

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION

Contract Symbol and No.
1802

Santa Barbara County Project, California

CONTRACT FOR THE FURNISHING OF WATER TO MEMBER UNITS
OF SANTA BARBARA COUNTY WATER AGENCY

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J. E. LEWIS, CLERK

Louis Patterson Deputy Clerk

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Santa Barbara County Project

CONTRACT FOR THE FURNISHING OF WATER TO MEMBER UNITS
OF SANTA BARBARA COUNTY WATER AGENCY

1. THIS CONTRACT, made this 12th day of September, 1949, in pursuance generally of the Act of Congress of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, all collectively herein styled the Federal reclamation laws, between THE UNITED STATES OF AMERICA, herein styled the United States, and the SANTA BARBARA COUNTY WATER AGENCY, herein styled the Agency, a political subdivision of the State of California, duly organized, existing, and acting pursuant to the laws thereof, including but not restricted to the Santa Barbara County Water Agency Act, with its principal place of business in the City of Santa Barbara, State of California;

WITNESSETH THAT:

EXPLANATORY RECITALS

2. WHEREAS, the City of Santa Barbara, the Goleta County Water District, the Montecito County Water District, the Summerland County Water District, the Carpinteria County Water District, and the Santa Ynez River Water Conservation District are "Districts" lying within the Agency as defined by subdivision (f) of Section 2 of the Santa Barbara County Water Agency Act, and it is contemplated that said Districts will become with respect to this contract "member units" of said Agency, as defined in and by the Santa Barbara County Water Agency Act; and

3. WHEREAS, the lands and inhabitants within said Agency and within each and all of said Districts are in critical need of additional water for municipal, domestic, and irrigation uses; and

4. WHEREAS, investigations of the present water supply indicate that irrigated and irrigable lands within the boundaries of the Agency and of said Districts are at present in need of additional water for irrigation and certain areas have a potential need of water for irrigation and certain areas require a new or supplemental supply of water for municipal and miscellaneous purposes for present and future needs, and that ground-water supplies are seriously depleted and in need of replenishment and that a supplemental water supply to meet these present and potential needs can be made available by and through the works to be constructed by the United States; and

5. WHEREAS, investigations of the stream flow in the Santa Ynez River and its tributaries and present and future requirements for beneficial uses indicate that there will be available, for furnishing for the use and benefit of said member units, a supplemental water supply from Cachuma Unit for irrigation, municipal, industrial, and domestic uses; and

6. WHEREAS, the United States proposes to construct the Cachuma Unit of the Santa Barbara County Project, said unit to consist of Cachuma Dam and Reservoir, designed to have water storage capacity commensurate with the water supply requirements of this contract, Tecolote Tunnel, and the South Coast Conduit, for diversion, storage, carriage, and distribution to member units of waters of the Santa

Ynez River and its tributaries and water developed in Tecolote Tunnel for irrigation, municipal, domestic, industrial, and other beneficial uses and purposes as authorized by means of a report by the Secretary of the Interior, House Document No. 587 (80th Congress, 2nd Session), the total estimated cost of the proposed construction at cost levels as of the date of said report being \$28,610,000; and

7. WHEREAS, it has been determined to be infeasible to execute a repayment contract pursuant to sections 9(c)(1) and 9(d) of the Reclamation Project Act of 1939, this contract is being executed pursuant to sections 9(c)(2) and 9(e) of said act; and

8. WHEREAS, the Agency desires to contract pursuant to the Federal reclamation laws for the furnishing by the United States of a water supply from the Cachuma Unit for the use and benefit of its said member units for which the Agency will make payment to the United States upon the basis, at the rates, and pursuant to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby agreed by the parties hereto as follows:

DEFINITIONS

9. When used herein, unless otherwise distinctly expressed, or manifestly incompatible with the intent hereof, the term:

(a) "Secretary" or "contracting officer" shall mean the Secretary of the United States Department of the Interior or his duly authorized representative;

(b) "Initial delivery date" shall mean the date on which water will be available for furnishing by the United States pursuant to subdivision (a) of Article 11 of this contract by means of the Cachuma Unit and which shall be announced in advance by the Secretary to the Agency in writing;

(c) "Year" shall mean the period from May 15 through May 14, both dates inclusive;

(d) "Municipal water" shall mean water furnished or to be furnished by the United States (i) to or used by or in Santa Barbara, or (ii) to or used by or in any incorporated city, or (iii) to or used by or in any "municipal area" as said term "municipal area" is defined in Article 13 of this contract;

(e) "Irrigation water" shall mean water furnished or to be furnished to member units to be used or used for beneficial purposes other than those specified in subdivision (d) of this article;

(f) "Member unit" shall mean any district as defined in and by the Santa Barbara County Water Agency Act which enters into a contract with the Agency for the payment for water to be furnished to such member unit by the United States pursuant to this contract;

(g) "Interim period" shall mean the period commencing with the initial delivery date and extending through May 14 of the fourth year after the year in which the initial delivery date occurs;

(h) "Period" shall mean each of the last seven consecutive five-year periods of the term of this contract, the first of which will commence on May 15 immediately following the close of the interim period;

(i) "Santa Barbara" shall mean the City of Santa Barbara;

(j) "Goleta" shall mean the Goleta County Water District;

(k) "Summerland" shall mean the Summerland County Water District;

(l) "Montecito" shall mean the Montecito County Water District;

(m) "Carpinteria" shall mean the Carpinteria County Water District;

(n) "Santa Ynez" shall mean the Santa Ynez River Water Conservation District;

(o) "Santa Barbara County Water Agency Act" shall mean the Santa Barbara County Water Agency Act, passed by the California legislature and approved July 18, 1945, as now or hereafter amended.

