



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

June 22, 2021

TO: CCWA Board of Directors

FROM: Ray A Stokes
Executive Director

SUBJECT: CCWA 2021 Supplemental Water Purchase Program Water Transfers Approval

SUMMARY

Due to the continued dry conditions in many parts of California, and particularly in the watersheds that supply the State Water Project (SWP) water, the Department of Water Resources (DWR) announced earlier in 2021 that the allocation percentage for 2021 would be 5%, matching the all-time low allocation percentage from 2014. As a result, several CCWA participants requested CCWA implement its "Supplemental Water Purchase Program" (SWPP) for 2021 to acquire additional water supplies to meet their anticipated water supply needs this year. This report will summarize the 2021 SWPP to date and request CCWA Board approval of two resolutions that are now a requirement under the recently approved "Water Management Amendment" to the SWP Contract.

DISCUSSION

A. 2021 Supplemental Water Purchase Program

The attached report titled "2021 Supplemental Water Purchase Program – Summary of Available Supplies and Costs" is a summary of the CCWA participants that have executed "SWPP Participation Agreements" for 2021 as of June 22, 2021. Currently, there are four providers of water under the SWPP:

1. State Water Contractors Dry Year Purchase Program: A program of participating SWP Contractors administered by the State Water Contractors organization purchasing water from farmers north of the Sacramento-San Joaquin Delta.
2. Yuba Accord Program: A program administered by DWR in which CCWA has participated since 2014. This is the first year CCWA has requested water under the Yuba Accord Program.
3. Casitas Municipal Water District: Purchase of 250 AF of Casitas' 2021 Table A water.
4. Mojave Water Agency: Purchase of 1,310 AF of Mojave's Article 56 carryover water.

B. Casitas Municipal Water District and Mojave Water Agency Transfers:

CCWA has executed non-binding purchase agreements with both Casitas Municipal Water District (Casitas) and Mojave Water Agency (Mojave).

Casitas has approved the non-binding agreement with CCWA and the following CCWA participants have executed Binding Purchase Agreements with CCWA for the Casitas transfer:

- Carpinteria Valley Water District
- Santa Ynez ID#1 (on behalf of the City of Solvang)
- La Cumbre Mutual Water Company

Mojave has not yet approved the non-binding agreement with CCWA. It is scheduled to consider the agreement on June 24, 2021. The CCWA participants that have executed Binding Purchase Agreements with CCWA for the Mojave transfer will be provided to the CCWA Board on June 24, 2021.

Both the Casitas and Mojave transfers are permitted by the Water Management Amendment to the State Water Contract. The Water Management Amendment requires both the purchaser (CCWA) and the seller to make certain certifications regarding the proposed transfer in the form of a board-adopted resolution. Additionally, both transfers require DWR's approval in the form of a contract between DWR and the buyer and seller (DWR Agreement).

Since the Santa Barbara County Flood Control and Water Conservation District (District) remains the party to the SWP contract with DWR, CCWA must request and obtain the District's execution of the DWR Agreement, on behalf of CCWA. Consistent with the Transfer of Financial Responsibility, CCWA indemnifies the District for all transfers and exchanges.

Attached to this report for the Board of Directors' consideration are proposed resolutions to: (a) approve the Casitas and Mojave transfers, (b) make the findings required by the Water Management Amendment for each transfer, and (c) provide direction to CCWA's Executive Director re the remaining steps required to finalize the transfers. Attached as exhibits to the resolutions are the applicable term sheets for both the Casitas and Mojave water purchases and the proposed indemnification agreements for the District.

RECOMMENDATION

That the CCWA Board of Directors approve the following:

1. Resolution No. 21-04: A Resolution of the Board of Directors of the Central Coast Water Authority Approving the 2021 Purchase of Supplemental State Water Project Water Supplies from the Mojave Water Agency
2. Resolution No. 21-05: A Resolution of the Board of Directors of the Central Coast Water Authority Approving the 2021 Purchase of Supplemental State Water Project Water Supplies from Casitas Municipal Water District

RAS

Attachments

Central Coast Water Authority
2021 Supplemental Water Purchase Program
 Summary of Available Supplies and Costs
 As of June 22, 2021

| 2021 CCWA SWPP SUMMARY OF AVAILABLE SUPPLIES | | | | | | | | |
|--|--------------------|--------------|---|---------------------|--|--|-----------------------------------|-----------------------------|
| | Delivery Goal (AF) | % Allocation | Total Estimated Available Water (AF) ⁽¹⁾ | Total Payments | Estimated Delivered Water After Losses (N/A) | Delivery Goal Minus Available Water ⁽²⁾ | Purchase Deposit Received by CCWA | Admin Fees Received by CCWA |
| La Cumbre Mutual Water Co. | 500 | 25% | 811 | \$ 499,450 | 675 | (175) | \$ 300,000 | \$ 5,000 |
| Santa Ynez ID#1 (for City of Solvang) ⁽³⁾ | 500 | 25% | 589 | \$ 339,700 | 480 | 20 | 250,000 | 4,000 |
| Carpinteria Valley Water District | 1,000 | 50% | 1,141 | \$ 1,091,700 | 1,131 | (131) | | |
| City of Guadalupe | 10 | 0.50% | 10 | \$ 10,000 | 10 | - | | |
| | 2,010 | 100% | 2,551 | \$ 1,940,850 | 2,296 | (286) | \$ 550,000 | \$ 9,000 |

(1) BEFORE carriage water losses

(2) Delivery goal minus NET delivered water AFTER estimated carriage losses of 25%

