

STATE OF CALIFORNIA
THE RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AGREEMENT FOR THE SUPPLY AND CONVEYANCE OF WATER
BY THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA
TO THE PARTICIPATING STATE WATER PROJECT CONTRACTORS
UNDER
THE DRY YEAR WATER PURCHASE PROGRAM
SWPAO NO. 08-826

THIS AGREEMENT is entered into as of the 8 day of January, 2014, ²⁰¹⁵ *TJ*

pursuant to the provisions of the California Water Resources Development Bond Act, the State Central Valley Project Act, and other applicable laws of the State of California, between the Department of Water Resources of the State of California, herein referred to as "DWR," and the Santa Barbara County Flood Control and Water Conservation District, a public agency in the State of California, herein referred to as the "AGENCY." DWR and the AGENCY are herein referred to separately as the "Party" and collectively as the "Parties."

RECITALS

A. In 2008 and probably for several years to come, because of hydrologic conditions and/or regulatory constraints, the operation of the State Water Project ("SWP") by DWR and the operation of the Central Valley Project ("CVP") by the United States Bureau of Reclamation ("Reclamation") may result in less water being made available to the south-of-Delta CVP water service contractors and the SWP contractors. In anticipation of such potential conditions, DWR is initiating a dry year

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water purchase program to acquire water from voluntary sellers to augment the water supplies.

- B. The Yuba County Water Agency ("Yuba") is engaged in the Yuba River Accord initiative ("Yuba River Accord") to resolve issues associated with operation of the Yuba Project in a way that protects lower Yuba River fisheries and local water-supply reliability, while providing revenues for local flood control projects, water to use for protection and restoration of Delta fisheries, and improvements in state-wide water supply management.
- C. The Yuba River Accord includes three major elements, all of which must be in place for the Yuba River Accord to become effective: (1) the Fisheries Agreement (dated November 3, 2007) to provide higher flows for fish in the lower Yuba River under certain conditions, (2) Conjunctive Use Agreements between Yuba and water districts within Yuba County for implementing a conjunctive use and water use efficiency program; and (3) the "Agreement for the Long-Term Purchase of Water from Yuba County Water Agency by the Department of Water Resources" (dated December 4, 2007) ("Yuba Water Purchase Agreement").
- D. DWR and Yuba entered into the Yuba Water Purchase Agreement as part of the Yuba River Accord to purchase specified Components of water for the benefit of the EWA, the SWP contractors, and the member agencies of the San Luis & Delta-Mendota Water Authority ("Authority") to resolve potential conflicts concerning the accounting for water that Yuba will release pursuant to the Fisheries Agreement.

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- E. Reclamation determined to not be a party to the Yuba Water Purchase Agreement.
Yuba and DWR will amend the Yuba Water Purchase Agreement at such time as Reclamation is willing to become a party thereto, subject to Reclamation and DWR entering into a separate agreement for the allocation of, and payment for, water under the Yuba Water Purchase Agreement.
- F. Consistent with the Yuba Water Purchase Agreement, when Yuba makes water available to DWR under the Yuba River Accord for benefit of the SWP contractors and the Authority, DWR intends to offer the water under the dry year water purchase program to the Participating SWP Contractors and to the Authority as set forth herein.
- G. The SWP contractors and the Authority invested significant resources to assist DWR and Yuba with the development of the Yuba River Accord, the Yuba Water Purchase Agreement, and supporting documentation.
- H. The Parties desire to enter into this water supply and conveyance agreement whereby DWR will purchase water under the Yuba River Accord for the dry year water purchase program to make available for purchase by the SWP contractors, including the AGENCY, and the Authority.

AGREEMENT

Now Therefore, in accordance with the Recitals and in consideration of the terms and conditions herein, the Parties agree to the following:

1. **DEFINITIONS**

When used in this Agreement, the following definitions will apply:

"Balanced Conditions" means the hydrologic condition of the Delta as defined in the November 24, 1986 "Agreement between the United States of America and the State of California for Coordinated Operations of the Central Valley Project and the State Water Project."

"Banks Pumping Plant" means a SWP facility in the south Delta owned and operated by DWR.

"CALFED" means the joint federal and California program intended to develop and implement a long-term comprehensive plan that will, among other purposes, restore ecological health of the Bay-Delta System and improve water project management.

"Carriage Water" means the water losses due to increased Delta outflow necessary to maintain baseline Delta salinity conditions as determined by DWR, that are associated with Delivered Transfer Water or Stored Released Transfer Water that is exported by CVP or SWP Delta pumping facilities.

"Component 1 Water" means the water supplies available to DWR pursuant to Section 5 of the Yuba Water Purchase Agreement.

