36.75	2.48	0.009
Plume-to-crossflow length	35.35	1.53	0.010
Dispersion length	33.11	0.01	0.039

Figure xx: Visual representation of the mixed brine concentration (Cm) within the brine mixing zone at 35 % recovery (highest salinity discharge) and stagnant sea



3.2 Mooring/Anchoring System

The mooring/anchoring system is comprised of two parts: the components required to anchor the Iceberg buoy and the components required for the secondary back-up anchoring system which would keep project components in place if the principal system failed for any reason. The buoy's position is constantly monitored via electronic telemetry. Solar-powered systems onboard the buoy transmit the buoy's coordinates to Oneka servers in real time to monitor its position and operation. Available data confirm that the units are securely attached and performing well.

The mooring/anchoring design is streamlined to reduce the amount of seafloor anchors, vertical and horizontal mooring lines to mitigate entanglement of marine animals. Vertical and horizontal mooring lines are designed to be kept under a minimum of tension, avoiding looping of lines, and furthering entanglement mitigation. Periodic inspections of the mooring/anchoring system will allow the Iceberg maintenance staff the opportunity to monitor entanglement risks and act proactively.

3.2.1 Principal Mooring/Anchoring

The primary mooring system for the Iceberg will consist of a main tether running between the underside of the Iceberg and a gravity anchor placed on the seafloor. The tether will be part of the heave compensation system built into the Iceberg that will accommodate the vertical movement of the Iceberg with the swells. The gravity anchor will consist of a structural steel frame that will hold removable concrete blocks, which will be set in place after landing the frame on the seafloor. This modular design may reduce the overall anchor weight for deployment and recovery purposes. See Figure 5.

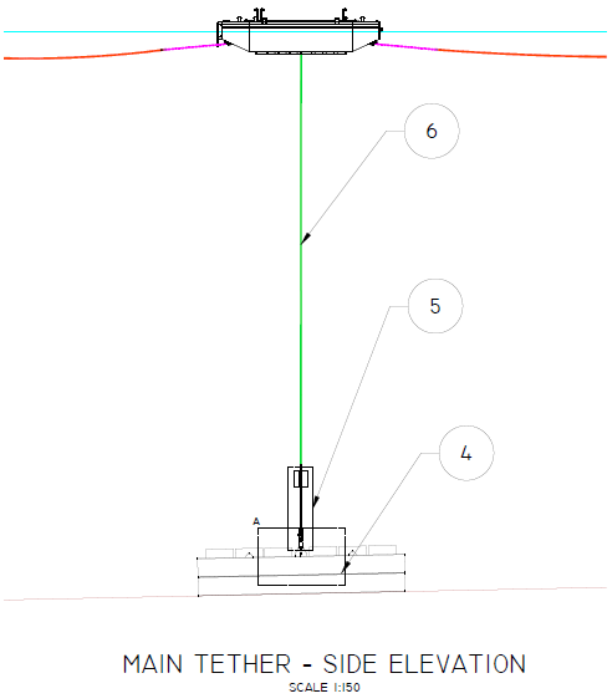


Figure 6: Main tether and gravity anchor.

3.2.2 Back-up Mooring/Anchoring

The secondary mooring system for the Iceberg will consist of four traditional anchors, ground leg and mooring line spreads. Each spread will consist of a gravity anchor (comprised of either concrete or chain) connected to a marker buoy via a synthetic riser line running to the surface; a ground leg laying on the seafloor consisting of studlink chain; a synthetic riser line connected to the ground leg and running up to a surface buoy; and a surface mooring line running between the buoy and the Iceberg (Figures 7 and 8). The four secondary mooring spreads will be placed to best accommodate the prevailing swells and will stay within the seafloor footprint limitations. The design of these spreads, with a single riser between the ground leg on the seafloor and the buoy, will minimize the potential for interference with marine animals.

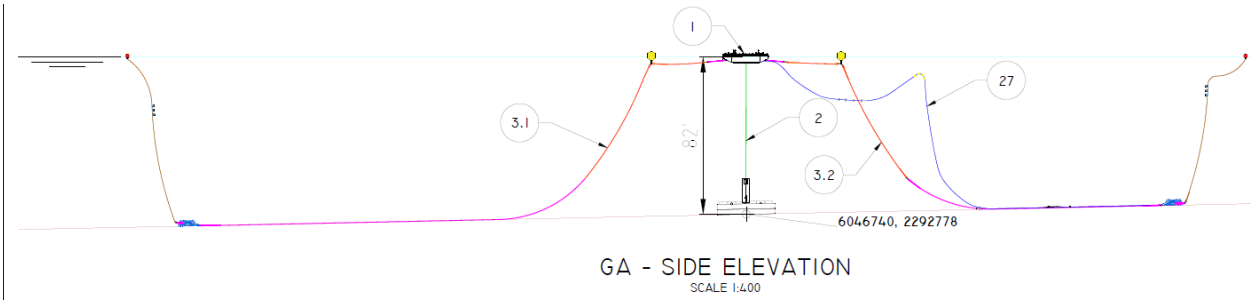


Figure 7:Mooring system and location

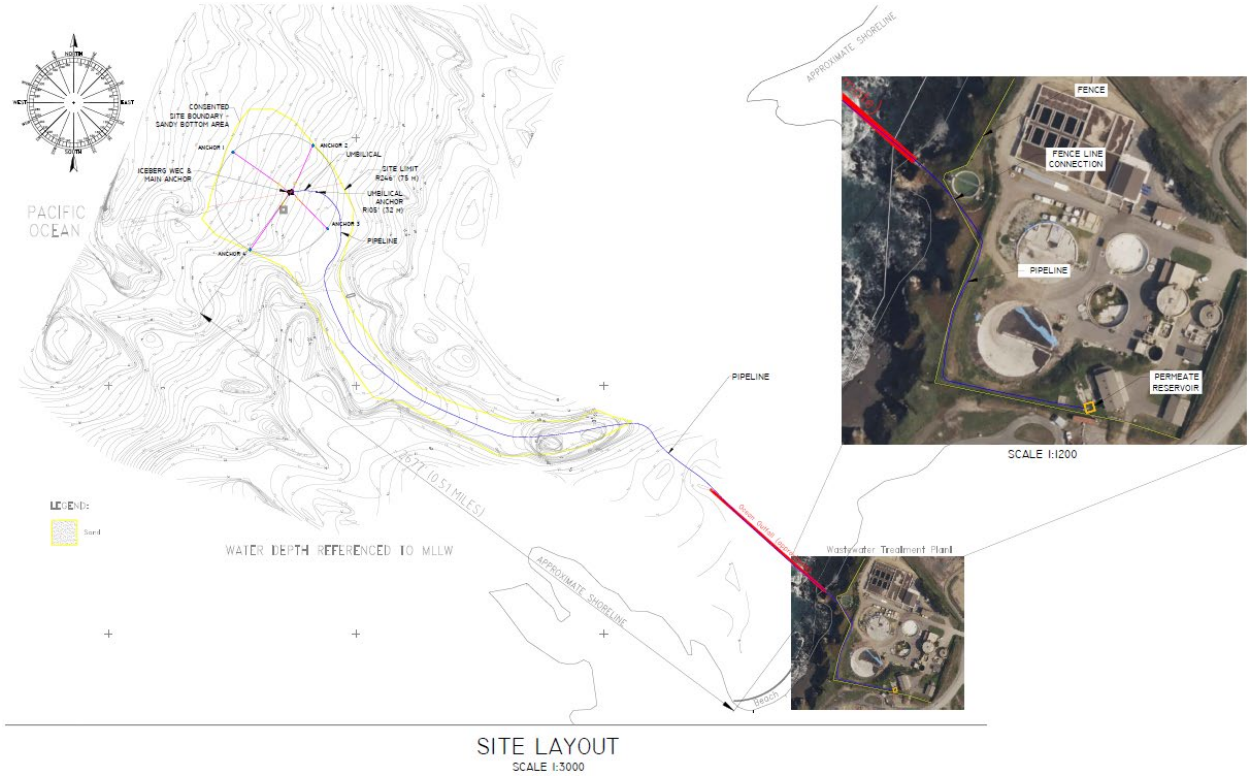


Figure 8: Site layout showing the Iceberg proposed location over Mill Bay sand bowl, including mooring lines, anchors, pipeline, existing wastewater treatment plant ocean outfall, and onshore connection to permeate reservoir.

3.3 Permeate Pipeline

3.3.1 Pipeline

A High-Density Polyethylene (HDPE) pipe will be used to transfer permeate from the Iceberg buoy to shore. HDPE is commonly used for marine pipeline installations due to its flexibility, corrosion resistance, and compatibility with fresh water. The pipe will be three-inch diameter DR 11 (200 psi) and based on the benthic survey (Figure 2) will have a total length of 3,600 feet, of which 2,900 feet will be below sea.

The offshore connection of the pipeline to the buoy will feature a standard lazy wave configuration used in most pipeline-to-floating-structure connections to reduce strain on the pipeline and avoid damage. The lazy wave will use buoy supports and mid-water weights to lift and bend the pipeline before connecting to the buoy's permeate outtake (Figure 9). The connection of the pipeline to the outtake will feature a breakaway link which would disconnect the pipeline from the buoy for entanglement prevention and to prevent damage.

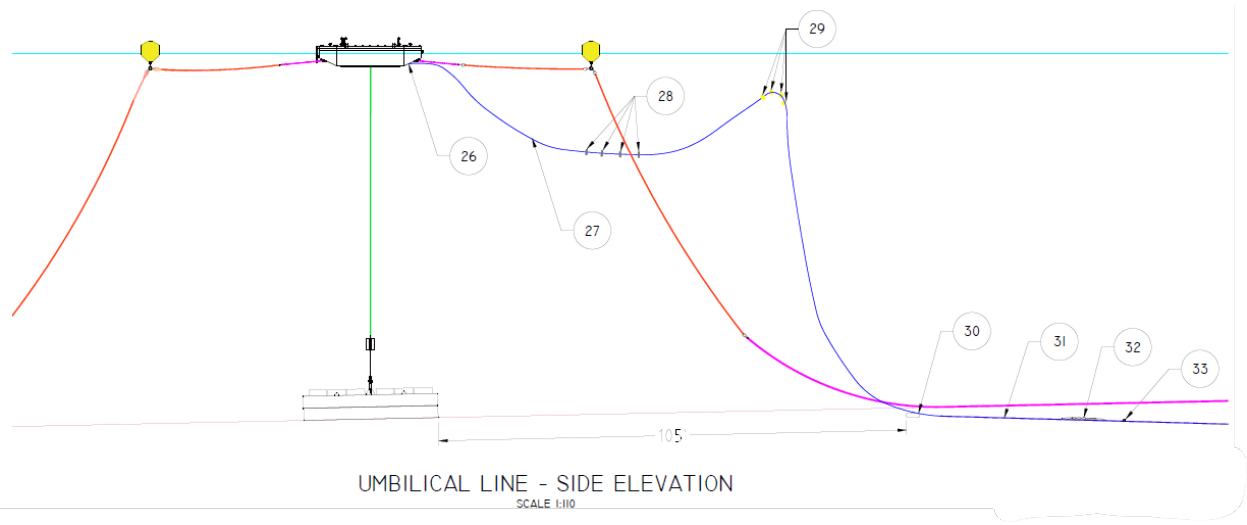


Figure 9: Offshore pipeline connection to the Iceberg featuring a lazy wave configuration

4. Construction/Installation Method

4.1 Pre-Construction Surveys

Prior to the installation of the Iceberg mooring system, pre-construction multibeam hydrographic surveys will be performed to confirm the bathymetry and identify any surficial features within the project boundaries. Based on the bathymetry, the specific locations for the primary mooring spread anchor and the secondary mooring spread anchors and ground legs will be identified and plotted. In addition, the anchor locations for the derrick barge mooring spreads will be identified and plotted. This will ensure that impacts any impacts to environmentally-sensitive areas are minimized. The plots will be detailed in an Anchoring Plan, along with the procedures for setting and recovering anchors and mooring system components. The Anchoring Plan will identify sensitive habitats in the area and avoid these areas, if possible, without creating an unsafe anchoring situation. Some anchors and anchor lines may contact hard-bottom habitat, but every effort will be made to avoid vegetated habitat in those instances where hard-bottom habitat must be contacted by the anchoring system.

4.2 Primary and Secondary Mooring Spreads Installation

Using the plots detailed in the Anchoring Plan and employing real-time survey and positioning services on the barge, the derrick barge spread will set up in a 4-point or 6-point anchor spread at the primary mooring location defined in the Anchoring Plan. The barge will first deploy the primary mooring anchor frame followed by the concrete ballast weights into the frame.

After deployment of the primary mooring anchor frame, the derrick barge anchors will be raised allowing the barge to move. The derrick barge will then move to each of the secondary anchor locations and deploy the chain clump gravity anchor, ground leg chain, synthetic line riser and buoy. The derrick barge will work in “live boat” mode, so no barge anchors or ground tackle will be deployed on the seafloor. Tugboats fore and aft, along with a lateral push boat, will position the barge over the location specified in the Anchoring Plan and the barge will use its crane to drop the clump weight in position. The tugs and push

boat will then move the barge along the approved path as the ground leg chain and riser are deployed from the barge. The onboard survey spread will confirm and document that all anchors and mooring components are within their pre-approved areas and alignments. Once all the anchors and mooring components are installed and confirmed in place, the surface synthetic lines from the buoys will be temporarily secured together to keep the buoys from drifting during deployment of the Iceberg.

4.3 Towing Iceberg

The Iceberg will be launched from a local dock in Noyo Harbor and towed out to the installation site using a towboat, with an assist vessel supporting the tow as needed. If sufficient space or capacity on a local dock is not available at the time of deployment, the Iceberg can be transported to the installation site aboard the materials barge that will be bringing in the mooring system components. During installation and final removal, the derrick barge that will accompany the materials barge will have sufficient capacity to deploy the Iceberg as well as the mooring system components.

4.4 Anchoring Iceberg

During installation, upon arrival of the Iceberg at the offshore installation site, installation-support vessels will hold the Iceberg in place while two of the surface synthetic lines from the buoys are secured to the mooring components on the Iceberg. Divers will then connect the main tether from the Iceberg to the primary mooring anchor on the seafloor, and the main tether system will be actuated to secure the Iceberg in place. The final two surface synthetic lines from the remaining buoys will be secured to the mooring components on the Iceberg and the towboat will release the Iceberg. This will complete the installation of the primary and secondary moorings, and the Iceberg will be captured within the primary and secondary moorings.

4.5 Laying Permeate Pipe

To facilitate a safe and efficient process under the challenging environmental conditions, the permeate pipe will be installed in sections. The first section to be installed will run from the top of the bluff at the wastewater treatment plant, down the vertical cliff face along the existing concrete previously installed to support the maintenance stairwell from the wastewater treatment plant down to ground level, and out to the mean high tide line where it will be connected to the offshore, submerged pipe. The HDPE pipe will be secured to the existing cement covering the vertical cliff face using traditional concrete anchors and saddles. The lower end of the pipe on the beach will be secured with an overlay of articulated concrete mats. No attachments to the underlying dirt or native materials will be required. A flange connection will be provided on end of the pipe on the beach to attach to the offshore portions of the permeate pipe.

The offshore portions of the permeate pipe will consist of sections of HDPE pipe. These will be rolled off of spools on the deployment vessel and pulled to shore using a winch mounted on the bluff and reeved along the onshore portion of the pipe mounts to the beach flange connection point. The first section will be pulled to shore and connected to the beach flange connection. For protective purposes, the permeate pipe may be run through a slightly larger HDPE pipe through the surf zone segment. Since the HDPE pipe is slightly positive buoyant, concrete or steel bullet weights will be added at intervals so that the pipe will sink to the seafloor when pulled into place and flooded down. Additional sections of the nearshore pipe will be deployed, pulled into place and connected to the previously installed section via a flange connection. Once the water depth is sufficient, the pipe will be unspooled and deployed as the deployment vessel fleets further offshore, until all of the pipe is on the seafloor. Divers will support the

pipe deployment to ensure that the pipe is within the pre-approved, designated alignment so that there will be no damage to local ocean flora and fauna.

4.6 Anchoring Permeate Pipe

Once connected to the beach flange, the offshore section of the pipe will be aligned over the top of the existing outfall, which is encased in a concrete overpour. Articulated concrete mats (Submar or equivalent) will be placed over the pipe on top of the existing concrete encasement at intervals between the concrete or steel bullet weights (Figure 10). There will be no mechanical attachment to the concrete encasement or surrounding rock. Near shore, the mats will be placed by a hydraulic RT crane working from the bluff inside the wastewater treatment plant. Offshore, the mats will be placed by the diving support vessel using the deck crane (Figure 11). Divers will support the deployment and placement of the mats once they are near the seafloor in the final location, while always maintaining a safe working distance from the fall zone of the load. The mats have rope loops around the perimeter for rigging attachment and utilize a quick release deployment frame to quickly and safely set mats with minimal support (Figure 12). In the area inaccessible by either the onshore crane or the offshore diving support vessel, divers will deploy sections of the articulated concrete mats and float them into place using air bags or buoys, with movement and alignment assisted by the pull winch on the bluff and cable running along the pipe track.