(3) On May 18, 2021, Solvang changed their "Delivery Goal" to 500 AF. However, for purposes of the following purchase opportunities, excluding the Mojave purchase, all available water will be allocated based on their original 400 AF delivery goal.

| SWC Dry Year Transfer Program | | | | | | |
|---------------------------------------|--------------------|--------------|-------------------------------------|-------------------|--|--|
| | Delivery Goal (AF) | % Allocation | Estimated Water (AF) ⁽¹⁾ | \$/AF | Estimated Delivered Water After Losses | Deposit Paid to CCWA (Excludes Admin Fees) |
| La Cumbre Mutual Water Co. | 500 | 56% | 157 | \$ 97,917 | 118 | 97,917 |
| Santa Ynez ID#1 (for City of Solvang) | 400 | 44% | 125 | \$ 78,333 | 94 | 78,333 |
| Carpinteria Valley Water District | - | 0% | - | \$ - | - | - |
| | 900 | 100% | 282 | \$ 176,250 | 212 | \$ 176,250 |

(1) Before carriage water losses estimated at 25%.

| Yuba Accord Purchase | | | | | | |
|---------------------------------------|--------------------|--------------|-------------------------------------|-------------------|--|--|
| | Delivery Goal (AF) | % Allocation | Estimated Water (AF) ⁽¹⁾ | \$/AF | Estimated Delivered Water After Losses | Deposit Paid to CCWA (Excludes Admin Fees) |
| La Cumbre Mutual Water Co. | 500 | 56% | 388 | \$ 155,333 | 291 | 155,333 |
| Santa Ynez ID#1 (for City of Solvang) | 400 | 44% | 311 | \$ 124,267 | 233 | 124,267 |
| Carpinteria Valley Water District | - | 0% | - | \$ - | - | - |
| | 900 | 100% | 699 | \$ 279,600 | 524 | \$ 279,600 |

(1) Before carriage water losses estimated at 25%.

| Casitas Municipal Water District | | | | | | | |
|---|--------------------|--------------|----------------------|-------------------|--|--|------------------|
| | Delivery Goal (AF) | % Allocation | Estimated Water (AF) | \$/AF | Estimated Delivered Water After Losses (N/A) | Deposit Paid to CCWA (Excludes Admin Fees) | Balance Due |
| La Cumbre Mutual Water Co. | 500 | 26% | 66 | \$ 46,200 | 66 | \$ 46,750 | \$ (550) |
| Santa Ynez ID#1 (for City of Solvang) | 400 | 21% | 53 | \$ 37,100 | 53 | \$ 47,400 | \$ (10,300) |
| Carpinteria Valley Water District | 1,000 | 53% | 131 | \$ 91,700 | 131 | \$ - | \$ 91,700 |
| | 1,900 | 100% | 250 | \$ 175,000 | 250 | \$ 94,150 | \$ 80,850 |

| Mojave Water Agency | | | | | | |
|---------------------------------------|--------------------|--------------|----------------------|---------------------|--|--|
| | Delivery Goal (AF) | % Allocation | Estimated Water (AF) | \$/AF | Estimated Delivered Water After Losses (N/A) | Deposit Paid to CCWA (Excludes Admin Fees) |
| La Cumbre Mutual Water Co. | 500 | | 200 | \$ 200,000 | 200 | \$ - |
| Santa Ynez ID#1 (for City of Solvang) | 500 | | 100 | \$ 100,000 | 100 | \$ - |
| Carpinteria Valley Water District | 1,000 | | 1,000 | \$ 1,000,000 | 1,000 | \$ - |
| City of Guadalupe | 10 | | 10 | \$ 10,000 | 10 | \$ - |
| | 2,010 | | 1,310 | \$ 1,310,000 | 1,310 | \$ - |

Allocation of the water from Mojave WA represents actual water requested from Mojave WA and is NOT allocated in proportion to the Delivery Goal.

RESOLUTION NO. 21-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COAST WATER AUTHORITY APPROVING THE 2021 PURCHASE OF SUPPLEMENTAL STATE WATER PROJECT WATER SUPPLIES FROM CASITAS MUNICIPAL WATER DISTRICT

Recitals

- A. The Central Coast Water Authority (“**CCWA**”) is a Joint Powers Agency formed pursuant to Government Code section 6500 et seq. and that certain Joint Exercise of Powers Agreement dated August 1, 1991, as amended.
- B. In 1963, following the voters’ 1960 approval of the California Water Resources Development Bond Act, the Santa Barbara County Flood Control and Water Conservation District (“**District**”) and the Department of Water Resources (“**DWR**”), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963 for the supply and delivery of State Water Project (“**SWP**”) water (“**State Water Contract**”).
- C. On November 12, 1991, the District and CCWA entered into the Transfer of Financial Responsibility Agreement whereby CCWA assumed full responsibility for all of the District’s obligations pursuant to the State Water Contract.
- D. CCWA entered into a series of “Water Supply Agreements” with various cities, water districts, and other water supply retailers who purchase and deliver SWP water to their customers, and other end users of SWP water, in Santa Barbara County (each a “**CCWA Participant**” and collectively, the “**CCWA Participants**”).
- E. On March 23, 2021, in light of developing drought conditions throughout California, DWR notified the parties that contract with DWR for SWP water (“**State Water Contractors**”) that SWP deliveries would be reduced to five percent of each State Water Contractor’s annual allocation of the SWP water supply for the upcoming water year. Accordingly, CCWA anticipates that its “Annual Table A Amount” of 45,486 acre-feet (AF) will be reduced for 2021 to as little as 2,275 AF. CCWA’s historical average annual delivery of SWP water is approximately 21,400 AF per year.
- F. Several CCWA Participants have notified CCWA of a current need for water to supplement their respective annual SWP water supplies. For that purpose, CCWA seeks to purchase of up to 250 AF of the 2021 Annual Table A Amount, as that term is defined in the State Water Contract, allocated to Casitas Municipal Water District, a State Water Contractor (“**Transfer**”).

