

CASITAS MUNICIPAL WATER DISTRICT
EXECUTIVE COMMITTEE

Agenda

Kaiser/Baggerly

September 13, 2019 - 10:00 A.M.

District Office

1055 Ventura Ave.

Oak View, CA 93022

1. Roll Call
2. Public Comments
3. Board Comments
4. General Manager Comments
5. Update on the Draft Open Space Agreement between Casitas Municipal Water District and United States of America Department of the Interior Bureau of Reclamation.
6. Review and Discussion of the California State Water Project Contract Extension.
7. Discussion of Administration Building Parking Enhancements.
8. 2019 Board of Director Priority List Update.
9. Review and Discussion of United Water Conservation District Term Sheet for Purchases of Casitas MWD's 2019 State Water Project Table A Water Supply.

Right to be heard: Members of the public have a right to address the Board directly on any item of interest to the public which is within the subject matter jurisdiction of the Board. The request to be heard should be made immediately before the Board's consideration of the item. No action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of §54954.2 of the Government Code. If you require special accommodations for attendance at or participation in this meeting, please notify our office in advance (805) 649-2251 ext. 113. (Govt. Code Section 65954.1 and 54954.2(a). Please be advised that members of the Board of Directors of Casitas who are not members of this standing committee may attend the committee meeting referred to above only in the capacity of observers, and may not otherwise take part in the meeting. (Govt. Code Sections 54952.2(c)(6)

CASITAS MUNICIPAL WATER DISTRICT

Date: September 9, 2019

To: Executive Committee

From: Carol Belser, Park Services Manager

Subject: Open Space Agreement between Casitas Municipal Water District and United States of America Department of the Interior Bureau of Reclamation

RECOMMENDATION

It is recommended that the Executive Committee continue to review, discuss and comment on the September 2019 Draft (Attachment A), First Amendment to the October 7, 2011 Lake Casitas Recreation Area Management Agreement Contract 11-LC-20-0216 (Attachment B), for inclusion of an Open Space agreement between Casitas Municipal Water District and the United States Department of the Interior Bureau of Reclamation.

BACKGROUND

The United States Department of the Interior Bureau of Reclamation (Reclamation) entered into an agreement with Casitas Municipal Water District (District) Contract 8-07-20-L0530 “Interim Agreement Between the United States of America and Casitas Municipal Water District for Management of Ventura River Open Space Lands” in 1978, Attachment C. Over the years, Reclamation and the District have intended to update the interim agreement and have had numerous discussions without conclusion.

Separately, but interrelated to the 1978 interim agreement, the District established rules and regulations in Ordinance 81-2 “An Ordinance of the Casitas Municipal Water District Establishing Rules and Regulations for the Management of the Charles M. Teague Memorial Watershed” (Attachment D). The 81-2 Ordinance, Attachment D, is antiquated and discussion for recommended updates will be forthcoming.

Reclamation contracts with the US Forest Service for law enforcement activities, and the District’s Recreation Department staff regularly patrol the lands and provide Reclamation with on-site real time information such as with the Thomas Fire and subsequent damage. District staff are also in regular communication with Ventura County and US Forest Service law enforcement branches on situations and issues related to the open space lands.

At the August 9, 2019 Executive Committee, a July 2019 Draft was reviewed and staff received the Committee’s comments. Those comments were presented to Reclamation during a conference call on August 23, 2019.

DISCUSSION

The Executive Committee expressed concern over future recreation/public activities in the open space. Reclamation officially closed the subject lands to the public under the authority of the Code of Regulations Title 43, Part 423.12. (a) (1-4). in 2015. Aligning of the open space management to

the Recreation Management Agreement through an amendment, will not require recreation enhancements in the open space because the lands are closed to the public. The updated language on page 2 of Attachment A, now states that authorization must be mutually provided by both Reclamation and the District for any activities in the open space lands. These activities may be, for example, allowing fire suppression equipment such as a temporary use of the area for a helipad, temporary emergency command centers, or other related health and safety activities in compliance with the Resource Management Plan Final Environmental Impact Statement and Record of Decision, Attachment E.

The Executive Committee also requested further clarification on the funding support from Reclamation to manage the open space. The current 1978 agreement states that the United States will reimburse Casitas from funds appropriated pursuant to Title IV of the Act of October 27, 1974 for costs and expenses by the District for “removal of improvements, structures and facilities and/or clean-up of the open space lands approved by the Contracting Officer.” Note: the Contracting Officer is the Regional Director Mid-Pacific Region Bureau of Reclamation. However, there is no record of the District ever receiving funding support for open space management prior to the Assistance Agreement R15AP00018 awarded June 23, 2015. Assistance Agreement R15AP00018 is amount specific, virtually matching, grant with costs paid by the District’s Recreation Department (\$50,708.00) and shared costs paid by Reclamation (\$49,755.00) for field patrol and fence mending. The funds of R15AP00018 are depleted and the agreement expires December 31, 2019. If new funding becomes available for patrol and fence mending it would be possible to receive funding support through a new Assistance Agreement since the Recreation Management Agreement Contract 11-LC-20-0216, identifies cost sharing in item #4.

The September 2019 Draft, Attachment A, as presented, is a second draft for discussion for an agreement that is compatible with the District’s responsibility, resources and authority. The September 2019 Draft is the result of Reclamations response to the Committee’s suggestions and changes from the July 2019 draft are highlighted in yellow.

Attachments:

- A) Draft September 2019 First Amendment to the Management Agreement Between the United States of America and Casitas Municipal Water District for the Administration, Operation, Maintenance and Development of Recreation Uses and Facilities at Lake Casitas to include Management of the Open Space Lands
- B) Recreation Management Agreement Contract No. 11-LC-20-0216
- C) Interim Agreement Between the United States of America and Casitas Municipal Water District for Management of Ventura River Open Space Lands Contract No. 8-07-20-L0530.
- D) Ordinance 81-2, An Ordinance of the Casitas Municipal Water District Establishing Rules and Regulation For The Management Of The Charles M. Teague Memorial Watershed
- E) Record of Decision Lake Casitas Resource Management Plan ROD 10-111

Attachment A Draft September 2019

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION**

Ventura River Project California

**FIRST AMENDMENT TO
THE MANAGEMENT AGREEMENT BETWEEN THE UNITED STATES OF AMERICA
AND CASITAS MUNICIPAL WATER DISTRICT FOR THE ADMINISTRATION,
OPERATION, MAINTENANCE, AND DEVELOPMENT OF RECREATION USES AND
FACILITIES AT LAKE CASITAS
TO INCLUDE MANAGEMENT OF THE CASITAS OPEN SPACE LANDS**

THIS FIRST AMENDMENT gives Casitas permission to manage the Casitas Open Space Lands at Lake Casitas, hereinafter referred to as the Open Space Lands.

This amendment applies only to the Open Space Lands. All other terms and conditions of the Existing Management Agreement, Contract No. 11-LC-20-0216, dated October 7, 2011, shall remain in full force and effect, subject to the terms and conditions therein written. This Agreement superseded and nullifies all terms and conditions of Contract No. 8-07-20-L0530 Interim Agreement between the United States of America and Casitas Municipal Water District for Management of Ventura River Open Space Lands.

The District shall assume management of the lands labelled “Open Space” in Exhibit A of the Existing Management Agreement, **for watershed protection pursuant** to this Agreement.

The District will be responsible for the Management of the Open Space Lands in accordance with the following:

- a. The District shall perform work, within their available resources, and as approved by Reclamation’s authorized representative, to reasonably monitor the Open Space Lands in order to minimize or prevent trespassing, dumping, and unauthorized public access for the purpose of protecting water quality in the reservoir. Such work may include, but not be limited to: field patrol by District Park Rangers, field sampling of waters for invasive species, clearing vegetation, mowing fire breaks, debris removal,

boundary fence repair, and other related Open Space Lands watershed management practices. Any Reclamation cost share funding for these activities is subject to the availability of funds and congressional appropriations.

b. The District shall manage the Open Space Lands in accordance with Reclamation's approved RMP and Final Environmental Impact Statement and Record of Decision at Lake Casitas for the Open Space Lands. Authorization must be mutually provided by both Reclamation and the District for any activity related to the Open Space Lands and shall include a provision requiring compliance with said RMP. Any agreement is subordinate to the prior rights of Reclamation for Project purposes.

c. The District's management will extend the conditions and reservations listed in the Existing Management Agreement to also include the Open Space Lands.

d. The District shall not construct any structures or facilities on the Open Space Lands without written approval from Reclamation. The District shall not be responsible for the permanent removal of existing structures, outbuildings, gates, fencing, and equipment within the Open Space Lands.

e. The District will follow the policies and guidelines outlined in the then current Fire Management Plan for Lake Casitas Recreation Area and the Open Space Lands.

IN WITNESS WHEREOF, the parties hereto have executed this FIRST Agreement to be
executed this day of , 2019.

Casitas Municipal Water District

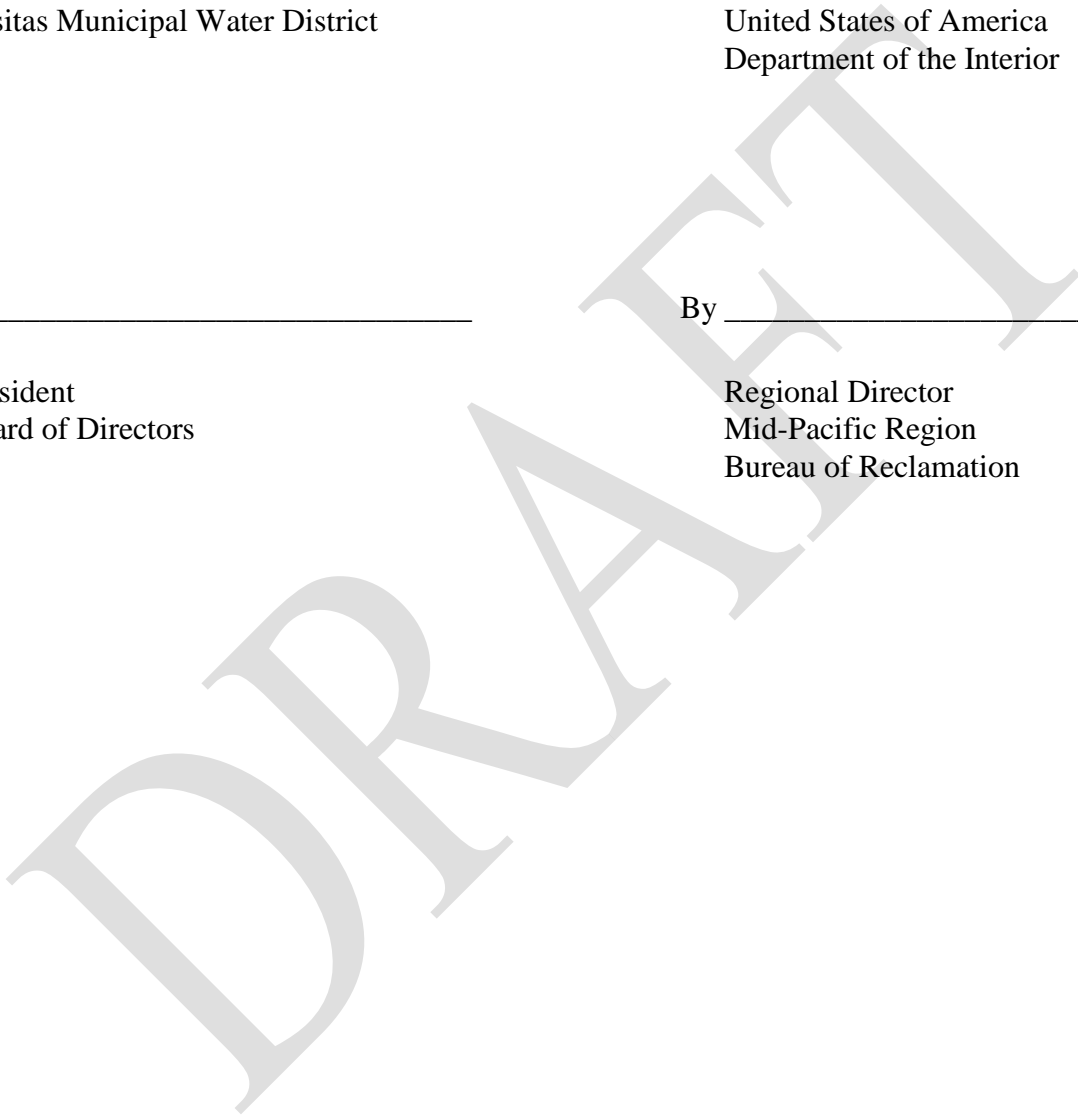
United States of America
Department of the Interior

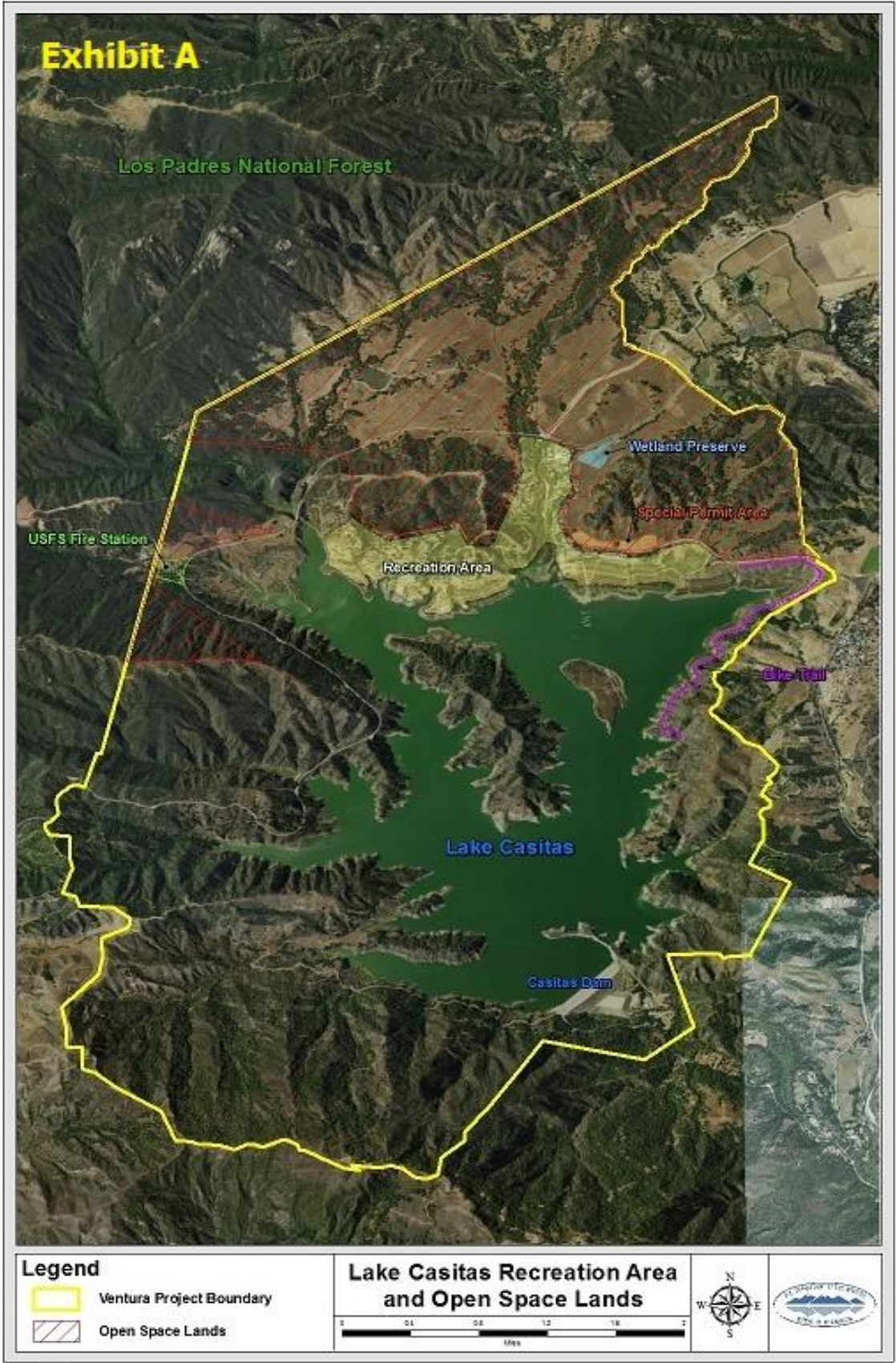
By _____

By _____

President
Board of Directors

Regional Director
Mid-Pacific Region
Bureau of Reclamation





**United States
Department of the Interior
Bureau of Reclamation**

**Ventura River Project
California**

MANAGEMENT AGREEMENT

Between

**THE UNITED STATES OF AMERICA and
CASITAS MUNICIPAL WATER DISTRICT**

for the

**ADMINISTRATION, OPERATION, MAINTENANCE, AND DEVELOPMENT OF
RECREATION USES AND FACILITIES**

at

Lake Casitas

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Ventura River Project, California

**MANAGEMENT AGREEMENT AMONG THE UNITED STATES OF AMERICA, AND
CASITAS MUNICIPAL WATER DISTRICT
FOR THE ADMINISTRATION, OPERATION, MAINTENANCE, AND
DEVELOPMENT OF RECREATION USES AND FACILITIES AT LAKE CASITAS**

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Exhibit A	Lake Casitas Reservoir Area Map
Exhibit B	Environmental Requirements
Exhibit C	Equal Opportunity Requirements
Exhibit D	Title VI, Civil Rights Act of 1964
Exhibit E	Non-Expendable Government Property Requirements
Exhibit F	Reclamation Manual/ Directives and Standards LND 02 and LND 04-02 Concession Management by Non-Federal Partners
Exhibit G	Department of the Interior, Department Manual

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Ventura River Project, California

**MANAGEMENT AGREEMENT BETWEEN THE UNITED STATES OF AMERICA
AND CASITAS MUNICIPAL WATER DISTRICT
FOR THE ADMINISTRATION, OPERATION, MAINTENANCE, AND
DEVELOPMENT OF RECREATION USES AND FACILITIES AT LAKE CASITAS**

THIS AGREEMENT, made as of this 7th day of ~~October~~ 2011,

pursuant to Act of Congress June 17, 1902 (32 Stat. 388) and acts amendatory thereof and supplementary thereto, collectively known and referred to as Federal Reclamation Laws, particularly the Federal Water Project Recreation Act of July 9, 1965, Public Law 89-72 (79 Stat. 213), as amended particularly by Title XXVIII of the Reclamation Recreation Management Act of October 30, 1992, Public Law(102-575 (106 Stat. 4690-4693), by and between the United States of America acting by and through the Regional Director, Mid-Pacific Region, Bureau of Reclamation, or his duly authorized representative hereinafter styled "Reclamation" and the Casitas Municipal Water District, a non-federal entity, and a political subdivision originally known as the Ventura River Municipal Water District and duly organized and operating pursuant to the California Municipal Water District Act of 1911 and amendments thereto, with its principal place of business in Oak View, California, acting by and through the President of the Board or his duly authorized representatives, hereinafter styled the "District".

