



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

October 16, 2020

**TO:** CCWA Board of Directors

**FROM:** Ray A. Stokes  
Executive Director

**SUBJECT:** Consider Resolution No. 20-02 Approving Amendment 6 to the 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 Contract Under the Dry Year Water Purchase Program SWPAO NO. 20-826

---

#### SUMMARY AND BACKGROUND

In 2008, the State Water Resources Control Board approved Water Right Order WR 2008-0025 adopting the Yuba River Fisheries Agreement flow standards for the Yuba River which also allowed Yuba County Water Agency (YCWA) to transfer up to 200,000 acre-feet of water in any year to the State and Federal projects. In December 2007, the Department of Water Resources (DWR) entered into a Water Purchase Agreement with Yuba County Water Agency (YCWA) for implementing the Yuba River Accord (Accord), and executed agreements with 22 Participating Contractors for sharing of dry year water available under the Accord agreements (Yuba Water Purchase Program).

On September 29, 2014, DWR concluded negotiations with YCWA on the pricing of water to be made available by YCWA after September 30, 2015, as required by the Water Purchase Agreement. The new terms were embodied in Amendment 5 to the Water Purchase Agreement and conforming Amendments 5 to the agreements between DWR and the Participating Contractors (Participation Agreements). Although the Santa Barbara County Water Flood Control and Water Conservation District (District) and CCWA did not participate in the Yuba Water Purchase Program initially, in 2014, DWR offered participation in the program to all contractors who had not previously participated, and on September 25, 2014, CCWA's Board of Directors approved participation in the program and on January 8, 2015 the District, on behalf of CCWA, executed the Participation Agreement, as amended by Amendment 5.

The term of the Water Purchase Agreement is through December 31, 2025. However, the Water Purchase Agreement requires that the purchase price of the water offered by YCWA must be renegotiated in 2020. DWR and YCWA have negotiated a new pricing structure for the period October 1, 2020 through September 20, 2025, which is reflected in a new amendment to the Water Purchase Agreement and a corresponding amendment (Amendment 6) to DWR's Participation Agreements with each of the contractors, including CCWA.

Attached to this staff report is Resolution 20-02 approving Amendment 6 to the Participation Agreement. Amendment 6 to the Participation Agreement is attached as Exhibit A to the resolution.

## DISCUSSION

Generally, the Water Purchase Agreement allows the participating contractors to decide on an annual basis (depending on the water availability from YCWA), whether to purchase water under the various "components" of water. Pursuant to the terms of the Participation Agreement, the participating contractors are required to purchase the water that has been made available to them by YCWA. However, in the history of the program, there has never been an instance of contractors being allocated water they did not want. In other words, the demand for the water from YCWA always exceeds the available water, and so the risk that CCWA would be required to purchase additional water it does not need or want is very low.

Annually, YCWA will notify DWR of the water available under the various components of the program and then participating contractors will request the available water based on their allocated share in proportion to their Table A amounts. Water available to contractors who are eligible to receive water but decline to purchase in a year is made available to the other contractors wanting to purchase the water.

Amendment 6 primarily modifies pricing of the water made available by the program. The following table summarizes the changes.

YEAR TYPE	Proposed Price Schedule		Current Water Purchase Agreement Pricing	
	C1, C3 \$/AF	C2 \$/AF	C1, C3 \$/AF	C2\$/AF
Wet	64	51	50	
Above Normal	128	102	100	
Below Normal	191	153	150	
Dry	255	204	200	160
Critical	383	306	300	240
Sequential Dry/Critical	447	358	350	280
Long-Term Average			165	231

Although CCWA has participated in this program since 2015, it has never purchased any water from the program. In 2015, DWR agreed to provide a \$10 million advance to YCWA to cover its expenses which was paid by a few of the participating SWC contractors. Those contractors, including CCWA, that did not contribute to the \$10 million deposit are required to pay interest to the contractors that did pay the deposit. For CCWA, this has averaged around \$2,500 per year. Therefore, the cost of participating in the program is small.

Amendment 6, and the new pricing, becomes effective when all participating contractors who elect to participate beyond December 31, 2020 have executed the amendment and DWR and YCWA have executed the corresponding amendment to the Water Purchase Agreement. If CCWA wants to withdraw from the program, CCWA should not approve Amendment 6 and we will no longer be a participant in the program.

## **CONCLUSION**

While CCWA has yet to purchase any water from the YCWA Dry Year Water Purchase Program, staff believe it is advantageous to continue participating in the program as it provides an additional source of water should one or more CCWA project participants need additional water supplies to meet their needs. Additionally, because the annual cost of participating in the program is around \$2,500 per year for interest on the \$10 million deposit, the cost of continuing to participate in the program is small.