- G. The terms and conditions of the proposed Transfer are described in the 2021 Water Transfer Letter Agreement between CCWA and CMWD (“**Agreement**”), a true and correct copy of which is attached hereto as **Exhibit A**.
- H. The State Water Contract, as amended by the Water Management Amendment, allows for transfers of Annual Table A Amount. CMWD has up to 250 AF of Annual Table A Amount available for transfer to CCWA in 2021.
- I. The Transfer is subject to the terms and conditions of the State Water Contract, as amended by the Water Management Amendment, and requires DWR’s approval. DWR’s approval of the Transfer is anticipated in the form of an agreement between DWR, the District and the MWA (“**DWR Agreement**”).
- J. La Cumbre Mutual Water Company, Carpinteria Valley Water District, and Santa Ynez River Conservation District - Improvement District No. 1 (on behalf of the City of Solvang) have executed binding purchase agreements with CCWA whereby each CCWA Participant has agreed to pay its pro rata share of all costs associated with the Transfer.
- K. By letter dated June 21, 2021, CCWA’s Executive Director transmitted a copy of the Agreement to the General Manager of the State Water Contractors Association and requested that the General Manager deliver the Agreement to all other State Water Contractors and to the Chair of the Water Transfers Committee of the State Water Contractors Association. By letter dated June 21, 2021, the General Manager of the State Water Contractors Association complied with CCWA’s request.
- L. Because the District remains the party to the State Water Contract for Santa Barbara County, CCWA will request the District’s execution of the DWR Agreement, on behalf of CCWA, pursuant to the Transfer of Financial Responsibility Agreement. CCWA will agree to indemnify the District from all liabilities associated with the DWR Agreement, as provided in the proposed Release, Assumption and Indemnification Agreement, a true and correct copy of which is attached hereto as **Exhibit B**.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The above recitals are true and correct and are incorporated herein as though set forth in full.

SECTION 2. As required by Article 57(g) of the State Water Contract, the Board of Directors finds:

- 1. CCWA has complied with all applicable laws.

2. CCWA has provided any required notices to public agencies and the public.
3. CCWA has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
4. CCWA is informed and believes that the Transfer will not harm other contractors.
5. CCWA is informed and believes that the Transfer will not adversely impact SWP operations.
6. CCWA is informed and believes that the Transfer will not affect its ability to make all payments, including payments when due under the State Water Contract for CCWA's share of the financing costs of the State's Central Valley Project Revenue Bonds.
7. CCWA has considered the potential impacts of the Transfer within its service area.

SECTION 3.

Based on the findings set forth herein, the Board of Directors approves the Transfer.

SECTION 4.

The Board of Directors authorizes the Executive Director to negotiate and make such non-substantive amendments to the Transfer as may be required to obtain DWR's approval of the Transfer.

Subject to the Executive Director's determination that the DWR Agreement is consistent with the Transfer, as described in the Term Sheet, the Board of Directors consents to the DWR Agreement.

This resolution constitutes complete and final agreement by CCWA to be bound by the terms of the DWR Agreement and this Resolution shall take effect upon the effective date of the DWR Agreement.

SECTION 5.

The Board of Directors authorizes the Executive Director to transmit the DWR Agreement, together with the proposed Release, Assumption and Indemnification Agreement, to the District for the District's execution and delivery of the DWR Agreement to DWR in accordance with the provisions of the Transfer of Financial Responsibility Agreement.

The Board of Directors further authorizes the Executive Director of the Authority to negotiate and make such non-substantive amendments to the proposed Release, Assumption and Indemnification Agreement as may be required to obtain the District's execution of the DWR Agreement.

PASSED, APPROVED AND ADOPTED on June _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair of the Board

ATTEST:

I hereby certify that the foregoing resolution was adopted at a regular meeting of the Central Coast Water Authority held on June ____, 2021.

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck LLP
General Counsel to the Central Coast Water Authority

Stephanie Osler Hastings

Exhibits:

- A. Agreement for Transfer of Table A Water between CCWA and CMWD
- B. Release, Assumption and Indemnification Agreement between CCWA and the Santa Barbara County Flood Control and Water Conservation District



May 27, 2021

Michael L. Flood, General Manager
Casitas Municipal Water District
1055 Ventura Ave.
Oak View, CA 93022

Subject: 2021 Water Transfer Agreement

Dear Mr. Flood,

This letter agreement ("Agreement") documents and confirms the agreement that has been reached between the Central Coast Water Authority, ("CCWA") and Casitas Municipal Water District ("CMWD") for a transfer of water from the State Water Project.

BACKGROUND AND PURPOSE

In Santa Barbara County, CCWA is responsible for the State Water Contract between the Santa Barbara County Flood Control and Water Conservation District (SBCFCWCD) and the Department of Water Resources (DWR). In Ventura County, a portion of the Table A Amount made available by the State Water Contract between the Ventura County Flood Control District (VCFCD) and DWR has been allocated to CMWD.

As of the date of this Agreement, the DWR has approved an allocation of water from the SWP to CCWA and CMWD of 5% of the Table A Amounts set forth in their respective State Water Project Contracts for calendar year 2021. For CCWA, that equals an allocation of 2,274 acre- feet (AF) that CCWA will receive from the SWP in 2021. CCWA's allocation for 2021 is not sufficient to satisfy CCWA's need for imported water in 2021. CMWD has surplus water available to it and has agreed to transfer up to 250 AF of CMWD's 2021 Annual Table A Amount, as that term is defined by the State Water Contract, to CCWA for delivery in 2021, subject to the terms and conditions hereinafter set forth ("Transfer").

