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Rev. S.C.C. 10/26-1995
Rev. R.O. 02/08-1996

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Cachuma Project, California

Irrigation (with M&I)
Contract No.
I75r-1802R

CONTRACT BETWEEN THE UNITED STATES
AND
SANTA BARBARA COUNTY WATER AGENCY
PROVIDING FOR WATER SERVICE FROM THE PROJECT

Table of Contents

<u>Article No.</u>		<u>Page No.</u>
	Defined Terms	1-2
	Preamble	3
	Explanatory Recitals	3-8
1	Definitions	8-11
2	Term of Contract--Right to Use of Water	12-13
3	Water to be Made Available and Delivered to the Cachuma Member Units	13-17
4	Point of Diversion and Responsibility for Distribution of Water	17-18
5	Measurement of Water Within Contractor's Area of Service	18
6	Calculation of Rates and Method of Payment for Water	18-28
7	Recognition of Downstream Water Rights and Studies	28-29
8	Transfers or Exchanges of Water	29
9	Project Operations/Temporary Reductions	30-32
10	Compliance With Federal Law	32
11	Water and Air Pollution Control	32
12	Quality of Water	32-33
13	Water Acquired by the Cachuma Member Units Other Than From the United States	33
14	Charges for Delinquent Payments	33-34
15	Equal Opportunity	34-35
16	General Obligation--Benefits Conditioned upon Payment	35-36

Article No.

Page No.

17	Compliance With Civil Rights Laws and Regulations	36
18	Privacy Act Compliance	36-37
19	Miscellaneous Costs	37-38
20	Water Conservation	38-39
21	Non-Project Water	39
22	Contingent on Appropriation or Allotment of Funds	40
23	Books, Records, and Reports	40
24	Assignment Limited--Successors and Assigns Obligated	40
25	Officials Not to Benefit	40
26	Changes in Contractor's Area of Service	40-41
27	Renewal Fund	41-46
28	Transition From Phase I Contract	46-48
29	Notices	48-51
30	Third Party Beneficiary	51
31	Contracts Between Contractor and Cachuma Member Units	51
32	Contract Not to Affect Rates Set by Cachuma Member Units	51
	Signature Page	52
	Exhibit A	
	Exhibit B	
	Exhibit C	

Defined Terms

	<u>Page No.</u>
Annual Work Plan	42-43
Available Supply	8-9
Cachuma Member Units	4
Calendar Year	9
Capital Costs	9
Contracting Officer	11
Contractor's Area of Service	9
Conveyance Capital Costs	20
Conveyance Facilities	22
Crop census	40
Delivery Schedule	13
Effective Date	12
Eligible lands	9
Full cost rate	10
Irrigation Capital Costs	19
Irrigation Conveyance Capital Costs	20
Irrigation Storage Capital Costs	20
Irrigation Water	10
Irrigation Water Conveyance	14
Irrigation Water Storage	14
Landholder	10
Long Term Plan	42
MOU's	5
M&I Capital Costs	19
M&I Conveyance Capital Costs	20
M&I Storage Capital Costs	20
M&I Water Conveyance	14
M&I Water Storage	14
Municipal and Industrial Water	10
Notices	48
O&M Contract	7
O&M Costs	10
Operation and Maintenance Costs	10
Original Contract	4
Phase I Contract	7
Project	10
Project Water	11
Project Water Rights	11

Rates	11
Renewal Fund	41
Repayment Period	11
Secretary	11
Storage Capital Costs	19-20
Storage Facilities	22
Surplus Water	16
Transition Delivery Schedule	47
Transition Period	47
Water Marketing Costs	11
Water Year	11

3 UNITED STATES
4 DEPARTMENT OF THE INTERIOR
5 BUREAU OF RECLAMATION
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Irrigation (with M&I)
Contract No.
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7 CONTRACT BETWEEN THE UNITED STATES
8 AND
9 SANTA BARBARA COUNTY WATER AGENCY
10 PROVIDING FOR WATER SERVICE FROM THE PROJECT

11 THIS CONTRACT, made this 14th day of April 1996,

12 in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
13 supplementary thereto, including, but not limited to, the Acts of August 4, 1939 (53 Stat.
14 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat.
15 68), October 12, 1982 (96 Stat. 1262), as amended, all collectively hereinafter referred to
16 as the Federal Reclamation laws, between the UNITED STATES OF AMERICA,
17 hereinafter referred to as the United States, and the SANTA BARBARA COUNTY
18 WATER AGENCY, hereinafter referred to as the Contractor, a public agency of the
19 State of California, duly organized, existing, and acting pursuant to the laws thereof, with
20 its principal place of business in Santa Barbara, California;

21 WITNESSETH, That:

22 EXPLANATORY RECITALS

23 WHEREAS, the United States has constructed and is operating the
24 Cachuma Project for diversion, storage, carriage, and distribution of waters of

1 the Santa Ynez River and its tributaries for irrigation, municipal, domestic, and industrial
2 uses; and

3 WHEREAS, on September 12, 1949, the Contractor and the United States
4 entered into Contract No. I75r-1802 (Original Contract), which requires the United
5 States to furnish Cachuma Project water, in stated quantities not to exceed 32,000 acre-
6 feet per year in the aggregate plus surplus water, to Carpinteria County Water District,
7 the City of Santa Barbara, Goleta Water District, Montecito Water District, Santa Ynez
8 River Water Conservation District Improvement District No. 1, and Summerland Water
9 District; and

10 WHEREAS, reorganization of the Summerland Water District into, and as
11 part of, the Montecito Water District, was authorized at the election of November 7,
12 1995, and approved by action of the Local Agency Formation Commission and the Santa
13 Barbara County Board of Supervisors, duly recorded December 6, 1995; and

14 WHEREAS, the Carpinteria County Water District, the City of Santa
15 Barbara, the Goleta Water District, the Montecito Water District, and the Santa Ynez
16 River Water Conservation District, Improvement District No. 1 are referred to herein as
17 the "Cachuma Member Units;" and

18 WHEREAS, the United States and the Contractor agree that the original
19 capacity of Cachuma Reservoir of approximately 205,000 acre-feet has been reduced by
20 siltation to approximately 190,000 acre-feet; and

1 WHEREAS, due to the reduced capacity of Cachuma Reservoir, the
2 sustained annual yield of the Cachuma Project has been reduced to approximately
3 25,700 acre-feet; and

4 WHEREAS, the United States has determined that the Contractor to date
5 has fulfilled all of its obligations under the Original Contract; and

6 WHEREAS, the Contracting Officer has determined that the Cachuma
7 Member Units have for many years had the capability to fully utilize for reasonable and
8 beneficial use the Available Supply (as hereinafter defined) of the Cachuma Project; and

9 WHEREAS, the Contractor, on behalf of the Cachuma Member Units, and
10 the Cachuma Member Units, have requested renewal of the Original Contract pursuant
11 to that contract, the Federal Reclamation laws, and the laws of the State of California,
12 for water service from the Cachuma Project, the renewal to be in the form of a
13 repayment contract; and

14 WHEREAS, pursuant to a series of Memoranda of Understanding
15 (MOUs) among the Contractor, the California Department of Fish and Game, the
16 United States Bureau of Reclamation, the United States Fish and Wildlife Service, the
17 Santa Ynez River Water Conservation District, the Cachuma Member Units, either
18 directly or indirectly, and others, Santa Ynez River water is to be made available for use,
19 as provided in the MOUs, for the maintenance of fish below Bradbury Dam and to carry
20 out necessary studies with respect to any Santa Ynez River fishery, which studies

1 are to assist the parties to the MOUs to work toward a long term agreement about any
2 fishery below Bradbury Dam; and

3 WHEREAS, the Contracting Officer and the Contractor have a shared
4 commitment to the conservation of the scarce water resources of the Santa Barbara
5 region, including the resources of the Santa Ynez River, through improved water
6 management and efficiency of water use; and

7 WHEREAS, the Contracting Officer and the Contractor recognize that a
8 high level of conservation has been achieved by the users of Irrigation Water and
9 M&I Water supplied by the Cachuma Project and that the Cachuma Member Units have
10 been actively and successfully implementing water conservation programs for many years
11 and have already implemented many water conservation techniques and strategies which
12 other water agencies served by the United States have not yet adopted; and

13 WHEREAS, one purpose of this contract is to encourage the adoption of
14 additional conservation measures within the Contractor's Area of Service that are
15 reliable, effective, and economically reasonable; and

16 WHEREAS, the Contracting Officer and the Contractor agree that the
17 Cachuma Project shall continue to be operated to provide for the protection of prior
18 downstream rights holders and public trust resources in accordance with Project Water
19 Rights; and

20 WHEREAS, the Contracting Officer and the Contractor agree that,
21 consistent with the foregoing and with the provisions of this contract, the Cachuma

1 Project shall continue to be operated so as to minimize the environmental impact of
2 Project operations; and

3 WHEREAS, the Cachuma Member Units, acting through the Central
4 Coast Water Authority and the Cachuma Project Authority, have established the
5 Cachuma Project Trust Fund pursuant to a Memorandum of Understanding in which the
6 United States has elected to join, (i) one of the purposes of which fund is the restoration
7 of any riparian and other habitat of the Santa Ynez River and its watershed which have
8 been adversely affected by the Cachuma Project facilities, including (without limitation)
9 restoration of habitat of rare, threatened, or endangered species, fish habitat or
10 populations, and plant and animal habitat, and (ii) the expenditures from which fund will
11 be decided jointly by the Contracting Officer and the Cachuma Member Units, acting
12 through the Cachuma Project Authority; annual contributions to the fund are expected to
13 exceed \$500,000, and total contributions to the fund over the life of the fund may exceed
14 \$12 million; and

15 WHEREAS, on April 25, 1995 the United States and the Contractor
16 executed Contract No. I75r-1802IR (Phase I Contract), which (i) constituted the initial
17 phase of the renewal of the Original Contract, (ii) preserved and extended the rights and
18 obligations of the United States, the Contractor, and the Cachuma Member Units under
19 the Original Contract and Reclamation law, and (iii) provided for the continued delivery
20 to the Cachuma Member Units of Cachuma Project water on the terms and conditions of
21 the Original Contract, as modified by the Phase I Contract, through April 14, 1996; and

1 reasonable and beneficial irrigation, municipal, domestic, and industrial uses
2 within the Contractor's Area of Service.

3 (b) "Calendar Year" shall mean the period January 1 through
4 December 31, both dates inclusive.

5 (c) "Capital Costs" shall mean amounts expended by the Contracting
6 Officer in connection with the construction, rehabilitation, and betterment of the
7 Cachuma Project, but shall exclude any costs in connection with distribution
8 systems for any of the Cachuma Member Units. Capital Costs shall be
9 determined in accordance with generally accepted accounting principles, and no
10 amount spent on normal repair, maintenance, and upkeep of the Cachuma Project
11 in the ordinary course of business shall constitute a Capital Cost. The
12 Contracting Officer has determined that as of September 30, 1994, the unpaid
13 Storage Capital Costs for the Cachuma Project are \$9,832,560.00, and the unpaid
14 Conveyance Capital Costs of the Cachuma Project are \$16,523,352.00, as
15 contained in Exhibit "C."

16 (d) "Contractor's Area of Service" shall mean area within the political
17 boundaries of the Cachuma Member Units and any other areas to which a
18 Cachuma Member Unit is authorized to serve water. Attached as Exhibit "B" is
19 an illustration of the Contractor's Area of Service as of the date of execution of
20 this contract.

21 (e) "Eligible lands" shall mean all lands to which Irrigation Water may
22 be delivered in accordance with Section 204 of the Reclamation Reform Act of

1 1982 (96. Stat. 1266) (RRA).