“Component 2 Water” means the water supplies available to DWR pursuant to Section 6 of the Yuba Water Purchase Agreement.

“Component 3 Water” means the water supplies available to DWR pursuant to Section 7 of the Yuba Water Purchase Agreement.

“Component 4 Water” means the water supplies available to DWR pursuant to Section 8 of the Yuba Water Purchase Agreement.

“Conference Year” means a Water Year for which the North Yuba Index is less than 500,000 acre-feet, calculated according to the procedures and formulas set forth in Exhibits 4 and 5 of the Fisheries Agreement, and using the latest available forecasts for the Water Year.

“Delivered Transfer Water” means Released Transfer Water from Yuba that is accounted as being exported by the SWP and the CVP, or contributing to exports, as described in Section 5 of Exhibit 1 of the Yuba Water Purchase Agreement.

"EWA" means the Environmental Water Account program described in the CALFED Record of Decision and the EWA Operating Principles Agreement (August 28, 2000, as extended in September 2004), as extended by amendment and supplemental approvals, or a long-term environmental water account program.

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"Fisheries Agreement" means the agreement among Yuba, the California Department of Fish and Game, and other parties, which is part of the Yuba River Accord, and under which Yuba operates the Yuba Project to provide higher flows in the lower Yuba River under certain conditions to improve fisheries protection.

"Final Classification" means the year-type classification for the Sacramento River region in the May issue of DWR's Bulletin 120.

"Management Committee" means the committee, consisting of one representative each from Yuba, DWR, Reclamation, the CALFED fishery agencies on behalf of EWA, SWP contractors, and the Authority, established under Section 14 ("Technical Committee and Management Committee") of the Yuba Water Purchase Agreement.

"Participating SWP Contractors" means all SWP contractors that have executed an "Agreement for the Supply and Conveyance of Water By the Department of Water Resources of the State of California to the Participating SWP Contractors Under the Dry Year Water Purchase Program" on or before April 1, 2008.

"Purchased Water" means the supply of Component 1 Water that is not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3

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Water, and Component 4 Water that has been delivered by Yuba to DWR that is accounted for as Delivered Transfer Water in the manner set forth in Exhibit 1 ("Scheduling and Accounting Principles") of the Yuba Water Purchase Agreement and made available for the dry year water purchase program. Purchased Water includes Carriage Water or water used as Delta outflow when the Export/Inflow ratio is controlling in the time period of July 1 to January 31.

"SWP Long-Term Water Supply Contract" means the long-term water supply contract between the Parties, as amended.

"Technical Committee" means the committee, consisting of technical representatives from Yuba, DWR, Reclamation, the CALFED fishery agencies on behalf of EWA, SWP contractors, and the San Luis & Delta-Mendota Water Authority, established under Section 14 ("Technical Committee and Management Committee") of the Yuba Water Purchase Agreement.

"Water Accounting Year" means the twelve-month period commencing January 1 through December 31.

"Water Year" means the twelve-month period from October 1 of one year through September 30 of the following year. For this Agreement, each Water Year will be classified: (1) as "Wet," "Above-Normal," "Below-Normal," "Dry" or "Critical," based on the Sacramento Valley Water Year Hydrologic Classification in Figure 1 on

page 188 of the State Water Resources Control Board's March 15, 2000, Revised Water-Right Decision 1641; or (2) as a "Conference Year."

"Yuba Project" means the Yuba River Development Project, including New Bullards Bar Dam and Reservoir on the North Yuba River.

"Yuba River Accord" means Yuba's initiative as described in Recitals B and C of this Agreement.

"Yuba Water Purchase Agreement" means the Agreement for the Long-Term Purchase of Water from Yuba County Water Agency by the Department of Water Resources, which is attached hereto as Exhibit A.

2. TERM OF AGREEMENT

- A. This Agreement will become effective upon execution by the Parties and will terminate on December 31, 2025, provided, however, the Parties may terminate this Agreement on December 31, 2015, if the Parties fail to amend this Agreement pursuant to Section 3.B.5 below and as necessary to address amendments made to the Yuba Water Purchase Agreement regarding the quantity and pricing of water pursuant to Section 15 thereof; provided further that this Agreement shall remain in effect beyond the termination dates set forth

above to the extent required to enable the parties to satisfy all obligations then existing or outstanding.