WITNESSETH THAT:

WHEREAS, the United States has constructed the Ventura River Project pursuant to Act of Congress (Public Law 423, 84th Cong., 2d session) approved March 1, 1956, for irrigation, for furnishing water for municipal and domestic use, and for providing incidental

28 recreation and fish and wildlife benefits, as defined by the report submitted to Congress by the
29 Secretary of the Interior entitled, “Ventura River Project, California, Feasibility Report.” (H.
30 Doc. No. 222, 84th Cong., 1st Sess.), and;

31 WHEREAS, the United States has contracted with the District pursuant to Contract No.
32 14-06-200-5257 “Contract between United States and Ventura River Municipal Water District
33 Providing for the Construction of a Storage and Conveyance System,” dated March 7, 1956,
34 (Repayment Contract) for repayment of federal costs incurred in construction of the Ventura
35 River Project, for operation and maintenance of Project Works, including said Dams and
36 Reservoir, related conveyance and distribution systems, appurtenances, and minimum basic
37 recreational facilities for the accommodation of the visiting public at the Casitas Dam and
38 reservoir, and;

39 WHEREAS, during the term of the Repayment Contract up to date, the District by and
40 through the Repayment Contract and District Resolution No. 104 dated June 27, 1956, agreed to
41 operate and maintain the minimum basic recreation facilities provided by the United States in
42 constructing the Ventura River Project. Also during this same time period, the District
43 developed additional Recreational Facilities within the Reservoir Area to accommodate the
44 visiting public, and has continued its management of such facilities, and;

45 WHEREAS, the United States has transferred to the District, as the local responsible
46 entity to provide for the care, operation, and maintenance at District’s own expense , the entire
47 Ventura River Project by letters of transfer dated November 17, 1958 and August 28, 1959 under
48 the signature of Mr. B.P. Bellport, Regional Director, Mid-Pacific Region, and;

49 WHEREAS, California Water Code, Chapter 3, Article 1, Recreation and Electrical
50 Power, §71660 (added by Stats. 1963, c.156, p.823, § 1 and amended thereafter) provides

51 authority to municipal water districts to construct, maintain, improve, and operate public
52 recreational facilities appurtenant to facilities operated or contracted to be operated by the district
53 and by ordinance provide regulations binding upon all persons to govern the use of such
54 facilities, including reasonable charges for the use thereof, and;

55 WHEREAS, in the view of Reclamation, the Repayment Contract does not provide for
56 administration, operation, maintenance, and development of recreation at Lake Casitas other than
57 the minimum basic recreation facilities, while in the view of the District the Repayment
58 Contract does provide for such.

59 WHEREAS, the Parties agree that it is deemed to be in the best interest of Reclamation
60 and the District that the operation, maintenance, and development of recreation at Lake Casitas
61 by the District continue as provided in this Agreement, and

62 WHEREAS, Reclamation and the District desire to enter into a management agreement
63 for the recreation resources at Ventura River Project in accordance with existing law, and;

64 **NOW, THEREFORE**, it is agreed as follows:

65

66 **I. DEFINITIONS**

67 When used herein, unless otherwise distinctly expressed or manifestly incompatible with
68 the intent hereof, the terms

69 (a) “Appropriation or Allotment of Funds” means any appropriated funds
70 provided to the District from the Federal government without regard to the authorization for such
71 funds or the manner in which they were transferred.

72 (b) “Commercial Filming” means a license issued by Reclamation for use of
73 the Reservoir Area such as commercial filming, recording of television productions, feature

74 movies or commercials and the revenues from such activities will be collected and expended
75 pursuant Public Law 106-206 (Commercial Filming on Public Lands Act).

76 (c) "Concession" is a non-Federal commercial business that supports
77 appropriate public recreational uses and provides facilities, goods, or services for which revenues
78 are collected.

79 (d) "Concessionaire" means an entity contracted by the District through a
80 Third Party Agreement for a specific Concession related services and facilities

81 (e) "Fiscal year" means Districts annual period, from July 1 of one calendar
82 year to June 30 of the next calendar year, on which the District bases its budget.

83 (f) "Good Repair" means maintaining functional use and longevity of
84 facilities and equipment through use of appropriate actions including, but not limited to,
85 controlled maintenance, standard operating procedures, maintenance manuals; meeting Federal,
86 State and applicable local health department standards; meeting public safety needs and
87 standards; and maintaining facilities in a safe, neat, clean, and well kept condition.

88 (g) "Hazardous Material" means (1) any substance, pollutant, or contaminant
89 listed as hazardous under the Comprehensive Environmental Response, Compensation, and
90 Liability Act (CERCLA), 42 U.S.C. Section 9601 (14) and (33); (2) oil as defined by the Clean
91 Water Act, 33 U.S.C. Section 1321 (a) and the Oil Pollution Act, 33 U.S.C. Section 2701 (23);
92 (3) thermal pollution, refuse, garbage, sewage effluent, industrial waste, mine or mill tailings,
93 mineral salts, pesticides, and other solid waste, and (4) any other substance regulated as
94 hazardous or toxic under Federal, State, local, or Tribal law.

95 (h) "Integrated Pest Management Plan" refers to a plan which is systematic
96 and environmentally compatible to maintain pest populations within economically and
97 environmentally tolerable levels.

98 (i) "Management of the Reservoir Area" means to administer, operate,
99 maintain, and develop that portion of the Reservoir Area identified in Exhibit A – Area Map;
100 including management of resources, conditions and recreation opportunities and Recreation
101 Facilities, and keep Recreation Facilities and associated equipment in Good Repair and usable
102 working condition

103 (j) "Mutually Agree" means all parties' designated duly authorized
104 representatives are in agreement on a proposed action. Such agreements shall be in writing.

105 (k) "NEPA" means the National Environmental Policy Act 42 USC || 4321, et.
106 seq.

107 (l) "Project" means the Ventura River Project as set forth in the report
108 submitted to the Congress as by the Secretary of the Interior entitled, "Ventura River Project
109 California, Feasibility Reports" (H. Doc No. 222, 84th Congress, 1st Sess).

110 (m) "Recreation Facilities" means those facilities constructed or installed at
111 the Reservoir Area for recreational use by the public or for support of such recreational use. Said
112 facilities may include, but are not limited to, buildings and other structures (such as park
113 headquarters, park store and maintenance shops), campgrounds, picnic grounds, boat docks and
114 ramps, electrical lines, water systems, roads, trails, parking areas, sewer systems, signs, trash
115 facilities, boundary and interior fencing.

116 (n) "Reservoir Area" means all lands withdrawn or acquired in the name of
117 the United States as shown on Exhibit A for the Project, as lands comprising the Casitas

118 Reservoir for management of recreation and Recreation Facilities and those waters in Lake
119 Casitas that are subject to the water rights held by the District, except for lands covered by
120 Casitas Dam.

121 (o) "Resource Management Plan" means all plans applicable to the Reservoir
122 Area prepared in accordance with Title XXVIII of Public Law 102-575 and Reclamation's
123 Resource Management Plan Guidebook.

124 (p) "Revenues" means all receipts derived from entry and other use fees
125 which the District is permitted to collect pursuant to their authority under this Agreement;
126 including, but not limited to fees, charges, tolls, and rents, charged by the District for public
127 recreation use and concessionaire agreements issued or administered by the District.

128 (q) "Rights-of-Use" means various land use or resource management
129 documents or instruments including, but not limited to, license agreements, contracts, Rights-of-
130 Way, easements, leases, permits, and other rights of use issued or granted by Reclamation on,
131 over, across or under the Reservoir Area.

132 (r) "Service Contracts" are third party contracts issued by the District for
133 services such as trash removal, janitorial, pest control, and construction projects, which assist the
134 District in the operation, maintenance, and development of the Reservoir Area.

135 (s) "Special Use Fees" means a fee, charged to Concessionaires or third
136 parties by the District for special uses of the Reservoir Area for special events such as fairs and
137 festivals, and concessions, which the District is permitted to collect pursuant to their authority
138 under this Agreement.

139 (t) "Special Use" are the temporary use of specific Recreation Facilities of
140 the Reservoir Area as a venue which does not require any change in the condition of Reservoir

141 Area lands, including but not limited to fairs, festivals, concerts, group gatherings, wedding,
142 reunions, fishing tournaments and boating events, fundraisers, and all other recreation activities
143 and amenities as described in the Resource Management Plan.

144 (u) "Third Party Agreements" means agreements and contracts, including
145 Special Use contracts or permits, Concession contracts and Service Contracts, issued by the
146 District to another entity to provide recreation related services and facilities for the Reservoir
147 Area other than Commercial Filming and Rights-of-Use.

148

149 **2. TRANSFER OF RESPONSIBILITY**

150 The United States hereby transfers to the District, subject to the provisions of this
151 Agreement, and the District hereby accepts responsibility for Management of the Reservoir Area.

152

153 **3. TERM OF AGREEMENT**

154 The term of this Agreement will be 25 year(s) from the date first written above, unless
155 terminated sooner as provided herein. Two years prior to expiration of this Agreement, the
156 parties shall, in good faith, commence negotiation of a new Management Agreement.

157

158 **4. ADMINISTRATION, OPERATION, MAINTENANCE, AND DEVELOPMENT**

159 The District will be responsible for the Management of the Reservoir Area in accordance
160 with the following:

161 (a) The District will, within the limits of its authority, adopt and enforce rules
162 and regulations for public conduct within the Reservoir Area as are necessary and desirable to
163 protect the health and safety of persons using the Reservoir Area, for the preservation of law and

164 order, and for the protection of resources, lands and Recreation Facilities. Said rules and
165 regulations will be consistent with regulations promulgated by Reclamation in 43 Code of
166 Federal Regulations, Part 423 and Part 429 and other applicable Federal, State and District laws,
167 rules, regulations, and policies currently in place or as may be amended or adopted in the future.
168 The District has adopted and implemented rules, regulations, and ordinances for the Reservoir
169 Area as provided for under 43 CFR 423.3(a) (2) and 423.3(c).

170 (b) The District will ensure that land use of the Reservoir Area will conform
171 to all applicable Federal laws, rules, regulations, policies, and Executive Orders. Where
172 variations exist in Federal laws, rules, orders, regulations, and policies, the most stringent will be
173 the required standard. Where, State laws, and/or regulations are more stringent, but do not
174 conflict with Federal policy, law, and/or regulations, and the State's will be the required
175 standard.

176 (c) The District may rely on the Ventura County Sheriff's Department,
177 California Highway Patrol, and/or other law enforcement agencies to enforce applicable Federal
178 and State laws and local rules, regulations, and assist as necessary the enforcement of ordinances
179 adopted pursuant to Article 4(a) within the Reservoir Area, to maintain and preserve law and
180 order, and protect recreation facilities, resources and lands.

181 (d) Any Recreation Facilities to be developed by the District shall be
182 developed in accordance with the RMP, the Final Environmental Impact Statement and Record
183 of Decision at Lake Casitas or any subsequent revisions or subsequent environmental
184 documentation. The District shall be responsible for conducting all work on such facilities,
185 unless otherwise directed by Reclamation.

186 (e) The District will be responsible for the full cost of any and all
 187 development, replacement, or alterations of Recreation Facilities for which cost sharing has not
 188 been negotiated. Reclamation shall review and approve all development plans, including, but not
 189 limited to replacement and alterations before construction begins. The District shall coordinate
 190 with Reclamation, in advance, of the need for any such clearances and permits. The District will
 191 ensure all environmental clearances and permits are secured prior to commencement of
 192 construction activities. Reclamation reserves the right to approve any construction activity
 193 related to such clearance or permit prior to the District taking any action contemplated by such
 194 clearances or permits. The District will submit all development plans to Reclamation for its
 195 approval prior to construction. Reclamation will not unreasonably withhold its approval.

196 (f) As provided in Public Law 89-72, as amended, Reclamation may enter
 197 into a multi-year development program with the District for the design and construction of new
 198 Recreation Facilities and the upgrade and rehabilitation of the existing Recreation Facilities
 199 within the Reservoir Area. At Reclamation's discretion, Reclamation may cost share with the
 200 District any activities under the development program no more than the maximum allowed by
 201 Federal law.

202 (g) Cultural resources will be investigated prior to the implementation of any
 203 development activities or surface disturbing actions. District personnel will coordinate with
 204 Reclamation to ensure that compliance with section 106 of the National Historic Preservation
 205 Act (NHPA) (16 U.S.C 470f), and implementing regulations at 36 CFR Part 800, is completed
 206 prior to project implementation. The management of cultural resources located within the
 207 Reservoir Area shall be consistent with Reclamation's Cultural Resources Management Policy
 208 (LND P01) and Cultural Resources Directives and Standards (LND 02-01).

209 (h) In the event that human remains are found within the Reservoir Area then
210 the responsible Reclamation Area Manager shall be immediately notified and provisions of the
211 Native American Grave Protection and Repatriation Act (25 U.S.C. 3001 et seq.) and
212 Reclamation's Directives and Standards for the Inadvertent Discovery of Human Remains on
213 Reclamation Lands (LND 07-01) shall be followed.

214 (i) The collection of prehistoric or historic artifacts (Paleontology) from
215 Reservoir Area must be approved by Reclamation. The unauthorized excavation of such items is
216 prohibited by the Archaeological Resources Protection Act (ARPA) (16 U.S.C. 470aa et seq.).
217 Planned collections of such items are subject to Reclamation's issuance of a permit pursuant to
218 ARPA. Any archaeological or historical items removed from the Reservoir Area, including
219 items collected and turned in by members of the public, shall be assessed by Reclamation to
220 determine whether they constitute federal museum property. If so, they will be managed by
221 Reclamation in a manner consistent with 36 CFR Part 79, the Curation of Federally-Owned and
222 Administered Archaeological Collections.

223 (j) Reclamation may provide technical assistance to the District. Such
224 assistance will be subject to cost sharing in accordance with subdivision (g) of Article 4 above.

225 (k) Reclamation may, at its discretion in situations where the District's
226 operating costs exceed collections by 50 percent or more provide operating revenue by way of a
227 cost-share arrangement as authorized by federal law and Reclamation policy.

228

229 **5. CONTINGENT ON APPROPRIATIONS OR ALLOTMENT OF FUNDS**

230 The expenditure of any money and the performance of any work by Reclamation as
231 provided for by the terms of this Agreement is made contingent on Congress making the

232 necessary appropriations or the allotment of funds and shall be contingent upon such
 233 appropriation or allotment being made. The failure of Congress to appropriate funds or the
 234 absence of any allotment of funds shall not impose any liability on Reclamation. If the
 235 appropriations and allocations necessary for either party to carry out this Agreement are not
 236 made for any Fiscal year, the parties hereto agree to cooperate to reach a temporary course of
 237 action. If the non-appropriation or non-allocation of the necessary funds on behalf of either party
 238 becomes chronic, the other party may give notice of termination of this Agreement pursuant to
 239 Article 28.

240

241 **6. FEES AND REVENUES**

242 (a) Public recreation entrance and Special Use fees will be set in accordance
 243 with the fee schedule established by the District and in accordance with Reclamation rules,
 244 regulations or guidelines. The District will have the right to collect Revenues derived from
 245 Third Party Agreements, as provided in this Agreement, for activities within the Reservoir Area.
 246 The District is authorized to develop Third Party Agreements for Special Uses and set and
 247 collect Special Use Fees for such events. Not less than 100 percent of the Revenues and Special
 248 Use Fees that are collected by the District shall remain at the District and available for the
 249 expenditure by the District, without further appropriation, until expended for Management of the
 250 Reservoir Area.

251 (b) The District will maintain accounting records for the requirements of the
 252 Agreement and shall furnish to Reclamation a copy of the State required Comprehensive Annual
 253 Financial Report within thirty (30) days of its completion, but no later than January 15th of the
 254 calendar year.

255 (c) Reclamation reserves the right to establish and collect fees for Rights-of-
256 Use pursuant to Public Law 102-575 (Title 28) Section 2805 (a)(1)(A), and establish and collect
257 Commercial Filming Fees pursuant Public Law 106-206 (Commercial Filming on Public Lands
258 Act), as amended. Fees collected or recovered by Reclamation under the Commercial Filming
259 on Public Lands Act shall be available for expenditure by the Secretary, without further
260 appropriation, at the site where collected. All costs recovered shall remain available until
261 expended at the Reservoir Area.

262 (d) The District shall assist Reclamation by informing an applicant to
263 complete the appropriate Right-of-Use authorization application form (7-2540 or SF-299) and
264 submit the form to Reclamation with the application fee.

265 (e) The District may also collect fees in association with the District's on-site
266 management, services, and resources that are associated with Reclamation's issuance of Right-
267 of-Use and Commercial Filming licenses. Fees collected by the District shall remain at the
268 District.

269

270 **7. RESOURCE MANAGEMENT PLAN**

271 (a) The Management of the Reservoir Area by the District will be in accordance
272 with the Reclamation approved RMP and Final Environmental Impact Statement and Record of
273 Decision at Lake Casitas for the Reservoir Area. Any authorization given by Reclamation or the
274 District for any activity related to the Reservoir Area shall include a provision requiring
275 compliance with said RMP.

276 (b) Consistent with Article 4 (d) and 7 (a), the District has the discretion on
277 whether or not to implement actions described in the RMP.

278 **8. LAW ENFORCEMENT - REPORTING**

279 At Reclamation's request, the District will exchange law enforcement information with
280 Reclamation's designated Regional Special Agent (RSA). District personnel and the designated
281 RSA will collaborate in the exchange of law enforcement information related to the Reservoir
282 Area. The extent and detail of information will be defined on a case-by-case basis. The RSA is
283 available to provide resources and expertise as applicable and necessary to address violations of
284 federal laws, at no cost to the District.

285

286 **9. RISK AND DAMAGES / HOLD HARMLESS**

287 (a) The parties hereto will each be responsible and liable only for the
288 negligent acts or omissions of their respective employees to the extent provided by law.
289 However, nothing in this contract will be construed to be an admission of fault or liability, and
290 nothing will limit the defenses and immunities legally available to each party against each other
291 and third parties.

292 (b) Notwithstanding Article 9(a) above, the District agrees to indemnify and
293 hold harmless the United States, its employees, contractors, agents, and assigns from any loss or
294 damage and from any liability on account of personal injury, property damage, or claims for
295 personal injury or death arising from the District's activities under this Agreement, except for
296 negligent acts or omissions of or by any employee of the United States in the course of his
297 employment under this Agreement.

298

299 **10. ACCIDENT REPORTING**

300 The District will ensure adequate safety, fire, medical and search and rescue procedures
301 are developed and in place to adequately respond, suppress, or cooperate in the investigation, or
302 cooperate in the investigation by the agency having jurisdiction of, all accidents involving death,
303 serious injury or property damage, hazardous material spills or other incidents of a serious nature
304 within the Reservoir Area. The District will make an initial verbal report on such incidents to
305 Reclamation's designated representative within one working day of knowledge of the incident.
306 The District will submit a written report to Reclamation's designated representative within 4
307 calendar days of the verbal notice of any of the above incident or occurrence.