2 (f) "Full cost rate" shall mean that water rate described in
3 Sections 205(a)(3) or 202(3) of the RRA, whichever is applicable.

4 (g) "Irrigation Water" shall mean water made available from the Project
5 which is used primarily in the production of agricultural crops or livestock,
6 including domestic use incidental thereto, and watering of livestock.

7 (h) "Landholder" shall mean an individual or entity attributed with the
8 total irrigable acreage of one or more tracts of land situated in one or more
9 districts owned and/or operated under a lease which is served with Irrigation
10 Water pursuant to a contract with the United States.

11 (i) "Municipal and Industrial Water" (M&I Water) shall mean water
12 made available from the Project other than Irrigation Water. M&I Water shall
13 include water used for municipal, industrial, and domestic purposes, and water
14 used for purposes incidental to domestic uses such as the watering of landscaping
15 or pasture for animals (e.g., horses) which are kept for personal enjoyment, and
16 water delivered to landholdings operated in units of less than two acres unless the
17 Contractor establishes to the satisfaction of the Contracting Officer that the use of
18 water delivered to any such landholding is a use described in
19 subarticle 1 (g).

20 (j) "Operation and Maintenance Costs" (O&M Costs) shall mean the
21 costs reasonably incurred by the Contracting Officer in connection with the care,
22 control, operation, repair, replacement, and maintenance of the Cachuma Project.

1 (k) "Project" shall mean the Cachuma Project.

2 (l) "Project Water" shall mean (i) all water that is developed, diverted,
3 stored, or delivered by the United States pursuant to the Project Water Rights,
4 and (ii) accretions to the Tecolote Tunnel.

5 (m) "Project Water Rights" shall mean the permits and licenses issued
6 for the Project pursuant to State law together with all orders of the California
7 State Water Resources Control Board directed to, or binding upon, the permittee
8 or licensee with respect to the Project.

9 (n) "Repayment Period" shall mean the period from May 15, 1955
10 through September 30, 2015.

11 (o) "Secretary" or "Contracting Officer" shall mean the Secretary of the
12 United States Department of the Interior or a duly authorized representative.

13 (p) "Rates" shall mean the rates per acre-foot of water to be paid by the
14 Contractor pursuant to article 6.

15 (q) "Water Marketing Costs" shall mean the costs reasonably incurred
16 by the Contracting Officer for monitoring, administering, and negotiating water
17 service contracts, maintaining water delivery and payment records, accounting for
18 the annual financial results for Project water operations, developing annual water
19 rates, and related types of activities.

20 (r) "Water Year" shall mean the period from and including October 1
21 of each Calendar Year through September 30 of the following Calendar Year.

1 TERM OF CONTRACT--RIGHT TO USE OF WATER

2 2. (a) This contract shall be effective as of May 15, 1995 (Effective Date)
3 through September 30, 2020. Upon request by the Contractor, this contract and each
4 renewal thereof shall be renewed pursuant to the Act of July 2, 1956 (70 Stat. 483) and
5 the Act of June 21, 1963 (77 Stat. 68); Provided, That the request for renewal is given no
6 later than two (2) years prior to the date on which the then-existing contract expires; and
7 Provided further, That the Contractor has complied with all the terms and conditions of
8 the contract then in effect. The quantity of water shall be the entire Available Supply, as
9 that term is defined in subarticle 1 (a). If the Contracting Officer believes that a
10 renewal contract should be for a term shorter than the term of the contract being
11 renewed, within six months of receiving the request to renew the contract the
12 Contracting Officer shall give written Notice to the Contractor and the Cachuma
13 Member Units specifying the reasons the Contracting Officer desires a shorter term, the
14 length of term the Contracting Officer prefers, and the legal authority on which the
15 Contracting Officer relies to insist on a shorter term. If the Contractor or the Cachuma
16 Member Units dispute the Contracting Officer's insistence on a shorter term, any of
17 them may institute an action in a court of competent jurisdiction to obtain a judicial
18 determination of the length of term to which they are entitled under Reclamation law.
19 Other terms and conditions of each renewal contract shall be as the parties may agree.
20 Notwithstanding anything in this contract to the contrary, this article is not intended to
21 be, and shall not be construed as, waiving or limiting any right that the Contracting

1 Officer, the Contractor, or the Cachuma Member Units have under the Original
2 Contract or Reclamation law with respect to renewal of this contract.

3 (b) Whenever the Secretary determines, account being taken of the
4 amount credited to Irrigation Capital Costs, the remaining amount of such Irrigation
5 Capital Costs properly allocated for ultimate return by the Contractor can probably be
6 repaid to the United States within the term of a contract under subsection 9(d) of the
7 1939 Reclamation Project Act (53 Stat. 1187), upon written request by the Contractor,
8 this contract, as it pertains to the furnishing of Irrigation Water, may be converted to a
9 contract under subsection 9(d) of the 1939 Reclamation Project Act (53 Stat. 1187),
10 which contract shall include terms and conditions mutually agreeable to the United
11 States and the Contractor.

12 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CACHUMA
13 MEMBER UNITS

14 3. (a) Three months prior to each Water Year, the Contractor shall
15 deliver to the Contracting Officer a copy of any Notice given to the Contractor by, or on
16 behalf of, all Cachuma Member Units acting jointly specifying (i) the total quantity of
17 Available Supply that the Cachuma Member Units have requested be delivered during
18 the next Water Year, which quantity shall be the proposed Supply To Be Delivered for
19 that Water Year, (ii) the schedule by month of the quantities of Project Water that are
20 to be delivered to each Cachuma Member Unit and any transferee thereof during that
21 Water Year, which schedule shall be the proposed "Delivery Schedule" for that Water
22 Year, and (iii) an estimate of projected water deliveries to be made during the
23 remainder of the Repayment Period. Such estimate shall include projected water

1 deliveries for each Water Year during the remainder of the Repayment Period, with
2 each Water Year's deliveries showing: (A) Irrigation Water which will be scheduled to
3 be delivered (Irrigation Water Storage); (B) Irrigation Water which will be scheduled to
4 be delivered through the Tecolote Tunnel (Irrigation Water Conveyance); (C) M&I
5 Water which will be scheduled to be delivered (M&I Water Storage); and (D) M&I
6 Water which will be scheduled to be delivered through the Tecolote Tunnel (M&I Water
7 Conveyance). The Contractor shall promptly deliver to the Contracting Officer a copy of
8 any subsequent Notice given to the Contractor by, or on behalf of, all Cachuma Member
9 Units acting jointly specifying any revised proposed Supply To Be Delivered or any
10 revised proposed Delivery Schedule for the Water Year.

11 (b) The Contracting Officer shall promptly either (i) approve the Supply
12 To Be Delivered and Delivery Schedule as proposed in any Notice delivered pursuant to
13 subarticle 3 (a) or, (ii) if the Contracting Officer determines that such Notice proposes a
14 Supply To Be Delivered in excess of the quantity the Contracting Officer is authorized
15 by law to deliver or a Delivery Schedule that exceeds the physical limitations of the
16 Project, the Contracting Officer shall approve a Supply To Be Delivered or a Delivery
17 Schedule modified to conform to such determination and shall apportion any decreases
18 among the Cachuma Member Units according to the percentages specified in subarticle
19 3 (c). The Contracting Officer shall promptly give Notice to the Contractor of all
20 approvals of a Supply To Be Delivered or a Delivery Schedule.

1 (c) The Supply To Be Delivered for each Water Year shall be allocated
2 among the Cachuma Member Units as follows:

3	Carpinteria County Water	10.94%
4	District	
5	City of Santa Barbara	32.19%
6	Goleta Water District	36.25%
7	Montecito Water District	10.31%
8	Santa Ynez River Water	
9	Conservation District	
10	Improvement District No. 1	10.31%

11 (d) Subject to the allocations specified in subarticle 3 (c) and the
12 provisions of article 9, the Contracting Officer shall deliver the Supply To Be Delivered
13 for each Water Year according to the Delivery Schedule for that Water Year.

14 (e) To the extent that storage space is available, the Contracting
15 Officer, upon request of any Cachuma Member Unit, shall withhold delivery of and store
16 in Cachuma Reservoir for and on the behalf of such Cachuma Member Unit any water
17 required to be furnished to the Cachuma Member Unit by the Contracting Officer
18 during the current Water Year pursuant to this contract; Provided, That in the event
19 any water is so stored and it becomes necessary in the following Water Year to release
20 water from Cachuma Reservoir because of the lack of storage capacity or for the
21 purposes of repair or maintenance, or in the event that water spills over spillways or
22 through outlet works at Bradbury Dam, the first water so released or spilled shall be the
23 water stored by the Cachuma Member Units; Provided further, That in the Water Year
24 following the storage of Project Water pursuant to this Article, the Contracting Officer

1 shall deliver all Project Water then in storage to the storing Cachuma Member Unit
2 prior to the delivery of any Available Supply for such following Water Year; Provided
3 further, That the quantity of water which seeps or evaporates from Cachuma Reservoir
4 shall be determined by the Contracting Officer and from the water stored by Cachuma
5 Member Units there shall be deducted an amount of water which bears the same ratio to
6 the total amount of such loss as the amount of water stored by Cachuma Member Units
7 bears to the total amount of water in the Cachuma Reservoir above the invert of the
8 mouth of the Tecolote Tunnel. If two or more Cachuma Member Units request the
9 storage of water in Cachuma Reservoir pursuant to this Article, the available storage
10 space will be apportioned each Water Year according to the percentages specified in
11 subarticle 3 (c), and the spill and/or release from storage of any such stored water
12 because of the unavailability of storage space shall be upon the same proportional basis.

13 (f) (1) If it becomes necessary to spill Project Water or to release
14 Project Water for a reason other than (i) a delivery pursuant to a Delivery Schedule, or
15 (ii) a release pursuant to Project Water Rights, such water shall be available to the
16 Cachuma Member Units as "Surplus Water."

17 (2) Upon determining that Surplus Water is available, the
18 Contracting Officer shall promptly provide to the Contractor an estimated schedule for
19 the availability of Surplus Water. Such Surplus Water shall be available without any
20 additional payment to the Contracting Officer and shall be allocated to the Cachuma
21 Member Units as provided in subarticle 3 (c).

1 (g) Twenty calendar days after the end of each month, the Contractor
2 shall submit a water delivery report to the Contracting Officer showing separately for the
3 prior month actual deliveries of Irrigation Water and M&I Water to each Cachuma
4 Member Unit and any transferee.

5 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

6 4. (a) The Project Water to be delivered by the Contracting Officer
7 pursuant to this contract shall be delivered at the lower end of the outlet from Bradbury
8 Dam, the South Coast Conduit, and any additional point or points of delivery either on
9 Project facilities or another location or locations mutually agreed to in writing by the
10 Contracting Officer and the Contractor.

11 (b) Irrigation Water shall be delivered only to land that is classified as
12 irrigable pursuant to the Federal Reclamation laws. Project Water shall not be delivered
13 to land outside the Contractor's Area of Service except to the extent the right to receive
14 delivery of such water has been transferred by a Cachuma Member Unit pursuant to
15 article 8 of this contract.

16 (c) All Project Water delivered by the Contracting Officer pursuant to
17 this contract shall be measured and recorded in a manner satisfactory to the Contracting
18 Officer at the point or points of delivery established pursuant to subarticle 4 (a).