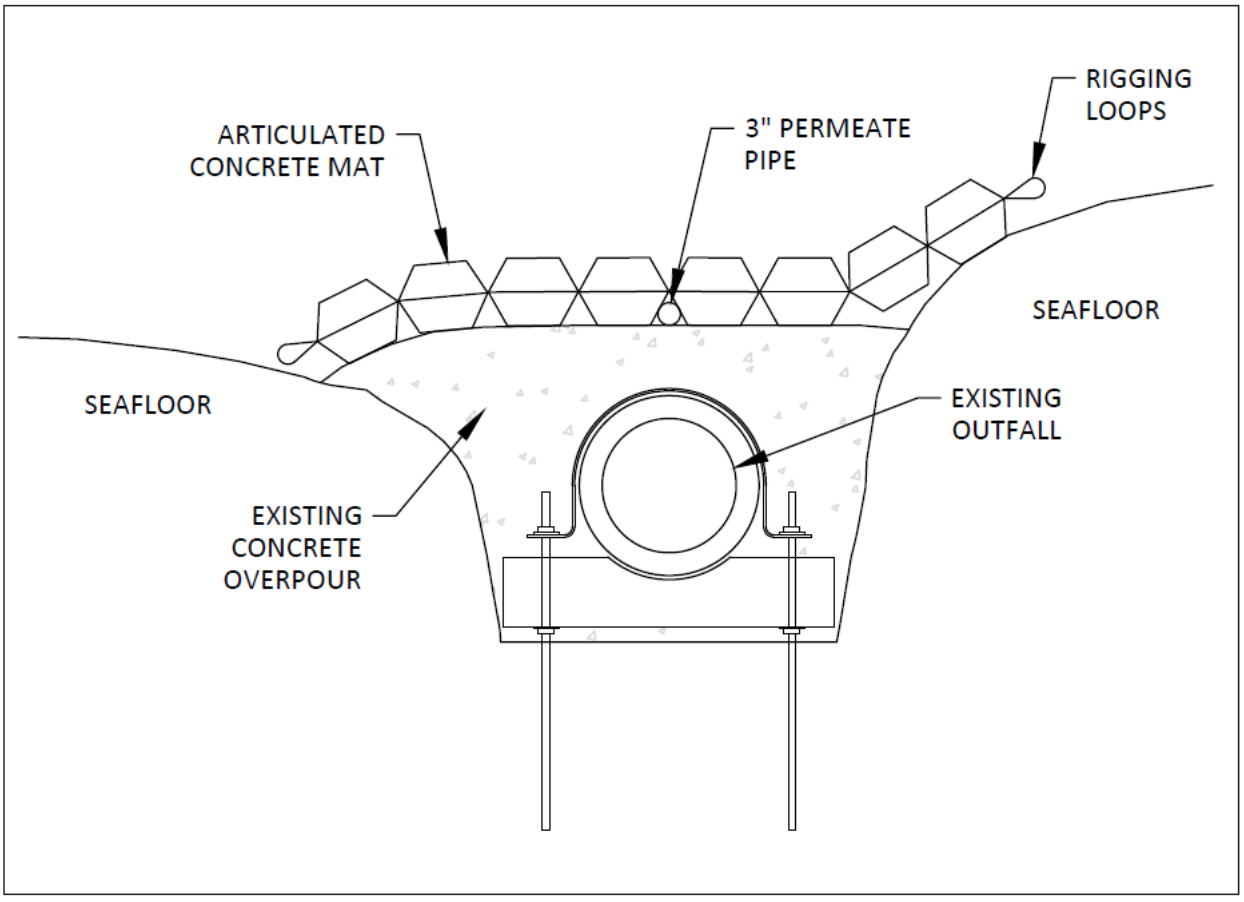


Figure 10 – Articulated Concrete Mat Over Permeate Pipe and Existing Outfall

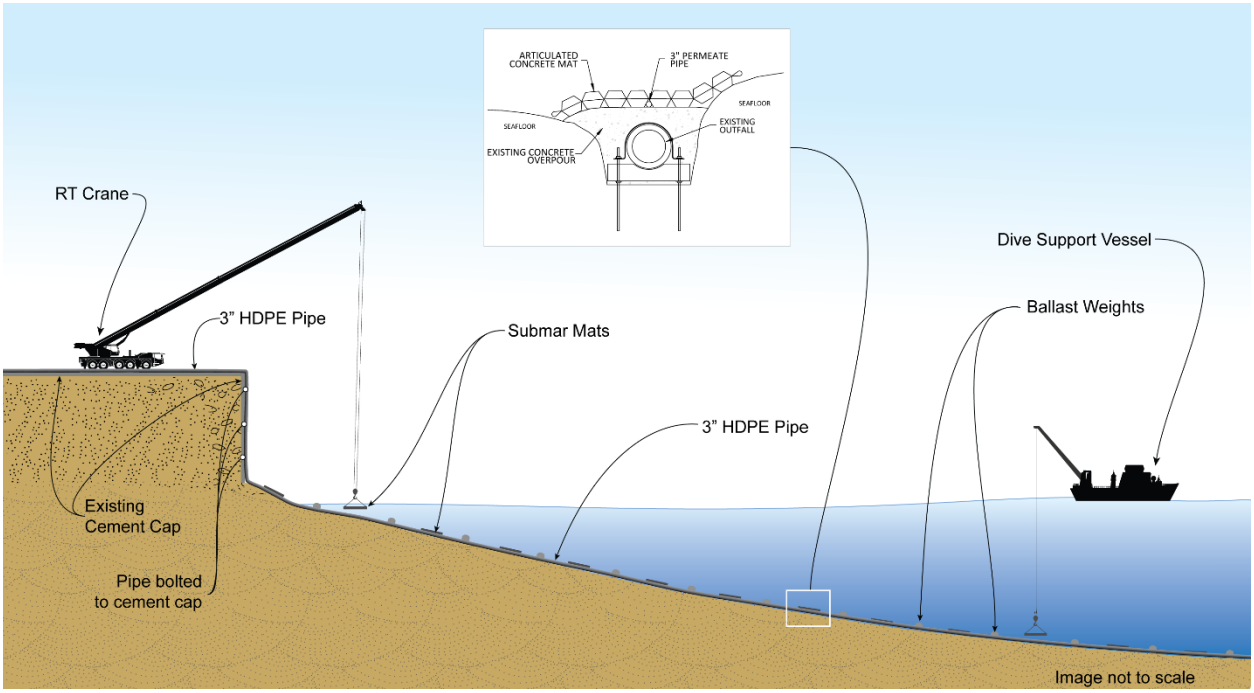


Figure 11 – Placement of Articulated Concrete Mats and Bullet Weights on Permeate Pipe

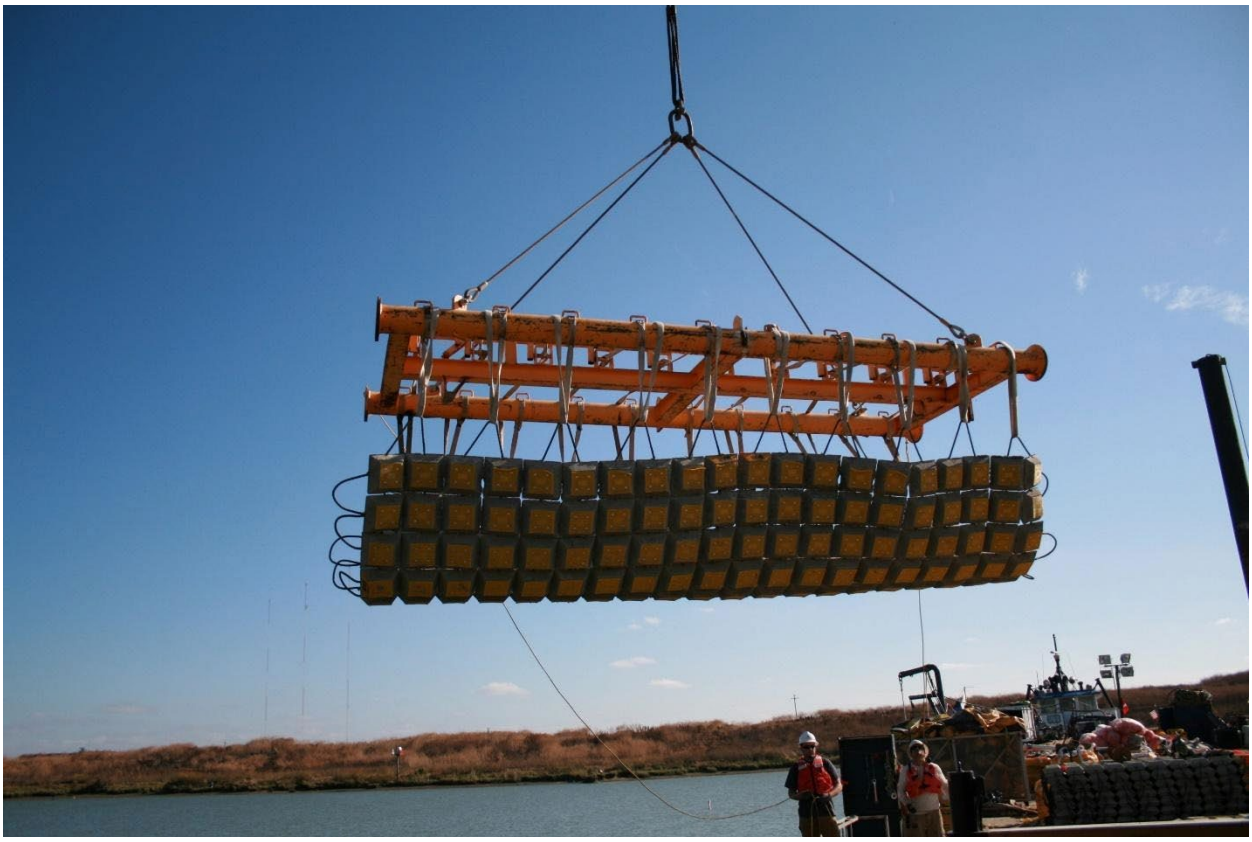


Figure 12 – Articulated Concrete Mat with Deployment Frame

4.7 Connecting Permeate Pipe to Iceberg

Once the Iceberg has been fully connected and secured to the primary and secondary mooring spreads, the offshore end of the permeate pipe will be connected by divers to the Iceberg via the pipeline riser. The tie-in will include a breakaway link at the buoy connection point to prevent damage to the buoy or riser in case of excessive movements due to high seas. This will complete the installation process.

5. Operation and Maintenance Plan

For operations and maintenance activities throughout the project period, the City will contract with Oneka for technical support in the operation and maintenance of the Iceberg. The Iceberg is a new technology that does not incorporate standard water plant operator criteria as certified under the Drinking Water Operator Certification Program. To support the City, Oneka intends to maintain a project staff of three operations personnel on site in Fort Bragg. This team will include the following:

- Operator/Technician
- Field Service Engineer
- Operations Coordinator

The operations team will be based in the the Noyo Harbor area to facilitate rapid response to the Iceberg if needed.

5.1 Operation

The Iceberg desalination buoy is designed to operate continuously throughout the 12-month pilot test period, producing permeate constantly unless planned maintenance activities and/or extreme sea conditions (hurricanes, typhoons, tsunamis, etc) trigger a temporary removal of the device. Once maintenance is completed or extreme sea conditions have subsided, the Iceberg buoy will be moved back into position to resume permeate production. The permeate pumped to shore will have multiple potential uses, but none of them potable at this time. Before any use by the City, the permeate will be tested in accordance with California Division of Drinking Water standards. During this time, the permeate will be directly routed to the wastewater treatment plant outfall as part of the City's normal discharge. After testing, the City will evaluate the results and determine if the water is suitable for non-potable uses, and thereby replace the potential use of some potable water, such as watering City-owned vegetation, washing down surfaces and equipment at the wastewater treatment plant, and other instances where the small-volume, non-potable water could replace other water sources in the course of existing City operations without altering the City's operations.

5.1 Testing

The primary purpose of the project is to collect data while demonstrating the functionality of the Oneka desalination buoy technology. Through the course of the project, data will be collected across a range of operating conditions, including wave height and wave frequency, across all seasons. Monitoring and data collection are therefore the focus of the testing program as detailed in Table 3.

Table 3: Iceberg inspection and testing Activities

Inspection/Testing Activity	Frequency
Data collection, analysis and reporting	Daily
Water flows	
Water pressures (Intake, prefilters, pump, process plant, RO membranes, brine, permeate)	
Water quality – feed, brine, and permeate	
Pump performance	
Energy recovery	
Observe and monitor the Sofar meteorologic buoy data	Daily
Monitor weather forecasts (local and internet) for wind and wave notifications	Daily
Storms	
Algae blooms	

Travel to and visually inspect the buoy (all mechanical and electrical items) and mooring lines	Weekly
Sample and analyze permeate samples at shore pipeline connection for comparison with California Division of Drinking Water standards and to identify additional treatment that would be required to meet the standards	Daily
Health, Safety, Security, and Environment (HSSE) – ensuring compliance with all local, state, regional and federal rules and regulations	Ongoing as required throughout the project
Internal and external reporting	As required throughout the project: ● Internal R&D requirements ● Internal QA/QC requirements ● Regulatory compliance submissions
Procurement of buoys consumables, lab equipment and test kits/reagents, spare parts, equipment replacement, etc.	Ongoing throughout the project

The testing program will commence in conjunction with installation of the Iceberg buoy. All monitoring sensors and related equipment will be tested and commissioned prior to installation of the buoy and commencement of operation. The testing program described above will be carried out for the duration of the project.

5.2 Maintenance

Maintenance of the Iceberg is accomplished through a combination of on-water maintenance and on-shore maintenance. The buoys are designed to be easily removable from their moorings to enable them to be taken ashore for planned inspections and maintenance, and to carry out any unscheduled maintenance.

The buoy hull and structure will be inspected and cleaned monthly. The buoy hull will be painted with a non-toxic epoxy which will require periodic scraping while at sea. The Iceberg will be brought into Noyo Harbor as needed for pressure-washing and maintenance as needed. Diver surveys will be carried out weekly to ensure the integrity and condition of the moorings and anchors. Oneka will work with the City and local community groups to recruit skilled local tradespeople and engineers to undergo training to form the service team and carry out the planned maintenance of the Iceberg, process plant, and electronics systems. A stock of appropriate spare parts and consumables will be maintained close to the site and will be available to the service teams.

System service requirements are as shown in the following table:

Table 4: Iceberg maintenance schedule

Maintenance Activity	Frequency
General inspection of buoy and mooring from vessel	weekly
Buoy Onboard Systems	
Inspect inlet strainer and clean as required	weekly
Check accumulator pressure	weekly
Sample and verify water quality	weekly
Inspect ultra-filtration and clean as required	monthly
Pump house maintenance	monthly
Pre-Filter cartridges change	monthly
Reverse Osmosis membrane cleaning	every 3-6 months
Process plant check valve inspections	every 3 months
Calibration of permeate water quality sensor	every 3 months
Calibrate check and relief valves	every 3 months
Calibration of pressure transmitters	every 6 months
Inspect battery health	weekly
Clean solar panel	weekly
Sensor validation and calibration	every 6 months
Inspect buoy frame for integrity	every 6 months (when buoy is on land)
Replace pump seals	every 6 months (when buoy is on land)
Repair and replace pulley bushings	every 6 months (when buoy is on land)
Inspect/Replace check valve seals	every 6 months
Replace back pressure regulator seal	every 6 months
Inspect/Replace cathodic protection	every 6 months

Winch maintenance	every 6 months
Accumulator bladder inspection	every 6 months
Buoy Hull (when buoy is on land)	
Hull cleaning	every 3 months or as needed
Paint hull and frame	every 3 months or as needed
Mooring System (diving operations)	
Inspection of BOB rope - main mooring line	weekly
Inspect/Replace mooring main line nylon absorber	every 3 months or as needed
Inspect anchoring links	monthly
Pipeline to Shore	
Inspection pipeline (diving operation)	quarterly

6. Decommissioning Approach

The decommissioning and removal of the Iceberg and associated equipment is the reverse of the installation process, as detailed in the following sections.

6.1 Disconnecting Permeate Pipe from Iceberg

The first step in the decommissioning process will be to disconnect the permeate pipe from the Iceberg. Once the disconnect is complete, the permeate pipe will be weighted down using ballast weights and placed on the seafloor away from the primary mooring system so it will not be affected by or become entangled with the mooring system during the complete recovery.

6.2 Removing Iceberg

While the Iceberg is fully secured in the primary and secondary moorings, divers will disconnect the main tether of the primary mooring from the Iceberg. The towboat will move into position and securely rig the Iceberg, and then disconnect the four synthetic surface lines. Once the Iceberg is free from the primary and secondary mooring lines, the tug will tow the Iceberg either to the derrick barge for recovery to the deck or directly to the dock in Noyo Harbor for recovery.