3. PURCHASED WATER

A. METHODS FOR ESTABLISHING ALLOCATIONS AND SHARING OF WATER

1. DWR will make available to the Participating SWP Contractors, as a group, fifty percent of the following types of water: Component 1 Water that is not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water.
2. If the AGENCY does not take some or all of the water made available to it pursuant to Section 3.A.1, then DWR will make the water not taken by the AGENCY available first to the other Participating SWP Contractors pursuant to 3.A.4 and then to the Authority pursuant to Section 3.A.5; provided, that the AGENCY will purchase all Delivered Transfer Water DWR is required to purchase from Yuba and that is made available to the AGENCY pursuant to Sections 3.A.1. through 3.A.4 if said water is not purchased by the Participating SWP Contractors or the Authority.
3. DWR will make available to the Participating SWP Contractors and the Participating SWP Contractors may accept and purchase Component 1 Water that is not used by EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water that is made available to the Authority, if the Authority elects to not take said water.

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4. All water made available to the Participating SWP Contractors pursuant to Sections 3.A.1 through 3.A.3 shall be allocated among the Participating SWP Contractors as follows:
 - a) DWR will allocate to the AGENCY its share of Water that is made available to the Participating SWP Contractors under Sections 3.A.1 through 3.A.3 above based on the AGENCY'S maximum Table A amount in its SWP Long-Term Water Supply Contract as a proportion of the total Table A amounts provided under the Long-Term Water Supply Contracts of the Participating SWP Contractors.
 - b) If any Participating SWP Contractor does not request some or any of its share of the water made available pursuant to Section 3.A.3.a above, the remaining Participating SWP Contractors will have the first right to that water, and DWR will allocate that water among the remaining Participating SWP Contractors, but excluding from the calculation the maximum Table A amount of the Participating SWP Contractor(s) not requesting their full allocation. This process will repeat until all water made available pursuant to this Section 3.A.3 is allocated or no Participating SWP Contractor requests the remaining water made available.
5. DWR will offer to the Authority any Component 1 Water that is not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water made available pursuant to this Section

and remaining unrequested after completing the allocation processes set forth above in Sections 3.A.4.

B. TYPES AND PRICES OF PURCHASED WATER

The AGENCY shall pay for Delivered Transfer Water made available to and accepted by the AGENCY under section 3.A above in accordance with the following sections:

1. COMPONENT 1 WATER

- a) While the EWA is in effect, if the EWA does not use all of the Component 1 Water, Component 1 Water unused by the EWA will be allocated and made available by DWR to the AGENCY pursuant to Section 3.A above. The AGENCY will pay for Component 1 Water that is made available to it and accounted for as Purchased Water at the same price per acre-foot as Component 4 Water.
- b) If EWA terminates and Yuba remains obligated to provide Component 1 Water, the Parties agree that Component 1 Water remaining to be delivered under the Yuba Water Purchase Agreement will be managed annually, as follows: (1) Component 1 Water in any year will be used to enhance water supply reliability of the Delta export facilities by off-setting new mandatory restrictions imposed on the CVP and SWP, including those being imposed by the federal court order in *NRDC v. Kempthorne*, or through a subsequent biological opinion for the conservation or

protection of fish, and (2) if any Component 1 Water remains after offsetting the restrictions set forth in subsection (1) above, then the remaining Component 1 Water will be used as determined by DWR in close coordination with the California Department of Fish and Game consistent with the water supply reliability project requirements of the funding source from which this water was purchased (Chapter 7(d) of Proposition 50, California Water Code Section 79550(d)).

2. COMPONENT 2 WATER

- a) For Component 2 Water that is accounted for as Purchased Water and made available in a Water Year that has a Final Classification as Dry, the AGENCY will pay \$75.00 per acre-foot.
- b) For Component 2 Water that is accounted for as Purchased Water and made available in a Water Year that has a Final Classification as Critical, the AGENCY will pay \$93.75 per acre-foot.

3. COMPONENT 3 WATER

For Component 3 Water that is accounted for as Purchased Water and made available to the AGENCY, the AGENCY will pay:

- a. \$25.00 per acre-foot in a Wet Year;
- b. \$50.00 per acre-foot in an Above-Normal Year;
- c. \$75.00 per acre-foot in a Below-Normal Year;
- d. \$100.00 per acre-foot in a Dry Year;
- e. \$125.00 per acre-foot in a Critical Year.

4. COMPONENT 4 WATER

For Component 4 Water that is accounted for as Purchased Water and made available to the AGENCY, the AGENCY will pay:

- a. \$25.00 per acre-foot in a Wet Year;
- b. \$50.00 per acre-foot in an Above-Normal Year;
- c. \$75.00 per acre-foot in a Below-Normal Year;
- d. \$100.00 per acre-foot in a Dry Year;
- e. \$125.00 per acre-foot in a Critical Year.

5. POSSIBLE FUTURE ADJUSTMENTS TO QUANTITIES AND PRICES.

If the provisions of Section 15 of the Yuba Water Purchase Agreement require changes to the quantity or pricing of water available therein, the Parties agree that amendment of this agreement for such purposes will be a condition precedent of any amendment of the Yuba Water Purchase Agreement pursuant to Section 15 thereof. The Parties agree to meet and confer and negotiate in good faith potential changes to this Agreement.

