

DESIGN AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE CITY OF ENCINITAS & CITY OF SOLANA BEACH
FOR
DESIGN
FOR THE
THE SAN DIEGO COUNTY STORM DAMAGE RISK REDUCTION PROJECT, SAN
DIEGO COUNTY, CALIFORNIA

THIS AGREEMENT is entered into this 9th day of SEP, 2020 by and between the Department of the Army (hereinafter the "Government"), represented by the District Commander for the Los Angeles District (hereinafter the "District Commander") and the City of Encinitas and City of Solana Beach (hereinafter the "Non-Federal Sponsors"), represented by the City Managers.

WITNESSETH, THAT:

WHEREAS, Federal funds were provided in the Energy and Water Development and Related Agencies Appropriations Act, 2020 (Public Law 116-94) to initiate design of a project for coastal storm risk management along the shorelines of the Cities of Encinitas and Solana Beach; a

WHEREAS, construction of the Project is authorized by Section 1401(3)(6) of the Water Resources Development Act of 2016 (Public Law 114-322);

WHEREAS, Section 103 of the Water Resources Development Act of 1986, as amended (33 U.S.C. 2213), specifies the cost-sharing requirements applicable to construction of the Project, and Section 105(c) of the Water Resources Development Act of 1986 (33 U.S.C. 2215), provides that the costs of design shall be shared in the same percentages as construction of the Project;

WHEREAS, based on the Project's primary project purpose of coastal storm risk management, the parties agree that the Non-Federal Sponsors shall contribute 35 percent of the total design costs under this Agreement; and

WHEREAS, the Government and Non-Federal Sponsors have the full authority and capability to perform in accordance with the terms of this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I - DEFINITIONS

A. The term "Project" means construction of protective beach berms along two segments of shoreline within San Diego County, California, with associated renourishment cycles, using sand from offshore borrow sites, specifically, construction of a fifty-foot-wide protective beach berm extending along 7,800 feet of shoreline in Encinitas (Segment 1) using approximately 340,000 cubic yards of compatible sediment, with renourishment on the average of every 5 years, with approximately 220,000 cubic yards of compatible sediment over a 50-year period of Federal participation, for a total of nine additional nourishments, and construction of a 150-foot-wide beach berm extending along a 7,200-foot-long stretch of shoreline in Solana Beach (Segment 2) using approximately 700,000 cubic yards of compatible sediment, with renourishment on average every 10 years, with approximately 290,000 cubic yards of compatible sediment, over a 50-year period of Federal participation, for a total of four additional nourishments, as generally described in the Final Integrated Feasibility Report/Environmental Impact Statement and Environmental Impact Report for the Encinitas-Solana Beach Coastal Storm Damage Reduction Project dated April 2015 and revised July 2016, and the Report of the Chief of Engineers, dated April 26, 2016, and approved by the Senior Official Performing the Duties of the Assistant Secretary of the Army (Civil Works) on June 22, 2017.

B. The term "Design" means performance of detailed pre-construction engineering and design, including preparation of plans and specifications for the initial construction contract for the Project

C. The term "total design costs" means the sum of all costs that are directly related to the Design and cost shared in accordance with the terms of this Agreement. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to: the Government's costs for engineering and design, economic and environmental analyses, and evaluation; for contract dispute settlements or awards; for supervision and administration; for Agency Technical Review and other review processes required by the Government; for response to any required Independent External Peer Review; and the Non-Federal Sponsors' creditable costs for in-kind contributions, if any. The term does not include any costs for dispute resolution; participation by the Government and Non-Federal Sponsors in the Design Coordination Team to discuss significant issues and actions; audits; or an Independent External Peer Review panel, if required; or the Non-Federal Sponsors' costs of negotiating this Agreement.

D. The term "in-kind contributions" means those materials or services provided by the Non-Federal Sponsors that are identified as being integral to design of the Project by the Division Commander for the South Pacific Division (hereinafter the "Division Commander"). To be integral, the material or service must be part of the work that the Government would otherwise have undertaken for design of the Project. In-kind contributions also include any investigations performed by the Non-Federal Sponsors to identify the existence and extent of any hazardous substances that may exist in, on, or under real property interests required for the Project.

E. The term "fiscal year" means one year beginning on October 1st and ending on September 30th of the following year.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSORS

A. In accordance with Federal laws, regulations, and policies, the Government shall conduct the Design using funds appropriated by the Congress and funds provided by the Non-Federal Sponsors. In carrying out their obligations under this Agreement, the Non-Federal Sponsors shall comply with all requirements of applicable Federal laws and implementing regulations. If the Government and non-Federal interests enter into a Project Partnership Agreement for construction of the Project, the Government shall include the total design costs in the calculation of construction costs for the Project in accordance with the terms and conditions of the Project Partnership Agreement.