6.3 Primary and Secondary Mooring Spreads Removal

Using the plots detailed in the Anchoring Plan, and employing real-time survey and positioning services on the barge, the derrick barge spread will set up in a 4-point or 6-point anchor spread at the primary mooring location defined in the Anchoring Plan. The barge will recover the concrete ballast weights and

the primary mooring anchor frame to the deck. The derrick barge will then set up in live boat mode at each of the secondary mooring locations and recover the synthetic line riser and buoy, ground leg chain and the gravity anchor to the deck.

6.4 Recovering Permeate Pipe

The onshore portion of the permeate pipe, running from the top of the bluff at the wastewater treatment plant, down the vertical cliff face and out to the mean high tide line, will be disconnected at the flange connection at the mean high tide line. The vertical pipe section will be supported with rigging and the attachment points to the concrete cap on the cliff face will be disconnected and removed. The onshore pipe section will then be recovered to the wastewater treatment plant, sectioned, and dispositioned for recycling or disposal.

For the nearshore portion of the permeate pipe above the tide line, beach crews or divers will rig the mat deployment frame to the rigging loops on the articulated concrete mats covering the pipe and the RT crane on the bluff in the wastewater treatment plant will recover the mats to the facility.

Similarly, for the offshore portion of the permeate pipe, divers will rig the mat deployment frame to the rigging loops on the articulated concrete mats covering the pipe and the crane on the diving support vessel will recover the mats to the deck.

In the area inaccessible by either the onshore crane or the offshore diving support vessel, divers will rig air bags or buoys to the rope loops on the articulated concrete mats and float them up to the surface, where they will be pulled to the diving support vessel using a deck winch and then recovered to the deck using the crane.

Once all of the articulated concrete mats have been removed from over top of the permeate pipe and are recovered, compressed air will be pumped into the pipe at the offshore terminus to push out the entrained water. The entrained water will empty into the holding tank within the wastewater treatment plant. This will float the pipe making its retrieval easier. This will allow the pipe to float to the surface. The pipe will then be pulled to the derrick barge or the diving support vessel, where it will be recovered to the deck and cut into sections for recycling or disposal.

6.5 Post-Construction Surveys

Once the Iceberg, mooring spreads and permeate pipe have all been recovered, a post-construction multibeam hydrographic survey will be performed and compared to the pre-construction survey to: 1. Confirm that no project-related materials or debris remain in the work space, 2. Examine for any detectable changes in the marine habitat attributable to the installation and removal of the Iceberg and associated systems, 3. Estimate any changes to the habitat that may have occurred and could be attributed to the installation, operation, and removal of the Iceberg and associated systems.

7. Project Timeline

Permitting - TBD

Manufacturing – Completed and Tested

Start- final permit delivery Starts W0.

W1. main anchor deployment

W2. secondary mooring anchor deployment

W3. Mooring and main anchor line install

W4. site preparation for the arrival of the buoy

W5. Crane rental

W5. Delivery of the buoy in pieces to site and unloading with crane

W6-7. assembly of the buoy on site

W8. On land testing of the buoy, including hydraulic and sensor systems

W9. Deployment the buoy with towing

W9. install of the buoy

W10. Monitoring of the water production and quality using Data

8. Water Boards' Requested Application Materials

The Regional Water Quality Control Board, in consultation with the State Water Resources Control Board, provided a file titled *City of Fort Bragg Seawater Desalination Pilot Buoy Application Materials* via email on March 12, 2024. The file *identifies information necessary for the North Coast Regional Water Quality Control Board (North Coast Water Board) to (1) determine if the City of Fort Bragg's proposed pilot wave-powered seawater desalination buoy (Project) is exempt from Water Quality Control Plan for Ocean Waters of California (Ocean Plan) Chapter III.M.2, M.3, and M.4 as a small, portable desalination facility, (2) make findings pursuant to Water Code section 13142.5(b), and (3) determine whether notice of applicability under the North Coast Water Board's Low Threat General Order (Order No. R1-2020-0006) can be issued*. The following sections provide responses to the information requested in that file.

8.1 Proposed Exemption from Chapters III.M.2, M.3, and M.4 of the Ocean Plan

- Project name, physical address, contact information: City of Fort Bragg Pilot Test of Oneka Wave-Powered Desalination Buoy, 416 North Franklin Street, City of Fort Bragg, CA 95437; John Smith (jsmith@fortbragg.com; 707-961-2823 ex. 136)

- Project owner, project operator, landowner, address for correspondence, Billing address: City of Fort Bragg, 416 North Franklin Street, City of Fort Bragg, CA 95437; John Smith (jsmith@fortbragg.com; 707-961-2823 ex. 136); billing address is the same as physical address?

- Project location: The project will be located offshore of the City of Fort Bragg in Mill Bay at Lat: 39.44° Lon:-123.82°. The existing wastewater treatment plant ocean outfall discharge point 001 is located at Lat:39.44 and Lon:-123.82. The permeate from the desalination buoy will make landfall at the City of Fort Bragg wastewater treatment plant where it will be piped directly to the ocean outfall to discharge unused permeate. Some permeate will be drawn from the pipeline inside the wastewater treatment plant for testing and non-potable uses.

- Information showing that the Project withdraws less than 0.10 million gallons per day of seawater: See Section 3.1.1.
- Operational agreement to demonstrate that City of Fort Bragg staff will be responsible for operating the Project: See Attachment Purchase, Operation and Maintenance Agreement.
- Duration of the proposed Project: 12 months; see Sections 1 and 3
- Plan for Project decommissioning to demonstrate that the Project is portable: See Section 6
- Other information demonstrating that the Project is portable (e.g., size or scalability, short-term duration, ability to relocate the Project, logistical or operational constraints unique to portable facilities, frequency of use, or other information that is unique to small, portable desalination facilities relative to permanent facilities): Please refer to Sections 3.0 and 4.0 above.

8.2 Water Code Section 13142.5(b) Determination

8.2.1 Site

8.2.1.1 Infrastructure to be Used or Constructed

Section 3.0 above details the Iceberg design, mooring system, and permeate pipeline to be used and constructed.

The Iceberg is described in detail in Section 3.1 above. In brief, the Iceberg is a self-contained seawater desalination system that uses ambient wave energy to pressurize seawater and pass it through RO membranes to remove all salts, pathogens, and contaminants of emerging concern in the source seawater. The resulting permeate remains pressurized as it is conveyed to shore through a three-in diameter HDPE pipe. Sufficient wave energy is required to pressurize the seawater enough to force the water through the reverse osmosis membranes and travel to the permeate receiving point at the seaward fenceline of the City's wastewater treatment plant. The City will extend the permeate pipeline inside the wastewater treatment plant to an in-plant discharge point where the permeate will be routed back to the ocean via the existing ocean outfall. The City's permeate pipeline within the wastewater treatment plant will include valving to allow permeate to be drawn from the line for testing and potentially for alternative, non-potable uses at the City's determination. After the 12-month pilot testing deployment, the Iceberg will be removed from service, disconnected from the permeate pipeline and mooring system, and towed into Noyo Harbor for final decommissioning. The final decommissioning of the Iceberg will culminate with its removal from the water.

The mooring system is described in detail in Section 3.2 above. The mooring system will include a single primary anchor located directly beneath the Iceberg and a secondary mooring system to protect the environment, residents, and Iceberg should the primary anchor line fail at any point during the deployment. All lines will be sufficiently tensioned to eliminate any chance of loops developing that could act as primary entanglement snares for marine life. The primary anchor will consist of a 44T wet weight gravity anchor. The secondary mooring system will consist of 8 to 11 T wet weight gravity anchors with a surface marker buoy denoting the location of the anchor and a mooring line connected to the Iceberg. All mooring system elements will be placed within the soft-bottom area identified during the hydrographic survey and habitat visual inspection (Figure 1 and Appendix 1). After the Iceberg has been removed from

service and towed into Noyo Harbor, the mooring system will be removed from the water as described in Section 6.3.

8.2.1.2 Preferred Site

The site depicted in Figure 8 (Site layout) was selected after examining the general area for suitable submerged sites to place the mooring and conveyance system and the terrestrial site to receive the permeate. The permeate would not be usable as a potable supply until tested and certified by the California Division of Drinking Water. Testing supporting such a certification was planned to occur during the pilot study. Therefore, a permeate delivery location was required that could both accept the permeate flow and properly use or dispose of the water. The City's wastewater treatment plant is located on the coast. It has space to accept the permeate with plumbing infrastructure in place to either store small amounts of permeate or directly dispose of the permeate into its operating wastewater outfall.

The ideal distance from shore for the Iceberg is less than one mile. Positioning the Iceberg requires careful consideration of pumping efficiency, ambient wave energy, water depth for brine dispersion, and visual impacts. The preferred site is located 0.5 miles offshore. At this distance, the system's pumping capacity to deliver the permeate to shore is not exceeded and would not require supplemental pumping that would require energy beyond the wave power available in the existing design. The distance minimizes the visual impact of the Iceberg in comparison to maintaining a position closer to shore. The low profile of the Iceberg will make it difficult to see from shore. Lastly, the water depth is optimal to tap into the natural wave energy without being in the dominant surf zone where the breaking waves could damage the Iceberg.

The preferred site minimizes the impact to all forms of marine life in comparison to the alternatives (discussed below) by:

1. Preferentially placing the mooring system within an area dominated by soft-bottom habitat.
2. Minimizing the permeate pipeline distance to shore to maximize the efficiency of the wave-powered system to pump the water to shore without supplemental energy requirements.
3. The pipeline alignment can follow the existing, previously disturbed habitat created by the installation of the wastewater treatment plant's ocean outfall.

The preferred site is presented in Figure 1 along with the locations of previously mapped kelp canopy and MPAs. The mapped kelp canopy was also used as a general proxy for the location of hard substrate due to kelp's reliance on hard substrate in high-wave-energy environments as the anchorage for the kelp's holdfast. Using the available data, both from public sources such as the California Department of Fish and Wildlife, and data acquired for the project using side scan sonar and ROV surveys, the preferred site is located approximately 0.75 miles from the nearest MPA and at least 300 ft from the nearest, historic kelp canopy. No kelp canopy was observed during the 2023 side scan and ROV surveys conducted explicitly for the project.

Alternative sites were initially screened. Noyo Harbor was considered as it is near the water treatment plant and close to the City's harbor-based marine infrastructure. The location was considered infeasible due to the potential impact on the rest of the Noyo Harbor activities, especially vessel traffic. To operate, the Iceberg would need to be placed in the mouth of the harbor or outside the harbor but close enough to route the permeate pipeline to shore. In either location, the Iceberg and its mooring system would create a significant hazard to navigation.

Additional sites within Mill Bay were screened using available desktop resources. The presence of previously mapped kelp beds indicates likely areas of hard bottom that would be impacted by the mooring system and conveyance pipeline. Historic nautical maps further indicate hard substrate in most of Mill Cove which was reinforced by the rocky shoreline. The preferred location is directly offshore of the lone sandy beach in the area indicating a potential area of soft-substrate offshore. This was confirmed with the 2023 hydrographic survey completed explicitly for this project (Appendix 1).

8.2.1.3 Ambient Salinity

The area does not have any ongoing water quality monitoring programs. In Section 2.0 above, two sources of data were aggregated to determine ambient salinity. The AMS (2023) once-a-permit monitoring in support of the City's wastewater treatment plant measured salinity on August 31, 2022 at five stations surrounding the City's ocean outfall in the vicinity of the preferred site for the Iceberg. Salinity averaged 33.0 PSS during this monitoring. The nearest source of long-term salinity monitoring, Humboldt Bay, recorded the same average salinity (33.0 PSS) for the three-year period of March 22, 2021 – March 22, 2024.

8.2.2 Design

Section 3.0 above contains a detailed description of the system's design and engineering. The following discussion highlights some of the salient features that minimize impacts to water quality, the surrounding environment, and all forms of marine life.

The intake structure (Figure 5) also serves as the discharge. Seawater will be withdrawn from up to six feet below the water's surface through 60-micron (0.06 mm) mesh screening on the intake, with a maximum through-screen velocity of 0.22 ft/sec (includes a 15% blockage of open screen area). The through-screen velocity would be lower when the screen is cleaner. The Iceberg screen's mesh is significantly finer than the 1-mm mesh required under the California Ocean Plan Section M. This increases the protection of all forms of marine life. Considering 60 microns is finer than the area's average sediment grain size, the Iceberg mesh will exclude all forms of marine life to a level commensurate with a subsurface intake.

The intake through-screen velocity (0.22 ft/sec) is less than the 0.5 ft/sec required in the California Ocean Plan Section M. This velocity is considered to be effective for essentially eliminating impingement. The near-surface location of the intake structure means it will exclusively interact with mobile organisms that are characterized as strong swimmers and capable of evading the 0.5 ft/sec through-screen velocity. Furthermore, the 60-micron mesh intake screen excludes all juvenile and adult fish and invertebrates in addition to a substantial portion of the plankton community. No impingement will occur.

The discharge through the intake screen backflushes the screen, helping to maintain a clean screen face. The screen is also mechanically brushed with rotating brushes to maintain a cleaner screen face and minimize the through-screen velocity for both the intake and discharge operational modes. The maximum brine velocity at the point of discharge is 0.23 ft/sec and brine will be diluted to within 2 ppt (PSS) of ambient within 50 ft of the discharge even when discharging the most saline brine listed in Table 2 above. Discharging the brine through the intake structure at a nominal depth of six ft eliminates the potential for suspension of seafloor sediments. The brine mixes naturally without added energy to enhance mixing, such as with a diffuser, as it falls through the water column until achieving dilution. No brine is expected to reach the seafloor. The near-passive discharge does not induce shearing forces as expected from a

standard multiport diffuser. This process minimizes impacts to all forms of marine life to the extent possible.

The mooring system will consist of as few midwater lines as possible to minimize the entanglement risk. All lines will be tensioned enough to prevent loops large enough to ensnare marine life, e.g., marine mammal tail or flippers. During weekly inspections, the operations and maintenance staff will inspect all mooring lines for the presence of nets and associated marine debris that could pose a risk of secondary entanglement. If detected, the debris will be removed as soon as safely possible. The entanglement mitigation plan is included in Appendix II and provides additional detail.

8.2.3 Technology

The Iceberg minimizes impacts to all forms of marine life, water quality, and the marine environment through the use of its 60-micron mesh intake screen, shallow intake point, low through-screen velocity, and low intake volume. Passive discharge of the brine through the intake structure also minimizes impacts to all forms of marine life, water quality, and the marine environment. The passive diffusion of brine does not generate shearing forces as would occur with a multiport diffuser. Discharging low volumes of brine near the ocean's surface allows the brine to mix as it falls through the water column until it has diluted to near-ambient salinity within 50 ft of the discharge. The Iceberg will be moored along the 80-ft, or deeper, isobath allowing for sufficient water depth for the brine to fall and mix well before contacting the seafloor. The near-surface passive discharge also eliminates the chance of suspending any seafloor sediments.

Energy use is a common concern with seawater desalination. The Iceberg operates carbon-free with no added energy from the local power grid. Ambient waves generate the energy needed to operate the Iceberg's desalination system and deliver permeate to shore through patented wave actuators. Additional electrical power, if needed, for ancillary systems will be generated by on-board solar panels. However, these ancillary systems are not required to produce permeate.

8.2.4 Mitigation

No forms of marine life that can be assessed using the Empirical Transport Model and Area of Production Forgone (ETM/APF) as required under Section M of the California Ocean Plan will be entrained through the 60-micron mesh intake screen. All marine life with sufficient ancillary information to conduct an ETM/APF analysis are larger in all morphometric dimensions than 60-microns. Phytoplankton, nanoplankton, and microplankton that would pass through the standard 335-micron mesh net may be entrained during the Iceberg's operation.

The Iceberg will be moored over a soft-bottom area that does not support vegetative life. Furthermore, kelp resources are not known to persist in either the mooring area or along the permeate conduit to shore. Lastly, most of coastal California suffers from urchin overgrazing, substantially reducing kelp prevalence. The City's coast also suffers this urchin plague, as evidenced by the AMS (2023) survey results. The sea urchin populations have increased in response to predator declines, especially predatory sea stars that have declined due to wasting disease. Shading from the Iceberg is not considered a threat to the local photosynthetic resources.

No impingement or entrapment will occur during the Iceberg deployment and operation. The low through-screen velocity and the small mesh size of the intake eliminates impingement. In addition, there is no forebay or similar area where marine life can accumulate and become entrapped; the screening surface is at the point of withdrawal. No entanglement is expected because of the proposed entanglement

mitigation plan (Appendix II). Tensioned lines and frequent inspections are planned to minimize the risk of primary and secondary entanglement.

No impacts to sensitive marine habitats are expected. A pre- and post-construction survey of the final deployment areas will indicate if the Iceberg, mooring system, and permeate pipeline installation, operation, and removal resulted in any impacts to the area's marine habitat.