19 (d) The United States shall not be responsible for the control, carriage,
20 handling, use, disposal, or distribution of Project Water delivered by the Contracting
21 Officer pursuant to this contract beyond the delivery points specified in subarticle 4 (a).
22 The Contractor shall indemnify the United States and its officers, employees, agents, and

1 assigns on account of damage or claim of damage of any nature whatsoever for which
2 there is legal responsibility, including property damage, personal injury or death, arising
3 out of or connected with the control, carriage, handling, use, disposal, or distribution of
4 such Project Water beyond such delivery points, except for any damage or claim arising
5 out of acts performed by, or the failure to act of, the United States or any of its officers,
6 employees, agents, or assigns.

7 MEASUREMENT OF WATER WITHIN CONTRACTOR'S AREA OF SERVICE

8 5. One year from the effective date of this contract, the Contractor shall
9 ensure, at no cost to the United States, that thereafter all Project Water delivered for
10 irrigation purposes within the Contractor's Area of Service is measured by meters with
11 an accuracy of ± 6 percent at each service connection and that all Project Water
12 delivered for municipal and industrial purposes is measured by meters with an accuracy
13 of ± 6 percent at each municipal and industrial service connection. The Contractor shall
14 arrange to obtain water metering information from each Cachuma Member Unit
15 sufficient to permit it to use such information to ensure proper management of Project
16 Water. The Contractor shall include a summary of each Cachuma Member Unit's
17 annual deliveries of Project Water in the annual report described in subarticle 20 (c).

18 CALCULATION OF RATES AND METHOD OF PAYMENT FOR WATER

19 6. (a) (1) (A) Prior to each Water Year, the Contracting Officer
20 shall determine the Capital Costs allocated to Irrigation Water deliveries during the
21 Repayment Period (Irrigation Capital Costs) and the Capital Costs allocated to M&I
22 Water deliveries during the Repayment Period (M&I Capital Costs). The Irrigation

1 Capital Costs shall be determined by dividing the sum of (i) historic Irrigation Water
2 deliveries during the Repayment Period and (ii) projected Irrigation Water deliveries
3 during the Repayment Period as provided to the Contracting Officer pursuant to
4 subarticle 3 (a), by the sum of (i) historic total water deliveries during the Repayment
5 Period and (ii) projected total water deliveries during the Repayment Period as provided
6 to the Contracting Officer pursuant to subarticle 3 (a), and then multiplying that quotient
7 by the total Capital Costs of the Cachuma Project. The M&I Capital Costs shall be
8 determined by dividing the sum of (i) historic M&I Water deliveries during the
9 Repayment Period and (ii) projected M&I Water deliveries during the Repayment
10 Period as provided to the Contracting Officer pursuant to subarticle 3 (a), by the sum of
11 (i) historic total water deliveries during the Repayment Period and (ii) projected total
12 water deliveries during the Repayment Period as provided to the Contracting Officer
13 pursuant to subarticle 3 (a), and then multiplying that quotient by the total Capital Costs
14 of the Cachuma Project. Total projected water deliveries to be made during the
15 Repayment Period shall be based on an assumed annual Project yield of: (i) 25,714
16 acre-feet, or (ii) such other number as may be mutually agreed upon by the Contracting
17 Officer and the Cachuma Member Units, acting jointly.

18 (B) (i) Prior to each Water Year, using the percentage
19 of Capital Costs identified for storage of water for the Cachuma Project (Storage Capital
20 Costs) out of the total Capital Costs for the Cachuma Project, as such costs are
21 contained in Exhibit "C", the Contracting Officer shall apply such percentage to the
22 Irrigation Capital Costs and the M&I Capital Costs determined in subarticle 6 (a)(1)(A).

1 Such application shall result in Irrigation Storage Capital Costs and M&I Storage Capital
2 Costs.

3 (ii) Prior to each Water Year, using the percentage
4 of Capital Costs identified for conveyance of water for the Cachuma Project
5 (Conveyance Capital Costs) out of the total Capital Costs, as such costs are contained in
6 Exhibit "C", the Contracting Officer shall apply such percentage to the Irrigation Capital
7 Costs and the M&I Capital Costs determined in subarticle 6 (a)(1)(A). Such application
8 shall result in Irrigation Conveyance Capital Costs and M&I Conveyance Capital Costs.

9 (C) Prior to each Water Year, the Contracting Officer
10 shall calculate the Rate for Irrigation Water Storage for the next Water Year. Such
11 Rate shall be calculated by subtracting from the Irrigation Storage Capital Costs all
12 revenues prorated to Irrigation Storage Capital Costs, and then dividing that difference
13 by the projected Irrigation Water Storage for the remainder of the Repayment Period, as
14 provided to the Contracting Officer pursuant to subarticle 3 (a).

15 (D) Prior to each Water Year, the Contracting Officer
16 shall calculate the Rate for Irrigation Water Conveyance for the next Water Year. Such
17 Rate shall be calculated by subtracting from the Irrigation Conveyance Capital Costs all
18 revenues prorated to Irrigation Conveyance Capital Costs, and then dividing that
19 difference by the projected Irrigation Water Conveyance for the remainder of the
20 Repayment Period, as provided to the Contracting Officer pursuant to subarticle 3 (a).

21 (E) Prior to each Water Year, the Contracting Officer
22 shall calculate the Rate for M&I Water Storage for the next Water Year. Such Rate

1 shall be calculated by subtracting from the M&I Storage Capital Costs all revenues
2 prorated to M&I Storage Capital Costs, and then totalling the unpaid M&I Storage
3 Capital Costs and interest charges that result from amortizing that difference over the
4 remaining Repayment Period, at the rate specified in subarticle 6 (e)(2)(B), and then
5 dividing that total of unpaid M&I Storage Capital Costs and interest charges by the
6 projected M&I Water Storage for the remainder of the Repayment Period, as provided
7 to the Contracting Officer pursuant to subarticle 3 (a).

8 (F) Prior to each Water Year, the Contracting Officer
9 shall calculate the Rate for M&I Water Conveyance for the next Water Year. Such
10 Rate shall be calculated by subtracting from the M&I Conveyance Capital Costs all
11 revenues prorated to M&I Conveyance Capital Costs, and then totaling the unpaid M&I
12 Conveyance Capital Costs and interest charges that result from amortizing that
13 difference over the remaining Repayment Period, at the rate specified in
14 subarticle 6 (e)(2)(B), and then dividing that total of unpaid M&I Conveyance Capital
15 Costs by the projected M&I Water Conveyance for the remainder of the Repayment
16 Period, as provided to the Contracting Officer pursuant to subarticle 3 (a).

1 (2) Prior to each Water Year, the Contracting Officer shall
 2 estimate separately the annual O&M Costs to be incurred by the Contracting Officer in
 3 performing O&M on (i) facilities related to the storage of Cachuma Project Water
 4 (Storage Facilities) and (ii) facilities related to the conveyance of Cachuma Project
 5 Water (Conveyance Facilities), for the next Water Year. Using the approved Delivery
 6 Schedule of Irrigation Water and M&I Water for the next Water Year, the Contracting
 7 Officer shall reasonably prorate the estimated O&M costs for both Storage Facilities and
 8 Conveyance Facilities as between Irrigation Water deliveries and M&I Water deliveries,
 9 recognizing that the ratio of Irrigation Water to M&I Water may be different for the
 10 Storage Facilities and the Conveyance Facilities. Such proration will result in a Rate per
 11 acre-foot for O&M for each of the following: (i) Irrigation Water Storage, (ii) Irrigation
 12 Water Conveyance, (iii) M&I Water Storage, and (iv) M&I Water Conveyance.

13 (3) Prior to each Water Year, the Contracting Officer shall
 14 estimate the annual Water Marketing Costs to be incurred by the Contracting Officer for
 15 the next Water Year. Using the approved Delivery Schedule of Project Water for the
 16 next Water Year, the Contracting Officer shall reasonably prorate the estimated Water
 17 Marketing Costs to the water scheduled to be delivered. Such proration will result in a
 18 Rate per acre-foot for Water Marketing.

19 (b) Two months before the start of the Water Year, the Contracting
 20 Officer shall provide to the Contractor: (i) the Rates for the upcoming Water Year, in
 21 the form of the information contained in Exhibit "A", (ii) the Cachuma Project
 22 Ratesetting Documents, as illustrated in Exhibit "C," which contain the calculations for

1 the Rates, and (iii) bills for the semiannual payments to be made by the Contractor for
2 the next Water Year. The Rates to be provided by the Contracting Officer pursuant to
3 this Article shall include a Rate for Capital Costs and O&M Costs for each of the
4 following: (i) Irrigation Water Storage, (ii) Irrigation Water Conveyance, (iii) M&I
5 Water Storage, and (iv) M&I Water Conveyance. The Rates to be provided by the
6 Contracting Officer pursuant to this Article shall also include a Rate for Water
7 Marketing which shall be applicable to both Irrigation Water and M&I Water.

8 (c) (1) Except as provided in subarticle 6 (c)(2), the Rate for water
9 storage shall be applicable to all Project Water scheduled to be delivered, and the Rate
10 for water conveyance shall be applicable only to Project Water scheduled to be delivered
11 through the Tecolote Tunnel.

12 (2) For water stored pursuant to subarticle 3 (e), in the Water
13 Year in which such water was originally scheduled to be delivered the Contractor shall
14 pay (i) the applicable Rate for Irrigation Water Storage or M&I Water Storage, and (ii)
15 the applicable Rate for Irrigation Water Conveyance or M&I Water Conveyance, if the
16 water was scheduled to be delivered through the Tecolote Tunnel. Project Water stored
17 pursuant to subarticle 3 (e) shall not be subject to any Rate in the year in which it is
18 eventually delivered.

19 (d) The Contractor shall make advance semiannual payments to the
20 United States in accordance with the payment requirements of subarticle 6 (c) and at the
21 Rates provided by the Contracting Officer pursuant to subarticle 6 (b). The first semi-
22 annual payment for each Water Year shall be made by the Contractor one week prior to

1 the start of the Water Year and shall include payment for all Project Water scheduled to
2 be delivered during the first six months of the Water Year. The second payment for the
3 Water Year shall be made by the Contractor one week prior to the start of the seventh
4 month of the Water Year, and shall include payment for all remaining deliveries for the
5 Water Year.

6 (e) (1) (A) Revenues for Irrigation Water deliveries collected by
7 the United States under this contract shall be credited in order as follows: (i) to annual
8 O&M Costs for Irrigation Water deliveries (ii) to annual Water Marketing Costs for
9 Irrigation Water deliveries (iii) to any O&M Costs deficit or Water Marketing Costs
10 deficit from Irrigation Water deliveries from preceding Water Years, and (iv) to
11 Irrigation Capital Costs.

12 (B) Revenues for M&I Water deliveries collected by the
13 United States under this contract shall be credited in order as follows: (i) to annual
14 O&M Costs for M&I Water deliveries, (ii) to annual Water Marketing Costs for M&I
15 Water deliveries, (iii) to annual interest due as determined by subarticle 6 (e)(2), (iv) to
16 any O&M Costs deficit, Water Marketing Costs deficit, or interest due deficit for M&I
17 Water deliveries from preceding Water Years, and (v) to M&I Capital Costs.

18 (C) Revenues credited to Capital Costs shall be prorated
19 as between Storage Capital Costs and Conveyance Capital Costs using the percentages
20 for Storage Capital Costs and Conveyance Capital Costs identified in subarticle 6
21 (a)(1)(B)(i) and (ii).

22 (2) (A) The interest due in each Water Year on M&I Capital

1 Costs incurred by the Contracting Officer on or before May 14, 1995 shall be calculated
2 by multiplying the unpaid M&I Capital Costs, as of the beginning of that Water Year, by
3 the interest rate specified in the applicable portion of subarticle 6 (e)(2)(B). Interest
4 shall be payable on Capital Costs incurred by the Contracting Officer after
5 May 14, 1995 at a rate determined using the same principles that the Contracting Officer
6 uses generally to establish the interest rate for additional Capital Costs allocated to M&I
7 Water deliveries for other reclamation projects administered by the Contracting Officer.