## **CEQA**

Pursuant to the authority delegated to Staff pursuant to CCWA Resolution No. 15-01 (CCWA CEQA Guidelines), Staff has determined that this action is exempt from CEQA.

## **RECOMMENDATION**

CCWA staff recommends that the CCWA Board of Directors:

1. Approve continued participation in the YCWA Water Purchase Agreement at the revised pricing terms (see Resolution No. 20-02);
2. Authorize the Executive Director to transmit Amendment No. 6 to the District for the District's execution and delivery of Amendment No. 6 to DWR in accordance with the provisions of the Transfer of Financial Responsibility Agreement between CCWA and the District; and
3. Authorize the Executive Director to execute any documentation necessary for CCWA's continued participation in the Yuba Program, including but not limited to executing a Release, Assumption and Indemnification Agreement with the District.

RAS

## **Attachments**

Resolution 20-02 approving Amendment 6 to the Participation Agreement  
Exhibit A: Amendment 6 To The 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. 20-826

**RESOLUTION NO. 20-02**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE CENTRAL COAST WATER AUTHORITY  
APPROVING AMENDMENT 6 TO THE 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. 20-826**

**WHEREAS**, Central Coast Water Authority (“Authority”) is a joint powers agency duly organized and existing pursuant to the Joint Exercise of Powers Act, commencing with California Government Code section 6500. Authority owns, operates and maintains water conveyance, storage and treatment facilities to deliver water from California’s State Water Project to cities, water districts and other water purveyors and users in Santa Barbara County; and

**WHEREAS**, under the December 4, 2007 “Agreement for the Long-Term Purchase of Water from Yuba County Water Agency by the Department of Water Resources” (“Yuba Water Purchase Agreement”), the Yuba County Water Agency (“YCWA”) makes surface water available for delivery and purchase by the Department of Water Resources (“DWR”); and

**WHEREAS**, in 2007 and 2008, State Water Project (“SWP”) contractors and the San Luis & Delta-Mendota Water Authority entered into agreements with DWR for the purchase and delivery of water made available under the Yuba Water Purchase Agreement; and

**WHEREAS**, on September 4, 2014, upon motion and approval, the Authority Board of Directors (“Board”) authorized participation in the “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 Project” (“Participation Agreement”) for the purchase and delivery of water made available under the Yuba Water Purchase Agreement and the Santa Barbara County Flood Control and Water Conservation District (“District”) executed the Participation Agreement on January 8, 2015 on the Authority’s behalf in accordance with the provisions of the Transfer of Financial Responsibility Agreement between the Authority and the District; and

**WHEREAS**, the term of the Yuba Water Purchase Agreement is through December 31, 2025, or when all obligations thereunder have been satisfied, whichever is later, unless it is terminated early; and

**WHEREAS**, under Section 26 of the Yuba Water Purchase Agreement, the current pricing structure for water made available expires on September 30, 2020; and

**WHEREAS**, Section 15 of the Yuba Water Purchase Agreement authorizes DWR and YCWA, in coordination with participating SWP contractors to negotiate a new pricing structure that established new pricing for the period between October 1, 2020 through

September 30, 2025 that was incorporated into the Yuba Water Purchase Agreement by the seventh amendment to that agreement; and

**WHEREAS**, DWR desires to amend the Participation Agreement to conform with the changes made by amendment to the Yuba Water Purchase Agreement through Amendment 6 to the Participation Agreement (“Amendment 6”); and

**WHEREAS**, Authority desires to enter into Amendment 6 to continue to have the option to purchase water made available by the Yuba Water Purchase Agreement as supplemental water supply; and

**WHEREAS**, Pursuant to the authority delegated to him pursuant to Resolution 15-01 adopting guidelines for implementing CEQA, the Executive Director of the Authority has determined that the Board’s approval of the Amendment 6 is exempt from the CEQA; and

**WHEREAS**, as contained herein, Authority has endeavored in good faith to set forth the basis for its decision on Amendment 6.

**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.**

Based on the findings set forth herein, the Board of Directors approves Amendment 6, which is attached hereto and incorporated herein as Exhibit “A.” This resolution constitutes complete and final agreement by Authority to be bound by the terms of Amendment 6 and this Resolution shall take effect immediately.

**SECTION 3.**

The Board of Directors hereby authorizes the Executive Director to transmit Amendment 6 to the District for the District’s execution and delivery of Amendment 6 to DWR in accordance with the provisions of the Transfer of Financial Responsibility Agreement between the Authority and the District, and to execute any associated agreements that may be required to implement the Board’s approval of Amendment 6, including but not limited to executing a Release, Assumption and Indemnification Agreement with the District.