B. The Non-Federal Sponsors shall contribute 35 percent of total design costs in accordance with the provisions of this paragraph and provide required funds in accordance with Article III.

1. After considering the estimated amount of credit for in-kind contributions, if any, that will be afforded in accordance with paragraph C. of this Article, the Government shall provide the Non-Federal Sponsors with a written estimate of the amount of funds required from the Non-Federal Sponsors to meet their cost share for the initial fiscal year of the Design. No later than 60 calendar days after such notification, the Non-Federal Sponsors shall provide the full amount of such funds to the Government in accordance with Article III.

2. No later than August 1st prior to each subsequent fiscal year of the Design, the Government shall provide the Non-Federal Sponsors with a written estimate of the amount of funds required from the Non-Federal Sponsors during that fiscal year to meet their cost share. No later than September 1st prior to that fiscal year, the Non-Federal Sponsors shall provide the full amount of such required funds to the Government in accordance with Article III.

C. The Government shall credit towards the Non-Federal Sponsors' share of total design costs, the costs, documented to the satisfaction of the Government, that the Non-Federal Sponsors incur in providing or performing in-kind contributions integral to the Design, including associated supervision and administration. Such costs shall be subject to audit in accordance with Article VII to determine reasonableness, allocability, and allowability, and crediting shall be in accordance with the following procedures, requirements, and limitations:

1. As in-kind contributions are completed and no later than 60 calendar day after such completion, the Non-Federal Sponsors shall provide the Government appropriate documentation, including invoices and certification of specific payments to

contractors, suppliers, and the Non-Federal Sponsors' employees. Failure to provide such documentation in a timely manner may result in denial of credit.

2. No credit shall be afforded for interest charges, or any adjustment to reflect changes in price levels between the time the in-kind contributions are completed and credit is afforded; for the value of in-kind contributions obtained at no cost to the Non-Federal Sponsors; for any items provided or performed prior to the effective date of this Agreement unless covered by an In-Kind Memorandum of Understanding; for any items not identified as integral in the integral determination report; or for costs that exceed the Government's estimate of the cost for such item if it had been performed by the Government.

3. No reimbursement will be provided for any in-kind contributions that exceed the Non-Federal Sponsors' share of the total design costs under this Agreement. As provided in Article II.A., total design costs, including credit for in-kind contributions, shall be included in the calculation of construction costs for the Project in accordance with the terms and conditions of the Project Partnership Agreement.

D. To the extent practicable and in accordance with Federal laws, regulations, and policies, the Government shall afford the Non-Federal Sponsors the opportunity to review and comment on solicitations for contracts prior to the Government's issuance of such solicitations; proposed contract modifications, including change orders; and contract claims prior to resolution thereof. Ultimately, the contents of solicitations, award of contracts, execution of contract modifications, and resolution of contract claims shall be exclusively within the control of the Government.

E. The Non-Federal Sponsors shall not use Federal program funds to meet any of their obligations under this Agreement unless the Federal agency providing the funds verifies in writing that the funds are authorized to be used for the Project. Federal program funds are those funds provided by a Federal agency, plus any non-Federal contribution required as a matching share therefor.

F. Except as provided in paragraph C. of this Article, the Non-Federal Sponsors shall not be entitled to any credit or reimbursement for costs they incur in performing their responsibilities under this Agreement.

G. If Independent External Peer Review (IEPR) is required for the Design, the Government shall conduct such review in accordance with Federal laws, regulations, and policies. The Government's costs for an IEPR panel shall not be included in the total design costs.

H. In addition to the ongoing, regular discussions of the parties in the delivery of the Design, the Government and the Non-Federal Sponsors may establish a Design Coordination Team to discuss significant issues or actions. Neither the Government's nor the Non-Federal Sponsors' costs for participation on the Design Coordination Team shall be included in the total design costs. The Non-Federal Sponsors' costs for

participation on the Design Coordination Team shall be paid solely by the Non-Federal Sponsors without reimbursement or credit.

ARTICLE III - METHOD OF PAYMENT

A. As of the effective date of this Agreement, total design costs are projected to be \$3,000,000, with the Government's share of such costs projected to be \$1,950,000, the Non-Federal Sponsors' share of such costs projected to be \$1,050,000, which includes creditable in-kind contributions projected to be \$0 and the amount of funds required to meet their cost share projected to be \$1,050,000. These amounts are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsors, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsors.