8 (B) (i) Interest due for the period beginning May 15,
9 1995 through September 30, 2005 under this contract shall be at the rate of 3 percent per
10 annum.

11 (ii) Interest due for the period beginning
12 October 1, 2005 through September 30, 2015 under this contract shall be at that rate
13 which is the twenty (20) year Treasury constant maturity rate as shown on the Federal
14 Reserve statistical release for the date on which this contract is executed by the United
15 States.

16 (iii) Notwithstanding subarticle 6 (e)(2)(B)(ii), if at
17 any time during the Repayment Period of the Project the Contracting Officer executes a
18 long-term renewal contract for water deliveries from another reclamation project
19 administered by the Contracting Officer in which the interest due on Capital Costs
20 allocable to M&I Water is at an interest rate which is lower than the twenty (20) year
21 Treasury constant maturity rate identified in subarticle 6 (e)(2)(B)(ii), then the
22 Contracting Officer shall, upon written request by the Contractor, or the Cachuma

1 Member Units acting jointly, reopen negotiations to change the interest
2 rate specified in subarticle 6 (e)(2)(B)(ii) to an interest rate calculated in the same
3 manner as the interest rate provided for in such long-term renewal contract.

4 (3) (A) If in any Water Year, the total revenue collected for
5 Irrigation Water is insufficient to recover for the United States the amount of the
6 Contracting Officer's O&M Costs and Water Marketing Costs on Irrigation Water
7 deliveries, such deficit shall be recovered, with interest as required by law, in the
8 Irrigation Water Rate of the first Water Year after the Water Year in which the
9 deficiency is determined (for example, a deficit in Water Year ending 1995 would be
10 determined in Water Year ending 1996 and revenues to recover that deficit would be
11 collected in Water Year ending 1997).

12 (B) If in any Water Year, the total revenue collected for
13 M&I Water is insufficient to recover for the United States the amount of the Contracting
14 Officer's O&M Costs and Water Marketing Costs on M&I Water deliveries, and to
15 recover interest due on M&I Capital Costs for such Water Year, such deficit shall be
16 recovered, with interest as required by law, in the M&I Water Rate of the first Water
17 Year after the Water Year in which the deficiency is determined.

18 (f) To the extent permitted by law, the Cachuma Member Units, acting
19 jointly, shall have the option, at any time during the term of this contract, to pay to the
20 United States the then-unpaid balance of the Capital Cost, in which event the Rates and
21 any payments remaining to be made shall be adjusted accordingly. The Contracting
22 Officer shall promptly advise the Contractor and the Cachuma Member Units in writing

1 when the Capital Costs have been repaid to the United States.

2 (g) (1) The Contracting Officer shall establish and maintain accounts
3 and other books and records pertaining to administration of the terms and conditions of
4 this contract, including records reflecting (i) what expenses were charged to the Project,
5 (ii) the basis on which administrative and other general expenses of the Contracting
6 Officer were charged to the Project, and (iii) how payments under this contract and
7 other revenues attributable to the Project were credited. For the purpose of ensuring a
8 proper allocation of the Capital Costs, O&M Costs, Water Marketing Costs, and interest
9 due on M&I Capital Costs, and the revenues attributable to the Project, revenue records
10 shall distinguish as reasonably necessary between Irrigation Water and M&I Water.

11 (2) Subject to applicable Federal laws and regulations, the
12 Contractor and the Cachuma Member Units, acting jointly, shall have the right during
13 office hours to examine and make copies of all such accounts, books, and records. The
14 Contracting Officer and the Contractor shall enter into good faith negotiations to resolve
15 any discrepancies or disputes relating to Capital Costs, O&M Costs, Water Marketing
16 Costs, and interest due on M&I Capital Costs, and the allocation thereof to the Project,
17 and the disposition of revenues relating to or derived from the Project, and the Cachuma
18 Member Units acting jointly shall be entitled to participate in such negotiations.

19 (h) At the Contractor's or the Cachuma Member Units' joint request,
20 the Contracting Officer shall provide to the Contractor and the Cachuma Member Units
21 an accounting of all of the expenses, and the disposition of all revenues received,
22 pursuant to this contract in sufficient detail to allow a determination whether the

1 allocation of expenses and disposition of all revenues received was accomplished in
2 conformance with Federal Reclamation law, associated regulations, and this contract.

3 (i) To the maximum extent possible, the Contracting Officer shall,
4 contingent upon the appropriation of funds by the United States Congress, fund the
5 following activities as non-reimbursable, presuming such activities are determined to be
6 non-reimbursable: (i) cooperation with the Cachuma Member Units pursuant to
7 subarticle 7 (b), (ii) consultations, studies, reports, or other actions taken pursuant to
8 subarticle 9 (g), (iii) conservation plans under article 20, (iv) changes in Contractor's
9 Area of Service under article 26, and (v) implementation of article 27.

10 RECOGNITION OF DOWNSTREAM WATER RIGHTS AND STUDIES

11 7. (a) The Contractor acknowledges that the United States has an
12 obligation pursuant to the Project Water Rights to make certain releases of water into
13 the Santa Ynez River for downstream interests. Subject to review by a court having
14 jurisdiction over the matter in dispute, the determination of the Contracting Officer
15 concerning releases of water that are required to be made pursuant to the Project Water
16 Rights shall be conclusive.

17 (b) The Contracting Officer, Contractor, and Cachuma Member Units
18 shall cooperate fully with respect to the conduct and preparation of the studies and
19 reports which the Contracting Officer is required to submit to the California State Water
20 Resources Control Board pursuant to order paragraph 3 of Board Order 94-5 adopted
21 November 17, 1994, with a view to ensuring that such are accomplished in the best, most
22 efficient, and most cost effective manner within the periods specified in such order.

1 Absent Notice by the Contracting Officer to the contrary prior to the commencement of
2 any study or the preparation of any report, the Cachuma Member Units shall, directly or
3 through consultants, conduct such studies and prepare such reports for the Contracting
4 Officer's review and submission to the Board. If the Contracting Officer determines that
5 the Cachuma Member Units are not proceeding in a capable, timely, efficient, or cost
6 efficient manner, the Contracting Officer may assume direct responsibility for such
7 studies and reports by giving the Cachuma Member Units Notice of such determination.

8 TRANSFERS OR EXCHANGES OF WATER

9 8. The right of any Cachuma Member Unit to receive Project Water pursuant
10 to this contract may be transferred to others for beneficial use, by sale, exchange, or
11 otherwise, so long as such transfer and the use of Project Water pursuant thereto is
12 consistent with the Project Water Rights, Federal law, State law, and applicable
13 guidelines or regulations then in effect; Provided, That the Contractor, not less than
14 ninety days prior to the initiation of the proposed transfer, gives the Contracting Officer
15 a complete written description of each transfer proposal which provides sufficient
16 information for the Contracting Officer to determine if the proposed transfer is
17 consistent with the above. Within 90 days of receipt of such proposal, the Contracting
18 Officer shall provide a written response either approving the transfer or explaining why it
19 cannot be approved. Sale, transfer, or exchange of the right to Project Water under this
20 contract with other Cachuma Member Units may take place without prior written Notice
21 to, or approval of, the Contracting Officer.

1 necessary because of considerations with respect to the physical integrity of Bradbury
2 Dam which threaten to jeopardize life or property below Bradbury Dam.

3 (e) The Contracting Officer may release Project Water from Bradbury
4 Dam to enhance Project operations if, in the Contracting Officer's best judgment based
5 on supporting evidence, the release will not diminish the Available Supply in any Water
6 Year.

7 (f) If the Contracting Officer determines to make a release of water
8 from Bradbury Dam for purposes other than delivery of Project Water pursuant to this
9 contract, the Contracting Officer shall do the following as far in advance thereof as
10 possible: (i) give the Contractor and the Cachuma Member Units Notice of the
11 proposed release and the reasons therefor, (ii) provide the Contractor and the Cachuma
12 Member Units with a list of, and access to, all data, studies, and other information on
13 which the Contracting Officer's decision to make the release is based, and (iii) confer
14 with the Contractor and the Cachuma Member Units about the appropriateness and
15 extent of the release.

16 (g) From time to time but not more frequently than every five years,
17 the Contracting Officer, the Contractor, and the Cachuma Member Units shall confer in
18 an open public process about the manner in which the Project is operated with a view to
19 reaching agreement on any changes to the operations of the Project that might further
20 protect the environment and groundwater quality downstream of Bradbury Dam,
21 conserve Project Water, and promote efficient water management. Should any such
22 changes be identified, either as a result of the studies conducted pursuant to

1 subarticle 7 (b), studies conducted by the Contracting Officer, the Contractor, or the
2 Cachuma Member Units, or studies conducted by others, the Contracting Officer may
3 modify the operations of the Project provided such changes are consistent with Federal
4 law, State law, Project Water Rights, and this contract, and do not reduce the Available
5 Supply in any Water Year.

6 COMPLIANCE WITH FEDERAL LAW

7 10. This contract shall be implemented in accordance with all applicable
8 provisions of Federal law.

9 WATER AND AIR POLLUTION CONTROL

10 11. The Contractor, in carrying out this contract, shall comply with all
11 applicable water and air pollution laws and regulations of the United States and the
12 State of California, and shall obtain all required permits or licenses from the appropriate
13 Federal, State, or local authorities.

14 QUALITY OF WATER

15 12. (a) The United States is under no obligation to construct or furnish
16 water treatment facilities to maintain or to better the quality of Project Water furnished
17 to the Cachuma Member Units pursuant to this contract. The United States does not
18 warrant the quality of Project Water made available and delivered to the Cachuma
19 Member Units pursuant to this contract.

20 (b) The operation and maintenance of Project facilities shall be
21 performed in such manner as is practicable to maintain the quality of raw water made

1 available through such facilities at the highest level reasonably attainable as determined
2 by the Contracting Officer.

3 WATER ACQUIRED BY THE CACHUMA MEMBER UNITS OTHER THAN
4 FROM THE UNITED STATES

5 13. Water to which any Cachuma Member Unit now has or hereafter acquires
6 a right other than from the United States and Project Water furnished pursuant to the
7 terms of this contract may be simultaneously transported through the same distribution
8 facilities of the Cachuma Member Unit; Provided, That where the facilities utilized for
9 commingling Project Water and non-Project water are constructed without funds made
10 available pursuant to Federal Reclamation law, the provisions of Federal Reclamation
11 law will be applicable only to the Landholders of lands which receive Project Water;
12 Provided further, That the quantity of Irrigation Water which is transported through such
13 distribution facilities shall not exceed the total water requirements for Eligible lands to
14 which the Cachuma Member Unit delivers water: Provided further, That where the
15 facilities utilized for commingling Project Water and non-Project water are constructed
16 with funds made available pursuant to Federal Reclamation law, the non-Project water
17 will be subject to Federal Reclamation law.

18 CHARGES FOR DELINQUENT PAYMENTS

19 14. (a) The Contractor shall be subject to interest, administrative and
20 penalty charges on delinquent installments or payments. When a payment is not
21 received by the due date, the Contractor shall pay an interest charge for each day the
22 payment is delinquent beyond the due date. When a payment becomes sixty (60) days
23 delinquent, the Contractor shall pay an administrative charge to cover additional costs of
24 billing and processing the delinquent payment. When a payment is delinquent ninety
25 (90) days or more, the Contractor shall pay an additional penalty charge of 6 percent per

1 year for each day the payment is delinquent beyond the due date. Further, the
2 Contractor shall pay any fees incurred for debt collection services associated with a
3 delinquent payment.