TERMS AND CONDITIONS

Condition Precedent

DWR's written approval of the Transfer is a condition precedent to the effectiveness of this Agreement. CCWA and CMWD anticipate that DWR's approval will be provided in the form of a Change in Point of Delivery Agreement ("DWR Approval").

In the event of a conflict between the terms of this Agreement and the DWR Approval, the terms of the DWR Approval shall govern.

Water Transfer to CCWA

CMWD shall make available and CCWA shall take delivery of up to 250 AF of CMWD's Annual Table A Amount in 2021. By May 31, 2021, CMWD shall provide written notice to CCWA of the final quantity of Table A Amount to be made available to

Eric Friedman
Chairman

Ed Andrisek
Vice Chairman

Ray A. Stokes
Executive Director

Brownstein Hyatt
Farber Schreck
General Counsel

Member Agencies

City of Buellton

Carpinteria Valley
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water
Conservation District,
Improvement District #1

Associate Member

La Cumbre Mutual
Water Company

CCWA for delivery in 2021. Within 2 weeks of receiving written notice from CMWD of the total quantity of water made available to CCWA, CCWA shall provide notice to CMWD of the quantity of available water that CCWA would like to receive, up to the total amount made available. The Transfer will occur as provided in the DWR Approval. The point of delivery for the Transfer is Banks Pumping Plant.

Places of Use

The water delivered to CCWA in 2021 pursuant to this Agreement shall be used entirely within CCWA's service area.

Notice of Exemption

Because all of the water delivered to CCWA and to CMWD pursuant to this Agreement will be delivered through existing facilities, without the construction of additional facilities to effect such deliveries, CCWA and CMWD agree that the Transfer described herein constitutes a project that is exempt from CEQA pursuant to Sections 15061(b)(3) and 15301 of the State CEQA Guidelines. Furthermore, the Transfer, which is a temporary water transfer, qualifies for a Statutory Exemption under CEQA as follows: Section 15282 (u) Temporary changes in the point of diversion, place of use, of purpose of use due to a transfer or exchange of water or water rights as set forth in Section 1729 of the Water Code.

CCWA and CMWD each shall file, in their respective counties, a Notice of Exemption for the Transfer with the applicable County Clerk/Recorder.

Pricing and Transaction Costs

CCWA shall pay CMWD a rate of \$700 for every AF of water CCWA agrees to purchase from CMWD pursuant to the Transfer; payment shall be made within 30 days of the invoice date.

Additionally, CCWA shall be responsible for the DWR variable costs for the water delivered to CCWA.

Additionally CCWA shall be responsible for any administrative or other transactional costs charged by DWR for DWR's Approval and for the preparation and processing of such other approvals as may be necessary to affect the Transfer.

Notwithstanding the foregoing, CMWD and CCWA shall each be responsible for their own transaction costs, including but not limited to legal and consulting costs incurred in the preparation, review and implementation of this Agreement, the DWR Approval, and any other documents and approvals that may be required.

Cooperation

CCWA and CMWD each agrees to cooperate with each other to request and obtain the DWR Approval of the Transfer described in this Agreement and with the processing of such other documents and approvals as may be necessary to affect the Transfer described herein.

Costs of Defense

In the event of any legal action by a third party to challenge this Agreement and/or the water transfer described herein, CCWA and CMWD agree to cooperate in the defense thereof and to share equally in the costs of such defense, utilizing counsel mutually acceptable to the parties.

Force Majeure

In the event that an unavoidable event renders the performance of this Agreement impossible or infeasible, the parties hereto shall be excused from the performance thereof, with a corresponding refund or adjustment of the payments required herein as may be necessary to achieve financial equity as between the parties for that portion of the Agreement that cannot be performed; provided, however, that CCWA and CMWD shall first coordinate with DWR to determine whether alternate performance may be possible pursuant to an alternate schedule for completion of performance.

Authority

The undersigned representatives of CCWA and CMWD hereby represent that they are authorized to execute the Agreement for the party on whose behalf this Agreement is executed.

Notice

Written notice may be provided by either party to the other by first-class mail, postage prepaid, to the following addresses:

Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427
Attn: Ray A. Stokes, Executive Director

Casitas Municipal Water District
1055 Ventura Ave.
Oak View, CA 93022
Attn: Michael L. Flood, General Manager

If acceptable, sign below acknowledging your agreement to these terms and conditions.

Sincerely,



Ray A. Stokes
Executive Director

Michael L. Flood
Page 4 of 4
May 27, 2021

CASITAS MUNICIPAL WATER DISTRICT

By: 
Michael L. Flood, General Manager

Date: May 27, 2021

RELEASE, ASSUMPTION AND INDEMNIFICATION AGREEMENT
2021 Water Transfer: CCWA & Casitas Municipal Water District

THIS RELEASE, ASSUMPTION AND INDEMNIFICATION AGREEMENT (the “**Agreement**”) made as of [REDACTED], 2021, by and between Santa Barbara County Flood Control and Water Conservation District (the “**District**”) and the Central Coast Water Authority (“**CCWA**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions.