308

309 **11. HAZARDOUS MATERIALS, RECYCLING AND WASTE REDUCTION**

310 (a) The District shall not allow contamination or pollution of any federal
311 lands, waters or facilities by its employees or agents. The District shall also take reasonable
312 precautions to prevent such contamination or pollution by third parties. Substances causing
313 contamination or pollution shall include but are not limited to hazardous materials, thermal
314 pollution, refuse, garbage, sewage effluent, industrial waste, petroleum products, mine tailings,
315 mineral salts, misused pesticides, pesticide containers, or any other pollutants.

316 (b) The District shall comply with all applicable Federal, State, and local laws
317 and regulations, and Reclamation policies and directives and standards, existing or hereafter
318 enacted or promulgated, concerning any hazardous material that will be used, produced,
319 transported, stored, or disposed of on or in the federal lands, water or facilities.

320 (c) Upon discovery of any event which may or does result in contamination or
321 pollution of the federal lands, waters or facilities, the District shall immediately undertake all
322 measures necessary to protect public health and the environment, including measures necessary

323 to contain or abate any such contamination or pollution and shall report such discovery and full
324 details of the actions taken to Reclamation's authorized representative. Reporting shall be within
325 a reasonable time period but shall not exceed 24 hours from the time of discovery if it is an
326 emergency and the first working day following discovery in the event of a non-emergency. An
327 emergency is any situation that requires immediate action to reduce or avoid endangering public
328 health and safety or the environment.

329 (d) If violation of the provisions of this Article occurs and the District does
330 not take immediate corrective action as determined by Reclamation's authorized representative,
331 the District may be subject to remedies imposed by Reclamation's authorized representative,
332 which may include termination of this Agreement.

333 (e) The District shall be responsible for any response, action or corrective
334 measure necessary to protect public health and the environment or to restore Reservoir Area
335 lands waters, or Recreation Facilities that are adversely affected as a result of such violation, and
336 for all costs, penalties or other sanctions that are imposed for violation of any Federal, State,
337 local or Tribal laws and regulations concerning hazardous material.

338 (f) The District shall defend, indemnify, protect and hold Reclamation
339 harmless from and against any costs, expenses, claims, damages, demands, or other liability
340 arising from or relating to the District's violation of this Article.

341 (g) The District agrees to include the provisions contained in paragraphs (a)
342 through (f) of this Article in any Third Party Agreement it may enter into pursuant to this
343 Agreement.

344 (h) Reclamation agrees to provide information necessary for the District,
345 using reasonable diligence, to comply with the provisions of this Article.

346 (i) The District will develop and implement a recycling and waste reduction
347 plan for the Reservoir Area. Said plan and implementation will be included in the budget and
348 activity work plans.

349

350 **12. PEST CONTROL**

351 (a) The District shall take steps to prevent the introduction and spread of, and
352 to otherwise control undesirable plants and animals, as defined by the Districts Integrated Pest
353 Management Plan (IPM), submitted and approved by Reclamation's authorized representative,
354 directly associated with use of the Reservoir Area. The District shall submit an updated IPM to
355 Reclamation as pesticide use changes by District operations or by revised regulatory
356 requirements.

357 (b) Programs for the control of these undesirable plants and animals in the
358 Reservoir Area will incorporate the District's IPM as may be amended, and shall be consistent
359 with Reclamation's regulations and policies concerning such programs.

360 (c) The District agrees to include the provisions contained in paragraphs (a)
361 through (b) of this Article in any Third Party Agreements it may enter into pursuant to this
362 Agreement.

363

364 **13. DEBRIS AND WASTE REMOVAL**

365 The District shall notify the public of the presence of hazards and floating debris within
366 the Reservoir Area as directed by California State Revised Statutes or Administrative Code. The
367 District will provide litter control and trash removal in all areas where public recreation use is
368 permitted. The District will properly dispose of all waste, discarded or abandoned items, and

369 debris generated by use of the Reservoir Area. Said waste, discarded or abandoned items and
370 debris will be disposed of properly. Reclamation will cooperate and assist the District in the
371 removal of debris, discarded or abandoned items and waste within the Reservoir Area in the
372 event of an extraordinary or catastrophic occurrence.

373

374 **14. VARIATION IN WATER LEVEL**

375 The Project purposes and local hydrology will determine future variations of water level
376 in the Reservoir Area, and that neither Reclamation nor the District make any assurance of
377 Reservoir Area water level to accommodate recreational use.

378

379 **15. PROTECTION OF NATURAL RESOURCES**

380 Reclamation and the District agree to take all reasonable measures to minimize
381 sedimentation and erosion; protect land and water resources; prevent and suppress fire; protect
382 against introduction and spreading of noxious weeds and other pests detrimental to natural
383 values, agriculture or public health and safety; and will cooperate in soil and water conservation,
384 and fish and wildlife enhancement practices at the Reservoir Area.

385

386 **16. CONSUMPTIVE USE OF WATER BY DISTRICT**

387 When the District, Concessionaire and other holders of Third Party Agreement furnishes
388 water to the public, it will furnish only suitably treated, wholesome and sanitary water which
389 meets appropriate Federal, State, and local health standards. Reclamation does not warrant the
390 quality of the available water supplies as to their suitability either for domestic purposes or for
391 human consumption.

392

393 **17. MANAGEMENT OF PERSONAL PROPERTY**

394 (a) Reclamation personal property is property provided at Reclamation's
395 expense for performance of this Agreement (as of the date of this Agreement, no personal
396 property has been identified that Reclamation issued to the District) including, but not limited to,
397 property provided by the following methods:

398 (1) Reclamation furnished personal property is property that is trans-
399 ferred from Reclamation's stocks, or purchased directly by Reclamation, and delivered into the
400 District's custody for performance of this Agreement. Title to Reclamation furnished personal
401 property remains with Reclamation.

402 (2) District-acquired Reclamation personal property is property
403 purchased or fabricated by the District at a cost of \$5,000 or more; the cost of which is
404 reimbursable by Reclamation pursuant to this Agreement. Title to personal property purchased
405 by the District upon reimbursement of the cost thereof by Reclamation in whole or in part, vests
406 in Reclamation on its delivery by the supplier. Title to personal property drawn from the
407 District's stocks or stores or fabricated by the District vests in Reclamation upon reimbursement
408 of the cost thereof by Reclamation in whole or in part.

409 (b) The District may purchase personal property and equipment and replace it,
410 if necessary, during the term of this Agreement to the extent deemed necessary by the District.
411 The District must receive Reclamation's advance written approval for such purchases and may
412 also seek reimbursement for such expenditures.

413 (c) The District will meet the basic requirements prescribed in Exhibit E of
414 this Agreement to establish and maintain control over Reclamation personal property in its
415 possession.

416 (d) The District will return to Reclamation all Reclamation-titled personal
417 property that becomes excess to the performance requirements of this Agreement.

418

419 **18. THIRD PARTY AGREEMENTS, CONCESSION CONTRACTS, SPECIAL USE,**
420 **AND RIGHTS-OF-USE**

421
422 The District shall not issue any other form of permission to use the Reservoir Area except
423 as expressly provided herein.

424 (a) The District may issue and administer Third Party Agreements, such as
425 Concessions, Special Use and Service Contracts, to persons or associations for the purpose of
426 providing appropriate and necessary services, goods, and facilities for the use of the visiting
427 public consistent with the intent and conditions of this Agreement and in accordance with any
428 current or future planning documents.

429 (b) The District shall submit all Concession contracts prior to solicitation to
430 Reclamation for its review and approval. Reclamation shall not unreasonably withhold such
431 approval. Reclamation will obtain review and comment by the District on all Commercial
432 Filming license applications prior to Reclamations review and approval. The Third Party
433 Agreements shall contain language subjecting the rights and privileges there under to all terms,
434 conditions, exceptions, and reservations in this Agreement; shall recognize the right of para-
435 mount use of the Reservoir Area for Project purposes; and shall hold harmless and indemnify
436 Reclamation and the District, its officers, agents, employees, contractors, and assigns from any
437 loss or damage and from any liability on account of injury, damage or death due to construction,

438 operation and maintenance activities related to Project purposes and any other terms and
 439 conditions at Reclamation’s discretion. The District will require all Concessionaires and other
 440 holders of Third Party Agreements operating within the Reservoir Area to carry adequate
 441 liability and property damage insurance. Said insurance will be of sufficient amount to cover, as
 442 a minimum, the District’s liability under its governmental liability statutes and will be consistent
 443 with the services and facilities provided and the potential for injury or damage to life and
 444 property. Reclamation will be named as an additional insured on all such insurance, and a
 445 certificate of insurance will be provided to the District by the Concessionaires and other holders
 446 of Third Party Agreements to ensure that the insurance is in effect.

447 (c) No Third Party Agreement issued by the District as provided in subsection
 448 (a) above shall purport to transfer or convey any interest in Reservoir Area land and water or any
 449 Recreation Facilities; and, the right given to the District to enter into such Third Party
 450 Agreements shall not be construed as a right to grant or convey an interest in Reservoir Area
 451 land and water, or any Recreation Facilities. No assignment or transfer of a Third Party
 452 Agreement or interest therein, whether as security or otherwise, shall be effective until such
 453 assignment or transfer has been reviewed and approved in writing by the District and
 454 Reclamation. All Concession contracts issued by the District must comply with Reclamation’s
 455 Concession Management Policy and Directive and Standards, as may be amended from time-to-
 456 time, attached as Exhibit F.

457 (d) Third Party Agreements issued by the District shall also provide that in the
 458 event of the termination of this Agreement, such agreements shall simultaneously terminate. In
 459 the event of termination of this Agreement and at Reclamation’s discretion, Reclamation may
 460 issue a new Concession contract that is in compliance with the Concessions Management Policy

461 and Directives and Standards. In the event this Agreement is terminated, the District shall pay to
462 Reclamation the pro-rated unexpended portion of any fees or rents paid to the District by such
463 Concessionaires or other holders of Third Party Agreements as appropriate

464 (e) The term for a Third Party Agreement may not extend beyond the term of
465 this Agreement. Reclamation will work with the District to determine reasonable lengths of
466 term.

467 (f) Concessionaires and other holders of Third Party Agreements, shall be
468 required to comply with all applicable provisions of Federal, State, and local laws, rules and
469 regulations, Executive Orders, and Reclamation Policies, in force now or as may be promulgated
470 or changed in the future. Any such Right-of-Use shall not compete or interfere with the Districts
471 management of the Reservoir Area or the primary purposes of the Project.

472 (g) In accordance with the Concession Management Policy and Directives and
473 Standards, and the Recreation Management Policy (LND P04, as amended), the District shall not
474 issue, or allow to be issued, directly or through the actions of its Concessionaires or other holders
475 of Third Party Agreements, any forms of agreements that allow for the development of privately
476 owned exclusive uses, such as, but not limited to, cabin sites; mobile homes or travel trailer sites;
477 private boat docks; ski clubs; boat clubs; or, the issuance of livestock grazing permits.

478 (h) Only Reclamation may issue Rights-of-Use for land use and resource
479 management within the Reservoir Area.

480 (1) Reclamation will, prior to approval of any Rights-of-Use, provide
481 the District a copy of any Rights-of-Use application for review and comment by the
482 District. The District shall review any such application and make written comment to
483 Reclamation including whether the District concurs with the application. Reclamation

484 will consider the written comments of the District during the approval process and, if
 485 applicable, incorporate them into the rights-of-use. Reclamation shall include in each
 486 Right-of-Use reasonable measures to protect Recreation Facilities, or repair of damages
 487 which may occur to Recreation Facilities and a provision that holder of any such Rights-
 488 of-Use indemnifies and holds harmless the District, its employees, agents, and assigns
 489 from any loss or damage and from any liability on account of personal injury, property
 490 damage, or claims for personal injury or death arising out of the land use or resource
 491 management granted by Reclamation, except for any such Rights-of-Use issued to the
 492 District. Any Special Use Fees collected by the District shall be consistent with the
 493 provisions of Article 6 of this Agreement.

494 (2) As permitted by law or regulation, administrative fees incurred by
 495 Reclamation and the District for miscellaneous costs associated with the review of
 496 Rights-of-Use applications and ongoing administrative expenses incurred may be charged
 497 by Reclamation. Such administrative fees will be collected by Reclamation and the
 498 District's share of the costs will be reimbursed to the District from such fees by
 499 Reclamation. The value of the Rights-of-Use is based on the appraised value of such use
 500 as determined by Reclamation. The payment for the value of such Rights-of-Use will be
 501 collected by Reclamation only.

502

503 **19. UNAUTHORIZED USE**

504 The District will take all reasonable measures necessary to identify, investigate, and
 505 resolve incidents of unauthorized use of the Reservoir Area, or unauthorized encroachment
 506 within the Reservoir Area. This includes any legal actions necessary to prevent or prosecute

507 such unauthorized use provided that any such action by the District cannot bind the United States
508 in a manner either to payment of money or any other form or commitment. Subject to the
509 foregoing, Reclamation hereby delegates to the District the right to bring action in the District's
510 name in order to protect each party's interests, and carry out their responsibilities in connection
511 therewith. Resolution of boundary disputes shall be the responsibility of Reclamation. The
512 District will notify Reclamation's designated representative of boundary disputes or
513 unauthorized incidents within 10 calendar days of discovery.

514

515 **20. RESERVATIONS**

516 The District's management of the Reservoir Area is subject to the following conditions
517 and reservations:

518 (a) Existing land uses, rights, or interests within the Reservoir Area and
519 lawfully held by Reclamation or persons or entities not party to this Agreement.

520 (b) The right of Reclamation, its assigns, employees and agents, to enter upon
521 the Reservoir Area on official business without charge, for the purpose of enforcing, protecting,
522 and exercising the rights of Reclamation and the District, and also to protect the rights of those
523 not party to this Agreement.

524 (c) The right of Reclamation, the District, and their agents, employees,
525 assigns, contractors, lessees, or permittees, to remove from the Reservoir Area, any and all
526 materials necessary for the construction, operation, and maintenance of Project works and
527 facilities. All such removal activities shall not occur or encroach on developed sites without
528 mutual agreement of the parties hereto.

529 (d) Except in emergency situations, as defined in this Agreement,
530 Reclamation's designated representative will give written notice to the District's designated
531 representative 30 calendar days prior to the exercise of the above rights.

532

533 **21. TITLE TO LAND, IMPROVEMENTS, EQUIPMENT AND RESTORATION**

534 (a) Permanent structures and improvements constructed on the Reservoir Area
535 lands and water which were funded, or partially funded, by the United States shall remain the
536 property of the United States.

537 (b) The District will keep a current and accurate property record/inventory of
538 all Recreation Facilities, structures and improvements installed or constructed within the
539 Reservoir Area and all equipment purchased with federal Appropriations or Allotment of Funds
540 for use at the Reservoir Area pursuant to this Agreement.

541 (c) Property, equipment, and supplies acquired with federal Appropriations or
542 Allotment of Funds pursuant to this Agreement will be managed in accordance with Exhibit E.

543 (d) The District shall keep a current and accurate inventory of any structures
544 and improvements installed or constructed solely at its own expense or at the expense of its
545 contractors, concessionaires and permittees and shall provide Reclamation such inventory within
546 30 days of completion of such installation or construction, so that Reclamation inventory records
547 can be maintained accordingly. Upon termination of this Agreement, Reclamation may
548 purchase, at the Cost Less Depreciation value, those facilities determined necessary for the future
549 operation and maintenance of the Reservoir Area, provided the facilities were exclusively
550 constructed and financed by the District its contractors, concessionaires or permittees.

551 (e) For a period of 120 days after termination of this Agreement or such
 552 longer period as may be determined by Reclamation to be reasonable, the District, its
 553 contractors, concessionaires or permittees, shall have the privilege, at their sole cost or expense,
 554 of salvaging and/or removing Recreation Facilities that were exclusively financed, constructed or
 555 installed by the District, its contractors, concessionaires or permittees, that are determined by
 556 Reclamation to be unnecessary for continued Management of the Reservoir Area. After the
 557 expiration of such period, the title to all remaining District financed, constructed or installed
 558 Recreation Facilities shall vest in the United States. The District, its contractors, concessionaires
 559 and permittees shall restore the land occupied by such removed Recreation Facilities to its
 560 original condition as determined to be satisfactory to Reclamation.

561

562 **22. REVIEW OF ADMINISTRATION, OPERATION, MAINTENANCE, AND**
 563 **DEVELOPMENT**

564

565 The parties will meet annually or more often if requested by either party, to review and
 566 inspect the Reservoir Area regarding compliance with this agreement. The purpose of these
 567 reviews and inspections are to ensure that administration, operation, maintenance, and
 568 development procedures are adequate; to identify and correct deficiencies and problems; and to
 569 ensure the administration of the Reservoir Area is in accordance with the intended purposes.
 570 Reviews will include, but are not necessarily limited to: monitoring items if identified in the
 571 RMP and Environmental Impact Statement for Lake Casitas or other such Plans; health and
 572 safety; appropriate use of the Reservoir Area lands and water; land interests and resources; and
 573 inspections of Recreation Facilities and operations, including third party Concession contracts or
 574 permits, and basic Service Contracts, within the Reservoir Area. Deficiencies and problems
 575 within the Reservoir Area will be corrected in a timely manner in accordance with the terms of

576 this Agreement. Conclusions and recommendations based upon such reviews and inspections
577 will provide direction for, and possible modification of the administration, operation,
578 maintenance, and development responsibilities pursuant to this Agreement.

579

580 **23. EXAMINATION OF RECORDS**

581 (a) The District agrees that Reclamation shall have the right to examine and to
582 access any pertinent books, documents, papers, and records of the District and/or third party
583 entities involving transactions related to this Agreement.

584 (b) Reclamation's designated representative may at any time request an
585 independent audit of the District's financial activities for Reservoir Area. Such independent
586 audit shall be performed at the cost of Reclamation. Any discrepancies found during such audits
587 shall be corrected by the responsible party.

588 (c) Reclamation's designated representative may at any time request an
589 independent audit or examination of records of third party Concession contract, permits or other
590 service contracts. Such independent audit or examination of records shall be performed at the
591 cost of Reclamation. Any discrepancies found during such audits shall be corrected by the
592 responsible party.

593

594 **24. RECREATION USE DATA REPORT**

595 On January 15 of each year, the District will furnish to Reclamation's designated
596 representative an annual summary of recreation related visitor uses at the Reservoir Area for the
597 then Fiscal Year. Reclamation will provide the forms for this report, which is currently titled
598 "Recreation Use Data Report".

599

600 **25. MISCELLANEOUS PROVISIONS**

601 (a) The District, its contractors, concessionaires or permittees shall comply
602 with the Environmental Requirements set forth in Exhibit B attached hereto and incorporated
603 herein.

604 (b) The District, its contractors, concessionaires or permittees shall comply
605 with the Equal Opportunity requirements set forth in Exhibit C and Title IV of the Civil Rights
606 Act of 1964 set forth in Exhibit D attached hereto and incorporated herein.

607 (c) The District, its contractors, concessionaires or permittees, shall perform
608 this Agreement consistent with Reclamation's federal Indian trust responsibilities as set forth in
609 Exhibit G, entitled "Departmental Manual Part 512, Chapter 2, Departmental Responsibilities for
610 Indian Trust Resources", attached hereto and incorporated herein.

611 (d) Reclamation, at the request of the District, shall provide information on
612 property boundaries and Rights-of-Use on Reservoir Area lands and water within the Reservoir
613 Area.