6. UNCOMMITTED WATER

- a. If Yuba notifies DWR of the availability of uncommitted Delivered Transfer Water prior to accounting for the water in the Holding Account, as set forth in Section 7.4 of Exhibit 1 ("Scheduling and Accounting Principles") of the Yuba Water Purchase Agreement, DWR will notify the AGENCY, the Participating SWP Contractors, and the Authority of the availability of such water by September 30 of that year. Such water will

be offered to the Participating SWP Contractors and to the Authority
consistent with Section 3.A.

- i. Within 30 days of such notice, the AGENCY will notify DWR of its request for an amount of the uncommitted water that it will purchase, if any.
 - ii. The amount of this water actually purchased by the AGENCY, the Participating SWP Contractors, and the Authority will be based on requests for this water by the AGENCY, the Participating SWP Contractors, and the Authority, and will not exceed the amount of water made available by Yuba. The Purchased Water that DWR will allocate to the AGENCY will be the lesser of the amount of water requested by the AGENCY or the amount allocated to the AGENCY in the manner set forth in Section 3.A above.
 - iii. The AGENCY will pay DWR the applicable purchase price for the water determined by the Water Year in which the water is accounted for as Delivered Transfer Water at prices set forth in Section 3.B above.
- b. If Yuba has credited uncommitted Delivered Transfer Water to the Holding Account as set forth in Section 7.4 of Exhibit 1 ("Scheduling and Accounting Principles") of the Yuba Water Purchase Agreement and the water remains in storage until the subsequent Water Accounting Year,

then DWR will offer the water in the Holding Account to the Participating SWP Contractors and the Authority consistent with Section 3.A.

- i. In the year that the AGENCY elects to take water from the Holding Account, that water will be credited toward the AGENCY's prorata share of the Component 3 Water with any additional deliveries credited as Component 4 Water that is accounted for as Purchased Water for the AGENCY.
- ii. The AGENCY will pay DWR the applicable purchase price for the water determined by the Water Year in which the water was accounted for as Delivered Transfer Water as set forth in Exhibit 1 of the Yuba Water Purchase Agreement and at prices set forth in Section 3.B above.

4. REQUESTS, SCHEDULING AND CONVEYANCE

Scheduling and conveyance is subject to DWR's determination of conveyance capacity in SWP facilities. Scheduling and conveyance will be dependent on releases by Yuba, including the flow schedule for the lower Yuba River as provided for in the Fisheries Agreement, the North Yuba Index or the Yuba River Index, capacity of CVP and SWP facilities, and Bay-Delta conditions. In order to meet the goals of Section 6, the Parties may modify in writing the dates established in this Section 4 without amending this Agreement.

A. Requests and Scheduling

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1. On or before April 11 of each Water Accounting Year, DWR will inform the AGENCY of the potential quantity of Component 1 Water if not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water that is available to the Agency.
2. On or about April 11 of each Water Accounting Year, or as soon thereafter as practicable, the AGENCY will submit an initial request to DWR for delivery of Component 1 Water if not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water and an initial monthly schedule for delivery of the requested water. That initial monthly schedule will include the quantity of each component of water the AGENCY would like to purchase from DWR.
3. DWR and the AGENCY will, between April 11 and May 19, confer on the allocation of water under Section 3A.
4. Within 5 business days of notice from DWR that there has been a change in the amount of water available, but no later than May 19, the AGENCY will provide DWR with its modified request for each component of water.
5. No later than May 19, DWR will notify the AGENCY of the quantity of Component 1 Water if not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water that has been allocated to the Agency and that the AGENCY will schedule pursuant to Section 4.A.7 below.

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6. The Parties recognize that no later than May 15 DWR must notify Yuba of the quantity of Component 4 Water that DWR will purchase from Yuba.
7. On or about May 20 of each Water Accounting Year, or as soon thereafter as practicable, the AGENCY and DWR will agree upon a final monthly schedule for delivery of Component 1 Water if not used by the EWA as provided in Section 3.B.1.a, Component 2 Water, Component 3 Water, and Component 4 Water that has been allocated to the Agency. The final schedule will be updated to accommodate any changes that affect the delivery of water as provided in Section 9 ("Scheduling of Water") of the Yuba Water Purchase Agreement. The final monthly schedule will include, pursuant to Section 3.A above, the quantity of each component of Purchased Water the AGENCY will purchase and that the AGENCY requests be delivered each month of the Water Accounting Year.
8. The final monthly schedule may be modified by mutual agreement. The AGENCY will submit copies of any proposed modifications to the final monthly schedule to DWR's State Water Project Analysis Office (SWPAO) Chief of Water Supply and Transfers Branch, and Chief of Water Deliveries Section, both at FAX number (916) 653-9628. SWPAO will coordinate with the DWR Operations Control Office in determining whether the proposed modifications to the final monthly schedule can be accommodated by DWR.
9. After DWR approves the final monthly schedule, during any week when DWR is conveying water for the AGENCY, the AGENCY will submit weekly

schedules to the DWR Operations Control Office: one to the Chief, Pre-Scheduling Section, FAX (916) 574-2782, and one to the Chief, Operations Scheduling Section, FAX (916) 574-2785. The weekly schedules will be consistent with the final monthly schedule.