TERM OF CONTRACT

10. This contract shall become effective upon its execution and shall remain in effect for a period of forty (40) years commencing with the year in which the initial delivery date occurs: Provided, That in the event the Congress of the United States during the term of the contract enacts legislation permitting the renewal or extension of this contract, the Agency may, at its option, extend or renew this

contract in conformance with and subject to the terms of the then existing law.

WATER TO BE FURNISHED BY UNITED STATES

11. (a) To the extent that water and the facilities necessary for furnishing such water to member units are available therefor, as determined by the contracting officer, the United States shall furnish to member units each year during the interim period, and the Agency each year during such interim period shall collect from such member units and pay to the United States for such quantities of water as are specified in a schedule submitted by the Agency in accordance with Article 12 for each such year.

(b) Each year the United States shall furnish to, and the Agency shall collect from and pay to the United States for:

(i) Santa Barbara

3,300 acre-feet of water during the first period.
4,500 acre-feet of water during the second period.
5,600 acre-feet of water during the third period.
6,800 acre-feet of water during the fourth period.
7,900 acre-feet of water during the fifth period.
9,100 acre-feet of water during the sixth period.
10,300 acre-feet of water during the seventh period.

(ii) Goleta

3,300 acre-feet of water during the first period.
4,700 acre-feet of water during the second period. —
6,100 acre-feet of water during the third period.

7,400 acre-feet of water during the fourth period.
8,800 acre-feet of water during the fifth period.
10,200 acre-feet of water during the sixth period.
11,600 acre-feet of water during the seventh period. _

(iii) Summerland

100 acre-feet of water during the first period.
200 acre-feet of water during the second period.
300 acre-feet of water during the third period.
300 acre-feet of water during the fourth period.
400 acre-feet of water during the fifth period.
400 acre-feet of water during the sixth period.
400 acre-feet of water during the seventh period.

(iv) Montecito

500 acre-feet of water during the first period.
1,000 acre-feet of water during the second period.
1,500 acre-feet of water during the third period.
1,900 acre-feet of water during the fourth period.
2,400 acre-feet of water during the fifth period.
2,800 acre-feet of water during the sixth period.
2,900 acre-feet of water during the seventh period.

(v) Carpinteria

1,000 acre-feet of water during the first period.
1,500 acre-feet of water during the second period.
2,000 acre-feet of water during the third period.
2,400 acre-feet of water during the fourth period.

2,900 acre-feet of water during the fifth period.

3,300 acre-feet of water during the sixth period.

3,500 acre-feet of water during the seventh period.

(vi) Santa Ynez

500 acre-feet of water during the first through the seventh period: Provided, That the United States shall furnish to Santa Ynez each year, at the annual option of the Agency, additional quantities of water but not in excess of 2,800 acre-feet of such additional water per year. Written notice of the exercise of such option for any year shall be furnished to the United States by the Agency on or before March 1 of, the preceding year.

(c) While the Cachuma Unit has been designed and this contract has been executed to serve the present and future reasonable beneficial needs and uses of the member units, there may be temporarily available at times, for reasons beyond the control of the contracting parties, quantities of water in excess of the amounts necessary for the United States to meet its obligations under this contract. Each year in which there is such surplus water available from Cachuma Unit, as determined by the contracting officer, the United States shall offer, at rates not to exceed those specified in Article 13 hereof, such water to the Agency for furnishing to member units, including Santa Ynez. The Agency may purchase during any such year all or part of such water: Provided, That in the event the Agency does not indicate in

writing its desire to accept and pay for such surplus water for a member unit within sixty (60) days after receiving written notice from the United States of its availability, the Agency's right to purchase such water during the respective year shall terminate: Provided, further, That in the event the United States in any year sells or furnished any such surplus water to others than a member unit, such water will not be sold at a rate which is less than that offered to the Agency. The contract between the United States and such other party shall expressly provide that the Agency and the member units shall have a prior right to such water in the event of a shortage and that the right of further service to such other party shall be subject to the present and future needs of the member units for quantities of water in excess of those stipulated herein. Each such contract between the United States and party other than the Agency and a member unit shall be for a term of no longer than one year. Revenues derived by the United States in excess of the costs of operation and maintenance from the sale of all such surplus water shall be credited to the construction cost of the Cachuma Unit.