B. The Government shall provide the Non-Federal Sponsors with monthly reports setting forth the estimated total design costs and the Government's and Non-Federal Sponsors' estimated shares of such costs; costs incurred by the Government, using both Federal and Non-Federal Sponsor funds, to date; the amount of funds provided by the Non-Federal Sponsors to date; the estimated amount of any creditable in-kind contributions; and the estimated remaining cost of the Design.

C. The Non-Federal Sponsors shall provide to the Government required funds by delivering a check payable to "FAO, USAED, Los Angeles District (L1)" to the District Commander, or verifying to the satisfaction of the Government that the Non-Federal Sponsors have deposited such required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsors, or by providing an Electronic Funds Transfer of such required funds in accordance with procedures established by the Government.

D. The Government shall draw from the funds provided by the Non-Federal Sponsors to cover the non-Federal share of the total design costs as those costs are incurred. If the Government determines at any time that additional funds are needed from the Non-Federal Sponsors to cover the Non-Federal Sponsors' required share of the total design costs, the Government shall provide the Non-Federal Sponsors with written notice of the amount of additional funds required. Within 60 calendar days of such notice, the Non-Federal Sponsors shall provide the Government with the full amount of such additional funds.

E. Upon completion of the Design and resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsors with the written results of such final accounting. Should the final accounting determine that additional funds are required from the Non-Federal Sponsors, the Non-Federal Sponsors, within 60 calendar days of written notice from the Government, shall provide the Government with the full amount of such additional funds. Should the final accounting determine that the Non-Federal Sponsors have provided funds in excess of their required amount, the Government shall refund the excess amount, subject to the

availability of funds or if requested by the Non-Federal Sponsors, apply the excess amount towards the non-Federal share of the cost of construction of the Project in the event a Project Partnership Agreement is executed for the Project. Such final accounting does not limit the Non-Federal Sponsors' responsibility to pay their share of total design costs, including contract claims or any other liability that may become known after the final accounting.

ARTICLE IV - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsors fail to fulfill their obligations under this Agreement, the Government may suspend or terminate Design unless the Assistant Secretary of the Army (Civil Works) determines that continuation of the Design is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the Project.

B. If the Government determines at any time that the Federal funds made available for the Design are not sufficient to complete such work, the Government shall so notify the Non-Federal Sponsors in writing within 30 calendar days, and upon exhaustion of such funds, the Government shall suspend Design until there are sufficient Federal funds appropriated by the Congress and funds provided by the Non-Federal Sponsors to allow Design to resume.

C. In the event of termination, the parties shall conclude their activities relating to the Design and conduct an accounting in accordance with Article III.E. To provide for this eventuality, the Government may reserve a percentage of available funds as a contingency to pay costs of termination, including any costs of resolution of contract claims and contract modifications.

D. Any suspension or termination shall not relieve the parties of liability for any obligation incurred. Any delinquent payment owed by the Non-Federal Sponsors pursuant to this Agreement shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE V – HOLD AND SAVE

The Non-Federal Sponsors shall hold and save the Government free from all damages arising from the Design, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE VI - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to the parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VII - MAINTENANCE OF RECORDS AND AUDIT

A. The parties shall develop procedures for the maintenance by the Non-Federal Sponsors of books, records, documents, or other evidence pertaining to costs and expenses for a minimum of three years after the final accounting. The Non-Federal Sponsors shall assure that such materials are reasonably available for examination, audit, or reproduction by the Government.

B. The Government may conduct, or arrange for the conduct of, audits of the Design. Government audits shall be conducted in accordance with applicable Government cost principles and regulations. The Government's costs of audits for the Design shall not be included in total design costs.

C. To the extent permitted under applicable Federal laws and regulations, the Government shall allow the Non-Federal Sponsors to inspect books, records, documents, or other evidence pertaining to costs and expenses maintained by the Government, or at the request of the Non-Federal Sponsors, provide to the Non-Federal Sponsors or independent auditors any such information necessary to enable an audit of the Non-Federal Sponsors' activities under this Agreement. The costs of non-Federal audits shall be paid solely by the Non-Federal Sponsors without reimbursement or credit by the Government.

ARTICLE VIII - RELATIONSHIP OF PARTIES

In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsors each act in an independent capacity, and none is to be considered the officer, agent, or employee of the other. No party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights a party may have to seek relief or redress against that contractor.