10. The scheduling of Purchased Water, and any adjustments to the schedule, will be in accordance with the Exhibit 1 ("Scheduling and Accounting Principles") of the Yuba Water Purchase Agreement.

11. DWR's approval of the schedule will be subject to Section 4.B, below.

B. Conveyance

The conveyance of water under this Agreement to the AGENCY's delivery structures from the SWP facilities is subject to the terms and conditions of this Agreement, Article 55 of the AGENCY's Water Supply Contract, and applicable laws. Use of Purchased Water under this Agreement shall be restricted to the service area of the SWP. Delivery priorities shall be determined in accordance with Article 12(f) of the AGENCY's SWP Long-Term Water Supply Contract, with Purchased Water being classified as non-project water.

5. INVOICING AND PAYMENTS

DWR will invoice the AGENCY and the AGENCY will submit payment to DWR based on each invoice as provided below.

A. INVOICING AND PAYMENT OF PURCHASED WATER

1. On or after June 10 (or within 9 days of the date that DWR receives an invoice from Yuba), DWR will invoice the AGENCY for fifty percent of the

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payment for the estimated amount of water that the AGENCY scheduled as Purchased Water for that calendar year minus fifty percent of any credits due to the AGENCY as provided in Section 5.C below.

2. On January 17 of the next calendar year (or within 9 days of the date that DWR receives an invoice from Yuba), DWR will invoice the AGENCY for the remaining unpaid cost for Purchased Water, including Purchased Water available pursuant to Section 3.B.6, above, purchased by the AGENCY minus the remaining credits due to the AGENCY as provided in Section 6.C below.
3. Invoices will itemize any prior payments and credits, the total due, less any additional credits.

B. INVOICE FOR CONVEYANCE, DELIVERY, ADMINISTRATIVE COSTS

1. DWR will invoice the AGENCY monthly for conveyance charges in accordance with Article 55 of the SWP Long-Term Water Supply contract. Specifically, the AGENCY shall pay the power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the conveyance of such water from the Delta for the year in which the Purchased Water is conveyed.
2. Upon execution, DWR will invoice the AGENCY a one-time administrative fee of \$3,000 for preparation of this Agreement.

**C. PAYMENT FOR FIXED ANNUAL COSTS AND CREDIT AGAINST
PURCHASED WATER.**

1. On or before February 11, or within 10 days of DWR's receipt of Yuba's invoice, each year DWR will invoice the AGENCY its share of Yuba's fixed annual costs as provided in Section 12.B of the Yuba Water Purchase Agreement. The AGENCY's payment of these fixed annual costs will be its share of up to \$125,000 prorated among the Participating SWP Contractors calculated in the manner as provided in Section 3.A of this Agreement.
2. As provided in Section 5.A above, for all payments made by the AGENCY under this Subsection, DWR will provide to the AGENCY a credit against future payments due to DWR for Purchased Water, excluding Component 1 Water. If necessary, DWR will record and accrue these credits from year to year until DWR makes Purchased Water, excluding Component 1 Water, available to the AGENCY, at which time such credits will be applied toward payments due.

D. PAYMENTS FOR YUBA DIESEL CONVERSION OF GROUNDWATER PUMPS.

Within 30 days of DWR's receipt of a reviewed and verified invoice from Yuba of its conversion of pumps from diesel as provided under Section 12.A of the Yuba Water Purchase Agreement, DWR will invoice the AGENCY for up to one-half of the amount of the Yuba invoice. The AGENCY's share of Yuba's total costs for diesel conversion will not be more than its share of \$500,000 prorated among the Participating SWP Contractors calculated in the manner as provided in Section 3.A of this Agreement.