TIME FOR DELIVERY OF WATER

12. (a) On or before March 15, preceding each year during the interim period the contracting officer shall notify the Agency in writing of his estimate of the quantity of water which will be available from the Cachuma Unit during the ensuing year, which estimate may be revised from time to time by the contracting officer during such year.

(b) Except as provided in subdivision (c) of this article, the Agency shall submit in writing to the contracting officer on or before March 15 of each year during the term of this contract a schedule, subject to the provisions of Article 11 hereof and in form satisfactory to the contracting officer, indicating the desired times and quantities for the delivery of water to each member unit pursuant to said Article 11 during the following year. The United States shall, within the provisions hereof, make all reasonable effort to deliver said water in accordance with said schedule, or any revision thereof submitted by the Agency within a reasonable time before the desired change, if any, of time for delivery. If in any year during the interim period the contracting officer revises his estimate of the quantity of water which will be available from the Cachuma Unit during such year, he shall so inform the Agency in writing, and the Agency within a reasonable time thereafter may revise its schedule to avail member units of any increased supply of water or to conform with any decreased supply of water.

(c) The contracting officer, within a reasonable time after he is able to do so, shall notify the Agency in writing of his estimate of the quantity of water which will be available from the Cachuma Unit during the portion of the interim period beginning with the initial delivery date and ending on the following May 15 and the Agency, within a reasonable time after receipt by it of such notice, shall submit a schedule indicating the desired

times and quantities for the delivery of water for such portion of the interim period.

RATE AND METHOD OF PAYMENT FOR WATER

13. (a) Each year during the term of this contract the contracting officer shall, on or before December 1, preceding each such year, notify the Agency in writing of the rates for water to be furnished by the United States to each member unit pursuant to this contract during such year. In no event shall the rates so announced by the contracting officer for any water for any year during the term of this contract be in excess of ten dollars (\$10) per acre-foot for irrigation water for Santa Ynez, twenty-five dollars (\$25) per acre-foot for irrigation water for Goleta, Summerland, Montecito and Carpinteria, and thirty-five dollars (\$35) per acre-foot for municipal water: Provided, That neither the rates for irrigation water nor municipal water shall include an interest component. In the event the contracting officer announces rates for any year which are less than the maximum rates herein provided for, the rates so announced shall be in the ratio of thirty-five dollars (\$35) per acre-foot for municipal water, twenty-five dollars (\$25) per acre-foot for irrigation water for Summerland, Carpinteria, Goleta, and Montecito, and ten dollars (\$10) per acre-foot for irrigation water for Santa Ynez.

(b) Notwithstanding any other provisions of this contract:

(i) The rate fixed pursuant to subdivision (a) of this article for municipal water shall be paid by the Agency

to the United States for all water furnished by the United States pursuant to this contract to member units which is delivered to users within or used within boundaries of any incorporated city;

(ii) The rates for irrigation water for the respective member units, fixed as provided in subdivision (a) of this article, shall be paid by the Agency for all water furnished to member units other than Santa Barbara: Provided, That whenever there shall exist within Goleta, Summerland, Montecito, Carpinteria, or Santa Ynez a municipal area or municipal areas as hereinafter defined, then, during the period that such municipal area or municipal areas exist within such member unit, the Agency shall pay to the United States for the water furnished by the United States to such member unit upon the following basis:

A. The rate fixed for municipal water, as provided in subdivision (a) of this article, shall be paid by the Agency to the United States for that portion of the total quantity of water required to be furnished to the member unit by the United States during the respective year, pursuant to Article 11 hereof, which bears the same ratio to such total quantity of water required to be delivered, as aforesaid, to the respective member unit during such year as the aggregate acreage of municipal areas within such member unit bears to the total acreage of such

member unit, and the remaining portion of the water furnished or to be furnished hereunder by the United States during such year shall be paid by the Agency at the rate fixed, as provided in subdivision (a) of this article, for irrigation water for such member unit.

B. After receipt by the Agency of the notice furnished by the contracting officer pursuant to Article 12(c) hereof and before the initial delivery date, and not less than sixty (60) days prior to and not sooner than one hundred and eighty (180) days prior to each period, the Agency shall determine with respect to each member unit, except Santa Barbara, from the records of such member unit whether there exists within the member unit [an area of not less than three hundred (300) contiguous acres of land in which there exists an average of more than one water consumer service connection per acre.] If any such area or areas are found by the Agency to exist, each such area shall be designated by the Agency as a "municipal area" and shall be given a suitable name, which shall be chosen by the governing body of the member unit in which said municipal area is found to exist, and the Agency promptly will notify the United States thereof. No area within one municipal area shall be included within any other municipal area. Each

municipal area so designated by the Agency prior to the initial delivery date shall for the purposes of this agreement be deemed to be a municipal area during the interim period and each municipal area so designated by the Agency as herein provided during or after the interim period shall be deemed a municipal area for the period next commencing after such determination, it being intended that after the interim period no such determination shall be effective for more than one period.