4 (b) The interest charge rate shall be the greater of the rate prescribed
5 quarterly in the Federal Register by the Department of the Treasury for application to
6 overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6
7 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate
8 shall be determined as of the due date and remain fixed for the duration of the
9 delinquent period.

10 (c) When a partial payment on a delinquent account amount is
11 received, the partial payment shall be applied, first to the penalty, second to the
12 administrative charges, third to the accrued interest, and finally to the overdue payment.

13 EQUAL OPPORTUNITY

14 15. During the performance of this contract, the Contractor agrees as follows:

15 (1) The Contractor will not discriminate against any employee or
16 applicant for employment because of race, color, religion, sex, or national origin.
17 The Contractor will take affirmative action to ensure that applicants are
18 employed, and that employees are treated during employment, without regard to
19 their race, color, religion, sex, or national origin. Such action shall include, but
20 not be limited to, the following: Employment, upgrading, demotion, or transfer;
21 recruitment or recruitment advertising; layoff or termination, rates of payment or
22 other forms of compensation; and selection for training, including apprenticeship.
23 The Contractor agrees to post in conspicuous places, available to employees and
24 applicants for employment, notices to be provided by the Contracting Officer
25 setting forth the provisions of this nondiscrimination clause.

26 (2) The Contractor will, in all solicitations or advertisements for
27 employees placed by or on behalf of the Contractor, state that all qualified
28 applicants will receive consideration for employment without discrimination
29 because of race, color, religion, sex, or national origin.

30 (3) The Contractor will send to each labor union or representative of
31 workers with which it has a collective bargaining agreement or other contract or
32 understanding, a notice, to be provided by the Contracting Officer, advising the
33 said labor union or workers' representative of the Contractor's commitments
34 under Section 202 of Executive Order 11246 of September 24, 1965, and shall post
35 copies of the notice in conspicuous places available to employees and applicants
36 for employment.

1 (4) The Contractor will comply with all provisions of Executive Order
2 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and
3 relevant orders of the Secretary of Labor.

4 (5) The Contractor will furnish all information and reports required by
5 said amended Executive Order and by the rules, regulations, and orders of the
6 Secretary of Labor, or pursuant thereto, and will permit access to its books,
7 records, and accounts by the Contracting Officer and the Secretary of Labor for
8 purposes of investigation to ascertain compliance with such rules, regulations, and
9 orders.

10 (6) In the event of the Contractor's noncompliance with the
11 nondiscrimination clauses of this contract or with any of the said rules,
12 regulations, or orders, this contract may be canceled, terminated, or suspended, in
13 whole or in part, and the Contractor may be declared ineligible for further
14 Government contracts in accordance with procedures authorized in said amended
15 Executive Order, and such other sanctions may be imposed and remedies invoked
16 as provided in said Executive Order, or by rule, regulation, or order of the
17 Secretary of Labor, or as otherwise provided by law.

18 (7) The Contractor will include the provisions of paragraphs (1) through
19 (7) in every subcontract or purchase order unless exempted by the rules,
20 regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of
21 said amended Executive Order, so that such provisions will be binding upon each
22 subcontractor or vendor. The Contractor will take such action with respect to any
23 subcontract or purchase order as may be directed by the Secretary of Labor as a
24 means of enforcing such provisions, including sanctions for noncompliance:
25 Provided, however, That in the event the Contractor becomes involved in, or is
26 threatened with, litigation with a subcontractor or vendor as a result of such
27 direction, the Contractor may request the United States to enter into such
28 litigation to protect the interests of the United States.

29 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

30 16. (a) The obligation of the Contractor to pay the United States as
31 provided in this contract is a general obligation of the Contractor notwithstanding the
32 manner in which the obligation may be distributed among the Cachuma Member Units
33 and notwithstanding the default of individual Cachuma Member Units in their
34 obligations to the Contractor.

35 (b) The payment by a Cachuma Member Unit to the Contractor of its
36 share of revenues becoming due hereunder is a condition precedent to receiving benefits
37 under this contract. The United States shall not deliver Project Water to any Cachuma

1 Member Unit during any period in which the Cachuma Member Unit is in arrears in the
2 advance payment of its share of revenues due the United States pursuant to this contract.

3 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

4 17. (a) The Contractor shall comply with Title VI of the Civil Rights Act of
5 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as
6 amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other
7 applicable civil rights laws, as well as with their respective implementing regulations and
8 guidelines imposed by the U.S. Department of the Interior and/or Bureau of
9 Reclamation.

10 (b) These statutes require that no person in the United States shall, on
11 the grounds of race, color, national origin, handicap, or age, be excluded from
12 participation in, be denied the benefits of, or be otherwise subjected to discrimination
13 under any program or activity receiving financial assistance from the Bureau of
14 Reclamation. By executing this contract, the Contractor agrees to immediately take any
15 measures necessary to implement this obligation, including permitting officials of the
16 United States to inspect premises, programs, and documents.

17 (c) The Contractor makes this agreement in consideration of and for
18 the purpose of obtaining any and all Federal grants, loans, contracts, property discounts
19 or other Federal financial assistance extended after the date hereof to the Contractor by
20 the Bureau of Reclamation, including installment payments after such date on account of
21 arrangements for Federal financial assistance which were approved before such date.
22 The Contractor recognizes and agrees that such Federal assistance will be extended in
23 reliance on the representations and agreements made in this Article, and that the United
24 States reserves the right to seek judicial enforcement thereof.

25 PRIVACY ACT COMPLIANCE

26 18. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C.
27 552a) (the Act) and the Department of the Interior rules and regulations under the Act
28 (43 CFR 2.45 et seq.) in maintaining landholder acreage certification and reporting
29 records, required to be submitted to the Contractor for compliance with Sections 206 and
30 228 of the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR
31 426.10.

32 (b) With respect to the application and administration of the criminal
33 penalty provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's
34 employees responsible for maintaining the certification and reporting records referenced
35 in subdivision (a) of this Article are considered to be employees of the Department of
36 the Interior. See 5 U.S.C. 552a(m).

1 (c) The Contracting Officer or a designated representative shall provide
2 the Contractor with current copies of the Interior Department Privacy Act regulations
3 and the Bureau of Reclamation Federal Register Privacy Act System of Records Notice
4 (Acreage Limitation--Interior, Reclamation-31) which govern the maintenance,
5 safeguarding, and disclosure of information contained in the landholder's certification
6 and reporting records.

7 (d) The Contracting Officer shall designate a full-time employee of the
8 Bureau of Reclamation to be the System Manager who shall be responsible for making
9 decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to
10 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to
11 their own records.

12 (e) The Contractor shall forward promptly to the System Manager each
13 proposed denial of access under 43 CFR 2.64; and each request for amendment of
14 records filed under 43 CFR 2.71; notify the requester accordingly of such referral; and
15 provide the System Manager with information and records necessary to prepare an
16 appropriate response to the requester. These requirements do not apply to individuals
17 seeking access to their own certification and reporting forms filed with the Contractor
18 pursuant to 43 CFR 426.10, unless the requester elects to cite the Privacy Act as a basis
19 for the request.

20 MISCELLANEOUS COSTS

21 19. (a) In addition to all other payments to be made by the Contractor
22 pursuant to this contract, the Contractor shall pay to the United States, within sixty (60)
23 days after receipt of a bill and detailed statement submitted by the Contracting Officer
24 to the Contractor for such specific items of direct cost incurred by the United States for
25 work requested by the Contractor associated with this contract, plus a percentage of such
26 direct costs for administrative and general overhead in accordance with applicable
27 Bureau of Reclamation policy and procedures. All such amounts referred to in this
28 Article shall not exceed the amount agreed to in writing in advance by the Contractor.
29 This Article shall not apply to costs for routine contract administration.

1 (c) The Contractor shall submit to the Contracting Officer, by
2 December 31 of each Calendar Year, a report on the status of implementation of its
3 water conservation plan and implementation of the water conservation plans of each of
4 the Cachuma Member Units.

5 (d) (1) If at any time the Contracting Officer concludes that the
6 Contractor's or a Cachuma Member Unit's water conservation plan does not conform to
7 the requirements of Federal law or rules or regulations promulgated by the Contracting
8 Officer pursuant to Federal law, then the Contractor and each Cachuma Member Unit
9 shall amend their respective water conservation plans as necessary to meet the
10 requirements of such law, rule, or regulation.

11 (2) If at any time the Contracting Officer concludes that the
12 Contractor's or a Cachuma Member Unit's water conservation plan is inconsistent with
13 any water conservation criteria adopted by the Contracting Officer pursuant to
14 Reclamation law and then in effect, the Contracting Officer shall promptly notify the
15 Contractor or Cachuma Member Unit of this conclusion and the reasons for it.
16 Thereafter, the Contracting Officer and the Contractor or Cachuma Member Unit shall
17 promptly confer for the purpose of reaching agreement as to any changes that will be
18 made to the water conservation plan in light of such criteria.

19 NON-PROJECT WATER

20 21. Except as specifically provided by article 13, the provisions of this contract
21 shall not be applicable to or affect non-Project water.

1 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

2 22. The expenditure or advance of any money or the performance of any
3 obligation of the United States under this contract shall be contingent upon
4 appropriation or allotment of funds. Absence of appropriation or allotment of funds
5 shall not relieve the Contractor from any obligations under this contract. No liability
6 shall accrue to the United States in case funds are not appropriated or allotted.

7 BOOKS, RECORDS, AND REPORTS

8 23. The Contractor shall establish and maintain accounts and other books and
9 records pertaining to administration of the terms and conditions of this contract,
10 including: the Contractor's financial transactions, water supply data, and Project land and
11 right-of-way agreements; the water users' land-use (crop census), landownership, land-
12 leasing and water use data; and other matters that the Contracting Officer may require.
13 Reports thereon shall be furnished to the Contracting Officer in such form and on such
14 date or dates as the Contracting Officer may require. Subject to applicable Federal laws
15 and regulations, each party to this contract shall have the right during office hours to
16 examine and make copies of the other party's books and records relating to matters
17 covered by this contract.

18 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

19 24. The provisions of this contract shall apply to and bind the successors and
20 assigns of the parties hereto, but no assignment or transfer of this contract or any right
21 or interest therein shall be valid until approved in writing by the Contracting Officer.

22 OFFICIALS NOT TO BENEFIT

23 25. No Member of or Delegate to Congress, Resident Commissioner or official
24 of the Contractor shall benefit from this contract other than as a water user or
25 landowner in the same manner as other water users or landowners.

26 CHANGES IN CONTRACTOR'S AREA OF SERVICE

27 26. While this contract is in effect, no change may be made in the Contractor's
28 Area of Service, except upon consent of the Contracting Officer given in writing or
29 deemed to have been given as provided in this subarticle. Any request by the Contractor
30 for approval of a change to Contractor's Area of Service shall include information
31 sufficient to permit the Contracting Officer to determine whether the change is likely to

1 either result in the use of Project Water contrary to the terms of this contract or impair
2 the ability of a Cachuma Member Unit to pay for Project Water scheduled under this
3 contract. The Contracting Officer shall be deemed to have consented to any such
4 change unless, within thirty days of receipt of such information, the Contracting Officer
5 gives the Contractor Notice disapproving the change and determining that the change is
6 likely to either result in the use of Project Water contrary to the terms of this contract or
7 impair the ability of a Cachuma Member Unit to pay for Project Water scheduled under
8 this contract.