614 (e) The parties hereto understand and agree that the various terms and
615 conditions within this Agreement apply to the Agreement as a whole, and are not to be narrowly
616 defined within the specific Article under which a given term or condition is located.

617 (f) Each party hereto will provide to the other party any additional reports or
618 information which may be reasonably requested.

619 (g) Any activity deemed to be illegal on the Reservoir Area and water will be
620 cause for immediate action under Articles 26 and 28 of this Agreement.

621

622 **26. NOTICE OF CURE/ DISPUTE RESOLUTION**

623 (a) Reclamation may provide notice of any non-compliance with the terms
624 and conditions of this Agreement. Notification of non-compliance shall be in writing, giving a
625 90-day period of time in which the non-compliant act or omission shall be corrected.

626 (b) In the event the District disagrees with Reclamation's direction regarding
627 any corrective action, Reclamation and the District shall attempt to reach mutual agreement on
628 such action within 90 days, or such longer period as may be Mutually Agreed to by the parties
629 hereto, as necessary to address any notice of non-compliance. Each party shall present its
630 proposed action to the Director of the Mid-Pacific Region of the Bureau of Reclamation. If
631 within 90 calendar days after submitting such proposal to the Director, there is still no mutual
632 agreement on the proposed action, Reclamation's proposed action shall take precedent. Should
633 this occur, both parties shall have the right to terminate this Agreement after notice in writing as
634 set forth in Article 28.

635 (c) If any substantial or persistent non-compliance is not corrected within the
636 specified time the following remedies are available: Reclamation may close all or part of the
637 Reservoir Area, Reclamation may temporarily suspend Management of the Reservoir Area, or
638 terminate the Agreement after notice in writing of such intent, in accordance with Article 28.

639

640 **27. MODIFICATION OF AGREEMENT**

641 This Agreement may be modified, amended, or superseded at any time during its term as
642 Mutually Agreed by the parties hereto.

643

644

645 **28. TERMINATION**

646 (a) This Agreement will terminate and all rights and obligations of the parties
647 under this Agreement will cease under the following conditions:

648 (1) Upon expiration of the term of this Agreement, as provided in Article
649 3; or

650 (2) 90 days after receipt of a written notice of termination as provided in
651 Article 28; or

652 (b) If the U.S. Congress fails to provide adequate funding to enable
653 Reclamation to carry out its respective obligations under this Agreement, either party may give
654 written notice that this Agreement shall terminate on a certain date at least 180 days after the
655 date of notice.

656 (c) For conditions other than those expressed in (a) and (b) herein,
657 Reclamation or the District will give the other party at least 180 days written notice of the intent
658 to terminate this Agreement.

659

660 **29. DESIGNATED REPRESENTATIVES / NOTICES**

661 The parties hereto agree the designated representatives for administration of this
662 Agreement are as follows, or as may be further delegated in writing by the following:
663 Reclamation - Area Manager, South Central California Area Office, Bureau of Reclamation,
664 1243 N Street, Fresno, California 93721 and Manager, Casitas Municipal Water District, 1055
665 Ventura Ave. Oak View, CA 93022. Any written notice, demand, or request, as required or
666 authorized by this Agreement, will be properly given if delivered by hand, or by mail, postage
667 prepaid, to the other party as above listed. All parties hereto are responsible for notifying all

668 affected parties of any subsequent change of address, organizational changes, responsibility
669 adjustments, and other related changes, as they take place.

670

671 **30. SEVERABILITY**

672 Each provision of this Agreement shall be interpreted in such a manner as to be valid
673 under applicable law, but if any provision of this Agreement shall be deemed or determined by
674 competent authority to be invalid or prohibited hereunder, such provision shall be ineffective and
675 void only to the extent of such invalidity or prohibition, but shall not be deemed ineffective or
676 invalid as to the remainder of such provision or any other remaining provision, or this Agreement
677 as a whole.

678

679 **31. OFFICIALS OR EMPLOYEES NOT TO BENEFIT**

680 No member or delegate of Congress shall be admitted to any share or part of any contract
681 or agreement made, entered into, or accepted by or on behalf of the United States, or to any
682 benefit to arise thereupon.

683

684 **32. SURVIVOR CLAUSE**

685 Terms and conditions that require action by the District or its Concessionaires, or other
686 holders of Third Party Agreements, agents or assigns as authorized under Articles 18 and 25 of
687 this Agreement may survive the termination of this Agreement when they are deemed by
688 Reclamation to be for the benefit of the United States.

689

690 IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the first date
691 written above.

692

693 Casitas Municipal Water District

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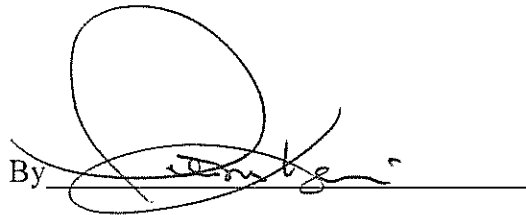
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President
Board of Directors

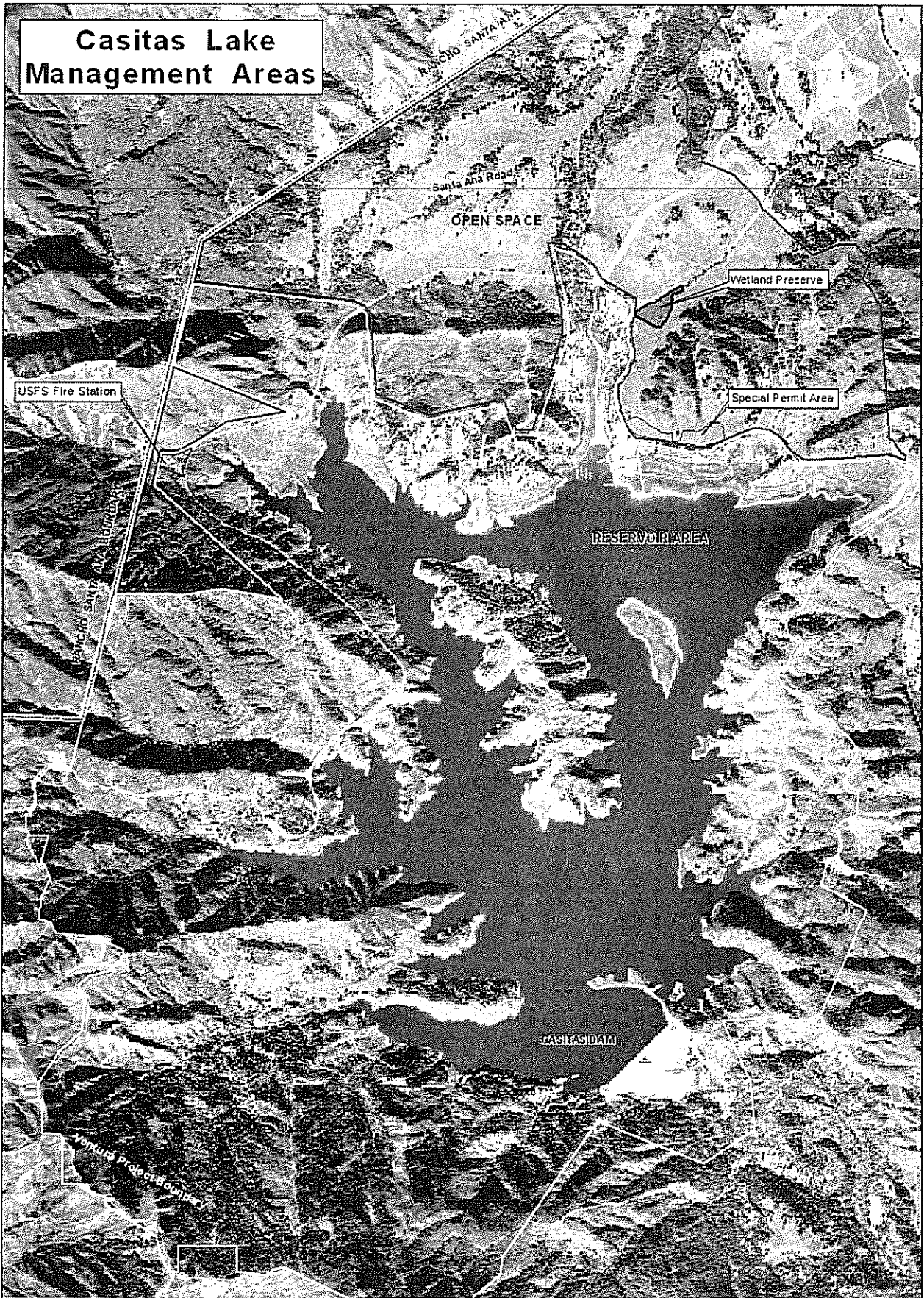
United States of America
Department of the Interior







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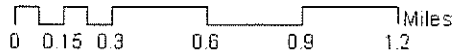
Director - Mid-Pacific Region,
Bureau of Reclamation

TOP

Casitas Lake Management Areas



-  USFS Fire Station Lease
-  Open Space "Title IV Lands"
-  Special Permit Area
-  Casitas Reservoir Lands - Ventura River Project
-  Rancho Santa Ana Boundary
-  Wetland_Preserve



RECLAMATION
Managing Water in the West

706
707
708
709

EXHIBIT B
ENVIRONMENTAL REQUIREMENTS

710 **1.1 Introduction**

711 All Actions taking place on federal property must comply with the National Environmental
712 Policy Act (NEPA) and associated laws and regulations as amended. The District shall integrate
713 NEPA processes with other planning at the earliest possible time to insure that planning and
714 decisions reflect environmental values, to avoid delays later in the process and to head off
715 potential conflicts (40 CFR 1501.2).

716 Actions must be consistent with the following:

717 **1.1.1 Laws and regulations**

- 718 Fish and Wildlife Coordination Act
(PL 85-624, as amended)
- 719 Endangered Species Act
720 (PL 93-205, as amended)
- 721 Migratory Bird Treaty Act
722 (16 USC 703-711)
- 723 Section 404 of the Clean Water Act
724 (PL 92-500, as amended; 33 USC § 1344; 40 CFR Part 230)
- 725 Cultural Resources Compliance
726 (PL89-665, as amended; 36 CFR Part 800)
- 727 Indian Trust Asset Policy and Guidance
728 Guidance for Implementing Indian Sacred Sites
729 (EO 13007)
- 730 Environmental Justice
731 (EO 12898)
- 732 Quality of Information
733 (PL 106-554)

734 **1.1.2 Resource Management Plan (RMP)**

735 **1.1.3 Reclamation Policies**

736

737 **1.2 When is Environmental Documentation Necessary?**

738 Environmental documentation is needed if maintenance or other project includes one of the
739 following:

- 740 • Ground disturbance
- 741 • Change in capacity
- 742 • Change in purpose
- 743 • New construction – Reclamation must receive notification in advance of modifications to
744 determine whether environmental documentation is required.

745 Routine maintenance not involving one of the above criteria does not require environmental
746 documentation.

747

748 **1.3 How to choose the appropriate documentation**

749 Consultation with Reclamation at the earliest planning stages and throughout the planning
750 process is necessary to ensure the appropriate level of environmental documentation and to avoid
751 unnecessary delay. The District will analyze the project as a whole; the evaluations should not
752 be compartmentalized.

753 **1.4 Categorical Exclusions**

754 Categorical Exclusions (CE) shall be prepared for minor projects, which involve one of four
755 criteria listed in Section 1.2 above and satisfy one of the following criteria under Interior 516
756 DM 2, Appendix 2.

757 **1.4.1 Categories**

758 Reclamation's current categories for CEs, as of the date of execution of this agreement,
759 are listed below.

760 The project:

- 761 • Has no significant effect on the quality of the human environment (should be answered
762 last);
- 763 • Has no highly controversial environmental effects and does not involve unresolved
764 conflicts concerning alternative uses of available resources;
- 765 • Has no significant impacts on public health or safety;
- 766 • Has no significant impacts on natural resources or unique geographic characteristics such
767 as historic or cultural resources; park, recreation or refuge lands; or other ecologically
768 significant or critical areas;
- 769 • Has no highly uncertain or potentially significant environmental effects and does not
770 involve unique or unknown environmental risks;
- 771 • Does not establish a precedent for future action and does not represent a decision in
772 principle about future actions with potentially significant environmental effects;
- 773 • Has no direct relationship with other actions with individually insignificant but
774 cumulatively significant environmental effects;
- 775 • Has no significant impacts on properties listed or eligible for listing in the National
776 Register of Historic Places (National Register);
- 777 • Has no significant impacts on species listed or proposed to be listed on the List of
778 Endangered or Threatened Species, and has no significant impacts on designated Critical
779 habitat for these species;
- 780 • Does not threaten to violate Federal, state, local, or tribal law or requirements imposed
781 for protection of human environment;
- 782 • Does not effect Indian Trust Assets (ITAs);
- 783 • Does not have a disproportionately high or adverse effect on low income or minority

- 784 populations,
- 785 • Does not limit access to or ceremonial use of Indian sacred sites on Federal lands by
- 786 Indian religious practitioners and does not significantly or adversely affect the physical
- 787 integrity of such sacred sites; or
-
- 788 • Does not contribute to the introduction, continued existence, or spread of noxious weeds
- 789 or non-native invasive species known to occur in the area and does not contribute to
- 790 actions that may promote that introduction, range, or growth of such species.
- 791

792 ***1.4.2 Preparing the CE***

793 In determining whether the action qualifies for a CE, fill out the Categorical Exclusion Checklist

794 (CEC). This checklist is required on all Reclamation actions whose impacts are small that an

795 Environmental Assessment (EA) or Environmental Impact Statement (EIS) is not required. If all

796 answers on the CEC are “no” then the action meets the requirements of a CE. If any answers are

797 marked “yes,” then an EA is required to determine the significance of the action. If any items on

798 the checklist are marked “unknown,” then the project requires additional knowledge from

799 research or consultants. If the impacts are already known or expected to be significant, then

800 prepare an EIS.

801

802 The final CE should contain the following elements:

- 803 • The project description and purpose
- 804 • Photos and maps (including a topographic map)
- 805 • The CE checklist
- 806 • Impacts, Minor Mitigation, Avoidance Strategy, Constraints
- 807

808 **1.5 Environmental Assessment/FONSI**

809

810 ***1.5.1 Environmental Assessment***

811 In the event that a Finding of No Significant Impact (FONSI) is the appropriate Environmental

812 documentation, a combined Environmental Assessment (EA) should be prepared, addressing the

813 issues significant under NEPA. The State will obtain concurrence from Reclamation that an EA

814 is the appropriate level of documentation prior to initiating the EA.

815 The draft EA will be reviewed and approved by Reclamation prior to circulation to the public or

816 agencies outside Reclamation and the State. After public circulation has been completed and

817 Reclamation as has agreed to the responses to comments received, a draft FONSI will be

818 submitted with the final EA for signature by Reclamation.

819 **1.5.1.1** Depending on the complexity of the project, the following actions may be appropriate:

- 820 • Joint environmental documentation with State, local, and tribal agencies
- 821 • Scoping (public, inter/intra-agency)
- 822 • News releases through newspapers, newsletters, and the Internet
- 823 • Sending the draft EA to the public for comments
- 824 • Public meetings

- 825 • Sending the final EA and FONSI to the public
- 826 • Consultation and coordination with other agencies
- 827 • Public meeting on the draft
- 828 • Supplementing previous EAs and FONSIs
- 829 • Adoption of an EA

830 **1.5.1.2** An EA should include the following:

- 831 • A Cover Sheet, Summary, Table of Contents, and list of Preparers
- 832 • Purpose and Need: a brief objective description
- 833 • Proposed Action and All Alternatives: must contain a “no action” alternative, present the
- 834 action then discuss all reasonable alternatives in detail. Examples of details to include
- 835 are: photographs; area to be disturbed; location with a legal description and map; amount
- 836 of ownership lands to be affected; information on water and wastewater quantities,
- 837 wastewater disposal plans, water conservation measures, and additional items as needed.
- 838 • Affected Environment and Environmental Consequences: shows the effects and
- 839 consequences of the action, should show both beneficial and adverse impacts in the long-
- 840 and short-run also irreversible and irretrievable impacts and the impacts that would occur
- 841 under the no action
- 842 • Consultation and Coordination: includes coordination with other agencies who have any
- 843 interest in or jurisdiction over the project; includes field reviews and public involvement
- 844 activities, permits and approvals
- 845 • Attachments/Appendices as necessary: (a) compliance with environmental statutes, (b)
- 846 list of environmental commitments, (c) list of preparers, (d) bibliography, (e) distribution
- 847 list

848 **1.5.2 FONSI**

849 A FONSI is a document by a federal agency briefly presenting the reasons why an action, not
850 otherwise categorically excluded, will not have a significant effect on the human environment
851 and for which an EIS therefore will not be prepared (40 CFR 1508).

852 **1.6 Environmental Impact Statement**

854 An Environmental Impact Statement (EIS) will be prepared for projects which involve
855 substantial or controversial impacts. An EIS is more detailed than an EA. It usually involves a
856 more complex action or project that requires more extensive public involvement and review
857 processes.

858 **1.6.1 Environmental Impact Statement**

859 The EIS process involves more formal notification to the public for public involvement. The
860 environmental document discusses a full range of alternatives for accomplishing the proposed
861 project.

862 **1.6.1.1** The following notices must be associated with the EIS:

- 863 • Notice of Intent to prepare an EIS (NOI)-describe the action and alternatives; list

- 864 proposed timeline, scoping meetings; and give contact information
- 865 • Notice of Scoping Meetings is given through publication in the Federal Register and in
- 866 local newspapers
- 867 • Notice of Public Information Meetings will be noticed in local newspapers
- 868 • Notice of Availability and Public Hearing will be published in the Federal Register and in
- 869 local newspapers

870 **1.6.1.2** Content of the EIS:

- 871 • All requirements detailed in section 1.5.1.2
- 872 • Alternatives: Alternatives presented in the EIS must be reasonable. Reasonable
- 873 alternatives include those that are practical or feasible from the technical or economic
- 874 standpoint and using common sense rather than simply desirable from the standpoint of
- 875 the applicant. All reasonable alternatives must be rigorously explored and for
- 876 alternatives that were eliminated from detailed study, include a brief explanation for the
- 877 elimination.
- 878 • A preferred alternative should be identified and explained in such language that it may be
- 879 extracted from the document to stand alone as a separate document.
- 880 • No Action Alternative-represents the projection of the future of the current situation. For
- 881 O&M studies, the no action alternative assumes continuing current O&M activities with
- 882 no change.

883 **1.6.1.3** A minimum time line for the NEPA process is as follows (Reclamation may extend

884 limits):

- 885 • The **minimum** period between the notice of a hearing and the actual hearing is 15 days
- 886 (40 CFR 1506.6 (c) (2)).
- 887 • The **minimum** period for public review of the Draft EIS (DEIS) or any supplements is 45
- 888 days (40 CFR 1506.10 (c) and (d), 516 DM 4.26A).
- 889 • The **minimum** period between EPA's Federal Register notice and issuing the Record of
- 890 Decision (ROD) is 30 days (40 CFR 1506.10 (b) (2)).