(c) The Agency will collect from each member unit or units for water required to be furnished by the United States to such member unit pursuant to Article 11 of this contract. Each year the Agency will pay to the United States in advance of the delivery of water to a member unit the amount due to the United States for the quantity of water to be delivered to the member unit during such year. Such payment shall be made by the Agency on or before May 15 or such other date, prior to the time for the commencement of delivery of water to the respective member unit of the respective year, as may be specified by the contracting officer in written notice to the Agency.

(d) In the event the Agency or any member unit fails or refuses to accept delivery of water available for delivery to such member unit pursuant to this contract, or in the event the Agency in any year during the first through the seventh periods fails to submit a schedule for delivery as provided in Article 12

of this contract, said failure or refusal shall not relieve the Agency of its obligation to pay for said water and the Agency agrees to collect from the member unit or units and to make payment therefor to the United States in the same manner as if said water had been delivered to and accepted by the member unit or member units in accordance with this contract.

POINTS OF DELIVERY, MEASUREMENT, AND RESPONSIBILITY
FOR DISTRIBUTION OF WATER

14. (a) All water for Santa Ynez will be delivered to Santa Ynez at the lower end of the outlet from Cachuma Dam.

(b) All water for Goleta, Summerland, Montecito, Carpinteria and Santa Barbara will be delivered at South Coast Conduit at such points within the boundaries of the Agency as may be mutually agreed upon by the contracting officer and the Agency in writing: Provided, That in the event the United States shall have reached the construction of the portion of said conduit, which probably will embrace such points, and the location has not been so agreed upon, such points shall be established at locations as in the determination of the contracting officer will best serve the needs of the member units.

(c) All water delivered pursuant to this contract shall be measured by the United States at each point of delivery established pursuant to subdivisions (a) and (b) of this article and with equipment installed, operated and maintained by the United States. Upon the request of the Agency or any member unit, the

accuracy of such measurements will be investigated by the contracting officer and any errors appearing therein adjusted.

(d) The United States shall not be responsible for the control, carriage, handling, use, disposal, or distribution of water which has been delivered to member units hereunder by the United States nor for damage or claim of damage of any nature whatsoever for which there is legal responsibility, including, but not limited to, property damage, personal injury, or death, arising out of or connected with the control, carriage, handling, use, disposal, or distribution of such water: Provided, That the United States reserves the right to all waste, seepage, and return flow water, except sewage water, derived from water furnished hereunder to the Agency and member units and which escapes or is discharged beyond the Agency's boundaries and nothing herein shall be construed as an abandonment or relinquishment by the United States of any such water, but this shall not be construed as claiming for the United States any right, as waste, seepage, or return flow, to water being used pursuant to this contract for surface irrigation or underground storage within the Agency's boundaries by the Agency or by any member unit or those claiming by, through or under the Agency or any member unit.

UNITED STATES NOT LIABLE FOR WATER SHORTAGE

15. (a) There may occur at times a shortage during any year in the quantity of water available for furnishing to member units

by the United States pursuant to this contract through and by means of the Cachuma Unit and in no event shall any liability accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising from a shortage on account of drought, unavoidable causes, or errors in operation, except willful misconduct or gross negligence. In any year in which there may occur a shortage from any cause, the United States shall apportion the available water supply among the member units entitled, under existing and future contracts, to receive water from Cachuma Unit in accordance with conclusive determination of the contracting officer as follows:

(i) A determination shall be made of the total quantity of water from Cachuma Unit agreed to be furnished by the United States during the respective year under this contract to all member units, including the amount of water with respect to which the Agency has exercised its option pursuant to Article 11(b)(vi) for such year for Santa Ynez, the amount so determined being herein referred to as the contractual commitments.

(ii) A determination shall be made of the total quantity of water which is available to the United States from Cachuma Unit for meeting contractual commitments, the amount so determined being herein referred to as the available supply.

(iii) The total quantity of water agreed to be furnished to each member unit during the respective year, under Article 11 hereof, shall be divided by the contractual commitments, the quotient thus obtained being herein referred to as the contractual entitlement.

(iv) The available supply shall be multiplied by the contractual entitlement of each member unit and the result shall be the quantity of water required to be delivered by the United States to the respective member unit during such year, but in no event shall such quantity exceed the total quantity of water agreed to be furnished to such member unit and paid for by the Agency pursuant to Article 11 hereof.

In so far as determined by the contracting officer to be practicable, the United States will, in the event a shortage appears probable, notify the Agency of such determinations in advance of the irrigation season. In the event that in any year there is delivered to any member unit or units, by reason of any such shortage or apportionment, or any failure, discontinuance, or reduction of service as set forth in subdivisions (b) or (c) of this article, less than the quantity of water which any member unit otherwise would have been entitled to receive under the contract and for which payment has been made by the Agency to the United States, the amount of any such overpayment shall be applied first to any accrued indebtedness arising out of this contract by the Agency to the United States for the respective member unit, and

any amount of such overpayment then remaining shall, at the option of the Agency, be refunded or credited upon amounts to become due to the United States from the Agency under the provisions of this contract in the ensuing year for the respective member unit. To the extent of such deficiency arising from errors in operation, or drought or other unavoidable causes or any discontinuance or reduction of service as set forth in subdivision (c) of this article, such adjustment shall constitute the sole remedy of the Agency or any one having or claiming to have by, through, or under the Agency the right to the use of any of the water supply provided for herein.