9 RENEWAL FUND

10 27. (a) The Cachuma Member Units shall establish a fund (Renewal Fund),
11 into which monies shall be deposited and from which monies shall be expended, as
12 provided in this Article, for the purpose of financing the following activities:
13 (i) mitigation activities associated with the selected alternative identified in the final
14 Cachuma Project Contract Renewal Environmental Impact Statement/Environmental
15 Impact Report dated December 12, 1995; (ii) activities which may be required of the
16 Contracting Officer by State Water Resources Control Board orders affecting the Project
17 Water Rights; (iii) studies described in subarticle 7 (b); (iv) studies relating to
18 modifications in Project operations conducted by the Contracting Officer, the Contractor,
19 or the Cachuma Member Units pursuant to subarticle 9 (g); (v) restoration of any
20 riparian and other habitat of the Santa Ynez River and its watershed which has been
21 adversely affected by the Project; and (vi) the activities of the Contracting Officer
22 pursuant to this Article to the extent provided in subarticle 27 (i).

1 (b) Within twelve months after the date of execution of this contract,
2 the Contracting Officer and the Cachuma Member Units shall jointly develop a long-
3 term plan (Long Term Plan), covering a period of at least five years, pursuant to which
4 activities of the nature described in subarticle 27 (a) shall be undertaken. The Long
5 Term Plan shall be developed in an open public process and shall contain the following:
6 (i) the goals and objectives of the Long Term Plan, (ii) the specific activities to be
7 undertaken during the period covered by the Long Term Plan, and (iii) a budget and
8 schedule for completing the activities. The Long Term Plan shall be revised every five
9 years, or more frequently as necessary to permit the activities identified in the Long
10 Term Plan to be effectively carried out, until such time as the Contracting Officer and
11 the Cachuma Member Units, acting jointly, determine that the purposes for which the
12 Renewal Fund was established have been fulfilled.

13 (c) In furtherance of the Long Term Plan, the Contracting Officer and
14 the Cachuma Member Units shall jointly develop an Annual Work Plan for each Water
15 Year (Annual Work Plan). The Annual Work Plan shall describe the specific tasks to be
16 accomplished during that Water Year and specify a budget for the accomplishment of
17 those tasks. In this connection, if activities contemplated to be undertaken during any
18 Water Year pursuant to this Article are eligible for funding from both the Cachuma
19 Project Trust Fund and the Renewal Fund, then such activities first shall be included in
20 the annual work plan for, and shall be funded from, the Cachuma Project Trust Fund
21 and shall be included in the Annual Work Plan for, and funded from, the Renewal Fund
22 only to the extent sufficient monies are unavailable in the Cachuma Project Trust Fund.

CACHUMA PROJECT
 SCHEDULE OF UNPAID M&I "CONVEYANCE" CAPITAL COSTS
 AMORTIZED AT 3% THROUGH THE END OF THE REPAYMENT PERIOD
 AS OF SEPTEMBER 30, 1994

Exhibit C
 Pg 4 of 4

	Beginning Conveyance Capital Balance	Capital Payment Schedule			Ending Capital Balance	Projected Deliveries (AF)	Capital Rate Per AF
		Interest	Principal	Total			
		@ 3.00%					
		(1)			(2)		
1995	\$7,181,938	\$215,458	\$250,447	\$465,905	\$6,931,491	346,374	\$28.25
1996	6,931,491	207,945	257,960	465,905	6,673,531	329,880	28.25
1997	6,673,531	200,206	265,699	465,905	6,407,831	313,386	28.25
1998	6,407,831	192,235	273,670	465,905	6,134,161	296,892	28.25
1999	6,134,161	184,025	281,880	465,905	5,852,281	280,398	28.25
2000	5,852,281	175,568	290,337	465,905	5,561,944	263,904	28.25
2001	5,561,944	166,858	299,047	465,905	5,262,898	247,410	28.25
2002	5,262,898	157,887	308,018	465,905	4,954,880	230,916	28.25
2003	4,954,880	148,646	317,259	465,905	4,637,621	214,422	28.25
2004	4,637,621	139,129	326,776	465,905	4,310,844	197,928	28.25
2005	4,310,844	129,325	336,580	465,905	3,974,265	181,434	28.25
2006	3,974,265	119,228	346,677	465,905	3,627,588	164,940	28.25
2007	3,627,588	108,828	357,077	465,905	3,270,510	148,446	28.25
2008	3,270,510	98,115	367,790	465,905	2,902,720	131,952	28.25
2009	2,902,720	87,082	378,823	465,905	2,523,897	115,458	28.25
2010	2,523,897	75,717	390,188	465,905	2,133,709	98,964	28.25
2011	2,133,709	64,011	401,894	465,905	1,731,815	82,470	28.25
2012	1,731,815	51,954	413,951	465,905	1,317,864	65,976	28.25
2013	1,317,864	39,536	426,369	465,905	891,495	49,482	28.25
2014	891,495	26,745	439,160	465,905	452,335	32,988	28.25
2015	\$452,335	13,570	452,335	465,905	(\$0)	16,494	\$28.25
		<u>\$2,602,069</u>	<u>\$7,181,938</u>	<u>\$9,784,006</u>			

- Notes:**
- (1) The unpaid capital balance is amortized over the remaining years of repayment of the repayment period at 3.00% interest (per House Document No. 587, pg. 32).
 - (2) Projected deliveries are based on 18,000 AF (see Pg. 2) less Santa Ynez deliveries, which is a storage only contractor, through the end of the repayment period.

1 (d) Subject to the limitations of subarticle 27 (e), at the beginning of
2 each Water Year, the Cachuma Member Units shall deposit into the Renewal Fund an
3 amount which, when added to any monies already in the Renewal Fund, are sufficient to
4 pay for the activities which are to be undertaken pursuant to the Annual Work Plan for
5 that Water Year and which, pursuant to subarticle 27 (c), are to be funded from the
6 Renewal Fund.

7 (e) (1) The aggregate amount to be deposited by the Cachuma
8 Member Units in any Water Year shall not exceed the lesser of the amounts determined
9 pursuant to subarticles 27 (e)(2), (e)(3), and (e)(4).

10 (2) The aggregate amount to be deposited by the Cachuma
11 Member Units in any Water Year shall not exceed an amount equal to \$10 (May 1995
12 price levels using the Consumer Price Index) for each acre-foot of Project water
13 scheduled for delivery that Water Year.

14 (3) The aggregate amount to be deposited by the Cachuma
15 Member Units in any Water Year shall not exceed an amount which bears a ratio to
16 \$257,100, which is inverse to the ratio which the aggregate amount paid into the
17 Cachuma Project Trust Fund during the immediately preceding Calendar Year bears to
18 \$300,000. The application of the preceding sentence is illustrated by the following chart:

<u>CACHUMA PROJECT TRUST FUND</u>		<u>RENEWAL FUND</u>	
<u>Payments Prior</u> <u>Calendar Year</u>	<u>Percentage of</u> <u>\$300,000</u>	<u>Percentage of</u> <u>\$257,100 Due</u>	<u>Amount</u> <u>Due</u>
\$ 300,000	100%	0%	\$ 0
\$ 225,000	75%	25%	\$ 64,275
\$ 150,000	50%	50%	\$ 128,550
\$ 75,000	25%	75%	\$ 192,825
\$ 0	0%	100%	\$ 257,100

(4) If (i) at the beginning of any Water Year the combined balance of the Cachuma Project Trust Fund and the Renewal Fund is \$600,000 or more, or (ii) the Contracting Officer has determined that the maximum operating elevation of Cachuma Reservoir shall be less than 750 feet, then no contributions to the Renewal Fund are required for such Water Year.

(f) All decisions relating to the Long Term Plan, the Annual Work Plan, and the expenditure of monies from the Renewal Fund shall be made jointly, and shall be concurred in, by the Contracting Officer and the Cachuma Member Units acting jointly. In the event the Contracting Officer and the Cachuma Member Units, acting jointly, are unable to take action on a matter due to disagreement, the Contracting Officer and the Cachuma Member Units, acting jointly, shall designate a third party to

1 consider with them the matter under disagreement, and a decision respecting such matter
2 may be made by any two of the Contracting Officer, the Cachuma Member Units acting
3 jointly, and such third party.

4 (g) The Cachuma Member Units shall manage and administer the
5 Renewal Fund and shall provide whatever administrative services are necessary in
6 connection with development of the Long Term Plan, the Annual Work Plan, and
7 expenditure of monies in the Renewal Fund.

8 (h) The Cachuma Member Units shall invest monies in the Renewal
9 Fund in the Local Agency Investment Fund established pursuant to California
10 Government Code section 16429.1 or in accordance with California Government Code
11 sections 53600 et seq. or 16430 et seq. Monies deposited into the Renewal Fund may be
12 commingled, deposited, and invested with the monies deposited in the Cachuma Project
13 Trust Fund, but the monies deposited into each fund shall be accounted for separately.

14 (i) To the extent the activities of the Contracting Officer pursuant to
15 this Article are required by law to be reimbursed by the Contractor, then such activities
16 shall be included as a part of each Long Term Plan and its budget and each Annual
17 Work Plan and its budget and shall be reimbursed from the Renewal Fund. In each
18 Water Year, the Contracting Officer shall limit the activities for which the Contracting
19 Officer is required by law to be reimbursed to the extent necessary to allow such
20 reimbursement to be made from the Renewal Fund.

21 (j) Five years after adoption of the first Annual Work Plan, the
22 Contractor shall be substituted for the Contracting Officer for purposes of

1 subarticles 27 (b), (c), and (f). Thereafter, the Contractor and the Cachuma Member
2 Units acting jointly shall consult with the Contracting Officer prior to the adoption of
3 each subsequent Long Term Plan and Annual Work Plan, until such time as the
4 Contracting Officer advises the Contractor and the Cachuma Member Units, in writing,
5 that such consultations are no longer necessary.

6 (k) Until such time as the Contractor is substituted for the Contracting
7 Officer pursuant to subarticle 27 (j), the Contracting Officer and the Cachuma Member
8 Units acting jointly shall consult with the Contractor prior to the adoption of a Long
9 Term Plan and each Annual Work Plan.

10 TRANSITION FROM PHASE I CONTRACT

11 28. (a) Article 1 of the Phase I Contract is deleted in its entirety and the
12 following is substituted in lieu thereof:

13 1. This contract shall be effective upon the expiration of
14 Contract No. I75r-1802, and shall remain in effect through April 14, 1996.
15 This contract shall constitute the initial phase of the long-term renewal
16 contract for which the parties are currently negotiating and preparing an
17 EIS/EIR.

18 (b) Water deliveries for the period from May 15, 1995 through
19 April 14, 1996 shall be made pursuant to the Phase I Contract. Rates for water
20 delivered for the period from May 15, 1995 through April 14, 1996 shall be recalculated,
21 and revenues collected shall be credited, pursuant to article 6 of this contract, using the
22 definitions of Irrigation Water and M&I Water provided in the

1 Phase I Contract. If the revenues collected under the Phase I Contract for either
2 Irrigation Water or for M&I Water exceed the revenues that would have been collected
3 based upon the Rates calculated under article 6 for the period from May 15, 1995
4 through April 14, 1996, the excess revenues shall be credited (i) first, to the payments
5 due during the Transition Period for Irrigation Water and M&I Water, and (ii) second to
6 Irrigation Capital Costs or M&I Capital Costs. If the Irrigation Water revenues or the
7 M&I Water revenues collected under the Phase I Contract are insufficient to recover for
8 the United States its O&M and Water Marketing Costs from Irrigation Water deliveries
9 or M&I Water deliveries, or to recover for the United States the interest due on the
10 M&I Capital Costs, then the revenue shortfall shall be recovered as provided in
11 subarticle 6 (e)(3)(A)&(B).