E. PAYMENTS FOR ADJUSTMENTS TO GROUNDWATER O&M COSTS.

In accordance with the timing of invoices required by Section 5.A above, DWR will invoice the AGENCY for its share of Yuba's costs for any annual increases above actual 2006 Groundwater O&M Costs, as provided in Section 12.C of the Yuba Water Purchase Agreement. The AGENCY's share of Yuba's costs will be based upon the proportion of the total amount of Purchased Water delivered to the AGENCY to the total amount of water delivered to the Participating SWP Contractors and the Authority in the year that the invoice covers. If no Purchased Water is delivered in the year that the invoice covers, the Participating SWP Contractors and the Authority shall share equally the costs invoiced by Yuba to DWR and AGENCY will pay its share, which share shall be calculated in the manner as provided in Section 3.A of this Agreement.

F. PAYMENTS FOR COSTS ATTRIBUTABLE TO YUBA WATER PURCHASE AGREEMENT

The Parties agree that costs that DWR is obligated to pay to Yuba pursuant to the Yuba Water Purchase Agreement as attached hereto and that have not been identified by this Agreement, will be an obligation of the Participating SWP Contractors and the Authority. If necessary, the Parties will amend this Agreement to provide for invoicing and payment of such costs if not provided for herein.

G. TIMING OF PAYMENTS.

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1. The AGENCY will pay DWR within 32 days after the AGENCY's receipt of an invoice from DWR.
2. Payment made after 32 days of receipt of invoice will be considered delinquent and interest will accrue at a rate of one percent per month for all delinquencies from the due date until paid.
3. If the AGENCY disputes a cost on an invoice, the AGENCY will make payment based on the invoice received, but will submit a notice to DWR identifying the disputed cost within 60 days of receipt of the invoice. Within 21 days after DWR receives notice of the disputed cost, the Parties will meet and confer, and if appropriate, obtain assistance from the Technical Committee and Management Committee to resolve the error or discrepancy. If the Parties resolve the dispute in a manner that recognizes a payment by the AGENCY that exceeds what is required under this Agreement, the amount of the excessive payment will be reflected by DWR pursuant to Section 6.A as a credit against future payments due from the AGENCY. DWR will reflect the credit on the next subsequent invoice it provides to the AGENCY. If the Parties cannot resolve the dispute, they will follow the dispute resolution process described in Section 10 below.

6. EFFORTS TO MAXIMIZE THE BENEFICIAL USE OF WATER

DWR will use all reasonable efforts to maximize the amount of Purchased Water available to the Participating SWP Contractors, including the AGENCY, and the

Authority. Those efforts will include, but are not limited to fully exercising its rights and obligations under the Yuba Water Purchase Agreement, coordinating with Reclamation on the operations of the SWP and CVP, and storing water in SWP facilities when Delta pumping is constrained, as provided in Section 4.3 of Exhibit 1 to the Yuba Water Purchase Agreement.

7. MEMBERSHIP ON COMMITTEES

DWR agrees that a representative of the Participating SWP Contractors will be a member of the Management Committee and Technical Committee.

8. CONFERENCE YEAR PRINCIPLES

During any Conference Year, the Parties will meet with Yuba and the other parties to the Fisheries Agreement and the Conjunctive Use Agreements to: (1) determine how to address the circumstances, and (2) discuss the operation of the Yuba Project during that Water Accounting Year. During a Conference Year, if Yuba reduces or does not deliver any Component 2, 3, or 4 Water, the AGENCY's and the Participating SWP Contractors' obligation to schedule or purchase any quantity of Purchased Water will be reduced or eliminated accordingly.

9. LIABILITY

A. DWR will not assert that the AGENCY, its directors, officers, agents or employees, are liable for damages of any nature whatsoever arising out of any

- actions or omissions by DWR, its Director, officers, agents or employees,
related to DWR's performance of this Agreement, where such liability is caused
by an act, error or omission of DWR, its Director, officers, agents or employees.
- B. The AGENCY will not assert that DWR, its Director, officers, agents or
employees, are liable for damages of any nature whatsoever arising out of any
actions or omissions by the AGENCY, its directors, officers, agents or
employees, related to the AGENCY's performance of this Agreement, where
such liability is caused by an act, error or omission of the AGENCY, its director,
officers, agents or employees.
- C. To the extent permitted by California law, the AGENCY will indemnify, defend
and hold DWR, its Director, officers, agents and its employees safe and
harmless from any and all, claims, judgments, damages, penalties, costs,
liabilities and losses (including without limitation, sums paid in settlement of
claims, actual attorney's fees paralegal fees, consultant fees, engineering fees,
expert fees, and any other professional fees) that arise from or are related in
any way to the AGENCY's activities or performance under this Agreement that
are under the exclusive control of the AGENCY, including but not limited to the
release, conveyance, use or distribution of water by the AGENCY for purposes
of this Agreement.
- D. To the extent permitted by California law, DWR will indemnify, defend and hold
the AGENCY, its directors, officers, agents and its employees safe and
harmless from any and all, claims, judgments, damages, penalties, costs,

liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorney's fees, paralegal fees, consultant fees, engineering fees, expert fees, and any other professional fees) that arise from or are related in any way to DWR's activities or performance under this Agreement that are under the exclusive control of DWR, including but not limited to the release, conveyance, use or distribution of water by DWR for purposes of this Agreement.