RECITALS:

- A. The District is party to a long-term water supply contract with the Department of Water Resources of the State of California (“**DWR**”) (“**Water Supply Contract**”) that provides for the delivery of water from the State Water Project (“**SWP**”) to Santa Barbara County.
- B. CCWA was formed by individual water providers located in the County of Santa Barbara pursuant to a joint exercise of powers agreement. In 1991, the District and CCWA entered into the Transfer of Financial Responsibility Agreement, which, among other things, obligates CCWA to accept responsibility for all financial obligations of the District under the Water Supply Contract. CCWA contracts with its member agencies and other water users (collectively, “**CCWA Participants**”) for the delivery of SWP to the CCWA Participants.
- C. On March 23, 2021, in light of developing drought conditions throughout California, DWR notified the parties that contract with DWR for SWP water (“**State Water Contractors**”) that SWP deliveries would be reduced to five percent of each State Water Contractor’s annual allocation of the SWP water supply for the upcoming water year.
- D. CCWA, on behalf of several CCWA Participants, currently needs water to supplement its annual SWP water supplies. For that purpose, CCWA seeks to purchase up to 250 acre-feet (“**AF**”) of the 2021 Annual Table A Amount, as that term is defined in the State Water Contract, allocated to Casitas Municipal Water District (“**CMWD**”), a State Water Contractor (“**Transfer**”). CMWD is headquartered in Ventura County and CMWD’s service area is in Ventura County.
- E. For Table A Water delivered to CCWA, CCWA shall pay CMWD a rate of \$700 per AF. Banks Pumping Plant shall be the point of transfer. The water is to be delivered and used entirely within CCWA’s service area by December 31, 2021.
- F. The terms and conditions of the proposed Transfer are described in the 2021 Water Transfer Letter Agreement between CCWA and CMWD (“**Agreement**”), a true and correct copy of which is attached hereto as **Exhibit A** and incorporated herein by this reference. The terms and conditions of the Transfer are further described in the agreement, **SWPAO #** [REDACTED], between the District, CMWD, and

DWR that provides DWR's approval of the Transfer ("**DWR Agreement**"), a true and correct copy of which is attached hereto as **Exhibit B** and incorporated herein by this reference.

- G. On [REDACTED], CCWA's Board of Directors adopted Resolution No. 2021-[REDACTED] approving the Transfer and agreeing to be bound by the DWR Agreement, a true and correct copy of which is attached hereto as **Exhibit C** and incorporated herein by this reference.
- H. On [REDACTED], in compliance with the California Environmental Quality Act, CCWA's Executive Director filed a Notice of Exemption for the Transfer with the Clerk of the Board in Santa Barbara and Ventura counties and with the State Clearinghouse in conformance with the procedures provided for the filing of such notices in the California Environmental Quality Act (CEQA) and the CEQA Guidelines.
- I. CCWA has requested that the District enter into the DWR Agreement with CMWD and DWR, it being the intent of the Parties that the District's rights and obligations under the DWR Agreement are entered into "on behalf of CCWA."
- J. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to the DWR Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated into the operative provisions of this Agreement by this reference, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

- 1. **Assignment.** Effective as of the effective date of the DWR Agreement, the District does hereby assign, transfer, and set over to CCWA, without recourse and without representation or warranty of any kind, all of the District's right, title and interest in, to and under the DWR Agreement and all liabilities and obligations of the District arising from or under the DWR Agreement.
- 2. **Assumption.** Effective as of the effective date of the DWR Agreement, CCWA accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the liabilities and obligations of the District arising from or under the DWR Agreement, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions placed on the District under the DWR Agreement. CCWA agrees to be bound by said DWR Agreement to the same extent as if it had been an original party to said instrument and accepts and agrees to perform all of the obligations of the District therein.

3. **Indemnification and Release.** CCWA hereby releases and forever acquits, discharges and holds harmless and shall indemnify the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses or disbursements of any kind (including reasonable attorneys' fees and costs) which may at any time be imposed on, incurred by or asserted against the District by CCWA, any of its affiliates or any third party, based on, resulting from, in any way relating to, in connection with or arising out of the DWR Agreement, excluding any such loss or damage to the extent caused by the active negligence, sole negligence, or willful misconduct of the District.
4. **Governing Law and Jurisdiction.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California.
5. **Waiver.** Any waiver or failure to declare a breach as a result of the violation of any term of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel or waiver by any Party to that term or condition.
6. **Counterparts.** The Parties may execute this Agreement in counterpart. The Parties agree to accept facsimile or PDF signatures as original signatures.
7. **Authorization.** Each signatory represents and warrants that he or she has the appropriate authorization to enter into this Agreement on behalf of the Party for whom he or she signs.
8. **Notices.** All communications or notices in connection with this Agreement shall be in writing and either hand-delivered or sent by U.S. first class mails, postage prepaid, or electronic mail followed by written notice sent by U.S. mails and addressed to the Parties as follows:

Santa Barbara County Flood Control
and Water Conservation District
Matthew Young, Water Agency
Manager
130 East Victoria Street, Suite 200
Santa Barbara, CA 93101-2019
Tel: (805) 568-3542
wateragency@cosbpw.net

Central Coast Water Authority
Ray Stokes, Executive Director
255 Industrial Way
Buellton, CA 93427-9565
Tel: (805) 697-5214
ras@ccwa.com

9. **Construction and Interpretation.** The Parties agree and acknowledge that the terms of this Agreement have been negotiated by the Parties and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such

instrument to be drafted, or in favor of the party receiving a particular benefit under this Agreement.