Any mitigation needed for the project would be offset by contributions to the University of California, Davis Lost Fishing Gear Recovery Project. (https://whc.vetmed.ucdavis.edu/california-lost-fishing-gear-recovery-project). The project removes ghost fishing gear from the marine environment. Removing lost fishing gear reduces the chances for secondary entanglement and additional environmental benefits with removing lost fishing gear.

9. References

Foster and Schiel 2015

AMEC

AMS 2023

Rodgers-Bennet and Catton 2019

EXHIBIT 2

DWR AND CITY GRANT FUNDING AGREEMENT

Exhibit 2

FUNDING AGREEMENT
BETWEEN
THE STATE OF CALIFORNIA, DEPARTMENT OF WATER RESOURCES
AND
CITY OF FORT BRAGG
FOR FUNDING ASSISTANCE FROM THE WATER DESALINATION GRANT PROGRAM
FOR A DESIGN PILOT PROJECT
TITLED
ONEKA SEAWATER DESALINATION BUOY DESIGN PILOT STUDY
DEPARTMENT OF WATER RESOURCES AGREEMENT NO. 4600015131
PURSUANT TO THE
WATER QUALITY, SUPPLY AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014

THIS FUNDING AGREEMENT is entered into by and between the Department of Water Resources of the State of California, herein referred to as the "State" and the City of Fort Bragg , a public agency in the State of California, duly organized, existing, and acting pursuant to the laws thereof, herein referred to as the "Funding Recipient", which parties do hereby agree as follows:

1. AUTHORIZATION AND AWARD. The State is entering into this Funding Agreement pursuant to the following:

   California Water Code Section 79765, enacted pursuant to Proposition 1, the Water Quality, Supply and Infrastructure Improvement Act of 2014, California Water Code, Division 26.7, Section 79700 et seq.

   The “Final Water Desalination Grant Program Round 4 Proposal Solicitation Package” dated June 16, 2017, hereinafter referred to as “PSP”, as approved by the Director of the Department of Water Resources on June 15, 2017, by memorandum dated June 9, 2017.

   The award of funds to the Eligible Project by memorandum approved by the Director of the Department of Water Resources on March 1, 2023, hereinafter referred to as “Award Date”. The subject of this memorandum was Continuous Application Process Group 5 (CAP 5) Grant Funding and the date of this memorandum was February 23, 2023.

   The Funding Recipient is authorized to enter into this Funding Agreement pursuant to the resolution incorporated into this agreement as Exhibit E (Funding Recipient Resolution).

2. PURPOSE AND ELIGIBLE PROJECT. State shall provide a grant to and for the benefit of Funding Recipient for the purpose of Oneka Seawater Desalination Buoy Design Pilot Study, herein referred to as the “Eligible Project”. The Eligible Project consists of only the portion of the project that is considered consistent with the goals and scope of the grant solicitation as defined in Section 3.2 of the PSP and is necessary to achieve its intended objectives as stated in Exhibit A. The Eligible Project is more particularly described in Exhibit A (Project Description).

3. ELIGIBLE PROJECT COST. The reasonable cost of the Eligible Project is estimated to be $1,490,000.

4. GRANT AMOUNT AND REIMBURSEMENT PERIOD. The maximum amount payable by the State under this Funding Agreement shall not exceed $1,490,000. Grant funds shall be applied to Reimbursable Costs incurred on the Funded Project after March 1, 2023, and on or before the Project Completion Date specified in Section 8.

5. FINANCIAL OBLIGATION OF FUNDING RECIPIENT. The Funding Recipient agrees to pay any and all costs associated with the completion of the Eligible Project, including without limitation any and all Eligible Project costs exceeding the Grant Amount specified in Section 4. This financial obligation in excess of the Grant

Amount necessary for completion of the Eligible Project is estimated to be $0.00, as shown in Exhibit B (Budget).

6. FUNDING MATCH. The Funding Recipient is required to provide a Funding Match toward Reimbursable Costs of the Eligible Project equal to at least 50 percent of the costs of the Funded Project, which is the Eligible Project less the Non-Funded Portion of Eligible Project. Reimbursable Cost is defined in paragraph AA5, Exhibit AA of this Funding Agreement. The Funding Match must be in the form of either funds applied to costs incurred or services provided for the Funded Project specified in Exhibit A (Project Description) but cannot include Other State Funding, which is funding or services provided by another state program administered by the Department of Water Resources or another state agency. Proposition 1 provides for an exception to the Funding Match requirement for projects benefitting a Disadvantaged Community (DAC) or an Economically Distressed Area (EDA), which may be eligible for a waiver or reduction in the Funding Match. The Funding Recipient's Funding Match has been waived since the Funding Recipient has established DAC status in accordance with the PSP.
7. EXECUTION DATE. "Execution Date" means the date the State signs the Funding Agreement indicated on page 4.
8. PROJECT COMPLETION DATE. Project Completion Date is the date of approval by the State of the Final Report required pursuant to Section AA15. This date is scheduled to be March 1, 2025.
9. TERM OF FUNDING AGREEMENT. The term of this Funding Agreement begins on Execution Date. The term of this Funding Agreement terminates on the March 1, 2029, hereinafter referred to as "Agreement End Date", to allow for the Post-Project Performance Reporting. These dates are in effect unless the Funding Agreement is otherwise amended or terminated as provided in this Funding Agreement.
10. PROJECT REPRESENTATIVES. The Project Representatives during the term of this Funding Agreement are as follows:

State	Funding Recipient
Name: Sean Sou, Manager Alternative Supplies and Operations Section Statewide Infrastructure Investigations Branch Division of Planning	Name: Peggy Ducey, City Manager
Department of Water Resources	City of Fort Bragg
Street Address: 715 P Street Sacramento, CA 95814 Mailing Address: P.O. Box 942836 Sacramento, CA 94236	Street Address: 416 North Franklin Street Fort Bragg, CA 95437 Mailing Address: 416 North Franklin Street Fort Bragg, CA 95437
Phone: (916) 902-7722	Phone: 707-961-2823
e-mail: sean.sou@water.ca.gov	e-mail: pducey@fortbragg.com

Direct all communications to the Project Managers as follows:

State	Funding Recipient
Attention: Clark Churchill, Engineer, Water Resources	Attention: John Smith Title: Director of Public Works
Section/Unit: Division of Planning	Section/Unit: Public Works
Department of Water Resources	City of Fort Bragg
Street Address: 715 P Street Sacramento, CA 95814	Street Address: 416 North Franklin Street Fort Bragg, CA 95437
Mailing Address: P.O. Box 942836 Sacramento, CA 94236	Mailing Address: 416 North Franklin Street Fort Bragg, CA 95437
Phone: 279-599-7292	Phone: 707-961-2823 ex. 136
e-mail: clark.churchill@water.ca.gov	e-mail: jsmith@fortbragg.com

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

11. STANDARD PROVISIONS AND INCORPORATION OF DOCUMENTS. This Funding Agreement is complete and is the final Agreement between the parties. The following exhibits are attached and made a part of this Funding Agreement by this reference:
Exhibit AA – State Funding Program Provisions
Exhibit A – Project Description
Exhibit B – Budget
Exhibit C – Schedule
Exhibit D – Standard Conditions
Exhibit E – Funding Recipient Resolution
Exhibit F – Report Formats and Requirements
Exhibit G – Requirements for Data Submittal **(Not applicable; Not attached.)**
Exhibit H – State Audit Document Requirements and Funding Match Guidelines for Funding Recipients
Exhibit I – Monitoring and Maintenance Plan Components **(Not applicable; Not attached.)**
Exhibit J – Project Location
Exhibit K – Information Needed for Escrow Process and Closure **(Not applicable; Not attached.)**
Exhibit L – Appraisal Specifications **(Not applicable; Not attached.)**
Exhibit M – Local Project Sponsors **(Not applicable; Not attached.)**
Exhibit N – Special Conditions **(Not applicable; Not attached.)**

12. PROGRAM PROVISIONS. Unless otherwise provided herein, the funding provided under this Funding Agreement will be administered according to the provisions in the PSP.

13. EXECUTIVE ORDER N-6-22 COMPLIANCE: On March 4, 2022, the Governor issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. The EO may be found at: https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf . "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under State law. The EO directs DWR to terminate funding agreements with, and to refrain from entering any new agreements with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine that the Funding Recipient is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this Agreement. The State shall provide the Funding Recipient advance written notice of such termination, allowing the Funding Recipient at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.

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

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Ajay Goyal
_____
Ajay Goyal, Manager
Statewide Infrastructure Investigations Branch
Division of Planning

Date 5/4/2023

CITY OF FORT BRAGG

Peggy Ducey
_____
Peggy Ducey, City Manager

Date 5/4/2023

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Kamyar Guivetchi
_____
Kamyar Guivetchi, Manager
Division of Planning

Date 5/4/2023

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Approved as to Legal Form and Sufficiency

James Herink
_____
For Robin Brewer, Assistant General Counsel
Office of the General Counsel

Date 5/4/2023

Attorney Initial Review
Initials JH Date 5/4/2023

Exhibit AA

State Funding Program Provisions

AA1. ENVIRONMENTAL DOCUMENTATION. Under provisions of the California Environmental Quality Act (CEQA), State may have the role of Responsible Agency.

a. State's concurrence with 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. Funding Recipient must demonstrate compliance with all applicable requirements of CEQA, including but not limited to tribal notification and consultation imposed by AB 52 (Gatto, 2014).

b. Prior to commencement of construction, implementation, or other activities that are subject to CEQA or environmental permitting, the following actions must be performed:

(1) Funding Recipient shall submit to the State all applicable environmental permits as indicated on the Environmental Information Form (see PSP Attachment 15) provided by the State,

(2) Funding Recipient shall submit to the State all documents that satisfy the CEQA process,

(3) State has completed its CEQA compliance review as a Responsible Agency, and

(4) Funding Recipient has received from the State written concurrence with Lead Agency's CEQA documents and State notice of verification of environmental permit submittal.

c. Prior to commencement of construction, implementation, or other activities that are subject to the National Environmental Policy Act (NEPA), the Funding Recipient must demonstrate that it has complied with all applicable requirements of NEPA 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.

AA2. FINANCIAL CAPABILITY DOCUMENTATION. Prior to disbursement of any money under this Funding Agreement, the Funding Recipient shall assure State that it has the financial capability to meet its obligations to pay for the Total Eligible Project costs less the Grant Amount received, as provided in Section 5 (Financial Obligation of Funding Recipient) of this Funding Agreement. As part of this assurance, the Funding Recipient may be required to submit the most recent three (3) years of audited financial statements and any cost sharing agreements with other entities providing Funding Match for the Funded Project, as defined in Exhibit A (Project Description).

AA3. COMMENCEMENT OF CONSTRUCTION OR IMPLEMENTATION. Prior to commencement of construction or implementation activities, the following actions must be performed:

a. Funding Recipient shall submit to the State final hard copy and e-file plans and specifications signed by a California Registered Civil Engineer or other qualified licensed professional for each approved project listed in Exhibit A (Project Description) of this Funding Agreement. The hard copy plan documents are to be submitted in half size.

b. Environmental documentation actions specified in Sections AA1.b and AA1.c must be completed.

c. Funding Recipient shall submit to the State a monitoring plan as required by Section AA18 and Exhibit I (Monitoring and Maintenance Plan Components).

AA4. COMPLIANCE WITH LAWS AND POLICIES. Funding Recipient shall comply with and require its contractors and subcontractors to comply with all applicable local, state, and federal laws, regulations, and policies. State funding is conditioned upon the Funding Recipient's compliance with the following laws, as applicable. State is under no obligation to disburse money for the Project until Funding Recipient has demonstrated compliance with these and other applicable laws as State determines appropriate.

a. Urban Water Management Plans. California Water Code, section 10656.
b. Water Conservation. California Water Code, section 10608.56, paragraph (a).
c. Water Meters. California Water Code, section 525 et seq.
d. Agricultural Water Management Plans. California Water Code, section 10608.56, paragraph (b).
e. Groundwater Monitoring. California Water Code, sections 10920 et seq. and 10933.7.
f. Groundwater Management Plans. California Water Code, section 10753.7.
g. Surface Water Diversion Reporting Compliance. California Water Code, section 5103, paragraph (e).
h. Open and Transparent Water Data Act. California Water Code, section 12406.

At the State's request, Funding Recipient may be required to demonstrate continuing compliance with these laws during the performance of this Funding Agreement.

AA5. REIMBURSABLE COSTS. Reimbursable Costs are costs that may be reimbursed by State grant or may be paid for using funding sources qualifying as Funding Match. Reimbursable Costs must be incurred on the Funded Project within the dates specified in Section 4 for Grant Reimbursement and Section 6 for Funding Match. Reimbursable Costs must be reasonable and necessary to perform the work for the Funded Project as described in Exhibit A (Project Description). Reimbursable Costs include the following:

a. Costs of studies, engineering, and design.
b. Preparation of environmental documentation.
c. Environmental mitigation.
d. Monitoring during the Funded Project, as described in Exhibit A.
e. Project construction, fabrication, installation, and improvement of facilities.
f. Project-specific equipment dedicated to the Funded Project and that cannot be used for other purposes.
g. Operation and maintenance during the operation of projects designated as research pilot or design pilot projects.
h. Research activities for projects designated as research pilot projects.
i. Travel expenses identified in Exhibit A (Project Description) as essential to specific tasks for the Funded Project and incurred in accordance with Section D45.
j. Administrative costs. Reimbursable administrative expenses are the necessary costs incidental but directly related to the Funded Project included in this Funding Agreement, including the portion of overhead and administrative expenses that are directly related to the Funded Project, that are supported in accounting records in accordance with Exhibit D (Standard Conditions), Section D1.a., and Exhibit H (State Audit Document Requirements and Funding Match Guidelines for Funding Recipients). Reimbursable administrative costs will be limited to ten percent (10%) of the State grant provided through this Funding Agreement or ten percent (10%) of the amount counted toward the minimum Funding Match.

Any and all money disbursed to Funding Recipient under this Funding Agreement shall be used solely to pay Reimbursable Costs in accordance with applicable provisions of the law. Funds or services claimed by Funding Recipient as Funding Match must be applied to Reimbursable Costs of the Funded Project.

Costs designated as contingency costs in the budget are Reimbursable Costs insofar as contingency funds are actually spent for otherwise Reimbursable Costs described in this section. Reimbursable Costs may be incurred by use of Funding Recipient labor (that is, force account, including direct labor overhead), by contract, or by consultant services.

AA6. NON-REIMBURSABLE COSTS. Costs that are not reimbursable with State funds and cannot be counted as Funding Match include but are not limited to the following items:

a. Costs incurred prior to or after the time period specified in Section AA5 for Reimbursable Costs.
b. Operation and maintenance costs of permanent facilities.
c. Purchase of equipment not an integral part of a project.
d. Repair or replacement of equipment.
e. Equipment not dedicated to the project (for example, desktop computers and monitoring equipment) that can be used for other purposes.
f. Vehicles.
g. Establishing a reserve fund.
h. Purchase of water supply.
i. Performance review, monitoring, and assessment costs for efforts required after project construction is complete.
j. Replacement of existing funding sources for ongoing programs.
k. Travel and per diem costs, except as allowed in Section AA5.i.
l. Support of existing agency requirements and mandates in response to negligent behavior (e.g., punitive regulatory agency requirement).
m. Legal and court costs resulting from the CEQA process, violation of laws, or civil actions.
n. Costs of applying for funding.
o. Costs of land, easements, and rights-of-way.
p. Meals, food items, or refreshments unless part of approved per diem travel expense in accordance with Exhibit D (Standard Conditions), Section D45.
q. Payment of principal or interest on indebtedness.
r. Administrative costs directly related to the Funded Project as described in Section AA5.j that exceed ten percent (10%) of the State grant or ten percent (10%) of the amount counted toward the minimum Funding Match.
s. Overhead and indirect costs. "Indirect Costs", also called "Overhead Costs", means those costs that are incurred for a common or joint purpose benefiting more than one cost objective and are not readily assignable to the Funded Project (i.e., costs that are not directly related to the funded project). Examples of Indirect Costs include, but are not limited to: central service costs; general administration of the Funding Recipient; non-project-specific accounting and personnel services performed within the Funding Recipient's organization; depreciation or use allowances on buildings and equipment; the costs of operating and maintaining non-project-specific facilities; tuition and conference fees; and, generic overhead or markup. This prohibition applies to the Funding Recipient and any subcontract or sub-agreement for work on the Project.

AA7. DISBURSEMENT OF FUNDS. Following the review of each invoice, State will disburse to Funding Recipient the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Funding 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 cause any loss of tax-free status on State bonds, pursuant to any federal statute or regulation. Disbursement is also contingent upon compliance with provisions of this Funding Agreement, including but not limited to environmental documentation (Section AA1), demonstration of financial capability (Section AA2), submission of reports (Section AA15), submission of deliverables specified in Exhibit A (Project Description), and compliance with laws (Section

AA4). Any and all money disbursed to Funding Recipient under this Funding Agreement shall be deposited in a non-interest bearing account and shall be used solely to pay Reimbursable Costs.