The documents and materials that constitute the record of proceedings for this Resolution are located at Central Coast Water Authority, 255 Industrial Way, Buellton, California 93427.

I certify that the foregoing Resolution No. 20-02 was adopted by the Board of Directors of the Central Coast Water Authority at a meeting held October 22, 2020.

\_\_\_\_\_  
Eric Friedman, Chairman

[Seal]

Attest:

\_\_\_\_\_  
Elizabeth Watkins  
Secretary to the Board of Directors

	VOTING PERCENTAGE	AYE	NAY	ABSTAIN	ABSENT
City of Buellton	2.21%	_____	_____	_____	_____
Carpinteria Valley Water District	7.64%	_____	_____	_____	_____
Goleta Water District	17.20%	_____	_____	_____	_____
City of Guadalupe	1.15%	_____	_____	_____	_____
Montecito Water District	9.50%	_____	_____	_____	_____
City of Santa Barbara	11.47%	_____	_____	_____	_____
City of Santa Maria	43.19%	_____	_____	_____	_____
Santa Ynez River Water Conservation District, Improvement District No. 1	7.64%	_____	_____	_____	_____

APPROVED AS TO FORM:

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

\_\_\_\_\_  
Stephanie Osler Hastings

**Exhibit:**

- A. Amendment 6 to the 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. 20-826

**STATE OF CALIFORNIA**  
**THE RESOURCES AGENCY**  
**DEPARTMENT OF WATER RESOURCES**  
  
**AND**  
  
**SANTA BARBARA COUNTY FLOOD CONTROL**  
**AND WATER CONSERVATION DISTRICT**  
  
**AMENDMENT 6 TO THE**  
**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. 20-826**

THIS AMENDMENT 6 (Amendment) to the January 8, 2015 “Agreement for the Supply and Conveyance of Water by the Department of Water Resources of the State of California Under the Dry Year Water Purchase Program” (Participation Agreement, or Agreement) is entered into as of \_\_\_\_\_ 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.” Unless otherwise provided in this Amendment, the definitions in the Agreement, the Yuba Water Purchase Agreement, and the exhibits to that agreement shall apply to this Amendment.

## RECITALS

- A. Under the December 4, 2007 “Agreement for the Long-Term Purchase of Water from Yuba County Water Agency by the Department of Water Resources” (Yuba Water Purchase Agreement), Yuba County Water Agency (Yuba) makes surface water available for delivery and purchase by DWR, some of which is made available through substitution of groundwater for surface flows that would otherwise be used by a number of water districts within Yuba County (Member Units).
- B. In 2007 and 2008, 21 State Water Project (SWP) Contractors and the San Luis & Delta-Mendota Water Authority (“AUTHORITY”) entered into agreements with DWR for the purchase and delivery of the water made available under the Yuba Water Purchase Agreement (cumulatively referred to as the Participation Agreements). In 2014, two additional Participating Contractors entered into Participation Agreements. The Participating SWP Contractors and the AUTHORITY are jointly referred to as “Participating Contractors”.
- C. The Parties amended the Agreement in 2009 (Amendment No. 1 and Amendment No. 2), 2010 (Amendment No. 3), 2012 (Amendment No. 4), and December 2014 (Amendment No. 5).
- D. The term of the Yuba Water Purchase Agreement is through December 31, 2025, or when all obligations thereunder have been satisfied, whichever is later, unless it is terminated earlier.
- E. Under Section 26 of the Yuba Water Purchase Agreement, the current pricing structure for water made available expires on September 30, 2020.
- F. In accordance with Section 15 of the Yuba Water Purchase Agreement, DWR and Yuba, in coordination with representatives of the Participating Contractors, negotiated a new pricing structure that establishes new pricing for the period from October 1, 2020 through September 30, 2025 that was incorporated into the Yuba Water Purchase Agreement by the seventh amendment to that agreement.
- G. In light of the new pricing agreement reflected in the seventh amendment to the Yuba Water Purchase Agreement, the parties to the Participation Agreements desire to amend their respective Participation Agreements to conform with changes made by that amendment. This sixth amendment to the Participation Agreement shall be referred to in this Amendment as “Amendment 6”.

**AMENDMENT 6 to the Participation Agreement**

**Now Therefore**, the Parties hereby amend the Participation Agreement as follows:

**1. EFFECTIVE DATE OF AMENDMENT**

Amendment 6 to the Participation Agreement shall take effect when all of the following have occurred: (i) execution by the Parties; (ii) execution of the same or substantively similar amendments by DWR and all other Participating Contractors that elect to participate beyond December 31, 2020; and (iii) execution of the seventh amendment to the Yuba Water Purchase Agreement by DWR and Yuba.