891 The recommended time line for the process is 30 days between the Notice of Availability and the

892 Public Hearing and 15 days between the Public Hearing and the closing of comments.

893

894 **1.6.2 Record of Decision**

895 The Draft Record of Decision for Reclamation signature will contain:

- 896 • The decision, the alternatives considered, and the preferred alternative from the EIS
- 897 • The environmentally preferred alternative
- 898 • The factors considered for each alternative
- 899 • Whether or not all practicable means to avoid or minimize environmental harm for the
- 900 alternative selected have been adopted, and if not, why. A summary of environmental
- 901 commitments may be necessary.
- 902 • Any monitoring and enforcement program established to ensure that identified mitigation

- 903 measures are accomplished
- 904 • A brief commentary on the Final EIS (FEIS)
- 905 • An explanation of how the community involvement in the NEPA process may have
- 906 influenced the final decision.
-
- 907 • A statement that there will be no impacts to the Indian Trust Assets (ITAs), or a
- 908 statement explaining the impacts and any unresolved ITA issues.
- 909

910 ***1.7 Supplemental Environmental Documentation***

911 If a change in environmental status occurs, it must be addressed in subsequent documents. For

912 example, if a new endangered species enters the area, the appearance and effects to a species

913 must be added in subsequent documents.

914 **1.6.3.1** Environmental changes affecting projects being developed under a programmatic EIS

915 will be addressed using a project specific EA/IS with a FONSI or a Categorical Exclusion as

916 appropriate.

917 **1.6.3.2** Environmental changes affecting projects being developed under a project specific

918 environmental document will be addressed in a Letter Supplement discussing the changes,

919 impacts, and mitigation which may be required.

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EXHIBIT C

EQUAL OPPORTUNITY REQUIREMENTS

During the performance of this Agreement, the District agrees as follows:

1. The District will not discriminate against any employee or applicant for employment because of race, color, age, religion, sex, or national origin. The District will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, age, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The District agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the United States setting forth the provisions of this Equal Opportunity clause.

2. The District will, in all solicitations or advertisements for employees placed by or in behalf of the District, state that all qualified applicants will receive consideration for employment without regard to race, color, age, religion, sex, or national origin.

3. The District will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the United States, advising the labor union or workers representative of the District's commitments under this Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The District will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. The District will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant, thereto, and will permit access to its books, records, and accounts by the United States and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. In the event of the District's noncompliance with the Equal Opportunity clause of this Agreement or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended, in whole or in part, by the United States and the District may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rules, regulations, or order of the Secretary of Labor, or as otherwise provided by law.

7. The District will include the provisions of paragraphs 1) through 6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of

990 Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions
991 will be binding upon each subcontractor or vendor. The District will take such action with
992 respect to any subcontract or purchase order the United States may direct as a means of enforcing
993 such provisions, including sanctions for noncompliance: provided, however, that in the event the
994 District becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a
995 result of such direction by the United States, the District may request the United States to enter
996 into such litigation to protect the interests of the United States.
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998
999

1000 CERTIFICATION OF NONSEGREGATED FACILITIES

1001
1002 The term segregated facilities means: any waiting rooms, work areas, restrooms and
1003 washrooms, restaurants or eating areas, time clocks, locker rooms, storage areas, dressing areas,
1004 parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing
1005 facilities provided for employees which are segregated by explicit directive or are in fact
1006 segregated on the basis of race, creed, color, or national origin, because of habitat, local custom,
1007 or otherwise. The District certifies that it does not maintain or provide for its employees any
1008 segregated facilities at any of its establishments, and that it does not and will not permit its
1009 employees to perform their services at any location under its control where segregated facilities
1010 are maintained. The District agrees that a breach of this certification is a violation of the Equal
1011 Opportunity Clause in this contract. The District agrees that (except where it has obtained
1012 identical certification from proposed subcontractors for specific time periods) it will obtain
1013 identical certification from proposed subcontractors prior to the award of subcontractors
1014 exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause,
1015 and that it will retain such certification in its files.
1016

1017 NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.
1018

EXHIBIT D

TITLE VI, CIVIL RIGHTS ACT OF 1964

1. The District agrees that it will comply with Title VI of the Civil Rights Act of July 2, 1964 (78 Stat. 241), and all requirements imposed by or pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the grounds of race, color, sex, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the District receives financial assistance from the United States and hereby gives assurance that it will immediately take any measures to effectuate this Agreement.

2. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the District by the United States, this assurance obligates the District; or in the case of any transfer of such property or structure is used for a purpose involving the provision of similar service or benefits. If any personal property is so provided, this assurance obligates the District for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the District for the period during which the Federal financial assistance is extended to it by the United States.

3. This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts, or other Federal financial assistance extended after the date hereof to the District by the United States, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The District recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this assurance, and that the United States shall reserve the right to seek judicial enforcement of this assurance. This assurance is binding on the District, its successors, transferees, and assignees.

EXHIBIT E

NONEXPENDABLE GOVERNMENT PROPERTY REQUIREMENTS

1. Nonexpendable government property is equipment which is complete in itself and does not ordinarily lose its identity or become a component part of another piece of equipment when put into use. Nonexpendable Government property includes the following:

- a. Any single item, having a useful life of 1 year or more, which is acquired at a cost of, or valued at \$5000 or more;
- b. Sensitive items identified in Article 5 below, regardless of acquisition cost;
- c. All office furnishings and furniture.

2. For each item of nonexpendable United States property, the District is required to maintain an individual item record which will adequately satisfy the requirements set forth in Article 17 of this Agreement. In establishing and maintaining control over United States' property, the District will include, at the minimum, the following information in their property accounting system:

- a. Contract number
- b. Name of item
- c. Manufacturer's name
- d. Manufacturer's model number
- e. Manufacturer's serial number
- f. Acquisition document reference and date
- g. Guarantee and warranty lapse date
- h. Location
- i. Unit price

3. Accessory and component equipment that is attached to, part of, or acquired for use with a specific item or equipment must be recorded on the record of the basic item. Any accessory or component item that is not attached to, part of, or acquired for use with a specific item of equipment must be recorded separately. Useable accessory or component items that are permanently removed from items of Government property must also be separately recorded.

4. The unit price of each item of government property must be contained in the District's property control system. The District's quantitative inventory record must contain the unit prices. The supplementary records containing this information must be identified and recognized as a part of the unit price of the item (less discount).

5. Firearms, museum property, motor vehicles and heavy equipment are sensitive items of nonexpendable property which shall be included in the District's property accountability system, even if the original acquisition cost is under \$5000.

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1154 EXHIBIT F
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1156
1157 **RECLAMATION MANUAL**

1158 **Policy LND P02**
1159

1160 **Subject:** Concessions Management
1161

1162 **Purpose:** Sets forth the policy for planning, development, management, and operation of
1163 concessions at Reclamation projects.
1164

1165 **Authority:** Reclamation Act of 1902, as amended and supplemented; the Reclamation Project
1166 Act of 1939; and the Federal Water Project Recreation Act of 1965, as amended.
1167

1168 **Contact:** Land, Recreation, and Cultural Resources Office, D-5300
1169

1170 **1. Concessions Management Policy.**
1171

1172 A. **Stewardship.** Reclamation and its Districts will ensure that concessions are planned,
1173 developed, and managed to meet public needs, are compatible with the natural and
1174 cultural resources, and provide a variety of services which are consistent with authorized
1175 project purposes.
1176

1177 B. **Authorization of Concessions.** Based on the principles contained in this policy,
1178 Reclamation will authorize concessions which establish or continue to provide necessary
1179 and appropriate facilities and services.
1180

1181 **2. Definition.**
1182

1183 A. **Concession.** A concession is a non-Federal commercial business that supports
1184 appropriate public recreation uses and provides facilities, goods, or services for which
1185 revenues are collected. A concession involves the use of the Federal estate and usually
1186 involves the development of real property improvements.
1187

1188 **3. Concessions Principles.** The following principles guide the planning, development, and
1189 management of concessions:
1190

1191 A. Concessions will provide quality recreation facilities and services accessible to
1192 persons with disabilities, and appropriate visitor goods and services at reasonable rates.
1193

1194 B. Concession operations will provide for the protection, conservation, and preservation
1195 of natural, historical, and cultural resources.
1196

1197 C. Commercial facilities and services will be planned and developed through a
1198 commercial services planning and public involvement process, in cooperation with other
1199 public agencies.

1200
1201 D. Concessionaires will be provided with opportunities for a reasonable profit and may
1202 be compensated for Reclamation-approved improvements that will remain the property of
1203 the United States.

1204
1205 E. Reclamation will ensure fair competition in the awarding of concessions contracts and
1206 will not allow preferential rights of renewal.

1207
1208 F. Exclusive use of the Federal estate will not be allowed and existing exclusive use will
1209 be removed as soon as possible.

1210
1211 G. Concessions will comply with applicable Federal, State, and local laws.

1212
1213 **4. Supporting Directives and Standards and Guidelines.** Implementation of the Concessions
1214 Management Policy is accomplished through the use of the Reclamation Manual Directives and
1215 Standards, and Guidelines.

- 1216
 - *Concessions Management by the Bureau of Reclamation, LND 04-01.*
 - *Concessions Management by Non-Federal Partners, LND 04-02.*
 - *Concessions Management Guidelines.*

1219
1220 (154) 3/4/02
1221 Supersedes (73) 4/3/98
1222

1223 RECLAMATION MANUAL
1224 Directives and Standards LND 04-02

1225 **Subject:** Concessions Management by Non-Federal Partners

1226
1227 **Purpose:** Establishes minimum approval standards for all new, modified, or renewed non-
1228 Federal concession contracts.

1229
1230 **Authority:** Reclamation Act of 1902, as amended and supplemented; the Reclamation Project
1231 Act of 1939; and the Federal Water Project Recreation Act of 1965, as amended.

1232
1233 **Contact:** Land, Recreation, and Cultural Resources Office, D-5300

1234
1235
1236 **1. Non-Federal Partners.** Reclamation may transfer to non-Federal partners the responsibility to
1237 develop and manage public recreation areas and concession services. Transferred areas are
1238 managed by a partner under Federal authorities, the partner's authorities, specific contracts, and
1239 agreements with Reclamation. Well-planned and -managed concessions on the Federal estate are
1240 of mutual interest to Reclamation and its partners. Reclamation is responsible for continuous
1241 management oversight of Districts and their concessions operations.

1242
1243 **2. Compliance With Directives and Standards.** New concession contracts issued by Districts
1244 must comply with these directives and standards. Existing concession contracts issued by
1245 Districts must, at the first opportunity, be brought into compliance with these directives and
1246 standards. If a concession contract is amended or terminated because of contract default or for
1247 other reasons and a subsequent concession contract is issued by the non-Federal partner, the
1248 subsequent concession contract must be in compliance with these directives and standards.

1249
1250 **3. Definitions.**

1251
1252 **A. Concession.** A concession is a non-Federal commercial business that supports
1253 appropriate public recreation uses and provides facilities, goods, or services for which
1254 revenues are collected. A concession involves the use of the Federal estate and usually
1255 involves the development of real property improvements.

1256
1257 **B. Exclusive Use.** Exclusive use is any use that excludes other appropriate public
1258 recreation use or users for extended periods of time. Exclusive use includes, but is not
1259 limited to, boat docks, cabins, trailers, manufactured or mobile homes, structures, or
1260 amenities that are determined by Reclamation to be exclusive use.

1261
1262 **C. Federal Estate.** The Federal land and water areas under the primary jurisdiction of the
1263 Department of the Interior, Bureau of Reclamation.

1264
1265 **D. Fixed Assets.** Fixed assets are any structures, fixtures, or capital improvements
1266 permanently attached to the Federal estate.
1267

1268 E. **Improvement.** An addition to real property that increases its value or utility or that
1269 enhances its appearance.

1270
1271 F. **Management Agreement.** A management agreement is a binding contract between
1272 Reclamation and a partner to provide public recreation opportunities and concession
1273 services on the Federal estate.

1274
1275 G. **Non-Federal Partner.** A non-Federal partner is a non-Federal public entity that
1276 manages recreation and other resources through a contractual agreement with
1277 Reclamation.

1278
1279 H. **Total Benefits to the Government.** Total benefits include:

1280
1281 (1) **Direct Returns.** These are fees generated by authorized concession contracts
1282 and paid directly to the managing entity or to the United States Treasury.

1283 (2) **Direct Benefits.** These are fees paid into a contractually designated special
1284 account for resource and capital improvements that directly benefit the public in
1285 the area of operations where the fees are collected.

1286 (3) **Indirect Benefits.** These are services performed by the concessionaire that
1287 benefit the public or improvements made to the Federal estate by the
1288 concessionaire.

1289
1290 **4. District Agreements.**

1291
1292 A. **Third-Party Concession Agreements.** Third-party concession agreements are
1293 agreements between the non-Federal District and another entity to provide concession
1294 related services and facilities.

1295
1296 (1) **Agreement Standards.** Any concession contract, including a contract renewal
1297 or modification, issued by the non-Federal District must meet the requirements of
1298 these Concessions Management Directives and Standards.

1299 (2) **Contract Approval.** Before issuing or renewing a non-Federal concession
1300 contract, the contract must be approved by Reclamation.

1301 (3) **Stand In Stead Conditions.** All concession contracts must state that
1302 Reclamation will not stand instead for the District should the management
1303 agreement expire or be terminated. At Reclamation's discretion, Reclamation may
1304 issue a new concession contract that is in compliance with Reclamation Manual
1305 (RM), *Concessions Management by Reclamation*, LND 04-01. Reclamation will
1306 not issue a new contract until all exclusive use has been removed.

1307
1308 B. **Review and Evaluation.** All management agreements will require Reclamation to
1309 conduct annual concession operation reviews and evaluations. Reclamation may also
1310 conduct unplanned reviews, as necessary. If a review identifies operational or
1311 administrative deficiencies in the operation of a concession, a timetable must be
1312 established by the area office to correct these deficiencies.
1313

1314 C. **Exclusive Use.** New, renewed, or modified management agreements and concession
1315 contracts will include clauses that prohibit new exclusive use and require that existing
1316 exclusive use be phased out. When existing concession contracts issued by the partner are
1317 modified or renewed, Reclamation and the partner must establish a timetable in the
1318 concession contract that phases out existing exclusive use before the expiration of the
1319 contract. This timetable must be established before the concession contract is resubmitted
1320 to Reclamation for approval. The concessionaire and a person hired to guard the
1321 concessionaires investment may reside on the Federal estate, with the written approval of
1322 Reclamation.

1324 D. **Disposition of Fees.** Unless State or local laws direct how concession fees paid to the
1325 partner will be used, the following will apply: (1) fees will be returned to the area to
1326 provide for operation, maintenance, and replacement of recreation facilities and new
1327 facility development; (2) any excess fees (profit) will be returned to Reclamation and
1328 disposed of according to RM, *Crediting of Incidental Revenues*, PEC 03-01.

1330 E. **Statistical Data.** Each year, the District will be required to provide Reclamation with
1331 the information specified in Reclamation's Recreation Use Data Report. Other
1332 information may be required, as necessary. This information will provide an accurate
1333 inventory of facilities. The report will also contain other data about the District's
1334 recreation and concession operations on the Federal estate.

1336 5. **Concessions Planning.** Concession development will adhere to the concessions principles
1337 listed in RM, *Concessions Management* (LND P02), will be based on appropriate plans
1338 developed by the partner or Reclamation, and will be approved by the Regional Director or
1339 delegate. Reclamation can provide direction and assistance in the process, as necessary, to
1340 accomplish effective commercial services planning.

1342 6. **Concessions Contracting.** The following items will be addressed in all new and renewed
1343 concessions contracts issued by non-Federal partners.

1345 A. **Sale and Transfer.** The sale and transfer of existing concessions must be approved
1346 according to the management agreement and reported to Reclamation in a timely manner.

1348 B. **Contract Language.** The partner will develop and use contract language that
1349 complies with all applicable Federal laws, rules, regulations, and Executive Orders.
1350 Reclamation can provide examples of standard contract structure and language.

1352 C. **Length of Term.** The term for a concession may not exceed the term of the
1353 management agreement between Reclamation and the partner. In general, terms should
1354 be as short as possible and based on the new investment required as determined by a
1355 financial feasibility evaluation.

1357 D. **Subconcessions.** All subconcessions must meet the terms and conditions of the prime
1358 concession contract. The partner must approve all subconcessions and notify Reclamation
1359 in advance of any authorization that needs Reclamation approval. Generally,

1360 subconcessions are discouraged in order to keep operations under single management.

1361
1362 **E. Concessions Building and Improvement Program.** All designs and construction
1363 must comply with applicable Federal, State, and local environmental and historic
1364 preservation laws and regulations and building code requirements. In areas where no
1365 State or local construction standards exist, Reclamation may provide appropriate
1366 standards. Where required and before construction, building permits must be obtained
1367 from local authorities by the concessionaire. All facilities will be harmonious in form,
1368 line, color, and texture with the surrounding landscape.

1369
1370 **F. Operation and Maintenance Plan.** Concessionaires will prepare an annual operation
1371 and maintenance plan, which must be approved by the partner. The concession contract
1372 must clearly state what the plan will contain. Reclamation can provide examples of such
1373 plans for the partner and the concessionaire.

1374
1375 **G. Reimbursement for Fixed Assets.**

1376
1377 (1) A right to reimbursement may exist when a concessionaire places
1378 Reclamation-approved fixed assets on the Federal estate. Title to fixed assets must
1379 be established in the concession contract. Reimbursement of a concessionaire for
1380 fixed assets is the responsibility of the partner. The method for determining the
1381 amount of reimbursement and the method of payment will be specifically
1382 addressed in the concession contract between the partner and the concessionaire.

1383
1384 (2) In the event the partner's agreement with Reclamation expires or is terminated
1385 without a commitment by both Reclamation and the partner to enter into another
1386 agreement, all the concessionaires' fixed assets and personal property must be
1387 removed from the Federal estate unless Reclamation decides to issue a new
1388 concessions contract and decides to retain the fixed assets. [See paragraph 4A(3).]
1389 The partner will be responsible for ensuring that the concession area is returned in
1390 a condition satisfactory to Reclamation.

1391
1392 (3) It must be clearly stated that no financial obligation or risk will reside in the
1393 Federal Government for reimbursement for fixed assets or personal property as a
1394 result of the partner awarding a concession contract. All new concession contracts
1395 issued by the partner will address rights for reimbursement to the concessionaire
1396 for fixed assets. Interests in a concessionaire's fixed assets may not extend beyond
1397 the term of the management agreement. In addition, the concession contract must
1398 provide appropriate language regarding interests in fixed assets and methods of
1399 reimbursement, if any, to the concessionaire by the partner.