10. DISPUTE RESOLUTION

- A. Should any material disputes arise concerning any provision of this Agreement, or the rights and obligations of the Parties hereunder, including those involving possible termination or those that might cause the initiation of any administrative or judicial proceeding to enforce or interpret this Agreement, the Party that believes a dispute exists will notify the other Party, and the Parties will promptly meet and confer to attempt to resolve the perceived dispute.
- B. If the Process described in the preceding subsection fails to resolve the dispute within thirty days, the Parties will submit the dispute to a mediator who has experience in water-related disputes. The costs of any such mediation will be borne equally by the Parties. Initiation of this mediation process will be through written notice by one Party to the other Party. The Parties reserve all of their other remedies that may be provided by law or equity in the event that such mediation fails to resolve a dispute. The Parties, in consultation with the

mediator, will use their best efforts to resolve the dispute within thirty days.

Under no circumstances, however, will mediation under this Section result in a requirement that diminishes, limits or contravenes the discretion, authority or any delegated authority of the Director of DWR or the AGENCY under State law.

- C. If mediation fails to resolve the dispute, and prior to commencing any legal action to resolve the dispute, the Party proposing to commence legal action will provide the other Party thirty days' written notice of such action, provided that such notice will not be required where a delay in commencing an action would prejudice the interests of the Party that intends to file suit. During the thirty-day notice period, the Parties will continue to attempt to resolve the dispute.

11. NOT A PRECEDENT

The terms and conditions set forth in this Agreement are not intended to set a precedent for any future contractual arrangements for conveying non-SWP water by DWR to the AGENCY.

12. PAYMENTS, NOTICES OR OTHER COMMUNICATIONS

The time for providing any payments, notices, or other communications specified in this Agreement may be extended within the term of this Agreement with the consent of the Parties, confirmed in writing, without requiring an amendment to this Agreement. All payments, notices, or other communications required under this

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Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (a) served personally on the Party to whom notice is to be given; (b) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (c) on the third day after mailing, if mailed to the Party to whom payment, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR: Mr. Carl A. Torgersen
Chief of State Water Project Operations Office
Department of Water Resources
3310 El Camino Avenue
Post Office Box 219000
Sacramento, California 95821-9000,

And

Mr. Robert Cooke
Chief of State Water Project Analysis Office
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 942836
Sacramento, California 94236-0001

AGENCY: Mr. Matt Naftaly, Water Agency Manager
Santa Barbara County Flood Control and Water Conservation 130
East Victoria Street, Suite 200
Santa Barbara, California 93101-2019
(805) 568-3542

A Party may notify the other Party in writing of a change in its designated representatives, without requiring an amendment to this Agreement. Unless other timing is specified within this Agreement, DWR will provide to the AGENCY copies of any and all payments, notices or other communications it sends or receives

pursuant to the terms of the Yuba Water Purchase Agreement as soon as possible, but no later than 14 days after DWR receives, or sends, such payments, notices or other communications to Yuba and/or the Authority and/or other Participating SWP Contractors.

13. SIGNATORIES' AUTHORITY

The signatories to this Agreement represent that they have authority to execute this Agreement and to bind the Party on whose behalf they execute this Agreement.

14. COUNTERPARTS OF THIS AGREEMENT

This Agreement may be signed in any number of counterparts by the Parties, each of which will be deemed to be an original, and all of which together will be deemed to one and the same instrument. This Agreement, if executed in counterparts, will be valid and binding on a Party as if fully executed all in one copy.

15. BINDING ON SUCCESSORS/ASSIGNMENT

This Agreement will bind and inure to the benefit of the respective successors and assigns of the Party, except that, none of the obligations of the Parties set forth in this Agreement will be assigned without the prior, written approval of the other Party, which approval will not unreasonably be withheld.

16. NO THIRD-PARTY BENEFICIARIES

This Agreement will not be construed to create any third-party beneficiaries, except as set forth in this section. This Agreement is for the sole benefit of the Parties, their respective successors and assigns, and no other person or entity will be entitled to rely on or receive any benefit from this Agreement or any of its terms.