12 (c) On or before March 1, 1996, the Contractor shall deliver to the
13 Contracting Officer a copy of any Notice given to the Contractor by, or on behalf of, all
14 Cachuma Member Units acting jointly specifying (i) the total quantity of Available
15 Supply that the Cachuma Member Units have requested be delivered for the period from
16 April 15, 1996 through September 30, 1996 (Transition Period), and (ii) the schedule of
17 the quantities of Project Water that are to be delivered to each Cachuma Member Unit
18 and transferee thereof during the Transition Period (together, the Transition-Delivery
19 Schedule). The Contractor shall promptly deliver to the Contracting Officer a copy of
20 any subsequent Notice given to the Contractor by, or on behalf of, all Cachuma Member
21 Units acting jointly specifying any revised request for Project Water to be delivered
22 during the Transition Period or any revised Transition Delivery Schedule.

1 (d) The Contracting Officer shall promptly either (i) approve the
2 Transition Delivery Schedule as proposed, or (ii) if the Contracting Officer determines
3 that the Transition Delivery Schedule proposes deliveries in excess of the quantities the
4 Contracting Officer is authorized to deliver under this contract, the Contracting Officer
5 shall modify the Transition Delivery Schedule to conform such with the Contracting
6 Officer's determination and shall apportion any decreases among the Cachuma Member
7 Units according to the percentages specified in subarticle 3 (c). The Contracting Officer
8 shall promptly give Notice to the Contractor of all approvals of the transition request
9 and Transition Delivery Schedule.

10 (e) On or before April 1, the Contracting Officer shall give the
11 Contractor Notice of the Rates to be paid for Project Water during the Transition
12 Period, and on or before April 10, the Contractor shall pay to the Contracting Officer at
13 such Rates for all Project Water to be delivered to, or stored for, the Cachuma Member
14 Units.

15 (f) Water delivered under the Transition Delivery Schedule shall be
16 allocated among the Cachuma Member Units as provided in subarticle 3 (c).

17 (g) Wherever appropriate, the Transition Period shall be deemed to be
18 a Water Year for purposes of this contract.

19 NOTICES

20 29. (a) All notices and other communications required by this contract
21 (Notices) shall be in writing and shall be given by one of the following methods:

22 (1) By personal delivery, the Notice being effective on delivery;

1 (2) By first class mail, the Notice being effective four (4) mail
2 delivery days after deposit, postage prepaid, in a United States Postal
3 Service office or mailbox;

4 (3) By certified mail, Notice being effective on delivery if -
5 confirmed by a return receipt;

6 (4) By overnight delivery by Federal Express or similar service,
7 Notice being effective on delivery if delivery is confirmed by the delivery
8 service;

9 (5) By facsimile transmission, Notice being effective on receipt,
10 provided that (i) either (A) a duplicate Notice is promptly given by one of
11 the other methods permitted by this Article, or (B) the receiving party
12 delivers a written confirmation of receipt, and (ii) any Notice given by
13 facsimile transmission shall be deemed received on the next business day if
14 it is received after 4:30 p.m. Pacific Time or on a nonbusiness day.

15 (b) Notices shall be given to the following addresses and facsimile

16 numbers:

17 Contracting Officer:

18 Area Manager, South-Central California Area Office
19 Bureau of Reclamation
20 2666 North Grove Industrial Drive
21 Suite 106
22 Fresno, California 93727-1551
23 Facsimile number: (209) 487-5397

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Contractor:

Santa Barbara County Water Agency
123 East Anapamu Street
Santa Barbara, California 93101
Facsimile number: (805) 568-3434

With a copy to:

Cachuma Project Authority
3301 Laurel Canyon Road
Santa Barbara, California 93105
Facsimile number: (805) 569-5825

Carpinteria County Water District
PO Box 578 (93014-0578)
1301 Santa Ynez Avenue
Carpinteria, California 93013
Facsimile number: (805) 684-3170

Goleta Water District
4699 Hollister Avenue (93110)
Goleta, California 93110-0781
Facsimile number: (805) 964-7002

Montecito Water District
PO Box 5037
583 San Ysidro Road (93108)
Montecito, California 93150-5037
Facsimile number: (805) 969-7261

City of Santa Barbara
630 Garden Street (93101)
PO Box 1990
Santa Barbara, California 93102-1990
Facsimile number: (805) 564-5467

Santa Ynez River Water Conservation District
Improvement District No. 1
PO Box 157
3622 Sagunto Street
Santa Ynez, California 93460-0157
Facsimile number: (805) 688-3078

1 Any party may change its address or facsimile number by giving the other party Notice of
2 the change in any manner permitted by this Article.

3 THIRD PARTY BENEFICIARY

4 30. This contract is entered into by the Contractor acting as an agent for-the
5 Cachuma Member Units. As third party beneficiaries, the Cachuma Member Units shall
6 have an independent right to enforce their rights pursuant to Reclamation law and under
7 this contract.

8 CONTRACTS BETWEEN CONTRACTOR AND CACHUMA MEMBER UNITS

9 31. Prior to the delivery of Project Water under this contract, the Contractor
10 shall enter into a contractual relationship with each of the Cachuma Member Units,
11 which shall provide that the terms thereof are subject to the terms of this contract.

12 CONTRACT NOT TO AFFECT RATES SET BY CACHUMA MEMBER UNITS

13 32. This contract shall not affect how payments to be made to the Contractor
14 are to be allocated as between the Cachuma Member Units; nor shall this contract affect
15 how each Cachuma Member Unit determines its own rates or how each Cachuma
16 Member Unit allocates revenues it collects as between payments for Irrigation Water
17 and M&I Water.

1 IN WITNESS WHEREOF, the parties hereto have executed this contract
2 as of the day and year first above written.

3 THE UNITED STATES OF AMERICA

4 By: Franklin E. Dimick
5 ACTING FOR Regional Director, Mid-Pacific Region
6 Bureau of Reclamation

7 APPROVED AS TO LEGAL
8 FORM AND SUFFICIENCY:

9 By: James E. Turner
10 Office of the Solicitor
11 Secretary of the Interior

12 SANTA BARBARA COUNTY WATER
13 AGENCY

14 (SEAL)

15 By: Naomi Schwartz
16 Chair, Board of Directors
17

18 Attest:

19 ATTEST
20 ZANDRA CHOLMONDELEY
Clerk of the Board of Supervisors

21 _____
22 Secretary

23 APPROVED AS TO FORM:

24 _____
25 County Counsel

26 By: Mandell Buntlett
27 Deputy

28 By: _____
29 Deputy Clerk

30 APPROVED AS TO INSURANCE:

Risk Management
By: Charles A. Mitchell

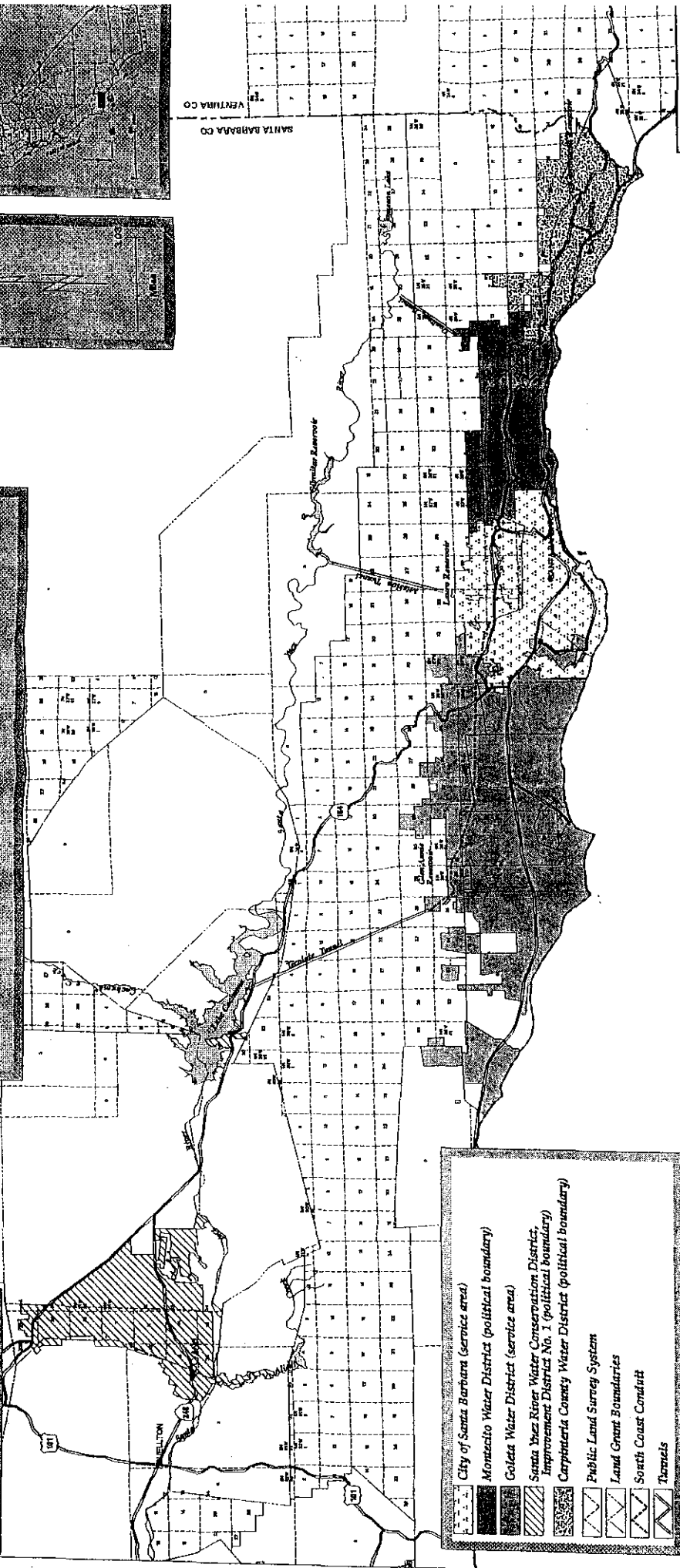
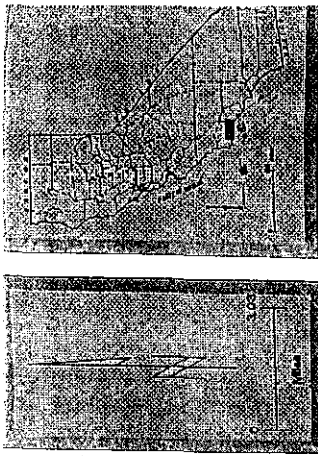
APPROVED AS TO FORM:

Auditor-Controller
By: Robert M. Puri

(I:RR10-26-9.wp)



CACHUMA MEMBER UNITS



	City of Santa Barbara (service area)
	Monsieito Water District (political boundary)
	Goleta Water District (service area)
	Santa Ynez River Water Conservation District, Improvement District No. 1 (political boundary)
	Carpinteria County Water District (political boundary)
	Public Land Survey System
	Land Grant Boundaries
	South Coast Conduit
	Tunnels

Drawing No. 368-208

CACHUMA PROJECT
SCHEDULE OF 1995 COST OF SERVICE WATER RATES
FOR IRRIGATION AND MUNICIPAL AND INDUSTRIAL (M&I)
CONTRACT NO. 175R-1802R

	<u>Irrigation</u>	<u>M&I</u>
I. <u>Capital Rates Per AF 1/</u>		
Storage	\$34.31	\$15.40
Conveyance	67.73	28.25
	<hr/>	<hr/>
Total Capital Rate Per AF	\$102.04	\$43.65
II. <u>Projected 1995 Operation and Maintenance (O&M) Expenses 2/</u>		
Water Marketing - costs	\$900	\$2,100
- deliveries (AF)	7,714	18,000
Rate Per AF	\$0.12	\$0.12
Storage - costs	\$70,800	\$165,200
- deliveries (AF)	7,714	18,000
Rate Per AF	\$9.18	\$9.18
Conveyance - costs	\$0	\$0
- deliveries (AF)	7,714	18,000
Rate Per AF	\$0.00	\$0.00
	<hr/>	<hr/>
Total O&M Rate Per AF	\$9.30	\$9.30
III. <u>1995 Cost of Service Rate Per AF</u>		
	<hr/>	<hr/>
	\$111.34	\$52.95

1/ Refer to the Cachuma Project "Schedule of Unpaid Irrigation and M&I Capital Costs by Component and / or Facility"(WIN:95CAP3A.B38) for details. Note ... M&I rate includes interest at 3.00%.