(b) Notwithstanding any provision of this contract to the contrary, the United States shall not be obligated to furnish water to any member unit pursuant to this contract unless and until the construction by the United States of facilities to the extent required for the furnishing of the water to the respective member unit has been completed as conclusively determined by the contracting officer.

(c) The United States may temporarily discontinue or reduce the amount of water to be furnished to any member unit or units as herein provided for the purposes of such maintenance, repair, or replacement and investigations and inspections in connection therewith and preliminary thereto as may be necessary of any of the project facilities necessary for the furnishing of water to the member unit or any part thereof but so far as feasible the

United States will give the Agency due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given. In the event of any such discontinuance or reduction, the United States will, upon the resumption of service, deliver, as nearly as may be feasible, the quantity of water which would have been furnished to member unit or units in the absence of such contingency.

STORAGE OF WATER

16. To the extent that storage space is available therefor, the United States, upon the request of any member unit, shall withhold delivery of and store in Cachuma Reservoir for and on behalf of such member unit any water required to be furnished to the member unit by the United States pursuant to this contract: Provided, That in the event any water is so stored and it becomes necessary to release water from Cachuma Reservoir because of the lack of storage capacity or for the purposes of repair or maintenance, or in the event that water spills over Cachuma Dam, all water so released or spilled shall be deemed to be water stored by member units: Provided, further, That the quantity of water which seeps or evaporates from Cachuma Reservoir shall be determined by the contracting officer and from the water stored by member units there shall be deducted an amount of water which bears the same ratio to the total amount of such loss as the amount of water stored by member units bears to the total amount of water in the Cachuma Reservoir above the invert of the mouth of Tecolote Tunnel. If two or more member units request the storage of water in Cachuma Reservoir pursuant to this article, the available storage space will be apportioned each year upon the basis of the amount of water each of such member units is

entitled to receive pursuant to this contract during the year that such storage space is available, and the release from storage of any such stored water because of the unavailability of storage space shall be upon the same proportional basis.

DISPOSITION OF WATER BY MEMBER UNITS

17. (a) Water furnished by the United States to any member unit may be delivered by such member unit to other member units without the consent of the United States: Provided, That if the selling member unit receives from the purchasing member unit a sum for such water which is in excess of the total amount paid or owing to the United States for such water plus the expense, if any, incurred by the selling member unit in handling such water, the Agency shall pay to the United States the amount of such excess, if any.

(b) Any water furnished by the United States pursuant to this contract to a member unit and utilized by another member unit as municipal water shall be paid for by the Agency at the rate established pursuant to Article 13 for municipal water.

(c) If in any year a member unit sells water to another member unit pursuant to subdivision (a) of this article, any amounts coming due to the United States as a result thereof shall be paid by the Agency to the United States on or before June 15 of the succeeding year.

AGREED CHARGES FOR EACH MEMBER UNIT TO BE
A GENERAL OBLIGATION OF SUCH MEMBER UNIT

18. The Agency shall collect from each member unit and pay to the United States the sums coming due as a result of the Agency's obligation to pay for water available for furnishing to the respective member unit

pursuant to this contract notwithstanding the individual default in the payment to the member unit by individual water users of assessments, tolls, or other charges levied by or owing to the respective member unit and the Agency agrees to use all of the powers and resources available to it under the laws of the State of California and the Santa Barbara County Water Agency Act to collect the funds necessary for it to meet its obligations to the United States under this contract. Contracts between the Agency and member units shall provide that obligations of the member unit arising out of or pursuant or incidental to this contract shall constitute a general obligation of such member unit and that the amounts so coming due shall constitute a general obligation of such member unit notwithstanding the individual default in the payment to the member unit by individual water users of assessments, tolls, or other charges levied by or owing to the member unit, and that the member unit agrees to use all of the powers and resources available to it under the laws of the State of California to collect the funds necessary to meet such obligations.

DEFAULTS

19. (a) Should the Agency and the member unit fail to make the payment due to the United States for water to be furnished to such member unit pursuant to this contract and the Agency and such member unit fail to levy the assessments, tolls, or other charges necessary to be levied in order for such member unit and the Agency to meet the Agency's obligation to the United States under this contract with respect to such member unit, or having levied, should the Agency and the member unit be prevented from collecting such assessments, tolls, or other charges by any judicial proceeding

or otherwise fail to collect them, no tract of land within such member unit shall be entitled to receive water furnished by the United States pursuant to this contract to such member unit, except upon payment by the landowner of such assessment or toll charge.

(b) No water shall be furnished to any member unit during any period in which the Agency is in arrears in the advance payment of charges accrued under this contract with respect to such member unit unless the member unit makes the necessary payment directly to the United States, in which event the Agency shall be relieved of its obligation to make such payment for such year.