AA8. REQUESTS FOR DISBURSEMENT OF FUNDS. After meeting the disbursement requirements in Section AA7, Funding Recipient may request disbursement of grant funds from State no more frequently than quarterly. Disbursements cannot be made in advance of incurring the costs.

a. The following procedures will be followed for requests for disbursement:
   (1) Reimbursable Costs are incurred on the Funded Project and either have been paid or are due and payable by Funding Recipient.
   (2) Funding Recipient submits an invoice and associated documentation to State requesting disbursement to pay for Reimbursable Costs incurred.
   (3) State reviews invoice and associated documentation and compliance to date with other Funding Agreement provisions, including submittal of reports and deliverables.
   (4) If State finds the request for disbursement acceptable and Funding Recipient in compliance with Funding Agreement provisions, State approves the invoice and processes the invoice for disbursement to Funding Recipient.
   (5) If State finds that the request for disbursement is unacceptable, that the Funding Recipient is out of compliance with Funding Agreement provisions, that any portion of costs claimed are not Reimbursable Costs, or that any portion of costs is not supported by documentation acceptable to State, State will notify Funding Recipient in a timely manner. Funding Recipient may, within 30 calendar days of the date of receipt of such notice, submit additional documentation or Project deliverables to cure deficiencies. If Funding Recipient fails to submit adequate documentation or deliverables curing the deficiencies, State will adjust the pending invoice by the amount of unapproved costs and process the invoice for disbursement to Funding Recipient.
   (6) All invoices submitted shall be accurate and signed under penalty of law. Any and all costs submitted pursuant to this Agreement shall only be for the tasks set forth herein. The Funding Recipient shall not submit any invoice containing costs that are non-reimbursable or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., Funding Match). Any reimbursable costs for which the Funding Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for reimbursable costs, such as time or services, is illegal and constitutes fraud. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements of grant funds and/or termination of this Agreement requiring the repayment of all funds disbursed hereunder plus interest. Additionally, the State may request an audit pursuant to Paragraph D5. and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability. (Civ. Code, §§ 1572-1573; Pen. Code, §§ 470, 489-490.)

b. If State provides a standard invoice form, Funding Recipient shall use this form. Otherwise, invoices submitted by Funding Recipient shall include the following information:
   (1) Date of invoice.
   (2) Time period of costs incurred covered by the invoice.
   (3) Total amount requested for disbursement.
   (4) Itemization of costs incurred on the Funded Project based on the categories (e.g., tasks) specified in Exhibit B (Budget). The amounts claimed for salaries, wages, or consultant fees must include the calculation of costs (i.e., hours or days worked, hourly or daily rates, total amount claimed).

(5) The itemization of costs shall delineate Funded Project costs incurred between Reimbursable Costs claimed for State grant reimbursement as part of Funding Amount specified in Section 4 (Grant Amount) of this Funding Agreement, Reimbursable Costs financed by Funding Match as specified in Section 6 (Funding Match) of this Funding Agreement, and Reimbursable Costs financed by Other State Funding, as specified in Section 6 (Funding Match) of this Funding Agreement.

(6) Original signature and date (in ink) or an electronic signature certified and transmitted via DocuSign of Funding Recipient's Project Representative as specified in the first table in Section 10 (Project Representatives).

c. Documentation that must be submitted with invoices must include the following:

(1) Evidence to verify the amounts of costs incurred as claimed in the invoice, when they occurred, and the nature of the costs (e.g., items purchased, work performed). Evidence may be receipts, billings, copies of checks, or invoices submitted to Funding Recipient. In lieu of time sheets for labor, summary sheets may be submitted listing employees, time period, hours or days worked, and pay rate. Additional guidance on documentation is provided in Exhibit H (State Audit Document Requirements and Funding Match Guidelines for Funding Recipients).

(2) The evidence must cover all Funded Project expenditures and keyed to the itemization summary by task and funding source (grant reimbursement, Funding Match, or Other State Funding).

(3) If completed deliverables (e.g., quarterly reports, annual or final reports, technical reports, or journal articles) related to costs incurred have not otherwise been submitted by Funding Recipient, they may be submitted with an invoice to avoid delay in State approval of disbursement.

d. The invoice with original signature or an electronic signature certified and transmitted via DocuSign and associated documentation shall be submitted by Funding Recipient to the State Project Manager at the address as specified in the second table in Section 10 (Project Representatives) of this Funding Agreement. Invoices shall be uploaded via GRanTS, and the State's Project Manager notified of upload.

e. All requests for grant reimbursement must be submitted no later than six (6) months after Project Completion Date.

AA9. RETENTION OF FUNDS. The provisions of Section D35 shall apply for retention of funds.

AA10. WITHHOLDING OF DISBURSEMENTS BY STATE. If State determines at any time that a project is not being implemented in accordance with the provisions of this Funding Agreement, or that Funding Recipient has failed in any other respect to comply with the provisions of this Funding Agreement, and if Funding Recipient does not remedy any such failure to State's satisfaction, State may withhold from Funding Recipient all or any portion of the State Grant Amount that has not already been disbursed and may take any other action that it deems necessary to protect its interests, including demand for return of State funds already disbursed. Where a portion of the State funding has been disbursed to the Funding Recipient and State notifies Funding Recipient of its decision to demand return of funds that have been disbursed, 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 Funding Recipient, as directed by State. State may consider Funding Recipient's refusal to repay the requested disbursed amount a contract breach subject to the default provisions in Section AA12 (Default Notice and Remedies). If State notifies Funding Recipient of its decision to withdraw the entire Grant Amount from Funding Recipient pursuant to this section, this Funding Agreement shall terminate upon receipt of such notice by Funding Recipient, the State shall no longer be required to provide funds under this Funding Agreement, and the Funding Agreement shall no longer be binding on either party.

AA11. DEFAULT STATUS. Funding Recipient will be in default under this Funding Agreement if any of the following occur:

a. Substantial breaches of this Funding Agreement, or any supplement or amendment to it, or any other agreement between Funding Recipient and State evidencing or securing Funding Recipient's obligations.

b. Making any false warranty, representation, or statement with respect to this Funding Agreement or the application filed to obtain this Funding Agreement.

c. Failure to operate or maintain project in accordance with this Funding Agreement, including any remittance recommended as the result of an audit conducted pursuant to Paragraph D.5.

d. Failure to make any remittance required by this Funding Agreement.

e. Failure to submit timely progress reports.

f. Failure to routinely invoice State.

g. Failure to meet any of the requirements set forth in Section AA4 (Compliance with Laws and Policies).

h. A determination pursuant to Government Code section 11137 that the Funding Recipient has violated any of the following: Government Code sections 11135 or 12960 et seq.; Civil Code sections 51-54.2, inclusive; or any regulations adopted to implement these sections.

AA12. DEFAULT NOTICE AND REMEDIES. Should an event of default occur, State shall provide a notice of default to the Funding Recipient and shall give Funding Recipient at least ten calendar days to cure the default from the date the notice is sent via first-class mail to the Funding Recipient. If the Funding Recipient fails to cure the default within the time prescribed by the State, State may do any of the following:

a. Declare that all funding received by Funding Recipient through this Funding Agreement 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 Funding Recipient.

c. Terminate the Funding Agreement.

d. Take any other action that it deems necessary to protect its interests.

In the event State finds it necessary to enforce this provision of this Funding Agreement in the manner provided by law, Funding Recipient agrees to pay all costs incurred by State including, but not limited to, reasonable attorneys' fees, legal expenses, and costs.

AA13. DISPUTE RESOLUTION. Any dispute between the State and Funding Recipient that either party may have regarding performance of this Funding Agreement, including but not limited to compensation or time extension, shall be submitted to the opposite party's Project Manager within 30 days of knowledge of the dispute. State and Funding Recipient shall then attempt to negotiate a resolution of such dispute and, if appropriate, process an amendment to this funding Agreement to implement the terms of such resolution.

AA14. FUNDING RECIPIENT NAME CHANGE: Approval of the State's Program Manager is required to change the Funding Recipient's name as listed on this Funding Agreement. Upon receipt of legal documentation of the name change the State will process an amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

AA15. SUBMISSION OF REPORTS. The submittal and approval of all reports, including any specified in Exhibit A (Project Description), is a requirement for the successful completion of this Funding Agreement. Reports shall meet generally accepted professional standards for technical reporting and shall be proof read 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 via DWR's "Grant Review and Tracking System" (GRanTS). The Final Report shall also be submitted in electronic copy format as specified in

Exhibit F (Report Formats and Requirements). If requested, Funding Recipient 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 (Report Formats and Requirements). 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 the Project.

a. Quarterly Progress Reports: Funding Recipient shall submit Quarterly Progress Reports to provide a brief summary of the work performed, an update on the status of the Project at the end of the quarter and documentation for invoices for grant disbursement. 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, Funding Recipient's activities, milestones achieved, any accomplishments and any problems encountered in the performance of the work under this Funding Agreement during the reporting period. The first Quarterly Progress Report should be prepared and submitted to the State in accordance with Exhibit F (Report Formats and Requirements).

b. Annual Reports: Funding Recipient shall prepare and submit to State Annual Reports in accordance with Exhibit F (Report Formats and Requirements). The purpose of Annual Reports is to document project accomplishments, findings, data collection, and progress for the calendar year. Other interim project deliverables may be submitted in lieu of Annual Reports if they provide the information specified in Exhibit F for Annual Reports, they are identified as deliverables in Exhibit A (Project Description), and they are approved by the State Project Manager as a substitute for Annual Reports.

c. Final Report: Funding Recipient shall prepare and submit to State a Final Report in accordance with the due date, content, and format specified in Exhibit F (Report Formats and Requirements). The Final Report shall include, in part, a description of actual work done and deliverables produced, any changes or amendments to the project, a final schedule of work performed, and a summary of project costs.

d. Performance Reports: Funding Recipient shall submit Performance Reports in accordance with Exhibit F (Report Formats and Requirements). A Performance Report shall be submitted to State by March 31st of the year following the Project Completion Date or, in the case of construction projects, the date of initial operation. This reporting process shall be repeated annually for the following five calendar years. For projects other than construction projects, the number of annual Performance Reports may be reduced upon approval by the State Project Manager.

AA16. OPERATION AND MAINTENANCE OF PROJECT. For construction projects Funding Recipient shall be responsible for operating and maintaining the Eligible Project for the useful life of the Eligible Project in accordance with its intended purpose as described in the funding application and as provided in this Funding Agreement. In consideration of the funding made by State, Funding Recipient agrees to ensure or cause to be performed the commencement and continued operation of the project, and shall ensure or cause the project to be operated in an efficient and economical manner; shall ensure all repairs, renewals, and replacements necessary to the efficient operation of the same are provided; and shall ensure or cause the same to be maintained in as good and efficient condition as upon its construction, ordinary and reasonable wear and depreciation excepted. The State shall not be liable for any cost of such maintenance, management, or operation. Funding Recipient or its successors may, with the written approval of State, transfer this responsibility to use, manage, and maintain the property. For purposes of this Funding Agreement, "useful life" means period during which an asset, property, or activity is expected to be usable for the purpose it was acquired or implemented; "operation costs" include direct costs incurred for material and labor needed for operations, utilities, insurance, and similar expenses, and "maintenance costs" include ordinary repairs and replacements of a recurring nature necessary for capital assets and basic structures and the expenditure of funds necessary to replace or reconstruct capital assets or basic structures. The useful life is specified in Section 13 (Useful Life). Refusal of Funding Recipient to ensure

operation and maintenance of the project in accordance with this provision may, at the option of State, be considered a breach of this Funding Agreement and may be treated as default under Sections AA11 and AA12 (Default Status and Default Notice and Remedies).

AA17. OWNERSHIP OF FACILITIES.

a. For construction projects, the ownership of all facilities that are part of the Funded Project shall be owned by the Funding Recipient unless provided otherwise in this Funding Agreement. Ownership shall not transfer to another entity during the useful life of the Eligible Project without prior notification of and written approval by the State Program Manager. Ownership must remain with an entity that meets the requirements of an eligible applicant specified in the PSP.

b. For projects other than construction projects, ownership shall be in accordance with Exhibit D (Standard Conditions), Section D15 (Disposition of Equipment).

AA18. PROJECT MONITORING. Exhibit A (Project Description) of this Funding Agreement shall contain a description of project monitoring activities, and Exhibit F (Report Formats and Requirements) contains a description of monitoring data to be included in Performance Reports. As appropriate, groundwater quality, ambient surface water quality, and groundwater level data shall be submitted to state data repositories as described in Exhibit G (Requirements for Data Submittal).

AA19. NOTIFICATION OF STATE. Funding Recipient shall promptly notify State, in writing, of the following items:

a. Events or proposed changes that could affect the scope, budget, or work performed under this Funding Agreement. Funding Recipient 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 work specified in Exhibit A (Project Description), schedule or term, and budget, and such changes may require amendment of this Funding Agreement.

b. Any public or media event publicizing the accomplishments and/or results of this Funding Agreement. Funding Recipient shall provide the opportunity for attendance and participation by State's representatives, and shall notify State's Project Manager at least fourteen (14) calendar days prior to the event.

c. For construction projects, the final inspection of the completed work on a project by a Registered Civil Engineer, in accordance with Exhibit D (Standard Conditions), Section D18. Funding Recipient shall notify the State's Project Manager of the inspection date at least 14 calendar days prior to the inspection in order to provide State the opportunity to participate in the inspection.

d. For construction projects, the date of initial operation of the project to produce or deliver water for use, to be reported within 30 days of initial operation.

e. Discovery of any potential archaeological or historical resource. Should a potential archaeological or historical resource be discovered during construction, the Funding Recipient agrees that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the State has determined what actions should be taken to protect and preserve the resource. The Funding Recipient agrees to implement appropriate actions as directed by the State.

f. The initiation of any litigation or the threat of litigation against the Funding Recipient regarding the Project or that may affect the Project in any way.

AA20. NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Funding 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.

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 Project Representatives at the addresses provided in Section 10 of this Funding Agreement. Either party may, by written notice to the other, designate a different address that shall be substituted for the one shown in Section 10.

AA21. PERFORMANCE EVALUATION. Upon completion of this Funding Agreement, Funding Recipient'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 Funding Recipient.

AA22. SURVIVING OBLIGATIONS. Any provision of this Funding Agreement that imposes an obligation after the termination or expiration of this Agreement shall survive the termination or expiration of this Funding Agreement.

Exhibit A

Project Description

A1. PROJECT DEFINITION AND ASSUMPTIONS

The project components and their definitions as used in this exhibit are project-specific applications of the same terms found in Section 4.2 of the PSP and are to be applied to the Eligible Project referred to in Section A2 of this exhibit.

a. **Eligible Project Title:** The Eligible Project title is Oneka Seawater Desalination Buoy Design Pilot Study

b. **Total Project:**

Objectives of the Total Project: The objective of this project is to test the efficacy of the Oneka Iceberg seawater desalination buoy's ability to deliver water to water-stressed communities with limited access to inland resources. Further, the results of the buoy's real-time application towards producing desalinated water supplies will be used to inform drought planning for the Funding Recipient and a possible utility-scale deployment of the technology.

Description of Total Project: This project entails the permitting, purchase, shipping, deployment, and monitoring of an Oneka Technologies desalination buoy at 281 Jere Melo Street for the purposes of a pilot study. The pilot study will determine the efficacy of water production and reliability of the Oneka Technologies Iceberg buoy as a tool to aid in drought and to inform a potential large utility-scale application of the technology.

c. **Eligible Project:** The Eligible Project is the portion of the Total Project that is considered consistent with the goals and scope of the Water Desalination Grant Program and is necessary for an operable project. "The Eligible Project is the same as the Total Project for this Funding Agreement.

(1). All tasks associated with the Eligible Project are described in Section A2, which supersedes the scope of work included in the funding application.

d. **Funded Project:** The Funded Project is the portion of the Eligible Project for which costs are eligible for grant reimbursement or for reimbursement by other funds qualifying as Funding Match. The Funded Project is the same as the Eligible Project for this Funding Agreement.

(1). All tasks associated with the Funded Project are described in Section A2, which supersedes the scope of work included in the funding application.

e. **Project Assumptions:** The assumptions in this subsection are given to aid grant administration. They represent understandings and expectations that are not included in other sections of this Funding Agreement.

(1). **General Project Assumptions**

(a) The State will not take title to any equipment or other real property (assets) fabricated or otherwise produced under this Funding Agreement pursuant to Section D15 (Disposition of Equipment). The various research-related reports or other deliverables will be provided to the State as provided for in this Funding Agreement.

(2). **Cost Share Assumptions:**

(a) There is no cost share for the Funding Recipient. The Funding Recipient's Funding Match has been waived since the Funding Recipient has established DAC status in accordance with the PSP.

(3). **Project Partner Assumptions:** The Funding Recipient has identified participant project partners and their roles, as described in Table A1, as of the date of execution of this Funding Agreement. Funding Recipient will notify State of any changes and will report changes in the Quarterly Progress Reports.