1400
1401 **H. Area of Operation.** Each concession contract will authorize and define only the
1402 physical area necessary to conduct the business activities allowed by the contract.
1403 Concession boundaries must be surveyed by the partner and easily recognizable by the
1404 visiting public.
1405

1406 **I. Additional Facilities or Services.** Any proposal for expansion of facilities or services
1407 must be reviewed by Reclamation and approved by the partner before the expansion takes
1408 place.
1409

1410 **J. Exclusive Use.** The contract must state that no new facility, service, or site determined
1411 by Reclamation to be exclusive use will be allowed. New, renewed, or modified
1412 concession contracts issued by the partner will include clauses that establish a timetable
1413 for phasing out existing exclusive use before the contract expires.
1414

1415 **K. Reclamation Rights.** All concession contracts must be subject to the rights of
1416 Reclamation and its agents to use the subject lands and waters for project purposes.
1417

1418 **L. Termination of Concession Contract.** Concession contracts will acknowledge the
1419 right of Reclamation to terminate, for cause, any concession contract authorized by a
1420 non-Federal partner.
1421

1422 **M. Total Benefits.** The partner will establish and recover fair benefits, including direct
1423 return and direct and indirect benefits, for the uses, rights, and privileges granted by a
1424 concession contract. For disposition of fees, see paragraph 4D.
1425

1426 **N. Rates and Merchandise.** Rates charged by concessionaires for services, food,
1427 lodging, and merchandise will be based on charges for comparable facilities, services,
1428 and merchandise provided by the private sector in similar situations. The partner must
1429 approve the rates requested by concessionaires.
1430

1431 **O. Concessions Safety Program.** Concessionaires are responsible for providing and
1432 ensuring a safe and healthful environment for both the visiting public and employees by
1433 developing, implementing, and administering health, safety, and educational programs to
1434 ensure that concession areas are managed in compliance with Federal, State, and local
1435 laws, rules, and regulations.
1436

1437 **P. Environmental Compliance.** Concession contracts will address all activities with
1438 potential environmental impacts resulting from the release of hazardous materials to the
1439 environment including, but not limited to, the following: pesticides, herbicides, sewage
1440 effluents, petroleum products, and liquid waste (gray water). Concessionaires are
1441 required to follow all applicable Federal, State, and local laws, rules, and regulations
1442 related to hazardous substance use, storage, and disposal. Application for and acquisition
1443 of all required certifications and permits are the responsibility of the concessionaire.
1444

1445 **Q. Food Sanitation.** Concessionaires' food services will comply with Federal, State, and
1446 local food handling and sanitation regulations.
1447

1448 **R. Advertising and Signs.** The Reclamation logo or name, along with the non-Federal
1449 partner logo or name, will be displayed at all concession entrances used by the public.
1450 Outdoor signs or other forms of advertising on the Federal estate must be approved by

1451 Reclamation before they are displayed.
1452

1453 **S. Sale of Personal Property.** The sale of personal property other than the approved
1454 concessions inventory is prohibited on the Federal estate. No party will be permitted to
1455 sell personal property, including vehicles, manufactured or mobile homes, house trailers,
1456 travel trailers, boats, or personal water craft, on the Federal estate.
1457

1458 **T. Utility Services Provided by Reclamation.** The fee charged for utility services
1459 provided by Reclamation will be based on the recovery of full operating and replacement
1460 costs for utility capital investments and comparable utility rates. Utility services include,
1461 but are not limited to, electricity, power, water, waste disposal, gas, and communication
1462 systems.
1463

1464 **U. Insurance Program.** Concessionaires must have and maintain an appropriate
1465 insurance policy that will indemnify the United States and meet applicable State
1466 requirements. All liability policies will provide that the insurance company will have no
1467 right of subrogation against the United States and must provide that the United States is
1468 named as an additional insured. The partner may establish similar requirements itself, but
1469 it must provide Reclamation with a copy of the insurance certificate that identifies the
1470 above conditions.
1471

1472 **V. System of Recordkeeping.** Financial reports and records necessary for management
1473 and oversight of concessions must be maintained and available to the partner and to
1474 Reclamation upon request. At a minimum, each concessionaire will complete
1475 Reclamation's Annual Financial Report form(s).
1476

1477 **7. Concessions Administration.** 1478

1479 **A. Annual Review and Evaluation.** All concession agreements issued by the non-
1480 Federal partner will require Reclamation and the non-Federal partner to conduct annual
1481 concession reviews and evaluations. The review should identify problems, solutions, and
1482 a timetable for resolving the problems in a written report. The non-Federal partner must
1483 ensure that any operational or administrative deficiencies noted by the review are
1484 corrected in accordance with the established timetable.
1485

1486 **B. Nonprofit Organizations.** In certain circumstances, it may be suitable for cooperative
1487 associations or nonprofit organizations to sell goods or provide visitor services to meet
1488 the goals and objectives of both Reclamation and the partner. These associations and
1489 organizations must be approved by the partner if the cooperating association operates
1490 within a concession or elsewhere on the Federal estate. The cooperating association will
1491 be responsible for maintaining its accounting system, and the system cannot be combined
1492 with a concessionaire's annual financial report. Nonprofit organizations will also be given
1493 very clear instructions identifying the type of business they are authorized to conduct and
1494 the types of goods and services they may provide. All organizations must provide written
1495 proof of their nonprofit status to Reclamation and the partner.
1496

1497 **C. Employment of Reclamation Personnel or Family Members⁽¹⁾.** Reclamation
1498 employees or family members may not be owners, partners, board members, corporate
1499 officers, general managers, or employees of any business providing commercial services
1500 on the Federal estate, nor may they have any financial interest in such a company.
1501 Ownership of stock shares traded in a recognized open market is not considered a
1502 financial interest under these directives and standards. Reclamation employees are further
1503 prohibited from using their public office for private or family gain. A Reclamation
1504 employee involved in preparing specifications, awarding a contract, or administering a
1505 concession may not be involved in that activity if the employee or a family member is
1506 involved in any phase or operation of that concession. Any Reclamation employee or
1507 family member responsible for any phase of a concession contract will be excused from
1508 duties related to the concession contract if the employee or a family member is involved
1509 in competing for the contract or if the Reclamation employee may benefit financially
1510 from the awarding of the contract.
1511
1512

1513 ¹Guidance on this issue should be obtained from an ethics counselor in the servicing Reclamation
1514 Personnel/Human Resources Office.
1515

1516
1517
1518 (159) 4/29/02
1519 Supersedes (74) 4/3/98
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EXHIBIT G

**Department of the Interior
Departmental Manual**

Effective Date: 12/01/95

Series: Intergovernmental Relations

Part 512: American Indian and Alaska Native Programs

Chapter 2: Departmental Responsibilities for Indian Trust Resources

Originating Office: Office of American Indian Trust

512 DM 2

1. **Purpose.** This Chapter establishes the policies, responsibilities, and procedures for operating on a government-to-government basis with federally recognized Indian tribes for the identification, conservation, and protection of American Indian and Alaska Native trust resources to ensure the fulfillment of the Federal Indian Trust Responsibility.

2. **Policy.** It is the policy of the Department of the Interior to recognize and fulfill its legal obligations to identify, protect, and conserve the trust resources of federally recognized Indian tribes and tribal members, and to consult with tribes on a government-to-government basis whenever plans or actions affect tribal trust resources, trust assets, or tribal health and safety.

3. **Responsibilities.**

A. **Heads of bureaus and offices** are responsible for identifying any impact of Departmental plans, projects, programs or activities on Indian trust resources. Department officials shall:

(1) Establish procedures to ensure that the activities of Departmental organizations impacting upon Indian trust resources are explicitly addressed in planning, decision, and operational documents;

(2) Ensure that bureaus and offices consult with the recognized tribal government whose trust resource, asset, or health and safety is potentially affected by the proposed action, plan, or activity;

(3) Remove procedural impediments to working directly and effectively with tribal governments;

(4) Provide drafts of all procedures or amendments to procedures developed pursuant to this Chapter to the Office of American Indian Trust for review and comment; and,

1588
1589 (5) Designate a senior staff member to serve as liaison between the bureau or office and the
1590 Office of American Indian Trust.
1591

1592 **B. Office of American Indian Trust** is responsible for ensuring compliance with the
1593 procedures and requirements under this Chapter. The Office of American Indian Trust will serve
1594 as the Department's liaison and initial point of contact on all matters arising under this Chapter.
1595 All procedures and amendments to procedures shall be submitted by Departmental bureaus and
1596 offices to the Office of American Indian Trust for review and comment. After such review and
1597 comment, the procedures and amendments to procedures will be transmitted to the Assistant
1598 Secretary - Indian Affairs for final approval.
1599

1600 **C. Assistant Secretary - Indian Affairs** is responsible for approving bureau and office
1601 procedures, or amendments thereto, developed pursuant to this Chapter.
1602

1603 4. Procedures.

1604

1605 **A. Reports.** As part of the planning process, each bureau and office must identify any
1606 potential effects on Indian trust resources. Any effect must be explicitly addressed in the
1607 planning/decision documents, including, but not limited to, Environmental Assessments,
1608 Environmental Impact Statements, and/or Management Plans prepared for the project or activity.
1609 The documentation shall:

1610
1611 (1) Clearly state the rationale for the recommended decision; and
1612

1613 (2) Explain how the decision will be consistent with the Department's trust responsibility.
1614

1615 **B. Consultation.** In the event an evaluation reveals any impacts on Indian trust resources,
1616 trust assets, or tribal health and safety, bureaus and offices must consult with the affected
1617 recognized tribal government(s), the appropriate office(s) of the Bureau of Indian Affairs, the
1618 Office of the Solicitor, and the Office of American Indian Trust. Each bureau and office within
1619 the Department shall be open and candid with tribal government(s) during consultations so that
1620 the affected tribe(s) may fully evaluate the potential impact of the proposal on trust resources and
1621 the affected bureau(s) or office(s), as trustee, may fully incorporate tribal views in its decision-
1622 making processes. These consultations, whether initiated by the tribe or the Department, shall be
1623 respectful of tribal sovereignty. Information received shall be deemed confidential, unless
1624 otherwise provided by applicable law, regulations, or Administration policy, if disclosure would
1625 negatively impact upon a trust resource or compromise the trustee's legal position in anticipation
1626 of or during administrative proceedings or litigation on behalf of tribal government(s).
1627

1628 12/01/95 #3049

1629 Replaces 05/23/95 #3040
1630
1631
1632
1633

CASITAS MUNICIPAL WATER DISTRICT

RESOLUTION NO. 78-39

A RESOLUTION DIRECTING EXECUTION OF AN INTERIM AGREEMENT BETWEEN UNITED STATES OF AMERICA AND CASITAS MUNICIPAL WATER DISTRICT FOR MANAGEMENT OF VENTURA RIVER OPEN SPACE LANDS

BE IT RESOLVED by the Board of Directors of Casitas Municipal Water District that the General Manager and Chief Engineer of this District is hereby directed to execute on behalf of the District the "Interim Agreement Between United States of America and Casitas Municipal Water District for Management of Ventura River Open Space Lands." A copy of said Interim Agreement is on file in the District office and identified as Contract No. 8-07-20-L0530.

PASSED AND ADOPTED this 26th day of April, 1978.

Clyde A. Campbell

President, Casitas
Municipal Water District

ATTEST:

L R Whelan

Secretary-Treasurer, Casitas
Municipal Water District

STATE OF CALIFORNIA)
) ss.
COUNTY OF VENTURA)

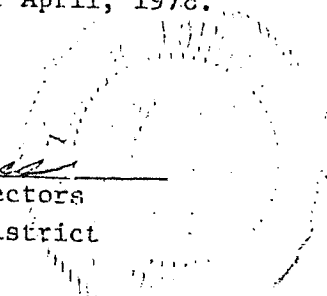
I, Anita E. Snodgrass, Clerk of the Board of Directors of Casitas Municipal Water District, certify that the foregoing is a true and correct copy of a resolution adopted at a meeting of said Board of Directors held on the 26th day of April, 1978, by the following vote:

AYES: Directors: Campbell, Whelan, Hansen, Coultas
NOES: Directors: None
ABSENT: Directors: Walker

IN WITNESS WHEREOF I have signed my name and affixed the official seal of the Casitas Municipal Water District this 27th day of April, 1978.

Anita E. Snodgrass

Clerk of the Board of Directors
Casitas Municipal Water District





United States Department of the Interior
BUREAU OF RECLAMATION

MID-PACIFIC REGIONAL OFFICE
2800 COTTAGE WAY
SACRAMENTO, CALIFORNIA 95825

MAY 16 1978

IN REPLY
REFER TO: MP-420
780.

ACT. INFO.
 BUREAU
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 FILE

Mr. Robert N. McKinney
General Manager and Chief Engineer
Casitas Municipal Water District
Post Office Box 37
Oak View, California 93022

Dear Mr. McKinney:

Enclosed is one original copy of the Interim Agreement for management of open space lands at Lake Casitas, Contract No. 8-07-20-L0530, which I have executed today on behalf of the United States.

Sincerely yours,

M. A. Gatino
Acting Regional Director

Enclosure

3915

RECEIVED
CASITAS MUNICIPAL
WATER DISTRICT

APR 10 1978

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INTERIM AGREEMENT BETWEEN THE UNITED STATES OF
AMERICA AND CASITAS MUNICIPAL WATER DISTRICT
FOR MANAGEMENT OF VENTURA RIVER OPEN SPACE LANDS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Ventura River Project, California

THIS AGREEMENT, made this 16th day of May, 1978, in accordance with the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, particularly Title IV of the Act of October 27, 1974 (88 Stat. 1493) entitled, "Casitas Reservoir Open Space, California," all collectively hereinafter referred to as Federal Reclamation Laws, by and between THE UNITED STATES OF AMERICA acting by and through its Department of the Interior, hereinafter styled the "United States," represented by the officer executing this instrument on its behalf which officer, his successor and his duly authorized representative are hereinafter severally called the "Contracting Officer," and the CASITAS MUNICIPAL WATER DISTRICT, a political subdivision duly organized and operating under the laws of the State of California, acting by and through its Board of Directors and hereinafter styled the "Casitas."

WITNESSETH, THAT:

WHEREAS, the United States has acquired certain lands or interests in lands for the construction, operation and maintenance of the Ventura River Project (Project) as authorized by the Act of March 1, 1956 (70 Stat. 32) entitled, "Ventura River Project"; and

WHEREAS, Casitas is currently operating the Project and managing those Project lands pursuant to Contract No. 14-06-200-5257 between Casitas and the United States; and

WHEREAS, it is in the public interest to protect the quality of the water stored in Lake Casitas; and

WHEREAS, the United States will acquire certain additional lands or interests in land to protect the quality of water in Lake Casitas and to serve other purposes (hereinafter referred to as "open space lands"); and

WHEREAS, the United States and Casitas are negotiating a long-term management agreement for the open space lands; and

WHEREAS, the United States and Casitas wish Casitas to undertake the management of open space lands prior to execution of said long-term agreement.

NOW, THEREFORE, the United States and Casitas agree as follows:

TERM OF AGREEMENT

1. This agreement will remain in force and effect until such time as the United States and a non-Federal public body have executed a long-term management agreement for the open space lands.

TRANSFER OF MANAGEMENT OF OPEN SPACE LANDS

2. Casitas shall assume management of each parcel or group of parcels of open space lands shown on Drawing No. 767-208-241, attached hereto and marked Exhibit "A", upon receipt of a written

notice of transfer from the Contracting Officer respecting that parcel or group of parcels. Said notice shall not be given for any parcel or group of parcels until the United States has satisfied all its obligations to the former owner of that parcel excepting the right of USE AND OCCUPANCY reserved, as permitted pursuant to Title IV of the Act of October 27, 1974 (88 Stat. 1493); Provided, That should such right of USE AND OCCUPANCY be reserved, the notice of transfer will set forth the terms and conditions applicable to such reservation.

MANAGEMENT OF OPEN SPACE LANDS

3. (a) Casitas shall manage each parcel of open space lands, transferred as stated in Article 2 hereof, for which a right of USE AND OCCUPANCY was reserved, in accordance with the terms and conditions set forth in the notice of transfer relating to that parcel and in accordance with the Management Guidelines, as amended, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference.

(b) Casitas shall manage each parcel or groups of parcels of open space lands, transferred as stated in Article 2 hereof, where no rights were reserved, in accordance with the Management Guidelines, as amended, and to prevent trespassing, vandalism, and other acts which are detrimental to the United States and contrary to the intent of said Title IV of the Act of October 27, 1974 (88 Stat. 1493).

RESERVATIONS

4. The privileges herein granted to Casitas are subject to:

(a) Existing rights, privileges, or interests in the lands shown on Exhibit "A" to which the title of the United States may be subject, and Casitas agrees not to interfere with such rights, privileges, or interests.

(b) Existing easements and rights-of-way; and easements or rights-of-way which may be acquired by the United States.

(c) The right of properly authorized officers, assignees, agents, employees, permittees, and lessees of the United States to enter upon the lands described herein without charge for the purpose of enforcing, protecting, and exercising the rights reserved to the United States and protecting the rights vested in those not party to this agreement except that reasonable notice will be given to Casitas prior to said officers, assignees, agents, employees, permittees, and lessees entering said open space lands.

TITLE TO LAND, IMPROVEMENTS AND RESTORATION

5. Casitas shall not construct any structures or facilities on open space lands without written approval of the Contracting Officer.

PREPARATION AND ADMINISTRATION OF CONTRACTS, ETC.,
RELATING TO THE REAL PROPERTY OF THE UNITED STATES

6. (a) For the purposes of this agreement, definitions of the following terms are:

(1) AN EASEMENT is an instrument which grants an estate in the land and is not revocable except as may be provided in the instrument. Rights of way for roads, transmission lines, pipelines, and like uses, are granted by an easement.

(2) A LEASE is an instrument by which lands and tenements are conveyed for a number of years or at will. Leases may be used to convey lands for grazing, agricultural, commercial and other uses.

(3) A PERMIT, LICENSE, OR CONTRACT is an instrument granting authority to do an act or acts on lands without conveying an interest therein. It is an instrument giving a personal privilege which is temporary and revocable.

(b) When the United States receives a request for a permit, license, or contract for use of the open space lands transferred to Casitas for management, it shall forward the request, together with any comments which may be pertinent, to Casitas. Notice of referral shall be sent to the applicant without comment. The applicant also should be told that further information regarding the application will emanate from Casitas and all subsequent inquiries concerning the application should be sent direct to Casitas.

(c) Subject to the provisions of (d) below, Casitas may grant or deny permits, licenses and contracts to use the open space lands transferred to it for management. Casitas will send the Bureau a copy of each permit, license, and contract granted. Casitas will not grant any permits, licenses, or contracts that involve the installation and

construction of structures on the open space lands without prior consent by the United States.

(d) All leases, easements, and interests in land shall be granted only by the United States.

If the application is one which can only be granted by the United States, Casitas shall furnish a copy of the application and comments thereon to the United States. If the request is compatible with the management of the open space lands and if Casitas has indicated approval, the United States will execute the appropriate documents and send a copy of the executed documents to Casitas.

(e) In granting permission to use the open space lands, care shall be exercised to assure that:

- (1) The encroachment is held to the minimum practical;
- (2) There is no interference with the Project;
- (3) A permit, license, or contract is not issued as a substitute for an easement or lease;
- (4) Disposal of land by the United States is not being contemplated.

When there is doubt on any of these matters, the application shall be sent to the United States.

(f) Charges may be made for easements, leases, permits, licenses, and contracts to use the open space lands.

- (1) The charge shall be based on the fair value of the right granted with a minimum sufficient to cover the administration

expenses involved. Casitas may establish uniform charges for servicing permits, licenses, and contracts.