10. **Entire Agreement and Amendment.** This Agreement is the entire understanding of the Parties in respect of the subject matter hereof. There are no other promises, representations, agreements or warranties by any of the Parties. This Agreement may only be amended by a writing signed by all of the Parties. Each Party waives its right to assert that this Agreement was affected by oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

—Signatures follow on next page—

DISTRICT

SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

Water Agency Manager

APPROVED AS TO FORM:
County Counsel

By: _____
County Counsel

CCWA

CENTRAL COAST WATER AUTHORITY

Executive Director

APPROVED AS TO FORM:
General Counsel

By: _____
General Counsel

EXHIBIT A

Agreement

EXHIBIT B

DWR Agreement

Exhibit C

Resolution No. 2021- ████

RESOLUTION NO. 21-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COAST WATER AUTHORITY APPROVING THE 2021 PURCHASE OF SUPPLEMENTAL STATE WATER PROJECT WATER SUPPLIES FROM THE MOJAVE WATER AGENCY

Recitals

- A. The Central Coast Water Authority ("**CCWA**") is a Joint Powers Agency formed pursuant to Government Code section 6500 et seq. and that certain Joint Exercise of Powers Agreement dated August 1, 1991, as amended.
- B. In 1963, following the voters' 1960 approval of the California Water Resources Development Bond Act, the Santa Barbara County Flood Control and Water Conservation District ("**District**") and the Department of Water Resources ("**DWR**"), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963 for the supply and delivery of State Water Project ("**SWP**") water ("**State Water Contract**").
- C. On November 12, 1991, the District and CCWA entered into the Transfer of Financial Responsibility Agreement whereby CCWA assumed full responsibility for all of the District's obligations pursuant to the State Water Contract.
- D. CCWA entered into a series of "Water Supply Agreements" with various cities, water districts, and other water supply retailers who purchase and deliver SWP water to their customers, and other end users of SWP water, in Santa Barbara County (each a "**CCWA Participant**" and collectively, the "**CCWA Participants**").
- E. On March 23, 2021, in light of developing drought conditions throughout California, DWR notified the parties that contract with DWR for SWP water ("**State Water Contractors**") that SWP deliveries would be reduced to five percent of each State Water Contractor's annual allocation of the SWP water supply for the upcoming water year. Accordingly, CCWA anticipates that its "Annual Table A Amount" of 45,486 acre-feet will be reduced for 2021 to as little as 2,275 acre-feet. CCWA's historical average annual delivery of SWP water is approximately 21,400 acre-feet per year.
- F. Several CCWA Participants have notified CCWA of a current need for water to supplement their respective annual SWP water supplies. For that purpose, CCWA seeks to purchase of up to 1,310 acre-feet of "Article 56 Carryover Water," as that term is defined in the State Water Contract, from the Mojave Water Agency ("**MWA**"), a State Water Contractor, in 2021 ("**Transfer**").

- G. The terms and conditions of the proposed Transfer are described in the Term Sheet for a Transfer of Article 56 Carryover Water between CCWA and MWA (“**Term Sheet**”), a true and correct copy of which is attached hereto as **Exhibit A**.
- H. The State Water Contract, as amended by the Water Management Amendment, allows for transfers of up to fifty percent of a State Water Contractor’s Article 56 Carryover Water to another contractor for use in that contractor’s service area. MWA has Article 56 Carryover Water available for transfer to CCWA in 2021.
- I. **Carpinteria Valley Water District, La Cumbre Mutual Water Company, Santa Ynez Water Conservation District, Improvement District No. 1 (on behalf of the City of Solvang) and the City of Guadalupe**, have executed binding purchase agreements with CCWA whereby each CCWA Participant has agreed to pay its pro rata share of all costs associated with the Transfer.
- J. By letter dated June 21, 2021, CCWA’s Executive Director transmitted a copy of the Term Sheet to the General Manager of the State Water Contractors Association and requested that the General Manager deliver the Term Sheet to all other State Water Contractors and to the Chair of the Water Transfers Committee of the State Water Contractors Association. By letter dated June 21, 2021, the General Manager of the State Water Contractors Association complied with CCWA’s request.
- K. The Transfer is subject to the terms and conditions of the State Water Contract, as amended by the Water Management Amendment, and requires DWR’s approval. DWR’s approval of the Transfer is anticipated in the form of an agreement between DWR, the District and the MWA (“**DWR Agreement**”).
- L. Because the District remains the party to the State Water Contract for Santa Barbara County, CCWA will request the District’s execution of the DWR Agreement, on behalf of CCWA, pursuant to the Transfer of Financial Responsibility Agreement. CCWA will agree to indemnify the District from all liabilities associated with the DWR Agreement, as provided in the proposed Release, Assumption and Indemnification Agreement, a true and correct copy of which is attached hereto as **Exhibit B**.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1. The above recitals are true and correct and are incorporated herein as though set forth in full.

SECTION 2. As required by Article 57(g) of the State Water Contract, the Board of Directors finds:

1. CCWA has complied with all applicable laws.

2. CCWA has provided any required notices to public agencies and the public.
3. CCWA has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
4. CCWA is informed and believes that the Transfer will not harm other contractors.
5. CCWA is informed and believes that the Transfer will not adversely impact SWP operations.
6. CCWA is informed and believes that the Transfer will not affect its ability to make all payments, including payments when due under the State Water Contract for CCWA's share of the financing costs of the State's Central Valley Project Revenue Bonds.
7. CCWA has considered the potential impacts of the Transfer within its service area.

SECTION 3.

Based on the findings set forth herein, the Board of Directors approves the Transfer.

SECTION 4.

The Board of Directors authorizes the Executive Director to negotiate and make such non-substantive amendments to the Transfer as may be required to obtain DWR's approval of the Transfer.

Subject to the Executive Director's determination that the DWR Agreement is consistent with the Transfer, as described in the Term Sheet, the Board of Directors consents to the DWR Agreement.