Table A1. Project Participants

Participant Name	Role	Brief Description of Work
City of Fort Bragg	Construction Manager	Project Management
Oneka Technologies	Engineer	Design, Construction, Fabrication, Maintenance, Product Testing

A2. SCOPE OF WORK

The Scope of Work consists of all tasks required for performing and completing the Eligible Project, as described in Section A1.

a. TASK 1: PROJECT ADMINISTRATION

(1). **Description**: Conduct administrative services to complete the project; monitor, supervise and review all work performed; and coordinate with DWR to assure that the scope of work is completed within budget, on schedule, and in accordance with approved procedures, applicable laws, and regulations. Oversee all subcontractors and consultants to the project to ensure timely, effective, and accurate services are rendered in support of the project.

Prepare quarterly progress reports. Quarterly reports will describe the work performed and accomplishments of each task, or task phase, milestones achieved, documentation of contractor activities, and project meetings. Also, document any experienced or anticipated problems encountered in the performance of this agreement's work.

(2). **Assumptions:** A copy of all deliverables will be uploaded to GRanTS and also an electronic copy will be provided to the DWR contract manager.

(3). **Task 1 Deliverables/Products:**

(a) Invoices & Quarterly Reports. Quarterly reports shall contain meeting agendas, minutes, and sign-in sheets as applicable.

b. TASK 2: PERMITTING

(1). **Description:** Under Task 2 the Funding Recipient will acquire all necessary permits to deploy the buoy to support the Oneka Seawater Desalination Buoy Design Pilot Study . Further the Funding Recipient will collect environmental data that will inform permitting a future utility-scale installation.

(2). **Data to be Collected:**

(a) Pre-construction bathymetry survey to identify sensitive habitats to avoid during anchor deployment and pipeline placement. Water quality data including: temperature, conductivity, dissolved oxygen, and pH. Salinity will be reported as calculated by the sonde using the temperature and conductivity measurements

(3). **Assumptions:**

(a) The Design Pilot permitting will be streamlined in accordance with the Oct. 19, 2021 proclamation by Governor Gavin Newsom extending the drought emergency to include all of California's counties. Likewise, the 2015 desalination amendment to Water Quality Control Plan for Ocean Waters of California exempts small (<0.1 million gallons per day (MGD)) portable desalination facilities operated by a governmental agency which includes the Oneka buoy to be deployed by the City of Fort Bragg. The environmental data collected during the Oneka Seawater Desalination Buoy Design Pilot Study will both meet the pilot study permit requirement but also create technical data that will be needed for future utility-scale installation permitting.

(4). **Deliverables:**

(a) All permits received for the Oneka Seawater Desalination Buoy Design Pilot Study from these agencies:

i. North Coast Regional Water Quality Control Board

ii. California Coastal Commission

iii. California State Lands Commission

iv. United States Army Corps of Engineers.

c. **TASK 3: CONSTRUCTION/COMMISSIONING/DECOMMISSIONING**

(1). **Description:** Oneka Technologies (Contractor) will fabricate and deploy the Iceberg buoy on behalf of the City at the project site identified Exhibit J (J2) and also in the applicable permits obtained under Task 2. The Contractor will also install relevant pipeline conveying product water from the buoy to the shore-based reservoir. At the end of the 12-month study, the buoy and associated systems will either be removed or connected to the City's water supply based on a new agreement between the City and Oneka with all applicable permits in place.

(2). **Deliverables:**

(a) An installed and commissioned Oneka buoy located offshore of the City with a pipeline to deliver product water to the City's wastewater treatment plant where it can be collected and tested.

d. **TASK 4: OPERATIONS AND MAINTENANCE**

(1). **Description:** The Oneka Seawater Desalination Buoy Design Pilot Study will provide an opportunity to collect much of the data needed to deploy a larger utility-scale installation. A larger, utility-scale installation will require clear and careful operations and maintenance information to manage costs to keep the price of water economically feasible for the ratepayers. The Contractor will provide on-site support to operate and maintain the buoy and associated systems and will also collect water quality information in preparation of applying for a Division of Drinking Water permit, and any other permits needed, to facilitate the delivery of produced, potable water into the City's distribution system. From these efforts, a detailed operation and maintenance profile and manual can be created to support future installations in California

(2). **Data to be Collected:**

(a) Operational parameters such as flow rate, movement of the buoy and pipeline in response to wave energy, and water quality. The product water flow rate will be measured to verify production rates. The movement of the buoy and pipeline will be monitored to evaluate the anchorage in response to the area's wave climate. The product water quality will be tested in accordance with Division of Drinking Water requirements for potable water. Maintenance activities will be recorded to create an operations profile for the future utility-scale installation. Maintenance will include routine cleaning of the intake screens, routine inspections of the buoy to identify any damage or unexpected wear, inspections of the pipeline to check for damage or unexpected wear, and potential emergency responses if the buoy becomes a danger or endangered due to storm energy.

(3). **Assumptions:**

(a) The buoy and ancillary systems are able to operate for the duration of the 12-month study.

(4). **Deliverables:**

(a) Detailed operational, maintenance, and water quality monitoring records and a report summarizing these experiences.

e. **TASK 5: FINAL REPORT**

(1). **Description:** This task consists of the preparation of a draft of the Final Report [per Exhibit F, F3] and, after review by the State, the preparation of the final version of the Final Report. The Final Report provides a record of the project and its results, including those efforts to permit, deploy, install, monitor, and maintain the buoy. It is a comprehensive self-contained document which will serve as a resource for large audiences including State agencies, water agencies and industry, as well as the general public. The following subtasks comprise this work:

(a) Prepare a draft of the Final Report and submit the draft to the State for review and comment.

(b) After receipt of the comments from the State on the draft Final Report, prepare and submit to the State the final version of the Final Report.

(2). **Deliverables:**

(a) Draft of Final Report.

(b) Final of Final Report

Exhibit B

Budget

Task No.	Total Project Budget	Funding Match	Grant Funds	Total Grant Budget
1. Project Administration	$ 100,000.00		$ 100,000.00	$ 100,000.00
2. Permitting	$ 250,000.00		$ 250,000.00	$ 250,000.00
3. Construction/Commissioning/Decomissioning	$ 725,000.00		$ 725,000.00	$ 725,000.00
4. Operations and Maintenance	$ 315,000.00		$ 315,000.00	$ 315,000.00
5. Final Report	$ 100,000.00		$ 100,000.00	$ 100,000.00
TOTAL	**$ 1,490,000.00**	**$ -**	**$ 1,490,000.00**	**$ 1,490,000.00**

Funded project shown in Grey.

Notes:

1. From Exhibit A, Section A1.d: The funded project is the portion of the Eligible Project for which costs are eligible for grant reimbursement by other funds qualifying as Funding Match. The Funded Project consists of Tasks 1-5 as described in Section A2. All tasks associated with the Funded Project are described in Section A2, which supersedes the scope of work included in the funding applications.
2. Total Grant Budget: The sum of awarded grant funding ($1,490,000) and the minimum required funding match ($0). The total grant budget is $1,490,000.

Exhibit C

Schedule

	2023				2024				2025			
Task No.	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1. Project Administration												
2. Permitting												
3. Construction/Commissioning/Decomissioning												
4. Operations and Maintenance												
5. Final Report												

Exhibit D

Standard Conditions

D1. ACCOUNTING AND DEPOSIT OF FUNDING DISBURSEMENT:

a. Separate Accounting of Funding Disbursements: Funding Recipient shall account for the money disbursed pursuant to this Funding Agreement separately from all other Funding Recipient funds. Funding Recipient shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Funding Recipient shall keep complete and accurate records of all receipts and disbursements on expenditures of such funds. Funding Recipient 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. Disposition of Money Disbursed: All money disbursed pursuant to this Funding Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law, and placed in a non-interest bearing account.

c. Remittance of Unexpended Funds: Funding Recipient shall remit to State any unexpended funds that were disbursed to Funding Recipient under this Funding Agreement and were not used to pay Eligible Project Costs within a period of sixty (60) calendar days from the final disbursement from State to Funding Recipient of funds or, within thirty (30) calendar days of the expiration of the Funding Agreement, whichever comes first.

D2. ACKNOWLEDGEMENT OF CREDIT AND SIGNAGE: Funding Recipient shall include appropriate acknowledgement of credit to the State for its support when promoting the Project or using any data and/or information developed under this Funding Agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Funding Recipient's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Water Quality, Supply and Infrastructure Improvement Act of 2014 and through an agreement with the State Department of Water Resources." The Funding Recipient shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph.

D3. AMENDMENT: This Funding Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Funding Recipient for amendments must be in writing stating the amendment request and the reason for the request. Requests solely for a time extension must be submitted at least 90 days prior to the Project Completion Date set forth in Section 8 of this Funding Agreement. Any other request for an amendment must be submitted at least 180 days prior to the Project Completion Date set forth in Section 8. State shall have no obligation to agree to an amendment.

D4. AMERICANS WITH DISABILITIES ACT: By signing this Funding Agreement, Funding Recipient 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.

D5. AUDITS: State reserves the right to conduct an audit at any time between the execution of this Funding Agreement and the completion of the Project, with the costs of such audit borne by State. After completion of the Project, State may require Funding Recipient to conduct a final audit to State's specifications, at Funding Recipient's expense, such audit to be conducted by and a report prepared by an independent Certified Public Accountant. Failure or refusal by Funding Recipient to comply with this provision shall be considered a breach of this Funding Agreement, and State may elect to pursue any remedies provided in Section AA12 (Default Notice and Remedies) or take any other action it deems necessary to protect its interests. The Funding Recipient agrees it shall return any audit disallowances to the State.

Pursuant to Government Code section 8546.7, the Funding Recipient shall be subject to the examination and audit by the State for a period of three (3) years after final payment under this Funding Agreement with respect of all matters connected with this Funding Agreement, including but not limited to, the cost of administering this Funding Agreement. All records of Funding Recipient or its contractor or subcontractors shall be preserved for this purpose for at least three (3) years after receipt of the final disbursement under this Agreement. If an audit reveals any impropriety, the Bureau of State Audits or the State Controller's Office may conduct a full audit of any or all of the Funding Recipient's activities. (Wat. Code, § 79708, subd. (c).)

D6. BUDGET CONTINGENCY: If the Budget Act of the current year covered under this Funding Agreement does not appropriate sufficient funds for this program, this Funding Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of State to make any payments under this Funding Agreement. In this event, State shall have no liability to pay any funds whatsoever to Funding Recipient or to furnish any other considerations under this Funding Agreement and Funding Recipient shall not be obligated to perform any provisions of this Funding Agreement. Nothing in this Funding Agreement shall be construed to provide Funding Recipient with a right of priority for payment over any other Funding Recipient. If funding for any fiscal year after the current year covered by this Funding Agreement is reduced or deleted by the Budget Act, by Executive Order, or by order of the Department of Finance, the State shall have the option to either cancel this Funding Agreement with no liability occurring to State, or offer a Funding Agreement amendment to Funding Recipient to reflect the reduced amount.

D7. CALIFORNIA CONSERVATION CORPS: Funding Recipient may use the services of the California Conservation Corps or other community conservation corps as defined in Public Resources Code section 14507.5.

D8. CEQA: Activities funded under this Funding Agreement, regardless of funding source, must be in compliance with the California Environmental Quality Act (CEQA) (Pub. Resources Code, §21000 et seq.). Any work that is subject to CEQA and funded under this Agreement shall not proceed until documents that satisfy the CEQA process are received by the State's Project Manager and the State has completed its CEQA compliance. Work funded under this Agreement that is subject to a CEQA document shall not proceed until and unless approved by the Department of Water Resources. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. If CEQA compliance by the Funding Recipient is not complete at the time the State signs this Agreement, once State has considered the environmental documents, it may decide to require changes, alterations, or other mitigation to the Project; or to not fund the Project. Should the State decide to not fund the Project, this Agreement shall be terminated in accordance with Section AA12 (Default Notice and Remedies).

D9. CHILD SUPPORT COMPLIANCE ACT: The Funding Recipient acknowledges in accordance with Public Contract Code section 7110, that:

a. The Funding Recipient 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 Family Code 5200 et seq.; and

b. The Funding Recipient, 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.

D10. CLAIMS DISPUTE: See Section AA13 (Dispute Resolution).

D11. COMPETITIVE BIDDING AND PROCUREMENTS: Funding Recipient's contracts with other entities for the acquisition of goods and services and construction of public works with funds provided by State under this Funding Agreement must be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If the Funding Recipient does not have a written policy to award contracts through a competitive bidding or sole source process, the Department of General Services' State Contracting Manual rules must be followed and are available at: https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/State-Contracting.

D12. COMPUTER SOFTWARE: Funding Recipient certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Funding Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

D13. CONFLICT OF INTEREST: All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Applicable statutes include, but are not limited to, Government Code section 1090 and Public Contract Code sections 10410 and 10411, for State conflict of interest requirements.

a. 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.

b. Former State Employees: 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.

c. Employees of the Funding Recipient: Employees of the Funding Recipient shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act, (Gov. Code, § 87100 et seq.).

d. Employees and Consultants to the Funding Recipient: Individuals working on behalf of a Funding Recipient may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

D14. DELIVERY OF INFORMATION, REPORTS, AND DATA: Funding Recipient agrees to expeditiously provide throughout the term of this Funding Agreement, such reports, data, information, and certifications as may be reasonably required by State.

D15. DISPOSITION OF EQUIPMENT: Funding Recipient shall provide to State, not less than 30 calendar days prior to submission of the final invoice, an itemized inventory of equipment purchased with funds provided by State. The inventory shall include all items with a current estimated fair market value of more than $5,000.00 per item. Within 60 calendar days of receipt of such inventory State shall provide Funding Recipient with a list of the items on the inventory that State will take title to. All other items shall become the property of Funding Recipient. State shall arrange for delivery from Funding Recipient of items that it takes title to. Cost of transportation, if any, shall be borne by State.

D16. DRUG-FREE WORKPLACE CERTIFICATION OF COMPLIANCE: By signing this Funding Agreement, Funding Recipient, 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 (Gov. 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.

b. Establish a Drug-Free Awareness Program, as required by Gov. Code, Section 8355 to inform employees, contractors, or subcontractors about all of the following:

c. The dangers of drug abuse in the workplace,

   1. Funding Recipient's policy of maintaining a drug-free workplace,

   2. Any available counseling, rehabilitation, and employee assistance programs, and

   3. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.

d. Provide, as required by Government Code section 8355, that every employee, contractor, and/or subcontractor who works under this Funding Agreement:

   1. Will receive a copy of Funding Recipient's drug-free policy statement, and

   2. Will agree to abide by terms of Funding Recipient's condition of employment, contract or subcontract.

D17. EASEMENTS: Where the Funding Recipient acquires property in fee title or funds improvements to real property already owned in fee by the Funding Recipient using State funds provided through this Funding Agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in perpetuity, approved by the State, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State.

Where the Funding Recipient acquires an easement under this Funding Agreement, the Funding Recipient agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner.

Failure to provide an easement acceptable to the State may result in termination of this Funding Agreement.

D18. FINAL INSPECTIONS AND CERTIFICATION BY REGISTERED CIVIL ENGINEER: For construction projects, upon completion of the Project, Funding Recipient 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 Funding Agreement. The State's Project Manager shall be notified prior to the final inspection in accordance with Section AA19 (Notification of State).

D19. FUNDING RECIPIENT'S RESPONSIBILITIES: Funding Recipient and its representatives shall:

a. Faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A (Project Description) and in accordance with Exhibit B (Budget) and Exhibit C (Schedule).

b. Accept and agree to comply with all terms, provisions, conditions, and written commitments of this Funding Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Funding Recipient in the application, documents, amendments, and communications filed in support of its request for funding.

c. Comply with all applicable California, federal, and local laws and regulations.

d. Implement the Project in accordance with applicable provisions of the law.

e. Fulfill its obligations under the Funding Agreement and be responsible for the performance of the Project.

f. Obtain any and all permits, licenses, and approvals required for performing any work under this Funding Agreement, including those necessary to perform design, construction, or operation and maintenance of the Project. Funding Recipient shall provide copies of permits and approvals to State.

g. Be solely responsible for design, construction, and operation and maintenance of Project specified in Exhibit A (Project Description). Review or approval of plans, specifications, bid documents, or other construction documents by State is solely for the purpose of proper administration of funds by State and shall not be deemed to relieve or restrict responsibilities of Funding Recipient under this Agreement.

h. Be solely responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Funding Recipient shall be responsible for any and all disputes arising out of its contracts for work on the Project, including but not limited to payment disputes with contractors and subcontractors. The State will not mediate disputes between the Funding Recipient and any other entity concerning responsibility for performance of work.

D20. GOVERNING LAW: This Funding Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

D21. INCOME RESTRICTIONS: The Funding Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Funding Recipient under this Agreement shall be paid by the Funding Recipient to the State, to the extent that they are properly allocable to costs for which the Funding Recipient has been reimbursed by the State under this Agreement. The Funding Recipient shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Section.