(2) No charge will be made by the United States for rights granted to governmental entities or to such quasi-governmental agencies or nonprofit organizations as the parties shall agree upon. However, if a governmental entity requests a right for the specific benefit of a private party, charges will be imposed and will be paid to Casitas direct as though the grant were to the private entity.

(3) All revenues from easements, leases, permits, licenses, and contracts to use the open space lands shall be returned to the United States for credit to the Reclamation fund.

(g) The parties agree that the procedures set forth in this section appear desirable and feasible at this time. However, the effectiveness of these procedures is subject to review. Necessary or desirable changes will be made by agreement of the parties when the need therefor becomes evident.

LIABILITY AND INDEMNIFICATION

7. (a) To the extent it is legally able to do so, Casitas agrees to indemnify and hold harmless the United States, its agents and employees from any loss or damage and from any liability on account of personal injury, death or property damage or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of Casitas' activities under the terms of this agreement.

(b) Insofar as the United States is legally authorized to do so, it shall hold Casitas harmless from any damages or injury resulting from the activities of the United States under the terms of this agreement. This article is not intended to confer any liability upon the United States not presently existing under Federal law.

MANAGEMENT RESPONSIBILITY

8. Casitas shall perform whatever work is necessary as approved by the Contracting Officer to reasonably control the erosion for the open space lands in order to minimize or prevent siltation or to protect water quality in the reservoir. Such work may include, but not be limited to grading, clearing, grubbing, discing, weed control, control burning, debris removal and other related watershed management practices, calculated to prevent cleared areas from returning to chaparral.

IMPROVEMENTS AND STRUCTURES

9. (a) Casitas shall not construct or remove any improvement, structure, or facility on the open space lands without written approval of the Contracting Officer.

(b) From time to time, but not more than at monthly intervals, the United States shall reimburse Casitas from funds appropriated pursuant to Title IV of the Act of October 27, 1974, for costs and expenses incurred by Casitas for the removal of improvements, structures and facilities from and/or cleanup of the open space lands approved by the Contracting Officer. Said costs and expenses will include direct

labor, contract costs, administrative overhead, and other associated costs incurred directly as a result of Casitas' removal activities.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

10. The expenditure of any money by the United States in the performance of any work by Casitas provided for by the terms of this agreement which may require appropriation of money by the Congress or the allotment of funds shall be contingent upon such appropriation or allotment being made. The failure of Congress to appropriate funds or the absence of any allotment of funds shall not impose any liability upon the United States, nor relieve Casitas of any of its obligations provided for by the terms of this agreement with the exception of work requested under item 9(b) of this contract.

MISCELLANEOUS PROVISIONS

11. (a) The attached statement marked Exhibit "C" entitled, Reclamation Land-Use Stipulation, wherein Casitas is referred to as "permittee," is by reference incorporated herein and made a part hereof.

(b) The attached statement marked Exhibit "D" entitled, Environmental Requirements, is by reference incorporated herein and made a part hereof.

(c) The attached statement marked Exhibit "E" entitled, Title VI, Civil Rights Act of 1964, as amended, is by reference incorporated herein and made a part hereof.

(d) The following statement, Nondiscrimination in Public Accommodations, applies to this agreement. Casitas agrees that it and its employees will not discriminate because of race, color, age, religion, sex, or national origin against any person by refusing to furnish such person any accommodation, facility, service, or privilege offered to or enjoyed by the general public, nor shall Casitas or its employees publicize the accommodations, facilities, services, or privileges in any manner that would directly or inferentially reflect upon or question the acceptability of the patronage of any person because of race, color, age, religion, sex, or national origin. Casitas agrees to include and require compliance with a provision similar to the foregoing provision in any contract made with respect to the operations to be carried out hereunder.

(e) The attached statement marked Exhibit "F" entitled, Equal Opportunity is by reference incorporated herein and made a part hereof.

NOTICE, DEMAND, PAYMENT, OR ANNOUNCEMENT

12. (a) Any notice or announcement authorized or required to be given to the United States shall be deemed to have been given when mailed, postage prepaid, or delivered to the Regional Director, Mid-Pacific Region, Bureau of Reclamation, Federal Building, 2800 Cottage Way, Sacramento, California 95825.

(b) Any notice, demand, payment, or announcement authorized or required to be given to Casitas shall be deemed to have been given when mailed in a postage prepaid or franked envelope or delivered

to the Casitas Municipal Water District, Post Office Box 37, Oak View, California 93022.

(c) The designation of the addressee or the address given above may be changed by notice given in the same manner as provided in this article for other notices.

(d) This article shall not preclude effective service by other means.

SOLICITATION OF AGREEMENT

13. Casitas warrants that no person or agency has been employed or retained to solicit or secure this agreement upon an agreement or understanding for a commission, percentage, brokerage or contingent fee excepting bona fide employees or bona fide established commercial agencies maintained by the Casitas for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this agreement without liability or in its discretion to require the Casitas to pay, in addition to the contract price or consideration, the full amount of such commission, percentage, brokerage or contingent fee.

OFFICIALS OR EMPLOYEES NOT TO BENEFIT

14. No member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit to arise therefrom. Nothing herein contained shall be construed to extend to any incorporated company if the agreement be for the general benefit of such corporation or company.

IN WITNESS WHEREOF, this agreement is given as of the day
and year first above written.

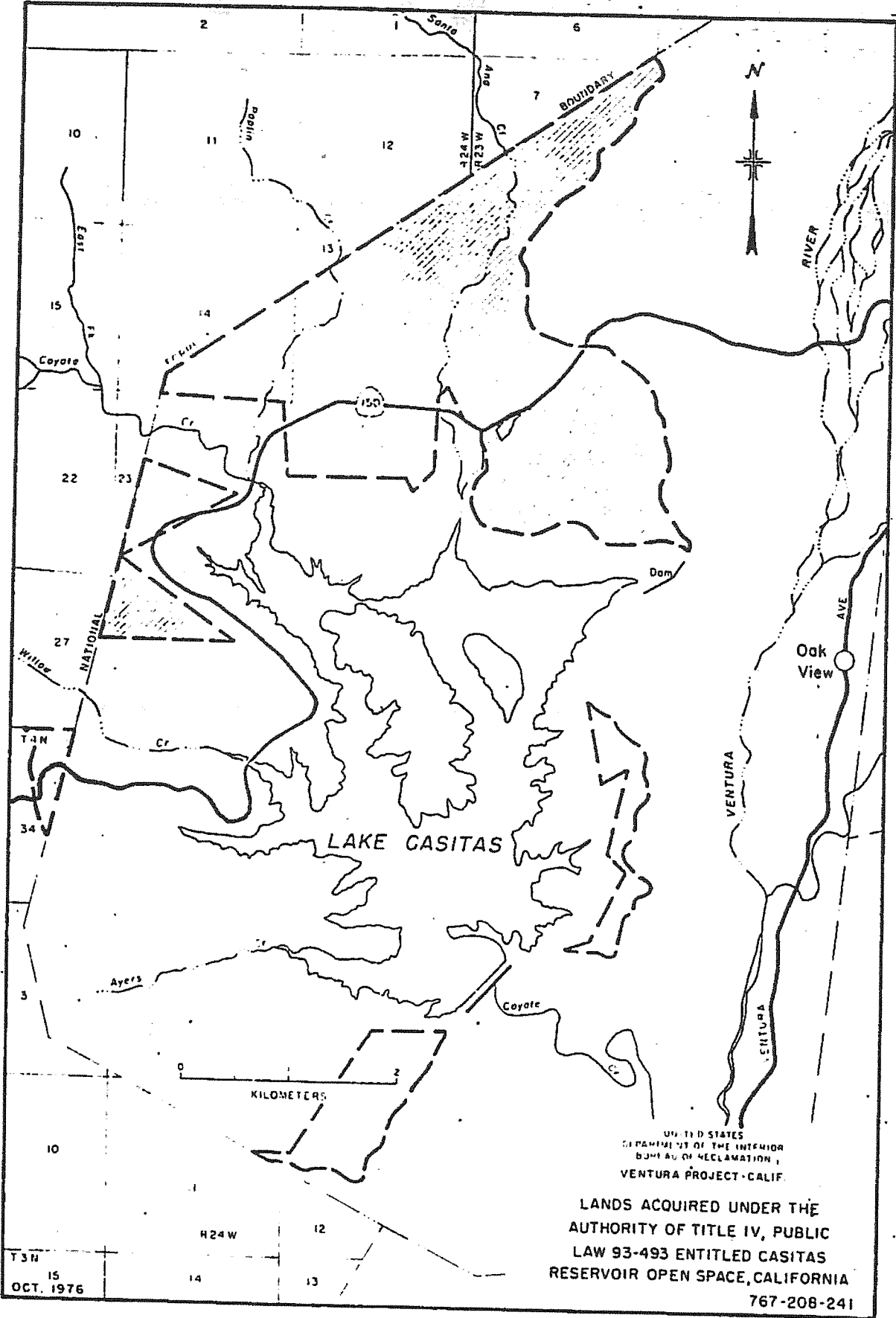
THE UNITED STATES OF AMERICA

By M. A. Catlow
Acting Regional Director
Mid-Pacific Region
Bureau of Reclamation

CASITAS MUNICIPAL WATER DISTRICT

By [Signature]

EXHIBIT A



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
VENTURA PROJECT - CALIF.

LANDS ACQUIRED UNDER THE
AUTHORITY OF TITLE IV, PUBLIC
LAW 93-493 ENTITLED CASITAS
RESERVOIR OPEN SPACE, CALIFORNIA
767-208-241

14 1977
MICROFILMED
DATE:

EXHIBIT "B"

MANAGEMENT GUIDELINES
FOR
ACQUISITION GROUPS 1, 2 AND 3
CASITAS RESERVOIR OPEN SPACE ACT

BY

LAND MANAGEMENT TASK FORCE
CASITAS RESERVOIR WATERSHED
U. S. BUREAU OF RECLAMATION
MID-PACIFIC REGION

AUGUST 1976

General

Properties to be purchased first by the United States under the provisions of Public Law 93-493 - The Casitas Reservoir Open Space Act, have been placed into three groups by the Bureau of Reclamation's Land Acquisition Committee-Casitas Reservoir Watershed in its Report of Investigations and Recommendations for Priority Acquisition Under the Casitas Reservoir Open Space Act which was approved by the Regional Director on May 17, 1976. Acquisition Groups 1, 2 and 3 from that report are listed as follows:

<u>Group 1</u>		<u>Group 2</u>	
<u>Unit</u>	<u>Name</u>	<u>Unit</u>	<u>Name</u>
21	Johnston	11	McKean
61, 62, 63	Dunshee	14	Wyborny
70	Kirchner	15	Roberts
43	Barnard	17	Boatman
45	Gates	25	Robinson
46	Parker	26	Miner
47	Mungo	27	Selby
49	Whitter	7	Hanson
95	Sherman	58, 85	Barnard
10	Peirano	59, 60	Battin
		68, 74	Dunshee

<u>Group 3</u>	
<u>Unit</u>	<u>Name</u>
13	Raymond
29	Wooley
32	Brice
38	Weathers
64	Rowe
67, 69	King
39	Shirk

These guidelines will be incorporated into the Lake Casitas Management Plan scheduled for completion by the end of calendar year 1976, and they cover matters related to both lands and buildings to be acquired. They are provided at this time for use by Bureau of Reclamation acquisition personnel who will soon begin negotiations for purchase of the private properties in Acquisition Groups 1, 2, and 3.

The guidelines have been prepared on the basis that Casitas Municipal Water District will continue to manage the United States lands now adjacent to Lake Casitas, will add the new lands being acquired to their management area, and that the Bureau of Reclamation and Casitas Municipal Water District will execute a Management Agreement to effect their mutual management responsibilities. The Casitas Municipal Water District will hereafter be referred to as the Managing Agency.

The guidelines reflect the purposes and intent of the Act and have been prepared with the welfare of the property owners in mind. They also expand upon the six recommendations regarding land management outlined in the Land Acquisition Committee report mentioned above.

The purpose of the Act, as stated, is to provide for the protection of the quality of water in Lake Casitas, and to provide for the preservation and enhancement of public outdoor recreation, fish and wildlife, and the environment of the area through keeping the lands in their natural state as permanent open space. Based upon our review and analysis of the background information on Public Law 93-493, it is evident that the primary purpose of the Act is to preserve and protect the quality of water in Lake Casitas. This then, becomes our most significant criteria in developing the management guidelines.

Although the Act permits owners to "...retain a right of use and occupancy of such property for agricultural or noncommercial residential purposes..." the Task Force feels that continued indefinite large scale agricultural use of lands being acquired would work against purposes and provisions of the Act. Potential problems related to agricultural use of the acquired lands include, but are not limited to, the following:

1. Lowering of Lake Casitas water quality through:
 - (a) Contamination and nutrients from agricultural chemicals in runoff.
 - (b) Nutrients from plant residues in runoff.
 - (c) Contamination and nutrients from animal wastes in runoff.

2. Lowering of air quality through:
 - (a) Agricultural equipment operation.
 - (b) Agricultural burning.
3. Soil erosion.
4. Possible conflict with land management plans.
5. Loss of existing and potential habitat for wildlife.

Therefore, owners wishing to retain the right of use and occupancy for agricultural or noncommercial residential purposes will be limited to six acres (more or less) of land, with the exception that where a former landowner has previously engaged in large scale agricultural operations on lands being acquired over and above that required for residential purposes, such operations may be continued for a maximum of ten (10) years from date of acquisition. Agricultural use shall conform to the guidelines for animal control, agricultural chemical control, and erosion control, and noncommercial residential use shall comply with the domestic sewage control and improvement control guidelines discussed below.

Domestic Sewage Control

Protection of the quality of water of Lake Casitas will require strict control of domestic sewage. Those persons retaining the right of use and occupancy of lands and buildings being acquired by the United States will comply with the following:

1. Before being allowed to reserve a right of use and occupancy, a former owner shall be required to submit a certification from the County or State to the Bureau that the existing sewage disposal system on his property conforms with applicable Ventura County Ordinances or State Health Department Guidelines, whichever are more restrictive.
2. If the former owner's existing sewage disposal system does not conform with the above guidelines, he shall be required to upgrade or replace the system prior to reserving a right of use and occupancy.
3. Thereafter, the former owner shall be required to submit a certification annually from the County or State to the Managing

Agency that the sewage disposal system is operating in conformance with the above guidelines.

4. No additional septic tanks or seepage pits shall be permitted within the watershed except as may be required under Item 2 above. Waste water resulting from any future development within the Lake Casitas watershed area acquired under the Act shall be exported from the watershed.

Animal Control

The Land Management Task Force recommends the adoption of the following guidelines for animal control on Bureau lands at Lake Casitas. The guidelines are based on existing Federal, State and local regulations and guidelines on animal grazing which the Land Management Task Force feels are necessary to protect the water quality in Lake Casitas.

A. 1. The number of domestic animals allowed on a given property will be based on the recommended grazing carrying capacity for vegetation in the Lake Casitas area. The grazing carrying capacity is 12 animal unit months (AUM) per acre per year for irrigated pasture, 1.2 AUM per acre per year for agricultural land able to be cultivated but returned to grass, and .6 AUM per acre per year for rangeland. The animal unit is a unit of measure for pasture that supplies the quantity of feed needed for good growth of mature horses and cattle without destroying the vegetation. The following conversion table will assist in determining animal units per head for various animals.

<u>Animal</u>	<u>Conversion Factor</u>
Cow - 2 yrs. & over	1.00
Calf - 4-9 months	.40
Yearling	.75
Bulls - 2 yrs. & over	1.00
Horses	1.00
Ewes, rams - 1 yr. & over	.20
Lambs	.15

2. No stables or corrals will be permitted within 1,000 feet horizontally from the maximum water surface elevation at Lake Casitas.

3. All corrals and stable areas will have a planned program for maintenance, including the regular (minimum of a weekly

basis) collection of manure for transportation off the watershed and provisions for adequate drainage to direct all storm water away from stables and corrals.

4. No animals will be permitted within 100 feet of the active tributary streams of Lake Casitas or within 200 feet horizontally from the maximum water surface elevation at Lake Casitas.

B. 1. At the time of purchase the owner, if he retains a right of use and occupancy, will be permitted to keep existing domestic animals as long as all the stipulations in A above are complied with.

2. If an owner at the time of purchase:

(a) Has a number of animals exceeding the recommended carrying capacity of A. 1. above, he will be required to reduce the number of animals to at least meet said carrying capacity.

(b) Has less animals than the carrying capacity recommended in A. 1. above, he will be permitted to increase the number to meet said carrying capacity.

(c) Does not have proper fencing to confine animals within property boundary, he will be required to construct and will be held responsible for maintenance of such fencing.

C. At such time as the Managing Agency determines the recommended carrying capacity in A. 1. above to be greater or less than that required for proper management of the lands, said agency reserves the right to adjust the carrying capacity accordingly.

Agricultural Chemical Control

The use of agricultural chemicals, including but not restricted to fertilizers and pesticides, on the Lake Casitas watershed presents a potential hazard to the lake's water quality. Therefore, those persons retaining the right to use lands being acquired by the United States will comply with the following:

1. Obtain the review and approval in writing of the Managing Agency of all planned uses of agricultural chemicals prior to their application.

2. Use no pesticides listed on the attached list entitled "Prohibited Pesticides - Not to be Used on Department of the Interior Lands" or any amendment thereto.

3. Use agricultural chemicals in accordance with all applicable Federal laws, orders and regulations and laws of the State of California.

4. Use agricultural chemicals at minimum amounts necessary to achieve desired results.

5. Where possible use pesticides that have short half lives instead of more persistent types.

6. Select pesticides and methods of use which are most effective and present least hazard to man.

7. Report to the Managing Agency all agricultural chemical applications including amount used, date, time, location, method of application and crop on which applied.

Erosion Control

Fire or mechanical disturbance of the soil on the lands being acquired could cause silt and sediment loads, as well as other pollutants to enter Lake Casitas. To prevent or reduce this possibility, those persons retaining the right to use certain lands will comply with the following:

1. Obtain the review and approval in writing of the Managing Agency of all plans for disturbing the soil.

2. Agree to carry out such erosion control measures as the Managing Agency may determine to be necessary.

Improvement Control

A former owner may be authorized to retain a right of use and occupancy of his former residence and outbuildings subject to the following terms and conditions:

1. There is no representation or warranty by the United States whatsoever, and there is no obligation on the part of the United States to make any alterations, repairs or additions to such property.

2. All improvements used and occupied by the former owner shall at all times be protected and maintained in a safe, sanitary, and slightly condition by and at the expense of the former owner in a manner that meets all Federal, State and local regulations. Maintenance to be accomplished during the period of this reservation includes, but is not necessarily limited to the following:

(a) Residence, outbuildings, corrals, wooden fences, etc., will be painted periodically to maintain a neat and pleasing appearance.

(b) Service roads will be maintained in a safe condition by and at the expense of the former owner. No new roads or trails will be constructed or established by the former owner without written permission of the Managing Agency.

3. During the term of the occupancy the former owner will at all times maintain the property immediately adjacent to all buildings in a good condition and free from weeds, brush, washes and gullies detrimental to the value of such property and shall not commit or permit any unlawful acts, activities, or nuisances upon said property. He shall cut no trees, conduct no mining or drilling operations, or in any manner substantially change the contour or condition of the property hereby reserved, except changes required in carrying out soil and water conservation measures approved by the Managing Agency.