(c) No water furnished by the United States to any member unit pursuant to this contract shall be furnished by such member unit to lands or parties which are in arrears in the payment to such member unit of assessments, rates, tolls, or other charges levied or established by such member unit if such assessments, rates, tolls or other charges are necessary for the purpose of raising revenues to meet the payments then due to the United States from the Agency for the member unit for such water and each contract between the Agency and a member unit shall so provide.

(d) The United States may, at its option, terminate all rights of any member unit to be furnished water pursuant to this contract on sixty (60) days' written notice to the Agency upon the failure of the Agency for two or more successive or cumulative years to make any of the payments required in this contract to be

made by the Agency to the United States upon behalf of such member unit at the times and in the manner provided if the Agency does not pay said delinquent charges within such 60-day period; however, if the Agency or member unit is prevented by legal action from making such payments, the United States may not exercise its right of termination for any failure to make such payments when such failure is occasioned by such legal action, unless by the final judgment in such legal action this contract is rendered unenforceable or void. Said termination shall be effective on January 1 following the date on which such notice is given to the Agency. Upon the effective date of such termination all obligations of the United States and all rights of the Agency and the member unit with respect to such member unit, of any nature whatsoever arising under this contract, shall cease, but such termination shall not relieve the Agency of the obligation to make to the United States all such payments becoming due pursuant to this contract prior to the effective date of such termination. No waiver at any time by the United States of its rights with respect to default under any other matter arising in connection with this contract shall be deemed to be a waiver with respect to any subsequent default or matter.

LEVY OF TAXES AND ASSESSMENTS--FIXING OF RATES AND TOLLS

20. (a) Contracts between the Agency and member units involving water made available pursuant to this contract shall provide that each member unit shall cause to be levied and collected all necessary taxes and assessments and will use all of the authority and

resources of the member unit to meet its obligations thereunder, to make in full all payments to be made pursuant to such contract on or before the date such payments become due and to meet its other obligations under such contract.

(b) The Agency shall use all powers and resources available to it under the Santa Barbara County Water Agency Act, including the taxing power of the Agency or the power to levy special assessments to collect and pay to the United States and make payments promptly on the due dates thereof of all amounts which the Agency by the provisions of this contract shall be obligated to pay to the United States.

PENALTY UPON DELINQUENCY IN PAYMENT

21. Upon each charge to be paid by the Agency to the United States pursuant to this contract which shall remain unpaid after the same shall have become due and payable there shall be imposed a penalty of one-half ($1/2$) of one (1) percent per month of the amount of such delinquent payment from and after the date when the same becomes due until paid, and the Agency hereby agrees to pay said penalty.

DISTRICT TO KEEP BOOKS AND RECORDS
AND REPORT CROP AND OTHER DATA

22. The Agency shall require each member unit to establish and maintain account and other books and records, adequate to enable the Agency to furnish to the Bureau of Reclamation reports and statements to such extent and in such manner and form as may be prescribed by the Secretary, of information pertaining to (a) accounts and

financial transactions of the member unit, to the extent that such information pertains to this contract and operations thereunder, and (b) crops raised and agricultural or livestock products produced on the land within the member unit, a report thereon for the preceding period of twelve (12) calendar months to be furnished to the Secretary annually on or before December 31, or such other date or dates as may be fixed by the Secretary.

INSPECTION OF BOOKS AND RECORDS

23. Subject to applicable Federal laws and regulations, the proper officers or agents of the Agency and each member unit or either of them shall have full and free access at all reasonable times to the project account books and official records of the Bureau of Reclamation, in so far as the same pertain to the matters and things provided for in this contract, with the right at any time during office hours to make copies thereof, and the proper representatives of the United States shall have similar rights in respect to the account books and records of the Agency and each member unit.

CHANGES IN ORGANIZATION OF MEMBER UNITS

24. Contracts between the Agency and member units shall provide that while this contract is in effect no change will be made in any member unit, except Santa Barbara, either by inclusion or exclusion of lands, by partial or total consolidation or merger with another political subdivision of the State, by proceedings to dissolve, or otherwise, except upon the contracting officer's written assent thereto.

LANDS NOT TO RECEIVE WATER UNTIL OWNERS THEREOF
EXECUTE CERTAIN CONTRACTS

25. (a) No water made available to a member unit pursuant to this contract shall be furnished to any excess land as defined in Article 27 hereof unless the owners thereof shall have executed a valid recordable contract in form prescribed by the United States agreeing to the provisions of Articles 25, 26, and 27 of this contract; agreeing to the appraisal provided for in Article 26 hereof and that such appraisal shall be made on the basis of the actual bona fide value of such land at the date of the appraisal without reference to the construction of the Cachuma Unit, all as hereinafter provided; and agreeing to the sale of his excess lands under terms and conditions satisfactory to the Secretary and at prices not to exceed those fixed as hereinafter provided. No sale of any excess land shall carry the right to receive water made available pursuant to this contract unless and until the purchase price involved in such sale is approved by the contracting officer and upon proof of fraudulent representation as to the true consideration involved in such sale the United States may instruct the member unit by written notice to refuse to deliver any water subject to this contract to the land involved in such fraudulent sale and the member unit thereafter shall not deliver said water to such land.