D22. INDEMNIFICATION: Funding Recipient shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including

inverse condemnation) that may arise out of the Project and this Funding Agreement and any breach of this Funding Agreement. Funding Recipient shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Funding Agreement.

D23. INDEPENDENT CAPACITY: Funding Recipient, and the agents and employees of Funding Recipients, in the performance of the Funding Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.

D24. INSPECTION OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Funding Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Funding Agreement. Failure or refusal by Funding Recipient to comply with this provision shall be considered a breach of this Funding Agreement, and State may withhold disbursements to Funding Recipient or take any other action it deems necessary to protect its interests.

D25. INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Funding Agreement. This right shall extend to any subcontracts, and Funding Recipient shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Funding Agreement with State.

D26. LABOR CODE COMPLIANCE: The Funding Recipient agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at http://www.dir.ca.gov/lcp.asp. For more information, please refer to DIR's *Public Works Manual* at: http://www.dir.ca.gov/dlse/PWManualCombined.pdf. The Funding Recipient affirms that it is aware of the provisions of section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Funding Recipient affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.

D27. MODIFICATION OF OVERALL PROJECT DESCRIPTION: At the request of the Funding Recipient, the State may at its sole discretion approve non-material changes to the portions of Exhibit A (Project Description) which concern the budget and schedule without formally amending this Funding Agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Funding Agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Funding Agreement. Requests for non-material changes to the budget and schedule must be submitted by the Funding Recipient to the State in writing and are not effective unless and until specifically approved by the State's Program Manager in writing.

D28. NONDISCRIMINATION: During the performance of this Funding Agreement, Funding Recipient and its contractors or subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital status, and denial of medial and family care leave or pregnancy disability leave. Funding Recipient and its contractors or subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Funding Recipient and its

contractors or subcontractors shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code §12990) and the applicable regulations promulgated there under (Cal. Code Regs., tit. 2, §11000 *et seq*.). The applicable regulations of the Fair Employment and Housing Act are incorporated into this Funding Agreement by reference a. Funding Recipient and its contractors or subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

Funding Recipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Funding Agreement.

D29. OPINIONS AND DETERMINATIONS: Where the terms of this Funding Agreement provide for action to be based upon judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

D30. PERFORMANCE BOND: Where contractors are used, the Funding Recipient shall not authorize construction to begin until each contractor has furnished a performance bond in favor of the Funding Recipient in the following amounts: faithful performance (100%) of contract value, and labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than $25,000.00. Any bond issued pursuant to this paragraph must be issued by a California-admitted surety. (Pub. Contract Code, § 7103; Code Civ. Proc., § 995.311.)

D31. PRIORITY HIRING CONSIDERATIONS: If this Funding Agreement includes services in excess of $200,000, the Funding Recipient shall give priority consideration in filling vacancies in positions funded by the Funding Agreement to qualified recipients of aid under Welfare and Institutions Code section 11200 in accordance with Public Contract Code section 10353.

D32. PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION: The Funding Recipient 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, or with Funding Recipient's service of water, without prior permission of State. Funding Recipient shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of Funding Recipient to meet its obligations under this Funding Agreement, without prior written permission of State. State may require that the proceeds from the disposition of any real or personal property be remitted to State.

D33. PROJECT ACCESS: The Funding Recipient shall ensure that the State, the Governor of the State, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of this Agreement.

D34. REMEDIES NOT EXCLUSIVE: The use by either party of any remedy specified herein for the enforcement of this Funding Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

D35. RETENTION: The State shall withhold ten percent (10%) of the funds requested by the Funding Recipient for reimbursement of Reimbursable Project Costs until the Project is completed and Final Report is approved. Any retained amounts due to the Funding Recipient will be promptly disbursed to the Funding Recipient, without interest, upon completion of the Project.

D36. RIGHTS IN DATA: Funding Recipient 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 Funding Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act

(Gov. Code, § 6250 *et seq*.). Funding Recipient may disclose, disseminate and use in whole or in part, any final form data and information received, collected and developed under this Funding Agreement, subject to appropriate acknowledgement of credit to State for financial support. Funding Recipient shall not have exclusive rights to utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.

D37. SEVERABILITY: Should any portion of this Funding Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Funding Agreement shall continue as modified.

D38. SUSPENSION OF PAYMENTS: This Funding Agreement may be subject to suspension of payments or termination, or both, if the State determines that:

a. Funding Recipient, its contractors, or subcontractors have made a false certification, or

b. Funding Recipient, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted in this Funding Agreement.

D39. SUCCESSORS AND ASSIGNS: This Funding Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Funding Agreement or any part thereof, rights hereunder, or interest herein by the Funding Recipient shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.

D40. TERMINATION BY FUNDING RECIPIENT: Subject to State approval which may be reasonably withheld, Funding Recipient may terminate this Agreement and be relieved of contractual obligations. In doing so, Funding Recipient must provide a reason(s) for termination. Funding Recipient must submit all progress reports summarizing accomplishments up until termination date.

D41. TERMINATION FOR CAUSE: Subject to the right to cure under Section AA12 (Default Notice and Remedies), the State may terminate this Funding Agreement and be relieved of any payments should Funding Recipient fail to perform the requirements of this Funding Agreement at the time and in the manner herein, including but not limited to reasons of default under Section AA11 (Default Status).

D42. TERMINATION WITHOUT CAUSE: The State may terminate this Agreement without cause on thirty (30) days' advance written notice. The Funding Recipient shall be reimbursed for all reasonable expenses incurred up to the date of termination.

D43. THIRD PARTY BENEFICIARIES: The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.

D44. TIMELINESS: Time is of the essence in this Funding Agreement.

D45. TRAVEL: Travel includes the reasonable and necessary costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Funding Agreement. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources. These rates may be found at: http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred. For the purpose of computing such expenses, Funding Recipient's designated headquarters shall be the street address of the Funding Recipient Project Representative designated in Section 10 of the main body of this Funding Agreement. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the State.

D46. UNION ORGANIZING: Funding Recipient, by signing this Funding Agreement, hereby acknowledges the applicability of Government Code sections 16645 through 16649 to this Funding Agreement. Furthermore, Funding Recipient, by signing this Funding Agreement, hereby certifies that:

a. No State funds disbursed by this Funding Agreement will be used to assist, promote, or deter union organizing.

b. Funding Recipient shall account for State funds disbursed for a specific expenditure by this Funding Agreement to show those funds were allocated to that expenditure.

c. Funding Recipient shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.

d. If Funding Recipient makes expenditures to assist, promote, or deter union organizing, Funding Recipient will maintain records sufficient to show that no State funds were used for those expenditures and that Funding Recipient shall provide those records to the Attorney General upon request.

D47. VENUE: The State and the Funding Recipient hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California. The Funding Recipient hereby waives any existing sovereign immunity for the purposes of this Agreement.

D48. WAIVER OF RIGHTS: None of the provisions of this Funding 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 Funding Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Funding 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.

Exhibit E

Funding Recipient Resolution

RESOLUTION NO. 4604-*2022*

RESOLUTION OF THE FORT BRAGG CITY COUNCIL AUTHORIZING THE GRANT APPLICATION, ACCEPTANCE, AND EXECUTION FOR THE ONEKA SEAWATER DESALINATION BUOY DESIGN PILOT STUDY

WHEREAS, pursuant and subject to all of the terms and provisions of the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1, California Water Code Section 79700 et seq.) the California Department of Water Resources is sponsoring Round 4 funding of the Water Desalination Grant Program.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Fort Bragg does hereby authorize and direct the City Manager to sign and file for, and on behalf of the Fort Bragg City Council, an application for funding from the Department of Water Resources for an amount not to exceed **$1,500,000**, for the project entitled Oneka Seawater Desalination Buoy Design Pilot Study, under the terms and provisions of the Water Desalination Grant Program, and

BE IT FURTHER RESOLVED that the City of Fort Bragg hereby agrees and further does authorize the aforementioned City Manager or his/her designee to certify that the City of Fort Bragg has and will comply will all applicable state and federal statutory and regulatory requirements related to any federal and state funds received, and

BE IT FURTHER RESOLVED that the City Manager of the City of Fort Bragg or his/her designee is hereby authorized to negotiate and execute a funding agreement and any amendments or change orders thereto, and to certify funding disbursement on behalf of the City of Fort Bragg.

The above and foregoing Resolution was introduced by Councilmember Peters, seconded by Councilmember Morsell-Haye, and passed and adopted at a special meeting of the City Council of the City of Fort Bragg held on the 3rd day of October, 2022, by the following vote:

AYES:	**Councilmembers Albin-Smith, Morsell-Haye, Peters, Rafanan and Mayor Norvell.**
NOES:	**None.**
ABSENT:	**None.**
ABSTAIN:	**None.**
RECUSED:	**None.**

DocuSigned by:
[signature]
[illegible]
BERNIE NORVELL
Mayor

ATTEST:
DocuSigned by:
June Lemos, MMC
57EA75A45D8A43D...
June Lemos, MMC
City Clerk

DocuSigned by:
Peggy Ducey
(Authorizing Signature)

Peggy Ducey
(Printed Name)

City Manager
(Title)

DocuSigned by:
June Lemos, MMC
(Clerk/Secretary)

Exhibit F

Report Formats and Requirements

F1. QUARTERLY PROGRESS REPORTS

Quarterly Progress Reports are intended to be a brief summary of the work performed and an update on the status of the Eligible Project at the end of the quarter. The reports are documentation of work performed with Grant funds and Funding Match and claimed in invoices for grant reimbursement. It is expected that Quarterly Progress Reports be consistent with invoices. These reports are not intended to contain technical information and results of work performed, which should be included in other project deliverables or Annual Reports.

a. Schedule

Quarterly Progress Reports shall be submitted to the Department of Water Resources (DWR) according to the following schedule:

- First quarter (Jan through March): May 31
- Second quarter (April through June): August 31
- Third quarter (July through September): November 30
- Fourth quarter (October through December): March 31 of the subsequent year

If an executed Funding Agreement begins in the middle of a quarter, it is at the Funding Recipient's discretion to submit the first quarterly report for a partial quarter or a longer-duration quarterly report from project inception through the first full quarter. Before submittal of the first Quarterly Progress Report, Funding Recipient shall inform Project Manager by email or other written communication regarding whether the first quarterly report will include only a partial quarter or a longer duration than a quarter and the estimated date of initial submittal.

For projects that have commenced work before the Execution Date of the Funding Agreement, the first Quarterly Progress Report will cover a consolidated period from the beginning of work on the Eligible Project and the ending date of the first quarterly report. In order to correlate work performed and the timing of this work with expenditure reports and expense receipts of Funding Match and grant reimbursement, the first Quarterly Progress Report may have to describe work broken down by time periods when (1) work was conducted before either Funding Match or grant reimbursement expenses were incurred, (2) work was conducted with Funding Match expenditures but before grant reimbursable costs were incurred, and (3) after costs were incurred qualifying for both Funding Match and grant reimbursement. The State Project Manager shall agree to the planned submittal of the first quarterly report and the time breakdown of work description and costs.

b. Content

The quarterly report is to provide information by task, as well as include a total Eligible Project summary. It must document the activities of any associated invoice disbursement requests. The tasks are to be the same as those provided in Exhibit A, unless a revision of tasks has been approved by DWR. All quarterly reports are public documents and should not contain confidential, proprietary or business sensitive information.

The quarterly reports shall include:

- DWR Funding Agreement Number

- Eligible Project Title
- Funding Recipient Organization
- Funding Recipient's Project Partners
- Funding Recipient's Contact Person and contact information
- The quarter covered or reporting period
- Date of report submittal
- Whether an invoice for grant disbursement request is included
- An overall work history of the Eligible Project – project history
- Progress and status of each task and activity completed during the reporting period
- Percent of work completed of the Eligible Project and Funded Project through the end of the reporting period
- Tasks and activities planned for the upcoming quarter
- Current total Funded Project budget, actual expenses, and projected expenses, by quarter and by budget category or task description as described in Exhibit B.
- Budget Changes – any changes in the (a) total Funded Project budget or budget breakdown, or (b) Funding Match commitments, especially by partners
- Issues or problems that occurred during the quarter and how they were resolved
- Anticipated issues or problems that may occur and if they are expected to impact the project schedule, budget, and scope
- Current schedule and explanation of any deviations from the previous quarterly report schedule

The quarterly report is not a technical report and is not to provide any project data or results or analyses. Technical information and data are to be included in other project deliverables or annual reports.

If contingency funds in the budget were billed during the reporting quarter, or are anticipated to be accessed during the upcoming quarter, provide detailed justification in the associated quarterly report. It is expected that invoices for grant disbursement will be submitted quarterly in conjunction with Quarterly Progress Reports. If an invoice is not being submitted concurrent with the quarterly report, the report should explain why.

c. **Template**

The following template is provided for Quarterly Progress Reports.

Template for Quarterly Progress Report

Quarterly Progress Report
Covering Period for example, January 1 to March 31, 2017

DWR Funding Agreement Number:	46000XXXXX
DWR Project ID Number:	XXXXXXXX
Eligible Project Title:	Official project title (Section 2 of the Funding Agreement)
Funding Recipient Organization:	Name and address of organization
Project Partners:	List names of all participants doing work on the project, including consultants or other subcontractors and cost-sharing partners.
Funding Recipient Contact Person:	Name, address, telephone, facsimile and electronic address.
Date Submitted:	Date

_____

Signature of Funding Recipient Authorized Representative or Project Manager Date

_____

Printed NAME and TITLE

1. **Eligible Project Objective:** One paragraph stating overall project objectives.
2. **Project Description / Background:** One or two paragraphs outlining the reason(s) and/or goals for the Eligible Project; the technical issues being addressed, and the project tasks.
3. **Funding Agreement Dates:**
   - Funding Agreement Execution Date (per Section 7):_____
   - Project Completion Date (per Funding Agreement Section 8):_____
   - Funding Agreement End Date (per Section 9):_____*(If the agreement has been extended, put in new end date. This is not the anticipated end date, but the end date per the signed agreement amendment.)*
   - Grant Reimbursement Beginning Date (per Funding Agreement Section 4):_____
   - Funding Match Beginning Date (per Funding Agreement Section 6):_____
4. **Work History.** Provide the date work actually began on the Eligible Project and an updated brief summary of work accomplished in the previous quarters condensed from the work history descriptions provided in previous quarterly progress reports.

5. **Progress and Status:** The progress and status should be reported relative to the tasks identified in the Scope of Work in Exhibit A, including both the Eligible Project and the Funded Project tasks. When describing the progress and status, specifically, state which work tasks are in the scope of the Funded Project and which are in the scope of the Eligible Project. This section should be updated every report with the work accomplished in the current quarter and the previous quarter's work description moved to the Work History section. Include the activities performed during the reporting period identifying those performed by the grantee organization, as well as by its partners, and identify any issues or concerns related to tasks. Include project committee meetings, Project Description status, agreement status, significant progress, project's milestone, lessons learned, etc. Note: (1) The information contained in this section must easily reconcile with Expenditures reported in the budget tables (see item 8), and in invoices and Funding Match expenditures reporting. Failure to provide easily reconcilable progress and status with invoices will result in returned invoices. (2) If for some reason a Quarterly Progress Report must cover more than one quarter, list each quarter separately with a detailed description of each quarter so that each quarter's work and its costs can be reconciled. (3) For projects that commenced work before the Execution Date of the Funding Agreement, the first Quarterly Progress Report will cover a consolidated period from the time of commencement of work, as provided in Section F1.a of the Funding Agreement.
6. If there is a conflict between easily matching the description of activities in the progress report with the expenditures reported in the invoice, consider adding an appendix that contains the details necessary for correlation of work performed with expenditures.
7. **Percent Complete of Eligible Project:**
8. **Percent Complete of Funded Project:**
9. **Deliverables:**
    a. **Publications:** Identify publications made during this quarter for industry, government, public, or other groups resulting from the project.
    b. **Outreach activities, Workshops, Presentations:** Identify outreach activities, workshops, presentations, etc., made during this quarter for industry, government, public, or other groups resulting from the project.
10. **Quarterly Budget Status:** The Funded Project budget should be updated in each quarterly report using the Quarterly Budget Status for Funded Project template below. The table shows expended or projected expenses allocated to State Share, Funding Match, and Other Contributions expended or projected by quarter and by budget category or task description as described in the budget. Explain any issues, concerns, or changes to the approved budget.
11. **Schedule Status:** Provide a current project schedule, including work already performed and planned work, with a breakdown by task and with key deliverables and milestones noted. This can be in the form of a Gantt chart. Explain any issues, concerns, or changes to the schedule provided previously.
12. **Plans for Next Quarter:** This section should identify activities to be performed during the next quarter.