This resolution constitutes complete and final agreement by CCWA to be bound by the terms of the DWR Agreement and this Resolution shall take effect upon the effective date of the DWR Agreement.

SECTION 5.

The Board of Directors authorizes the Executive Director to transmit the DWR Agreement, together with the proposed Release, Assumption and Indemnification Agreement, to the District for the District's execution and delivery of the DWR Agreement to DWR in accordance with the provisions of the Transfer of Financial Responsibility Agreement.

The Board of Directors further authorizes the Executive Director of the Authority to negotiate and make such non-substantive amendments to the proposed Release, Assumption and Indemnification Agreement as may be required to obtain the District's execution of the DWR Agreement.

PASSED, APPROVED AND ADOPTED on June _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair of the Board

ATTEST:

I hereby certify that the foregoing resolution was adopted at a regular meeting of the Central Coast Water Authority held on June ____, 2021.

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck LLP
General Counsel to the Central Coast Water Authority

Stephanie Osler Hastings

Exhibits:

- A. Term Sheet for a Transfer of Article 56 Carryover Water between CCWA and MWA
- B. Release, Assumption and Indemnification Agreement between CCWA and the Santa Barbara County Flood Control and Water Conservation District

RELEASE, ASSUMPTION AND INDEMNIFICATION AGREEMENT

THIS RELEASE, ASSUMPTION AND INDEMNIFICATION AGREEMENT (the “**Agreement**”) made as of March [REDACTED], 2020, by and between Santa Barbara County Flood Control and Water Conservation District (“**Santa Barbara**”) and the Central Coast Water Authority (“**CCWA**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions.

RECITALS:

- A. Santa Barbara has a long-term water supply contract with the Department of Water Resources of the State of California (“**DWR**”) (“**Water Supply Contract**”) that permits Santa Barbara to receive water supply, storage and conveyance services from the State Water Project (“**SWP**”), subject to DWR’s approval.
- B. CCWA is a joint powers agency, members of which are individual water purveyors located in the County of Santa Barbara. In 1991, Santa Barbara and CCWA entered into the Transfer of Financial Responsibility Agreement (“**TFRA**”), which, among other things, obligates CCWA to pay for all Water Supply Contract related costs.
- C. CCWA seeks to enter into an Exchange Program for 2020 (“**2020 Exchange Program**”) with the Mojave Water Agency (“**MWA**”), which will provide for a four-to-one (4:1) exchange of SWP water for the benefit of both agencies.
- D. MWA contracts with DWR for the delivery of SWP water to San Bernardino County. MWA is headquartered in San Bernardino County and MWA’s service area is in San Bernardino County.
- E. Under the 2020 Exchange Program, CCWA will purchase six thousand (1,000) acre-feet of MWA’s Table A SWP supply (“**Exchange Water**”). The Exchange Water will be delivered by DWR to CCWA pursuant to the Santa Barbara SWP contract. In exchange, on or before December 31, 2030, CCWA will return one two hundred and fifty (250) acre-feet to MWA (“**Return Water**”). The Return Water will be delivered by DWR to MWA pursuant to the MWA SWP contract. Under this 2020 Exchange Program, CCWA will provide one (1) acre-foot for every four (4) acre-feet of Table A SWP water that MWA delivers to CCWA in 2020.
- F. The terms and conditions of the proposed exchange are described in the December 9, 2019 Letter of Intent between MWA and CCWA. The terms and conditions of the proposed exchange were superseded in part by CCWA’s request for approval from DWR as set forth in CCWA’s February 6, 2020 Contact

Information Form. The Letter of Intent and Contact Information Form for the 2020 Exchange Program are attached hereto as **Exhibit A** and incorporated herein.

- G. The terms and conditions of the proposed exchange are further described in the letter agreement, SWPAO # 20004, between Santa Barbara, MWA, and DWR, attached hereto as **Exhibit B**, incorporated herein, and referred to herein as the **“Exchange Agreement.”**
- H. CCWA has requested that Santa Barbara enter into the Exchange Agreement with MWA and DWR, it being the intent of the Parties that Santa Barbara’s rights and obligations under the Exchange Agreement are entered into “on behalf of CCWA.”
- I. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to the Exchange Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated into the operative provisions of this Agreement by this reference, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

- 1. **Assignment.** Effective as of the effective date of the Exchange Agreement, Santa Barbara does hereby assign, transfer, and set over to CCWA, without recourse and without representation or warranty of any kind, all of Santa Barbara’s right, title and interest in, to and under the Exchange Agreement and all liabilities and obligations of Santa Barbara arising from or under the Exchange Agreement.
- 2. **Assumption.** Effective as of the effective date of the Exchange Agreement, CCWA accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the liabilities and obligations of Santa Barbara arising from or under the Exchange Agreement, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions of Santa Barbara under the Exchange Agreement. CCWA agrees to be bound by said Exchange Agreement to the same extent as if it had been an original party to said instruments and accepts and agrees to perform all of the obligations of Santa Barbara therein.
- 3. **Indemnification and Release.** CCWA hereby releases and forever acquits, discharges and holds harmless and shall indemnify Santa Barbara from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions,

judgments, suits, costs, expenses or disbursements of any kind (including attorneys' fees and costs) which may at any time be imposed on, incurred by or asserted against Santa Barbara by CCWA, any of its affiliates or any third party, based on, resulting from, in any way relating to, in connection with or arising out of the Exchange Agreement.