17. AMENDMENTS

- A. This Agreement may be amended or modified only by written agreement approved and executed by the Parties.
- B. Prior to any amendment of this Agreement, the Parties will meet and confer with the other Participating SWP Contractors and the Authority. The Parties will not agree to any amendment to this Agreement that would adversely affect the rights and obligations of the Participating SWP Contractors under each of their respective "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating SWP Contractors under the Dry Year Water Purchase Program" or the Authority under its "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the San Luis & Delta-Mendota Water Authority under the Dry Year Water Purchase Program."
- C. Prior to any amendment of any "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating SWP Contractors Under the Dry Year Water Purchase Program",

DWR will meet and confer with the AGENCY. DWR will not agree to any amendments to any "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the Participating SWP Contractors Under the Dry Year Water Purchase Program" or the "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the San Luis & Delta-Mendota Water Authority under the Dry Year Water Purchase Program" that would adversely affect the rights and obligations under this Agreement.

- D. DWR will meet and confer with the AGENCY, the other Participating SWP Contractors and the Authority before agreeing to any proposed changes, amendments, or supplements to the Yuba Water Purchase Agreement. DWR will not agree to any changes, amendments, or supplements to the Yuba Water Purchase Agreement or its Exhibits that would be inconsistent with or adversely affect the Parties' rights and obligations under this Agreement, any other "Agreement for the Supply and Conveyance of Water By the Department of Water Resources of the State of California to the Participating SWP Contractors Under the Dry Year Water Purchase Program" or under the "Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California to the San Luis & Delta-Mendota Water Authority under the Dry Year Water Purchase Program."

18. OPINIONS AND DETERMINATIONS

Where the terms of this Agreement provide for action to be based upon the opinion, determination, approval or review of either Party, such terms are not intended to be, and will not be construed as permitting such actions to be arbitrary, capricious or unreasonable. Any opinion, determination, approval or review required of a Party under this Agreement will be provided in a timely manner.

19. REASONABLE COOPERATION

The Parties will reasonably cooperate with each other, including the execution of all necessary documents and providing assistance in obtaining approvals and permits from regulatory agencies required to perform the obligations under this Agreement and to carry out the purpose and intent of this Agreement.

20. CONSTRUCTION AND INTERPRETATION

This Agreement is entered into freely and voluntarily. This Agreement has been arrived at through negotiation, and each Party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

21. COMPLETE CONTRACT

This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties

concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement, except as to those other agreements that are expressly referred to in this Agreement.

22. DETERMINATION OF UNENFORCEABLE PROVISIONS

If any term or provision of this Agreement is deemed invalid or unenforceable by any court of final jurisdiction, the Parties will meet and attempt to address this situation pursuant to the provisions of Section 10 of this Agreement.

23. WAIVER

The waiver at any time by a Party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any other default or matter.

24. TIME

Time is of the essence in this Agreement. Any date specified in this Agreement may be changed with the written consent of the Parties.

25. APPLICABLE LAW

This Agreement will be construed under and will be deemed to be governed by the laws of the State of California.

26. VENUE

Any appropriate County under California law will be venue for any state court litigation concerning the enforcement or interpretation of this Agreement.

27. REMEDIES NOT EXCLUSIVE

The remedies provided in this Agreement are cumulative and not exclusive, and are in addition to any other remedies that may be provided by law or equity. The exercise by the Party of any remedy under this Agreement will be without prejudice to the enforcement of any other remedy.

28. OFFICIALS NOT TO BENEFIT

No member or delegate to Congress, Resident Commissioner, or Federal or State official will be admitted to any share or part of this Agreement or to any benefit that may arise therefrom.

29. STANDARD CLAUSES

With respect to the mutual obligations of the Parties under this Agreement, the Parties will comply with the Standard Clauses as shown on Exhibit B ("State of California Standard Clauses") to this Agreement for the State of California, Contracts with Public Entities.

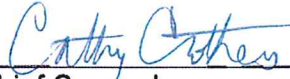
30. EXHIBITS INCORPORATED

Each exhibit to which reference is made is deemed incorporated in this Agreement,
whether or not actually attached.

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IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have
executed this Agreement on the last date set forth below.

Approved as to legal form
and sufficiency:



Chief Counsel

MK
12/29/14

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES



Mark Cowin, Director

Dec. 29, 2014
Date

1/8/15
Date

Approved as to legal form
and sufficiency:

General Counsel

Date

Santa Barbara County Flood Control and
Water Conservation District

General Manager

Date

Attachments:

SUPPLY OF WATER AND CONVEYANCE BY THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF CALIFORNIA TO PARTICIPATING SWP CONTRACTORS UNDER THE DRY YEAR WATER
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Date

Date

Approved as to legal form
and sufficiency:

Santa Barbara County Flood Control and
Water Conservation District



General Counsel



Public Works Director

11-21-14

Date

11-21-14

Date

Attachments:

Exhibit A: Agreement for the Long-Term Purchase of Water from Yuba County Water Agency by the Department of Water Resources (December 4, 2007)

Exhibit B: DWR Standard Clauses

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