Template for Quarterly Budget Status for Funded Project

Quarterly Budget Status for Funded Project
(Updated on __/___/___)

Budget Category OR Task Description	**Funded Project Budget**	**Reporting Dates (*add quarters as necessary*)**				**Total Actual Expended**	**Total Projected Expenses**	**Funded Project Grand Total**
		Q1 From __/__/__ To __/__/__ ☐ Expended ☐ Projected	Q2 From __/__/__ To __/__/__ ☐ Expended ☐ Projected	Q3 From __/__/__ To __/__/__ ☐ Expended ☐ Projected	Q4 From __/__/__ To __/__/__ ☐ Expended ☐ Projected			
	State (DWR Water Desalination Grant Program) Grant Share							
Totals								
	Funding Match							
Totals								
	Other Contribution							
Totals								
Funded Project Totals								

F2. ANNUAL REPORTS

Annual Reports document the calendar year activity for Desalination Grant projects of any category. The reports document Eligible Project accomplishments, findings, data collection, and progress for the calendar year. They are to provide more detail on actual project findings than provided in the quarterly reports. Annual reports shall be submitted with the fourth Quarterly Progress Report of each calendar year by March 31 of the subsequent year.

Other interim project deliverables may be submitted in lieu of the Annual Report if they provide the information specified below. The Funding Recipient shall submit a request for approval by email or other written communication to the State Project Manager before substituting another project deliverable for an Annual Report.

a. **Content for Construction Project Annual Report**

Section 1: Eligible and Funded Project Summary

- Summarize the Eligible Project and its purpose as well as the Funded Project portion of the Eligible Project
- Describe the project accomplishments during the calendar year
- Indicate how the project accomplishments interface with those of both the previous and subsequent years, if applicable.
- Identify project documents prepared during the calendar year

Section 2: Eligible and Funded Project Accomplishments

- Describe in detail the design and construction tasks accomplished during the calendar year
- Describe the status of completion of design and construction of each facility component
- Describe any challenges that were encountered during the year and how they were overcome
- Describe any challenges that are anticipated in the future and any actions planned to meet the challenges
- Describe, any environmental mitigation measures performed during the year
- Describe any changes in the project and the reasons for the changes

Section 3: Deliverables

- List any deliverables (reports, maps, flyers, environmental documents, etc.) that have been delivered to the State as part of implementation of the Eligible Project
- List any other deliverables accomplished, such as completed facilities

b. **Content for Pilot, Demonstration, and Research Project Annual Report**

Section 1: Eligible and Funded Project Summary

- Summarize the Eligible Project and its purpose as well as the Funded Project portion of the Eligible Project
- Describe the project accomplishments during the calendar year
- Indicate how the project accomplishments interface with those of both the previous and subsequent years, if applicable
- Identify project documents prepared during the calendar year

Section 2: Eligible and Funded Project Accomplishments

- Describe the equipment or facilities that are the basis of the project, their functions, and their status of fabrication or construction
- Provide in-depth discussion on the project findings and/or accomplishments during the calendar year
- Describe, in detail, what data were collected during the calendar year
- Summarize and evaluate the project findings
- Indicate how the project accomplishments interface with those of both the previous and subsequent years, if applicable.
- Identify project documents prepared during the calendar year
- Describe any changes in the project and the reasons for the changes

Section 3: Monitoring and Performance Evaluation

This section is required where the project relies upon assessing changes in pre-project conditions, such as, of the environment, water quality, water demand or use.

- Describe qualitatively/quantitatively pre-project condition(s) which are expected to be improved by implementation of this project
- Describe how monitoring and assessment were conducted for pre-project conditions and what tools/methods/measures were used for monitoring & assessment
- If applicable, describe how monitoring and assessment were conducted for post-project conditions and what tools/methods/measures were used for monitoring & assessment
- Describe the main indicators of success to achieve goals/objectives of this project
- Describe how Funding Recipient will continue the monitoring and assessment for post project updates and reports
- Describe any changes in the project and the reasons for the changes

Section 4: Deliverables

- List all deliverables (reports, maps, flyers, environmental documents, etc) that have been produced as part of the implementation of this project and indicate which deliverables were submitted to the State

c. **Content for Feasibility Study and Environmental Documentation Project Annual Report**

Section 1: Eligible and Funded Project Summary

- Summarize the Eligible Project and its purpose as well as the Funded Project portion of the Eligible Project (Unless otherwise stated, “project” refers to the development of a feasibility study or environmental document, not to the projects being analyzed in these reports.)
- Describe the project accomplishments during the calendar year
- Indicate how the project accomplishments interface with those of both the previous and subsequent years, if applicable
- Identify project documents prepared during the calendar year

Section 2: Eligible and Funded Project Accomplishments

- Describe in detail the tasks accomplished during the calendar year

- Describe the status of information development, analyses, and drafting of (1) feasibility sections identified in Appendix I of the Final 2017 Water Desalination Proposal Solicitation Package, or (2) environmental documentation components
- Describe the alternatives that are being analyzed. If alternatives have been screened and eliminated from more detailed analyses, describe the basis for elimination
- If an alternative has been selected for a recommended alternative, describe the alternative and the basis for selection
- Describe any challenges that were encountered during the year and how they were overcome
- Describe any challenges that are anticipated in the future and any actions planned to meet the challenges
- Describe any changes and the reasons for the changes from the Funding Application's Plan of Study (Attachment 19) and from the Funding Agreement's Project Description (Exhibit A). Include changes in the alternatives being analyzed, site location, etc.

Section 3: Deliverables

- List any deliverables (reports, maps, flyers, environmental documents, etc) that have been delivered to the State as part of implementation of this project
- List any other deliverables accomplished

F3. FINAL REPORT

The Final Report provides a record of the project and its results. It is a comprehensive self-contained document which will serve as a resource for large audiences including State agencies, water agencies and industry, as well as the general public. Submission of an approved final report allows DWR to proceed with the closeout of the grant in good standing. Reimbursement of any portion of the grant can be withheld pending the completion and submission of a satisfactory Final Report to DWR.

The draft Final Report documenting Desalination Grant projects of any category shall be submitted to DWR within two months after the following event, as applicable:

- Construction Project: The date of initial operation of the project (after start-up testing and permit approval for operation).
- Feasibility Study: The date of State approval of the final feasibility study.
- Environmental Documentation Project: The date of State approval of the final environmental document deliverables as specified in Exhibit A.
- Pilot, Demonstration, or Research Project: The date of either completion of data collection and evaluation or, if applicable, the State approval of a final technical report if the technical report will be a stand-alone document separate from the Final Report.

The Final Report, prepared after State approval of the draft, is due six months after the applicable event described above.

An electronic copy of the DRAFT final report is to be submitted to DWR. If DWR provides comments on the DRAFT, a revised DRAFT addressing the comments is to be submitted by the Funding Recipient to DWR for review. After a satisfactory DRAFT has been submitted to DWR, DWR will approve the DRAFT and the Funding Recipient will provide to DWR one electronic copy of the approved Final Report.

a. Content of Final Report

The final report should include the following main sections and information. See Section F3.b for additional instructions if there are other final deliverable documents.

Section 1: Project Information

- Project Category
- Project Title
- Start / End Dates
- General Location Map
- Project Map
- Grantee Information
- Contact Person Information
- Grant Awarded
- Total Cost of the Eligible Project and the Funded Project portion
- Cooperating/Contributing/Participating Organizations and Roles

Section 2: Executive Summary

Provide a brief summary of your project, its purpose, and a short description of your main findings/accomplishments.

Section 3: Goals and Objectives of the Project

Section 4: Project Implementation

- Describe in detail the project tasks and their accomplishment, e.g., activities, implementation methods, and procedures
- Describe project tasks that were not fully implemented or deliverables that were not produced and the reasons they were not accomplished
- Describe the environmental mitigation measures performed
- Describe the scientific basis of research projects

Section 5: Project Results

- List/describe in detail the results and data that were obtained from the tasks that were performed. Present your project results in an accessible way. Tables, graphs and other figures representing your data are excellent ways to summarize data and present them.
- For construction projects, provide desalinated water capacity constructed and the associated unit costs
- Assess the success of meeting each objective identified in the proposal, as initially approved or later modified in Exhibit A
- Describe the findings or conclusions of pilot, demonstration, and research projects
- Half-size as built drawings for construction projects

Section 6: Project Deliverables

List the deliverables and materials produced during the project (e.g., constructed facilities, publications, brochures, manuals, posters, patents, technology licensing, audio or audio-visual media, CD-ROM, website). Submit copies of such deliverables whenever possible.

Section 7: Dissemination / Outreach Activities

Describe the types of outreach performed for the project to solicit public participation and input and disseminate project results and information, including presentations at public meetings, community groups, conferences, or workshops; tours of facilities; publication of information materials; news media coverage; and coordination with various stakeholders.

Section 8: Conclusions / Lessons Learned

Discuss the results of the project, problems encountered, and lessons learned. If possible include recommendations for future similar work and potential practical applications of the results.

Section 9: Final Financial Statement

Include pertinent budget information including comparison of actual expenditures with the original spending plan. Include expenditures from the Grant Funds, as well as the Funding Match, and other contributions to accomplish the Eligible Project. Costs for construction projects should be broken down by major facility components.

Appendix: Certification of Completion

- For construction projects, a copy of a certification of project completion by a registered civil engineer, consistent with Exhibit D (Standard Conditions), Section D18. A DWR "Certification of Project Completion" form will be provided by the State.

b. **Other Final Deliverable Documents**

Feasibility studies, environmental documentation projects, and pilot, demonstration, and research projects may have final stand-alone deliverable documents in addition to the Final Report. The following instructions should be followed.

(1) Feasibility Study Projects:

- The final feasibility study report is a stand-alone document consisting of the content specified in Appendix I of the Final 2017 Water Desalination Proposal Solicitation Package.
- Section 5 of the Final Report should contain a brief summary of the feasibility study.

(2) Environmental Documentation Projects:

- Any environmental documentation shall be considered separate project deliverables subject to State review and approval. They shall conform to the requirements of applicable environmental laws, rules, and regulations in content and organization.
- Section 5 of the Final Report should contain a brief summary of the environmental documents.

(3) Pilot, Demonstration, and Research Projects

- Pilot, demonstration, or research projects may have a stand-alone final technical report with detailed study procedures and technical results. This stand-alone report should be specified in Exhibit A as a deliverable or be approved by the State Project Manager as an acceptable final technical report to supplement the Final Report.
- If a separate final technical report is permitted, the Final Report may summarize the technical report information with references to specific pages or sections in the technical report where the detailed information may be found.

F4. PERFORMANCE REPORTS

Performance Reports shall be submitted by Funding Recipient to State annually after project completion as provided in Section AA15.d. Performance Reports are expected to be no more than ten pages. The performance reports shall contain the following information.

- A brief summary of the Eligible Project and the Funded Project portion of the Eligible Project
- Subsequent work related to the original grant project. For example, if the grant funded a pilot project or research, what activities building on the project has been done subsequently?
- For construction projects, provide a summary of project operation for the year, including the amount of desalinated water produced, amount of feed water to the facility, water quality of feed and product waters, periods of non-operation (including explanatory text), modifications to the project, amount of energy used to produce the desalinated water, annual operations and maintenance (O&M) costs, water pricing, and challenges or issues faced. Amounts and quality of water, including total dissolved solids concentration, shall be reported by month.
- Changes in benefits and costs of project since its completion, if any
- Describe impacts of implementation of this project on Funding Recipient's water management

Exhibit H

State Audit Document Requirements and Funding Match Guidelines for Funding Recipients

The following provides a list of documents typically required by State Auditors and Funding Match general guidelines for Funding Recipients. The list of documents pertains to both State funding and Funding Recipient's Funding Match and details the documents/records that State Auditors would need to review in the event that this Funding Agreement is audited. Funding Recipients should ensure that such records are maintained for each funded project. Documentation that is specified for tracking State funds shall also apply to the tracking of Funding Match funds.

H1. State Audit Document Requirements

A. Internal Controls

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

B. State Funding

1. Original Funding Agreement, any amendments, change orders, and budget, task, or schedule modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State for the Eligible Project.
3. A listing of all other funding sources for the Eligible Project.

C. Contracts

1. All subcontractor, consultant, and partnering contracts and related documents, if applicable, including subcontractors or consultants to Funding Recipient partners responsible for Project implementation.
2. Contracts between the Funding Recipient and other agencies or Project partners for implementation of the Project or operation of the Project after its completion.

D. Invoices

1. Vendors and subcontractors invoices for expenditures submitted to the State for payments under the Funding Agreement.
2. Reimbursement requests submitted to the State pursuant to the Funding Agreement.
3. Documentation linking vendor and subcontractor invoices to State reimbursement, reimbursement requests, and related Funding Agreement budget line items.

E. 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 for expenditures reimbursed by the State.
4. Bank statements showing the deposit of the receipts from other funding sources.

F. Accounting Records

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

G. Administration Costs

1. Supporting documents showing the calculation of administration costs.

H. Personnel

1. List of all contractors and Funding Recipient staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Funding Recipient personnel who provided services charged to the Project

I. Project Files

1. All supporting documentation maintained in the project files.
2. All Funding Agreement related correspondence.

H2. **Funding Match Guidelines**

A. Funding Match (often referred to as cost share) consists of non-State funds, including in-kind services. In-kind services are defined as non-cash contributions consisting of work performed or items contributed by the Funding Recipient (and potentially other parties) directly related to the execution of the funded project. Examples include volunteer services, equipment use, and use of facilities. The dollar value of in-kind service can be counted as Funding Match in-lieu of actual funds (or revenue) provided by the Funding Recipient. Other funding match and in-kind service eligibility conditions may apply. Provided below is guidance for documenting Funding Match with and without in-kind services.

1. Although tracked separately, in-kind services shall be documented and, to the extent feasible, supported by the same methods used by the Funding Recipient for its own employees. Such documentation should include the following:

    a. Detailed description of the contributed item(s) or service(s)

b. Purpose for which the contribution was made (tied to Project Description)

c. Name of contributing organization and date of contribution

d. Real or approximate value of contribution. Provide the name of the person who valued the contribution and how the value was determined (e.g., actual, appraisal, fair market value, etc.). Justification of rate. (See item #2, below)

e. For contributed labor, person's name, work performed by the person, the number of hours contributed, and the hourly rate used to value the contribution

f. If multiple sources exist, these should be summarized on a table with summed charges

g. Source of contribution and whether it was provided by, obtained with, or supported by government funds

2. Rates for volunteer or in-kind services shall be consistent with rates paid for similar work in the Funding Recipient's organization. For example, volunteer service of clearing vegetation performed by an attorney shall be valued at a fair market value for this service, not the rate for professional legal services. In those instances, in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market. Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation.

3. Funding Match contribution (including in-kind services) shall be for costs and services directly attributed to activities included in the Funding Agreement. These services, furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as Funding Match if the activities are an integral and necessary part of the project funded by the Funding Agreement.

4. Cash contributions made to a project shall be recorded as revenue, but they will not be counted as a Funding Match unless they are disbursed for Project costs incurred. In-kind services are recorded as both Project costs and as equivalent revenue. These costs should be tracked separately in the Funding Recipient's accounting system.

Exhibit J

Project Location

J1. PROJECT LOCATION

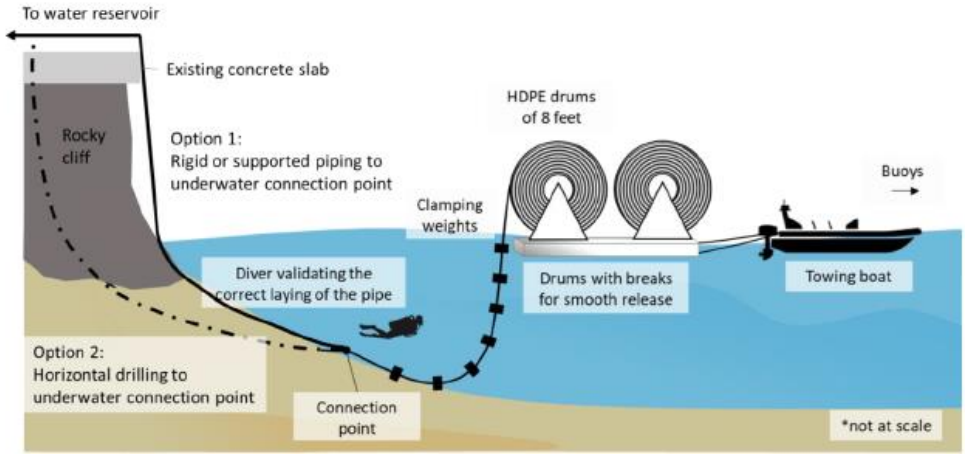
This project is located in Mendocino County in California as shown in Section J2. 281 Jere Melo Street City of Fort Bragg Wastewater Treatment Plant, Municipal Improvement District No. 1 (APN 008-020-07-00), (39.438688, -123.814781)

The Buoy will be moored at approximately 39.4° Latitude and -123.8° Longitude. The exact position of the intake and underwater pipeline to shore will be described in the still-to-be-issued California State Lands Lease.

J2. MAP

J3. DRAWINGS AND SKETCHES

Only Option 1 will be pursued for the demonstration pilot study.



Pipeline and Buoy Installation Concept