(b) If project water furnished by the United States to a member unit pursuant to this contract reaches the underground

strata of excess land owned by a large land owner who has not executed a recordable contract and the large land owner pumps such project water from the underground, the member unit will not be deemed to have furnished such water to said lands within the meaning of this contract if such water reached the underground strata of the aforesaid excess land as an unavoidable result of the furnishing of project water to nonexcess land or to excess land with respect to which a recordable contract has been executed.

VALUATION AND SALE OF EXCESS LANDS

26. (a) The value of the excess irrigable land within each member unit, held in private ownership of a large land owner as defined in the next succeeding article hereof, for the purposes of this contract, shall be determined, subject to the approval thereof by the Secretary, by three appraisers. One of said appraisers shall be designated by the Secretary and one shall be designated by the Agency and the two appraisers so appointed shall name the third. If the appraisers so designated by the Secretary and the Agency are unable to agree upon the appointment of the third, the presiding justice of Division Three of the Second District Court of Appeal of the State of California shall be requested to designate the third appraiser.

(b) The following principles shall govern the appraisal:

(1) No value shall be given such land on account of the existing or prospective possibility of securing water from the project.

(11) The value of improvements on the land at the time of said appraisal shall be included therein, but shall also be set forth separately in such appraisal.

(c) The cost of the first two appraisals shall be paid by the United States.

(d) Any improvements made or placed on the appraised land after the appraisal hereinabove provided for prior to sale of the land by a large land owner may be appraised in like manner.

(e) Excess irrigable lands sold by a large land owner within any member unit shall not carry the right to receive water made available hereunder for such land and the Agency shall require each member unit to agree to refuse to deliver or permit the delivery of such water to land so sold until, in addition to compliance with the other provisions hereof, a verified statement showing the sale price upon any such sale shall have been filed with the Agency.

(f) The Agency agrees to take all reasonable steps requested by the contracting officer to ascertain the occurrence and conditions of all sales of irrigable land of large land owners in each member unit and annually to inform the United States concerning the same.

(g) A true copy of this contract and of each appraisal made pursuant thereto shall be maintained on file in the office of the Agency and in the office of each member unit and like copies shall be kept in such principal office of the Bureau of Reclamation

as may be established hereafter in connection with the project and shall be made available for examination during the usual office hours by all persons who may be interested therein.

EXCESS LAND

27. (a) As used herein the term "excess land" means that part of the irrigable land within a member unit in excess of 160 acres held in the private beneficial ownership of any single person; or in excess of 320 acres held in the beneficial ownership of husband and wife as tenants in common, by the entirety, as joint tenants, or as community property; the term "large land owner" means an owner of excess land and the term "nonexcess land" means all irrigable land within a member unit which is not excess land as defined herein.

(b) Each large land owner as a further condition precedent to the right to receive water for any of his excess land shall:

(1) Before any water is furnished a member unit to or for his excess land within such member unit, execute a valid recordable contract in form satisfactory to the Secretary, agreeing to the provisions of Articles 25, 26, and 27 of this contract and agreeing to dispose of his excess land in accordance therewith to persons who can take title thereto as nonexcess land as herein provided and at a price not to exceed the approved, appraised value of such excess land and agreeing further that if said land is not so disposed of within a period of ten (10) years

after the date of the execution of said recordable contract the Secretary shall have the power to dispose of said land subject to the same conditions on behalf of such large land owner; and the Agency shall require each member unit to agree that it will refuse to deliver water to any large land owner other than for his nonexcess land within the member unit until such owner meets the conditions precedent herein stated.

(11) Within thirty (30) days after the date of notice from the United States requesting such large land owner to designate his irrigable land within the member unit which he desires to designate as nonexcess land, file in the office of the member unit, in duplicate, one copy thereof to be furnished by the member unit to the Bureau of Reclamation, his written designation and description of land so selected to be nonexcess land and upon failure to do so the member unit shall make such designation and mail a notice thereof to such large land owner, and in the event the member unit fails to act within such period of time as the contracting officer considers reasonable, such designation will be made by the contracting officer who will mail a notice thereof to the member unit and the large land owner. The large land owner shall become bound by any such action on the part of the member unit or the contracting officer and the member unit will deliver water only to the land within its boundaries so designated to be nonexcess land.

AMENDMENT OF FEDERAL RECLAMATION LAWS

28. In the event that the Congress of the United States repeals the so-called excess-land provisions of the Federal reclamation laws, Articles 25, 26, and 27 of this contract will no longer be of any force or effect, and in the event that the Congress amends the excess-land provisions or any other provisions of the Federal reclamation laws the United States agrees, at the option of the Agency, to amend by language to be mutually agreed upon by the United States and the Agency the appropriate articles of this contract, all consistently with the provisions of such repeal or amendment.