2/ Reclamation O&M provided by MP-320 (SS) ... Cachuma Project PF-3 Program Activity, revised date of 10/30/95). Water Marketing costs, which were originally included in the Program Goals total amounts, have been separated from the Storage costs and prorated between Irrigation and M&I. Water deliveries are based on the 1994-95 water entitlement as shown in the March 17, 1994 letter from Santa Barbara CWA. For "Conveyance" purposes, Santa Ynez's deliveries have been removed as they are a "Storage" only contractor.

Note: Cachuma O&M Board costs are excluded from these rates and are the direct responsibility of the Cachuma member units.

Source: As cited.

Purpose: To provide the annual Cost of Service water rates for Cachuma Project water service contractor(s) for both irrigation and M&I functions assuming repayment by 2015.

CACHUMA PROJECT
SCHEDULE OF UNPAID IRRIGATION AND M&I CAPITAL COSTS BY COMPONENT AND/OR FACILITY
AS OF SEPTEMBER 30, 1994
1995 IRRIGATION AND M&I CONTRACTOR WATER RATES

Component/Facility	Capital Costs @ 9/30/94 ^{1/}	Allocation of Capital ^{2/}		Allocation of Repayment Realized ^{3/}		Net Unpaid Capital Costs @ 9/30/94 ^{4/}		Projected Deliveries 1995 - 2015 ^{5/}		Unpaid Capital Rate Per AF	
		Irrigation	M&I	Irrigation	M&I	Irrigation	M&I	Irrigation	M&I	Irr.	M&I
		1/									
Storage											
Bradbury Dam & Reservoir	\$14,875,354	\$7,637,007	\$7,238,347								
Other Physical Property	13,237	8,796	6,441								
Total Storage	<u>14,888,591</u>	<u>7,643,803</u>	<u>7,244,788</u>	<u>\$2,085,002</u>	<u>\$2,971,029</u>	<u>\$5,558,801</u>	<u>\$4,273,759</u>	161,994	378,000	\$34.31	\$15.40
Conveyance											
Carpinteria Regulating Reservoir	465,473	238,874	226,499								
Facilitating Structures & Improvements	68,588	35,212	33,374								
Glen Anne Regulating Reservoir	1,157,158	594,084	563,072								
Lauro Regulating Reservoir	1,197,369	614,729	582,640								
Ortega Regulating Reservoir	961,021	493,388	467,833								
South Coast Conduit - Carpinteria	3,762,505	1,931,670	1,830,835								
South Coast Conduit - Goleta	2,776,530	1,425,471	1,351,059								
South Coast Conduit - Summerland	18,035	9,259	8,778								
Telocote Tunnel	14,813,202	7,502,418	7,110,784								
Total Conveyance	<u>25,019,877</u>	<u>12,845,205</u>	<u>12,174,672</u>	<u>3,503,791</u>	<u>4,992,734</u>	<u>\$9,341,414</u>	<u>\$7,181,938</u>	137,928	346,374	\$67.73	\$28.25
Total	<u>39,908,468</u>	<u>20,489,008</u>	<u>19,419,460</u>	<u>5,588,793</u>	<u>7,963,763</u>	<u>14,900,215</u>	<u>11,455,697</u>				
Distribution Systems											
Carpinteria Distribution System	1,475,958	1,372,639	103,317	1,176,351	88,543	196,288	14,774				
Goleta Distribution System	2,843,686	2,474,007	369,679	1,979,079	295,725	494,928	73,954				
Summerland Distribution System	253,222	91,160	162,062	79,267	140,920	11,893	21,142				
Total Distribution Systems	<u>4,572,864</u>	<u>3,937,806</u>	<u>635,058</u>	<u>3,234,697</u>	<u>525,188</u>	<u>703,109</u>	<u>109,870</u>				
Safety of Dams (Bradbury D&R) 6/	<u>468,200</u>	<u>36,056</u>	<u>34,174</u>								
Construction WIP											
Capitalized Movable Equipment											
Grand Total	<u>\$44,949,532</u>	<u>\$24,462,870</u>	<u>\$20,088,692</u>	<u>\$8,023,490</u>	<u>\$8,488,951</u>	<u>\$15,603,324</u>	<u>\$11,565,567</u>				

1/ Capital costs are taken from Schedules 1 & 2 of the 1994 Cachuma Project's Statement of Project Construction Cost and Repayment (SPCCR).

2/ Storage, Conveyance, Safety of Dams, Construction WIP, and Capitalized Movable Equipment are allocated on the basis of historical (1956 - 1994) and projected (1995 - 2015) water deliveries (see WVN:CP56-20A.B38 for details). The Distribution systems are allocated on the basis of the individual contract provisions as stated on Schedule No. 3 of the 1994 SPCCR's.

3/ Repayment Realized is from the "Summary" of the 1994 SPCCR and is prorated to the Storage and Conveyance components on the basis of these components capital costs to the total.

4/ M&I capital costs are amortized at 3% for this calculation and will be adjusted at the end of ten years (2005) to the applicable Treasury rate, at contract execution, for the remainder of the repayment period.

5/ As provided by Article 6 (a)(1)(A) of the "Draft" renewal contract with Santa Barbara CWA, we are using 25,714 AF annually to be allocated to Irrigation (30%) and M&I (70%) on the basis of their 1994-95 water entitlement as shown in the March 17, 1994 letter from Santa Barbara CWA (see detail on pg. 2 below). For "Conveyance" purposes, Santa Ynez was deleted from the calculation as they are a "Storage" only contractor. Also note that these deliveries are based on the project being repaid by 2015.

6/ In accordance with the Safety of Dams Act, 15% of these costs are reimbursable by project beneficiaries and will be repaid through a separate repayment contract.

CACHUMA PROJECT
 SCHEDULE OF UNPAID IRRIGATION AND M&I CAPITAL COSTS BY COMPONENT AND/OR FACILITY
 AS OF SEPTEMBER 30, 1994
 1995 IRRIGATION AND M&I CONTRACTOR WATER RATES

Cachuma Project Member Unit	Water Category	1994 Entitlement (AF) 1/	Ratio of WD to Total	Alloc. of New Safe Yield (AF) 2/	Projected AF Allocation by Function 2/		
					Irrigation	M&I	Total
Goleta WD	Irrigation	7,824	0.362528	9,322	4,026		4,026
	M&I	1,698				5,296	5,296
sub-total		9,322			4,026	5,296	9,322
City of Santa Barbara	M&I	8,277	0.321867	8,277		8,277	8,277
Carpinteria County WD	Irrigation	1,612	0.109357	2,812	1,215		1,215
	M&I	1,200				1,597	1,597
sub-total		2,812			1,215	1,597	2,812
Montecito WD	Irrigation	1,784	0.090612	2,330	1,008		1,008
	M&I	536				1,324	1,324
sub-total		2,330			1,008	1,324	2,330
Summerland County WD	Irrigation	321	0.012484	321	321		321
Santa Ynez River WCD	Irrigation	2,492	0.103134	2,652	1,146		1,146
	M&I	180				1,506	1,506
sub-total		2,652			1,146	1,506	2,652
Grand Total		25,714	1.000000	25,714	7,714	18,000	25,714

1/ Based on 1994-1995 water entitlement as shown in the March 17, 1994 letter from Santa Barbara CWA.

2/ This analysis provides for a projected safe yield for the project of 25,714 AF based on the 1994-1995 water entitlement as shown in 1/ above. In addition, this analysis utilizes contract renewal allocations of 30% Irrigation (7,714 AF) and 70% M&I (18,000 AF). In order to achieve this ratio by contractor, it was necessary to remove the City of Santa Barbara and Summerland County WCD from the total acre-feet (25,714-8,277-321) and allocate the remaining acre-feet (17,116) to all of the other contractors at the following ratios: Irrigation 43.194% ((7,714 - 321) / 17,116)
 M&I 56.806% ((18,000 - 8,277) / 17,116)

CACHUMA PROJECT
 SCHEDULE OF UNPAID M&I "STORAGE" CAPITAL COSTS
 AMORTIZED AT 3% THROUGH THE END OF THE REPAYMENT PERIOD
 AS OF SEPTEMBER 30, 1994

Exhibit C
 Pg 3 of 4

	Beginning Storage Capital Balance	Capital Payment Schedule			Ending Capital Balance	Projected Deliveries (AF)	Capital Rate Per AF
		Interest	Principal	Total			
		@ 3.00%					
	(1)				(2)		
1995	\$4,273,759	\$128,213	\$149,034	\$277,246	\$4,124,726	378,000	\$15.40
1996	4,124,726	123,742	153,505	277,246	3,971,221	360,000	15.40
1997	3,971,221	119,137	158,110	277,246	3,813,111	342,000	15.40
1998	3,813,111	114,393	162,853	277,246	3,650,258	324,000	15.40
1999	3,650,258	109,508	167,739	277,246	3,482,520	306,000	15.40
2000	3,482,520	104,476	172,771	277,246	3,309,749	288,000	15.40
2001	3,309,749	99,292	177,954	277,246	3,131,795	270,000	15.40
2002	3,131,795	93,954	183,293	277,246	2,948,503	252,000	15.40
2003	2,948,503	88,455	188,791	277,246	2,759,711	234,000	15.40
2004	2,759,711	82,791	194,455	277,246	2,565,256	216,000	15.40
2005	2,565,256	76,958	200,289	277,246	2,364,968	198,000	15.40
2006	2,364,968	70,949	206,297	277,246	2,158,670	180,000	15.40
2007	2,158,670	64,760	212,486	277,246	1,946,184	162,000	15.40
2008	1,946,184	58,386	218,861	277,246	1,727,323	144,000	15.40
2009	1,727,323	51,820	225,427	277,246	1,501,897	126,000	15.40
2010	1,501,897	45,057	232,189	277,246	1,269,707	108,000	15.40
2011	1,269,707	38,091	239,155	277,246	1,030,552	90,000	15.40
2012	1,030,552	30,917	246,330	277,246	784,222	72,000	15.40
2013	784,222	23,527	253,720	277,246	530,502	54,000	15.40
2014	530,502	15,915	261,331	277,246	269,171	36,000	15.40
2015	\$269,171	8,075	269,171	277,246	\$0	18,000	\$15.40
		<u>\$1,548,414</u>	<u>\$4,273,759</u>	<u>\$5,822,173</u>			

- Notes:**
- (1) The unpaid capital balance is amortized over the remaining years of repayment of the repayment period at 3.00% interest (per House Document No. 587, pg. 32).
 - (2) Projected deliveries are based on 18,000 AF (see Pg. 2) annually through the end of the of the repayment period.