**2. SECTION 2.B, “TERM OF THE AGREEMENT”, is amended to read as follows:**

“B. Notwithstanding Subparagraph A, the Parties may terminate the Participation Agreement on December 31, 2025, if they fail to amend the Participation Agreement pursuant to Section 3.B.5 and as necessary to address amendments made to the Yuba Water Purchase Agreement regarding the quantity and pricing of Water to be made available by Yuba after September 30, 2025 pursuant to Section 15 of the Yuba Water Purchase Agreement.

**3. CHANGES TO SECTION 3, “PURCHASED WATER”**

**a. Section 3.B, “TYPES AND PRICES OF PURCHASED WATER”, is amended to read as follows:**

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, provided that, the first increment of Delivered Transfer Water provided on or after October 1, 2020, will be paid for according to the pricing schedule listed in Amendment 5 of this Agreement (which is \$50 in a Wet Water Year, \$100 in an Above-Normal Water Year, \$150 in a Below-Normal Water Year, \$200 in a Dry Water Year, \$300 in a Critical Water Year and \$350 in a Consecutive Dry Water Year), which payment will be applied as a credit against the remaining balance of the advance deposit of \$20 million (provided for in Amendment 5), until full crediting of the \$20 million advance deposit, at which time the pricing under this Amendment will be used.

**b. Section 3.B.1.a, “COMPONENT 1 WATER”, is amended to read as follows:**

- “a. For Component 1 Water that is accounted for as Purchased Water and made available to the AGENCY, the AGENCY will pay:
- i. \$64 per acre-foot in a Wet Year;
  - ii. \$128 per acre-foot in an Above Normal Year;

- iii. \$191 per acre-foot in a Below Normal Year;
- iv. \$255 per acre-foot in a Dry Year, except as provided in subsection vi;
- v. \$383 per acre-foot in a Critical Year, except as provided in subsection vi;
- vi. \$447 per acre-foot in two or more consecutive Final Classification Dry Years (or a Dry Year following a Critical Year) or in two or more consecutive Final Classification Critical Years (or a Critical Year following a Dry Year).
- vii. Notwithstanding subsections i-vi, in any year in which Yuba's Third-Party Transfer of up to 10,000 acre-feet of Storage Component water under Section 11 of the Yuba Water Purchase Agreement reduces the quantity of Component 2 Water available to the AGENCY, the price for Component 1 Water will reflect the reductions specified in Section 11.F.2 of such agreement."

**c. Section 3.B.2, "COMPONENT 2 WATER", is amended to read as follows:**

"For Component 2 Water that is accounted for as Purchased Water and made available to the AGENCY, the AGENCY will pay 80 percent of the amounts in Section 3.B.1, as amended."

**d. Section 3.B.3, "COMPONENT 3 WATER", is amended to read as follows:**

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

- a. \$64 per acre-foot in a Wet Year;
- b. \$128 per acre-foot in an Above Normal Year;
- c. \$191 per acre-foot in a Below Normal Year;
- d. \$255 per acre-foot in a Dry Year, except as provided in subsection f;
- e. \$383 per acre-foot in a Critical Year, except as provided in subsection f;
- f. \$447 per acre-foot in two or more consecutive Final Classification Dry Years (or a Dry Year following a Critical Year) or in two or more consecutive Final Classification Critical Years (or a Critical Year following a Dry Year)."

**e. Section 3 is amended to add Section 3.B.7, "Price for Fall Delivered Water:**

"Component 1, 2, 3, and 4 Water that is accounted as delivered in the months of October and November will be priced using the determination of Water Year that was in effect prior to September 30<sup>th</sup> of that year."

**4. NO OTHER CHANGES**

All remaining provisions of the Agreement that are not changed by this Amendment will remain in full force and effect. Nothing in this Amendment affects the payment provisions of the Agreement through September 30, 2020.

**5. COUNTERPARTS OF THE AGREEMENT**

This Amendment 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 Amendment, if executed in counterparts, will be valid and binding on a Party as if fully executed all in one copy.

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

Approved as to legal form  
and sufficiency:

STATE OF CALIFORNIA  
DEPARTMENT OF WATER RESOURCES

\_\_\_\_\_  
Spencer Kenner  
Chief Counsel

\_\_\_\_\_  
Ted Craddock  
Deputy Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to legal form  
and sufficiency:

SANTA BARBARA COUNTY  
FLOOD CONTROL AND  
WATER CONSERVATION DISTRICT

\_\_\_\_\_  
Name  
Counsel

\_\_\_\_\_  
Matt Young  
Water Resources Program Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date