4. **Governing Law and Jurisdiction.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.
5. **Waiver.** Any waiver or failure to declare a breach as a result of the violation of any term of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel or waiver by any Party to that term or condition.
6. **Counterparts.** The Parties may execute this Agreement in counterpart. The Parties agree to accept facsimile or PDF signatures as original signatures.
7. **Authorization.** Each signatory represents and warrants that he or she has the appropriate authorization to enter into this Agreement on behalf of the Party for whom he or she signs.
8. **Notices.** All communications or notices in connection with this Agreement shall be in writing and either hand-delivered or sent by U.S. first class mails, postage prepaid, or electronic mail followed by written notice sent by U.S. mails and addressed to the Parties as follows:

Santa Barbara County Flood Control and Water Conservation District
Fray Crease, Water Agency Manager
130 East Victoria Street, Suite 200
Santa Barbara, CA 93101-2019
Tel: (805) 568-3542
fcrease@cosbpw.net

Central Coast Water Authority
Ray Stokes, Executive Director
255 Industrial Way
Buellton, CA 93427-9565
Tel: (805) 697-5214
ras@ccwa.com

9. **Construction and Interpretation.** The Parties agree and acknowledge that the terms of this Agreement have been negotiated by the Parties and the language

used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument to be drafted, or in favor of the party receiving a particular benefit under this Agreement.

10. **Entire Agreement and Amendment.** This Agreement is the entire understanding of the Parties in respect of the subject matter hereof. There are no other promises, representations, agreements or warranties by any of the Parties. This Agreement may only be amended by a writing signed by all of the Parties. Each Party waives its right to assert that this Agreement was affected by oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

– signatures follow on next page –

DISTRICT

SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

Director of Public Works

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

By: _____
Deputy County Counsel

CCWA

CENTRAL COAST WATER AUTHORITY

Executive Director

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck, LLP

By: _____
Stephanie Hastings, Esq.

EXHIBIT A

**MWA-CCWA Letter of Intent
and
Contract Information Form**

EXHIBIT B

Exchange Agreement

**TERM SHEET FOR A TRANSFER OF ARTICLE 56 CARRYOVER WATER
BETWEEN
MOJAVE WATER AGENCY AND CENTRAL COAST WATER AUTHORITY**

1. Recitals

- a. Mojave Water Agency (“MWA”) and Central Coast Water Authority (“CCWA”) each have water supply contracts with the California Department of Water Resources (“DWR”) for water from the State Water Project (“SWP”).
- b. DWR has implemented the Water Management Contract Amendment to the SWP Water Supply Contracts, which allows for transfers of up to fifty percent of a contractor’s Article 56 Carryover Water to another contractor for use in that contractor’s service area pursuant to Article 56(c)(4).
- c. Given the 2021 SWP allocation of 5%, CCWA is anticipating the need of additional surface water in 2021 to meet its projected demands.
- d. MWA has a portion of its Article 56 Carryover Water available for delivery to CCWA in 2021; on January 1, 2021, MWA had 41,348 acre-feet (AF) of Article 56 Carryover Water.
- e. Transfer of Article 56 Carryover Water contemplated under this term sheet satisfies the criteria under Article 57(d) of MWA’s and CCWA’s Water Supply Contracts.

2. Principles for Agreement

- a. MWA will make available up to 1,310 AF of MWA’s Article 56 Carryover Water for transfer to CCWA in 2021.
- b. CCWA shall pay MWA a rate of \$1,000 for every AF of water made available by MWA; payment would be made within 30 days of the invoice date.
- c. Transfer of MWA’s Article 56 Carryover Water to CCWA will occur as soon as an agreement with DWR that incorporates the terms of this Term Sheet is executed; the point of transfer is San Luis Reservoir, and the transfer will occur by means of a recalculation of MWA’s and CCWA’s respective Article 56 Carryover Water storage balances in San Luis Reservoir.
- d. Pursuant to Article 56(c)(4)(iv) of CCWA’s Water Supply Contract, CCWA recognizes that Article 56 Carryover Water transferred from MWA to CCWA under this agreement is to be delivered and used within CCWA’s service area by December 31, 2021, unless an exception is approved by DWR pursuant to Article 56(c)(4)(v); MWA is not responsible for water transferred under this agreement that is not delivered to CCWA.

- e. CCWA shall be responsible for the SWP delivery costs for the water delivered to CCWA.
- f. MWA will assist CCWA with the request to DWR for approval of the transfer.
- g. MWA and CCWA shall each be responsible for their respective compliance with the California Environmental Quality Act (CEQA). MWA and CCWA have each, in their own discretion, determined that the transfer described in this Term Sheet is exempt from CEQA. Accordingly, each party shall be responsible for preparing and filing its own Notice of Exemption as may be required.
- h. By execution of an agreement between MWA and CCWA that incorporates the terms of this Term Sheet, MWA and CCWA confirm compliance with Article 57(g) of their respective Water Supply Contracts related to this transfer.
- i. This term sheet memorializes the prospective terms, as negotiated and agreed upon by the parties. It does not bind the parties or commit them to any definite course of action without first complying with any applicable requirements under CEQA and upon final execution of an agreement with DWR that incorporates the terms of this Term Sheet. This term sheet does not restrict the parties from considering any alternatives, including a "no-action" alternative, or from requiring any feasible mitigation measures regarding any potential water transfer between them. The parties' execution of this term sheet does not constitute issuing an approval for any transfer of water between them.
- j. MWA and CCWA shall each be responsible for their own internal and/or transaction costs.

Terms acknowledged and agreed to by:

Mojave Water Agency:

Central Coast Water Authority:

Date: 06/14/2021

Date: 6-21-21



Kathryn A. Cornner, General Manager



Ray Stokes, Executive Director