

**MEMORANDUM OF UNDERSTANDING FOR PROCESSING OF GRANT APPLICATIONS
FOR REORGANIZATION BETWEEN DEL PASO MANOR WATER DISTRICT
AND SACRAMENTO SUBURBAN WATER DISTRICT**

This Memorandum of Understanding (“MOU”) is made and entered into as of January 8, 2025 (the “Effective Date”), by and between Del Paso Manor Water District (“DPMWD”) and Sacramento Suburban Water District (“SSWD”), both county water districts.

RECITALS

A. In May 2024, the Sacramento County Local Agency Formation Commission (“LAFCo”) approved a resolution of intent to initiate dissolution of DPMWD with a remediation period of twelve months to allow the district time to address the deficiencies that were highlighted in the Sacramento Grand Jury Report and Municipal Service Review – Addendum reports, or to develop other plans.

B. DPMWD and SSWD have conducted an evaluation of the feasibility of reorganizing DPMWD into SSWD and concluded that a reorganization is desirable and, on December 11, 2024, the Boards of Directors of DPMWD and SSWD both adopted substantially similar resolutions making application to LAFCo to reorganize the two districts as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code sections 56000, *et seq.*) by dissolving DPMWD and annexing into and reorganizing with SSWD on terms and conditions set forth in the resolutions adopted by the Boards of Directors of the two districts.

C. Consistent with State Water Resources Control Board, Division of Financial Assistance (“DFA”) guidelines for funding related to reorganization of water districts, DPMWD now desires to authorize SSWD to act as its agent to obtain funding for certain necessary water system improvement projects benefitting its ratepayers by filing and pursuing to completion certain grant applications with the DFA.

D. Recognizing that SSWD ultimately would be the grantee under any funding agreement issued by the DFA, SSWD is willing to complete all tasks necessary to effectuate the successful completion, submission, and acceptance of any grant(s) awarded by the DFA for this purpose. As such, DPMWD, through its Board of Directors, wishes to have the SSWD, through its Board of Directors, undertake such representation of DPMWD, with the assistance of DPMWD staff and its consultants, including, but not limited to, Forsgren Associates and legal counsel, on the terms set forth in this MOU.

UNDERSTANDINGS

1. Scope of Representation. SSWD is hereby appointed as and shall act as the authorized representative of DPMWD for all matters relating to pursuing, completing, and

submitting grant applications with the DFA. SSWD shall use its best efforts to pursue and obtain a grant or grants from DFA to improve and replace water system facilities within DPMWD, which shall become the Del Paso Manor Service Area of SSWD upon LAFCo approval of the reorganization, to bring those facilities into reasonable parity with those of SSWD for the benefit of DPMWD ratepayers. DPMWD shall assist SSWD as requested by SSWD or required by DFA, and nothing in this MOU shall prohibit DPMWD staff from participating in meetings between DFA staff and other activities related to the grant funding application(s).

2. Authority and Limitations. SSWD shall have the authority to act on DPMWD's behalf within the scope of representation authorized in this MOU and as allowed by law, but shall not bind DPMWD to any commitments or agreements beyond those explicitly authorized in writing, subject to DPMWD providing advance written review and consent of any material decisions or actions related to the proposed grant(s).

3. Communication and Reporting. SSWD shall at all times maintain regular communication with the DPMWD Board and staff, including providing regular updates on progress of pending grant applications and any relevant information regarding SSWD's representation of DPMWD with the DFA. SSWD shall submit reports to DPMWD on at least a monthly basis.

4. Confidentiality. Each party shall treat any confidential information disclosed by the other party during the course of SSWD's representation of DPMWD under this MOU as strictly confidential and shall not disclose such information without prior written consent, except as may be required by applicable law, including, but not limited to, the Public Records Act. If a third party demands disclosure of any confidential information from SSWD or DPMWD, the party receiving the demand shall promptly inform the other party of it and SSWD and DPMWD shall consult and mutually determine a response to the demand.

5. Indemnification. Notwithstanding the provisions of Government Code section 895.2, each party shall defend, indemnify, and hold harmless other parties (as well as their officers, agents, employees and representatives) from any and all losses, liability, damages, claims, suits actions and administrative proceedings resulting from the indemnifying party's own acts or omissions (including those of its officers, agents, employees or representatives) arising out of or incidental to the performance of any of the provisions of this MOU. The parties do not assume liability for the acts or omissions of persons other than their respective officers, its employees, agents, and officers. Each party hereby executes this MOU as of the Effective Date by the individual below possessing the authority to sign on behalf of it.

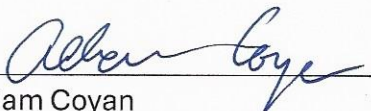
6. Amendments. This MOU may only be amended by a written document signed by the parties.

7. Severability. If any provision of this MOU is found by any court or other legal authority, or is agreed upon by the parties, to be in conflict with any law or regulation, then the conflicting provision shall be considered null and void but the remainder of this MOU shall be severable and shall continue in full force and effect.

8. Term and Termination. This MOU shall become effective on the Effective Date and shall remain in effect until the reorganization of DPMWD and SSWD by LAFCo is complete. Either party may terminate this MOU earlier upon 15 days' written notice to the other party. If the MOU is terminated early, SSWD and DPMWD shall cooperate in all actions required to terminate any pending grant funding applications filed with the DFA.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding as of the Effective Date.

DPMWD:




Adam Coyan
General Manager

1/21/2025

Date

SSWD:



Dan York
General Manager

1/21/2025

Date