ARTICLE IX - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or mailed by certified mail, with return receipt, as follows:

If to the Non-Federal Sponsors:

City of Encinitas (attn.: City Manager)
505 Vulcan Avenue
Encinitas, CA 92024

City of Solana Beach (attn.: City Manager)
635 Hwy 101
Solana Beach, CA 92025

If to the Government:

USACE Los Angeles District
District Engineer
915 Wilshire Blvd.
Los Angeles, CA 90017

B. A party may change the recipient or address for such communications by giving written notice to the other parties in the manner provided in this Article.

ARTICLE X - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XI - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

ARTICLE XII – JOINT AND SEVERAL RESPONSIBILITY OF THE NON-FEDERAL SPONSORS

The obligations and responsibilities of the Non-Federal Sponsors shall be joint and several, such that each Non-Federal Sponsor shall be liable for the whole performance of the obligations and responsibilities of the Non-Federal Sponsors under the terms and provisions of this Agreement. The Government may demand the whole performance of said obligations and responsibilities from any of the entities designated herein as one of the Non-Federal Sponsors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement,
which shall become effective upon the date it is signed by the District Commander.

DEPARTMENT OF THE ARMY

CITY OF ENCINITAS

BY: 

Julie A. Balten, PMP
Colonel, U.S. Army
Commander and District Engineer

BY: 

Jennifer Campbell
Interim City Manager

DATE: 9/9/2020

DATE: 8/28/2020

CITY OF SOLANA BEACH

BY: 

Gregory Wade
City Manager

DATE: 9-1-2020

**NON-FEDERAL SPONSOR'S
SELF-CERTIFICATION OF FINANCIAL CAPABILITY
FOR AGREEMENTS**

I, Gregory Wade, do hereby certify that I am the City Manager of the City of Solana Beach, California (the "Non-Federal Sponsor"); that I am aware of the financial obligations of the Non-Federal Sponsor for the San Diego County, CA. Shore Protection Project; and that the Non-Federal Sponsor has the financial capability to satisfy the Non-Federal Sponsor's obligations under the Design Agreement and Project Management Plan for the San Diego County, CA. Shore Protection Project.

IN WITNESS WHEREOF, I have made and executed this certification this 24th day of April, 2020.

BY: 

TITLE: City Manager

DATE: April 24, 2020

**NON-FEDERAL SPONSOR'S
SELF-CERTIFICATION OF FINANCIAL CAPABILITY
FOR AGREEMENTS**

I, Mark Delin, do hereby certify that I am the ^{Acting} City Manager of the City of Encinitas (the "Non-Federal Sponsor"); that I am aware of the financial obligations of the Non-Federal Sponsor for the San Diego County, CA project; and that the Non-Federal Sponsor has the financial capability to satisfy the Non-Federal Sponsor's obligations under the Design Agreement between the Department of the Army and the City of Encinitas and City of Solana Beach for Design for the San Diego County (formerly known as Encinitas-Solana Beach Coastal Storm Damage Reduction) Project, San Diego County, California.

IN WITNESS WHEREOF, I have made and executed this certification this 13th day of May, 2020.

BY: _____

TITLE: Acting City Manager

DATE: May 13, 2020

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.


Gregory Wade
City Manager
City of Solana Beach

DATE: 9-1-2020

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.


Jennifer Campbell
Interim City Manager
City of Encinitas

DATE: 8/28/2028

CERTIFICATE OF AUTHORITY

I, Johanna N. Canlas, do hereby certify that I am the principal legal officer for the City of Solana Beach, that the City of Solana Beach is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement, between the Department of the Army and the Cities of Encinitas and Solana Beach in connection with the San Diego County Storm Risk Reduction Project, San Diego, CA, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement, as required by Section 221 of Public Law 91-611, as amended (42 U.S.C. 1962d-5b), and that the person who executed this Agreement on behalf of the City of Solana Beach acted within his statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this
2nd day of September 2020.



Johanna N. Canlas
City Attorney

CERTIFICATE OF AUTHORITY

I, Leslie E. Devaney, do hereby certify that I am the principal legal officer for the City of Encinitas, that the City of Encinitas is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the Cities of Encinitas and Solana Beach in connection with the San Diego County Storm Damage Risk Reduction Project, San Diego County, CA, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement, as required by Section 221 of Public Law 91-611, as amended (42 U.S.C. 1962d-5b), and that the person who executed this Agreement on behalf of the City of Encinitas acted within her statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this

27th day of Aug 2020.



Leslie E. Devaney
City Attorney