CONTRACTS BETWEEN AGENCY AND MEMBER UNITS

29. (a) Each contract between the Agency and a member unit involving water to be furnished by the United States pursuant to this contract shall be subject to the terms of this contract and shall so provide. Each such contract providing for the furnishing of water for irrigation uses shall also include Articles 25, 26, 27, and 28 of this contract with such modifications or revisions as are necessary in the opinion of the contracting officer and the Agency.

(b) Each contract between the Agency and a member unit, in so far as such contract pertains to water which may be furnished by the United States, shall contain a provision whereby the member unit agrees to the provisions of this contract. In the event that within one year after the execution of this contract, there have not been executed contracts between the Agency and districts

which in the aggregate will provide for the disposition of at least 8,100 acre-feet per year of the water to be made available pursuant hereto by the United States during the first period hereof, then this contract shall be of no force or effect. If this contract becomes effective but not all the proposed member units named in sections (i) to (n), both inclusive, of Article 9 hereof execute such contracts with the Agency, then any provision hereof relating to any such proposed member unit not executing such an Agency contract shall be disregarded and shall be given no force or effect and shall not create any right or liability in favor of or against the United States, the Agency, any governmental unit, city, district, person, corporation or association whether a party hereto or not.

EXISTING WATER RIGHTS

30. Subject to agreement or the power of the United States of eminent domain:

(a) The water from the Santa Ynez River to be conserved, distributed, and used by means of the Cachuma Unit, other than water obtained by means of tunnels in the Santa Ynez Mountain Range, shall be water which, at the time of the appropriation thereof by the United States, was or shall be available for appropriation under the laws of the State of California. The established water rights of any member unit, whether such rights are presently fully developed or not, are hereby recognized by the United States and the Agency, and shall be preserved

notwithstanding the execution of this contract or of any provision of this contract to the contrary, or any operation or use hereunder.

(b) Neither Santa Ynez, Santa Barbara, nor Montecito shall be required to deliver or transfer to the United States, the Agency, the Cachuma Unit, or to any person or entity entitled to water therefrom any water or water rights to which said City or Districts are entitled under their or its established water rights.

(c) The United States and the Agency hereby recognize and agree not to take, restrict, impair, or interfere with any or all of said presently established rights to water for present use and future development based upon such rights.

CONTINGENT UPON APPROPRIATIONS OR ALLOTMENTS OF FUNDS

31. The expenditure of any money or the performance of any work or service by the United States herein provided for which may require appropriations of money by Congress or the allotment of funds, shall be contingent upon such appropriations or allotments being made. The failure of Congress so to appropriate funds or the failure of an allotment of funds shall not relieve the Agency from any obligations under this contract and no liability shall accrue to the United States in case such funds are not so appropriated or allotted: Provided, That in the event that water deliveries are halted or curtailed as a result of such failure to appropriate or allot funds, the obligation of the Agency to make payments pursuant to this contract shall be reduced to the extent of such halting or curtailment of service.

OFFICIALS NOT TO BENEFIT

32. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit that may arise herefrom, but this restriction shall not be construed to extend to this contract if made with a corporation or company for its general benefit.

NOTICES

33. Any notice or announcement which the provisions hereof contemplate shall be given to one of the parties hereto by the other shall be deemed to have been given when deposited in the United States Post Office, on the part of the United States in a franked envelope addressed to the Agency or to the member unit involved at its office and on the part of the Agency in a postage prepaid envelope addressed to the Bureau of Reclamation, Department of the Interior, Sacramento, California, or such other address as from time to time may be designated by the Secretary in a written notice to the Agency: Provided, however, That this article shall not preclude the effective service of any such notice or announcement by other means.

ASSIGNMENT

34. The provisions of this agreement shall apply to and bind the successors and assigns of the respective parties, but no assignment or transfer of this contract or any part thereof or interest therein shall be valid until and unless approved by the Secretary. No sale or other disposal by any member unit for use outside of such member unit or another member unit of any water, or the right to

the use thereof, furnished to such member unit pursuant to this contract shall be valid.

ASSURANCES RELATING TO VALIDITY OF CONTRACT

35. Promptly after the execution and delivery of this contract the Agency shall file or cause to be filed and prosecute or cause to be prosecuted to a final decree, including any appeal therefrom, an action at law, or in equity or a special proceeding for the judicial examination, approval, and confirmation of the proceedings had for the organization of the Agency and the proceedings of the Board of Directors of the Agency and the proceedings of the Agency leading up to and including the making of this contract and the validity of the provisions hereof, and for the judicial examination, approval and confirmation of contracts made between the Agency and its member units in so far as the same may relate to water to be furnished under the provisions of this contract.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their names the day and year first hereinabove written.

THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

John K. Bennett
Regional Counsel

By Richard L. Baker
Regional Director, Region 2,
Bureau of Reclamation,
United States Department of the Interior.

SANTA BARBARA COUNTY WATER AGENCY

Attest:

R. B. Lewis
Clark of Said Agency

By T. F. Wittichell
Chairman, Board of Directors