4. If the former owner does not maintain the retained property in a good and safe condition then the Managing Agency may perform such maintenance work that it deems necessary and charge the former owner for such work.

5. The furnishing of all utilities services (water, sewer, telephone, electricity, sanitation and garbage disposal) are the responsibility of the former owner. The former owner will insure that all applicable Federal, State and local pollution control laws and regulations are met and that all refuse, garbage, and trash are disposed of in a proper location outside the Lake Casitas Recreation Area. The former owner will discontinue use of and obliterate existing trash and/or garbage dumps on his premises. Diseased, injured, dying or dead animals shall be treated promptly, removed from the property or otherwise disposed of in a clean and sanitary manner.

6. The former owner shall not construct any temporary or permanent structures on the property, or place a mobilehome or a

travel trailer on the premises without the prior written consent of the Managing Agency. All buildings, structures, or trailers so permitted will be constructed or established in accordance with Ventura County Building and Sanitary Codes.

7. The United States reserves all rights for water which may be developed or used in connection with this reservation. However, the former owner shall be permitted to maintain all present water supplies and the repair and replacement thereof so that sufficient water is available for normal use.

8. The former owner and his employees, if any, shall take all reasonable precautions to prevent forest, brush, grass and structural fires and also shall assist the Managing Agency in extinguishing such fires on the reserved property.

9. For as long as the former owner reserves rights under P.L. 93-493, he shall procure and maintain at his sole expense from a company or firm acceptable to the United States, a standard fire and extended coverage insurance policy on the property. The former owner shall coinsure the United States to the appraised value of the property at the time of acquisition. The appraised value shall be based upon United States written appraisal for the acquisition of the former owner's property. Any payments from the policy shall be used solely for the repair and restoration or replacement of the property damaged or destroyed if the former owner elects and the United States consents to continuance of the former owner's reserved rights. If the former owner's reserved rights are terminated at the time of the payment of funds from the policy, such funds up to the appraised value shall be the property of the United States.

10. Any property of the United States damaged or destroyed by the former owner incident to his use and occupancy of the premises shall be promptly repaired or replaced by the former owner to the satisfaction of the Managing Agency, or in lieu of such repair or replacement the former owner shall, if so required by the Managing Agency or the United States, pay to the United States money in an amount sufficient to compensate for the loss sustained by the United States by reason of damages to or destruction of Government property.

11. The former owner shall pay all taxes that may be imposed upon his interest in the reserved property.

12. The United States or its contractors shall not be responsible for any loss, expense, damages to property, or injuries to persons,

which may arise from or be incident to the use and occupancy of the said premises, arising from activities of the United States or its contractors, and the former owner shall hold the United States and its contractors harmless from any and all such claims.

13. If the former owner elects to terminate his right to use and occupy the premises prior to the established date he shall notify the United States of such intent at least ninety (90) days prior to the date of such intended termination.

14. If the former owner elects to transfer or assign his right of use and occupancy to another party; or to lease or sublet such right; or to otherwise allow another person to replace the former owner as permanent inhabitant of the premises, the former owner shall notify the United States of such intent at least ninety (90) days prior to the date of such intended action. All restrictions herein applicable to the former owner will likewise apply to any person so replacing the former owner as permanent resident of the premises.

15. Upon expiration of the right to use and occupy the premises the former owner shall remove within ninety (90) days all structures and improvements placed on the premises by him during the period of occupancy and shall restore the site to its former condition. If the former owner fails to remove all such structures and improvements within the ninety (90) day period, they shall become the property of the United States, but that will not relieve the former owner of liability for the cost of their removal and the restoration of the site.

16. Use and occupancy by the former owner of the property is subject to the right of the Bureau or the Managing Agency to establish trails, roads, and other improvements and betterments over, upon or through said premises, and further to the use by travelers and others of such roads and trails as well as of those already existing; provided that in exercising such right the Bureau and the Managing Agency will refrain from materially interfering or preventing use of the land by the former owner for the purpose intended under this reservation.

17. The Bureau reserves the right to enter upon the said premises at any time for the purpose of inspection and inventory and when otherwise deemed necessary for the protection of the interest of the United States. The former owner shall have no claim of any

kind on account thereof against the United States or any officer, agent or employee thereof.

18. The Bureau of Reclamation reserves the right to review and approve all actions referred herein which have been submitted to the Managing Agency for approval.

Recommended:

Land Management Task Force - Casitas Reservoir Watershed

C. J. Graham
C. J. Graham, Division of
Water & Land Operations

Jack Garner
Jack Garner, Division of Water
and Land Operations

Jack Rowell 8/17/76
Jack Rowell, Division
of Planning

William D. Harper 8/16/76
William D. Harper, Office of
Environmental Quality

Approved:

B. E. Martin
Regional Director,
Mid-Pacific Region
Bureau of Reclamation

Copy to: Casitas Municipal Water District
Post Office Box 37
Oak View, California 93022

Amendment No. 1

to

Management Guidelines for
Acquisition Groups 1, 2, and 3
Casitas Reservoir Open Space Act

by

Land Management Task Force
Casitas Reservoir Watershed

U.S. Bureau of Reclamation
Mid-Pacific Region

December 1976

The Domestic Sewage Control requirements in the August 1976 Management Guidelines have created problems with the orderly acquisition of the watershed lands. The Management Team, therefore, amends the Domestic Sewage Control section as follows:

Domestic Sewage Control - revised

Protection of the quality of water of Lake Casitas will require strict control of any pollution problems resulting from domestic sewage. Those persons retaining the right of use and occupancy of lands and buildings being acquired by the United States shall comply with the following:

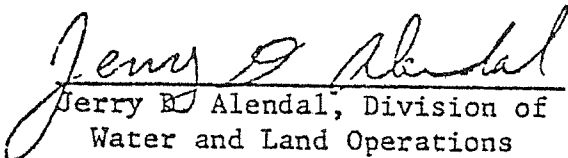
1. The former owner shall comply with all applicable Federal, State, and County pollution control laws and sewage disposal ordinances.

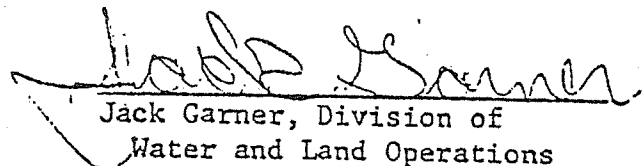
2. If it becomes evident that an existing sewage disposal system is causing a contamination or pollution problem in Lake Casitas or any of its tributaries, the former owner shall be required to upgrade or replace the system in conformance with the applicable County sewage disposal ordinances. If the former owner fails to provide the required maintenance, the managing agency may perform such maintenance work that it deems necessary and charge the former owner for such work.

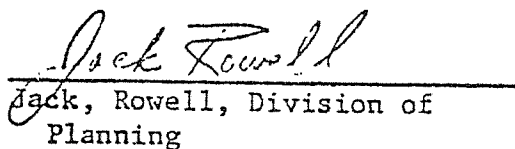
3. No additional septic tanks or seepage pits shall be permitted within the watershed except as may be required under Item 2 above. Waste water resulting from any future development within the Lake Casitas watershed area acquired under the Act shall be exported from the watershed.

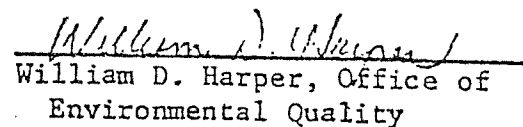
Recommended:

Land Management Task Force - Casitas Reservoir Watershed


Jerry B. Alendal, Division of
Water and Land Operations


Jack Garner, Division of
Water and Land Operations


Jack, Rowell, Division of
Planning


William D. Harper, Office of
Environmental Quality

Concur:


Acting Regional Director

RECLAMATION LAND-USE STIPULATION

There is reserved to the United States, its successors or assigns, the prior right to use any of the lands herein described to construct, operate, and maintain all structures and facilities including, but not limited to, canals, wasteways, laterals, ditches, roadways, electrical transmission lines, dams, dikes, reservoirs, pipelines, telephone and telegraph lines, communication structures generally, substations, switchyards, powerplants and any other appurtenant irrigation and power structures and facilities, without any payment made by the United States or its successors for such right.

The permittee further agrees that if the construction of any or all of such structures and facilities across, over or upon said lands should be made more expensive by reason of the existence of improvements or works of the permittee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto. Within thirty days after demand is made upon the permittee for payment of any such sums, the permittee will make payment thereof to the United States or any of its successors or assigns constructing such structures and facilities across, over, or upon said lands. As an alternative to payment, the permittee, at its sole cost and expense and within time limits established by the Government, may remove or adapt facilities constructed and operated by it on said lands to accommodate the aforementioned structures and facilities of the United States.

The permittee shall bear the cost to the Government of any costs occasioned by the failure of the permittee to remove or adapt its facilities within the time limits specified.

There is also reserved to the United States the right of its officers, agents, employees, licensees and permittees, at all proper times and places freely to have ingress to, passage over, and egress from all of said lands for the purpose of exercising, enforcing and protecting the rights reserved herein.

The permittee further agrees that the United States, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the permittee's improvements or works by reason of the exercise of the rights here reserved; nor shall anything contained in this paragraph be construed as in any manner limiting other reservations in favor of the United States contained in this permit.

ENVIRONMENTAL REQUIREMENTS

1. Casitas shall plan, construct, operate, maintain, and manage all structures and facilities on the premises herein described so as to minimize adverse environmental consequences. In so doing, careful consideration will be given to alleviating potential harmful effects on, but not limited to, landscape, soils, water, air, mineral, timber, or population or other animate resources.

Prior to any artificial modification of the environment on the said premises, Casitas will submit a draft detailed statement of environmental impact to the Regional Director, Mid-Pacific Region, Bureau of Reclamation, and such other reports as may now or hereafter be required. Such detailed statement shall state clearly and concisely, but not be limited to, (1) the environmental impact of the proposed action, (2) any adverse environmental effects that cannot be avoided, (3) alternatives to the proposed action, (4) the relationship between local short-term uses hereunder and the maintenance, and (5) any irreversible and irretrievable commitment of resources involved hereunder.

No such artificial modification of the environment shall be undertaken without prior approval of the Bureau of Reclamation in writing.

2. Casitas shall correct or modify any pollution of soil, air, or water and deterioration of living or inanimate resources caused by or resulting from exercise of the privileges granted herein in accordance with rules, regulations, and directives of the Secretary of the Interior, including but not limited to aesthetic qualities of the environment, and in compliance with all Federal laws. Increased cost will not justify noncompliance with environmental quality controls required by the United States.

3. Casitas shall comply fully with all applicable Federal laws, orders, and regulations and the laws of the State of California, all as administered by appropriate authorities, concerning the pollution of streams, reservoirs, ground water, or water courses with respect to thermal pollution or the discharge of refuse, garbage, sewage effluent, industrial waste, oil, mine tailings, mineral salts, or other pollutants, and concerning the pollution of the air with respect to radioactive materials or other pollutants.

4. In the use of pesticides on the land covered by this contract, Casitas shall comply with all provisions of Federal and State pesticide laws and any amendments thereto. Casitas is specifically prohibited from using on said land any and all pesticides named on the "Prohibited List" attached hereto and any amendment thereto. Further, in the use of all pesticides on lands owned by the United States, Casitas shall submit plans for such use annually and shall obtain prior written approval of the Contracting Officer for the United States before implementing said plans.

POLICY ON PESTICIDES

Prohibited List

Aldrin
Amitrol
Arsenical Compounds (inorganic)
Azodrin
Bidrin
DDT
DDD (TDE)
2,4,5-T
Dieldrin
Endrin
Heptachlor
Lindane
Mercurial Compounds
Strobane
Thallium Sulfate
Toxaphene

CIVIL RIGHTS ACT OF 1964

In connection with the performance of work under this contract, Casitas hereinafter referred to as the contractor, agrees as follows:

"(1) The contractor will comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by or pursuant to the Department of the Interior Regulation (43 CFR 17) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the contractor receives financial assistance from the Bureau of Reclamation and hereby gives assurance that it will immediately take any measures to effectuate this agreement.

"(2) If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the contractor by the Bureau of Reclamation, this assurance obligates the contractor, or, in the case of any transfer of such property, any transferee for the period during which the real property or structure is used for a purpose involving the provision of similar services or benefits. If any personal property is so provided, this assurance obligates the contractor for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the contractor for the period during which the Federal financial assistance is extended to it by the Bureau of Reclamation.

"(3) This assurance is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts, or other Federal financial assistance extended after the date hereof to the contractor by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The contractor recognizes and agrees that such Federal financial assistance will be extended in reliance on the representation and agreements made in this assurance, and that the United States shall reserve the right to seek judicial enforcement of this assurance. This assurance is binding on the contractor, its successors, transferees, and assignees."

EQUAL OPPORTUNITY

During the performance of this contract, Casitas, herein-
after referred to as the Contractor, agrees as follows:

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

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

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

(e) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto,

Exhibit "F"

and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

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

7-14-81 *Yau*

CASITAS MUNICIPAL WATER DISTRICT

ORDINANCE NO. 81-2

AN ORDINANCE OF THE CASITAS MUNICIPAL WATER DISTRICT
ESTABLISHING RULES AND REGULATIONS FOR THE MANAGEMENT
OF THE CHARLES M. TEAGUE MEMORIAL WATERSHED

BE IT ORDAINED by the Board of Directors of the Casitas Municipal
Water District as follows:

SECTION 1. TITLE AND PURPOSE

1.1 This ordinance shall be known as the Watershed Management
Ordinance and shall establish the rules and regulations for the management
by the Casitas Municipal Water District of all of the properties within
the Charles M. Teague Memorial Watershed.

1.2 The purpose of this ordinance is to protect the quality of
the water in Lake Casitas by providing a plan for the preservation of the
Charles M. Teague Memorial Watershed as permanent open space lands.

1.21 This ordinance also:

a. Implements all of the terms and conditions con-
tained in the Interim Agreement between the United States of America and
Casitas Municipal Water District, dated May 16, 1978, for the management of
open space lands.

b. Implements all of the terms and conditions of the Management Guidelines for the Acquisition of Groups 1, 2 and 3, Casitas Reservoir Open Space Act, dated August 1976, and as amended in December 1976.

c. Conforms to and abides by all of the requirements set forth in Public Law 93-493 (88 Stat. 1493) for the acquisition by the United States of America of watershed lands known as the Casitas Reservoir Open Space later renamed the Charles M. Teague Memorial Watershed.

SECTION 2. DEFINITIONS

2.1 Unless the context otherwise requires, the definitions contained in this Section govern the construction of this ordinance. The definition of a word applies to any of its variants.

2.2 "Casitas" means the Casitas Municipal Water District.

2.3 "Board" means the Board of Directors of Casitas.

2.4 "Reserved Land" is that land for which a reservation was granted by the United States to the Former Owner pursuant to a Land Purchase Contract.

2.5 "Unreserved Land" is that Watershed land which is owned by

the United States pursuant to the acquisition thereof under Public Law 93-493 (88 Stat. 1493), as to which no reservation was granted by the United States to the Former Owner.

2.6 "Watershed" means all lands outside of the Los Padres National Forest which drain directly into Lake Casitas and which were acquired by the United States pursuant to Public Law 93-493 (88 Stat. 1493) known as the Charles M. Teague Memorial Watershed (formerly known as Casitas Reservoir Open Space).

2.7 "General Manager" means the General Manager of Casitas.

2.8 "Department" means the Recreation Department of Casitas.

2.9 "Superintendent" means the Park Superintendent or the person acting in that capacity who is in responsible charge of the Department.

2.10 "Ranger" means any personnel of the Department.

2.11 "Reservation" means a right of use and occupancy by the vendor or seller, his successors and assigns, granted by the United States over lands purchased by the United States pursuant to Public Law 93-493 (88 Stat. 1493) known as the Charles M. Teague Memorial Watershed, said right being described in the Land Purchase Contract with the vendor.

2.12 "Former Owner" means the vendor or seller, his successors and assigns, of the property within the Charles M. Teague Memorial Watershed who have been granted the right to use and occupy the property pursuant to the Land Purchase Contract with the vendor.

2.13 "Non-compliance" is a failure to comply with any of the terms and conditions of the Land Purchase Contract between the Former Owner and the United States.

2.14 "Violation" is a failure to comply with that portion of the ordinance respecting Unreserved Lands and is a misdemeanor and subject to arrest, and upon conviction, to a fine or imprisonment.

2.15 "Misdemeanor". As used herein, the term "misdemeanor" has the same meaning as that set out in California Penal Code Section 17.

2.16 "Infraction". As used herein, the term "infraction" has the same meaning as that set out in California Penal Code Section 19c.

SECTION 3. RESERVED LANDS

3.1 All Former Owners who have been granted by the United States a Reservation or a right to use and occupy land purchased by the United States are required to conform to and abide by all of the terms and condi-

tions outlined in the Land Purchase Contract and this ordinance.

3.2 All of the terms and conditions of Land Purchase Contracts together with any exhibits or appendixes are hereby made a part of this ordinance. X

3.3 The Department may issue a Notice of Non-compliance in the event that the Department finds the Former Owner to be in Violation of terms and conditions of either his Land Purchase Contract or this ordinance.

3.31 The Notice of Non-compliance shall state the nature of the Violation of or non-compliance with the Land Purchase Contract or this ordinance. The Notice of Non-compliance will state the length of time the Former Owner has to comply with the terms and conditions of the Land Purchase Contract and this ordinance, and shall state that Casitas will take whatever action is necessary to satisfy compliance and backcharge the Former Owner for all costs incurred by Casitas plus any administrative overhead.

3.4 If the Former Owner does not perform or complete whatever action is necessary to comply with the ordinance and/or the Land Purchase Contract within the time stated, the Department may take whatever action is necessary to assure compliance, including completion of the work. All related costs thereof shall be backcharged to the Former Owner.

3.5 The Former Owner may appeal the Notice of Non-compliance. Within 10 days of the receipt of the Notice of Non-compliance, the Former Owner may submit in writing his reason for the appeal and submit a request for a hearing with the General Manager. The General Manager shall have the authority to lift the Notice of Non-compliance with or without conditions as he deems appropriate under the circumstances. Should the Former Owner still be unsatisfied with the decision of the General Manager, the Former Owner shall have the right to appeal the matter to the Board for settlement.

3.6 In an appeal to the Board, the Former Owner shall submit his written Notice of Appeal within 10 days after the decision of the General Manager together with a statement of his reasons why the Notice of Non-compliance should be lifted and why the conditions, if any, set forth by the General Manager should not be imposed.

3.61 After receiving said statement, Casitas shall give within 5 days written notice to the Former Owner of the date and time of the meeting at which the matter will be considered by the Board.

3.62 The Former Owner and/or his representative may appear at said meeting of the Board and present whatever evidence he may have concerning this matter.

3.63 The Board shall consider the matter and render its

decision within 30 days after the conclusion of said meeting. The decision of the Board shall be final and conclusive.

3.7 Pursuant to the Land Purchase Contract, the Former Owner may request approval to modify, alter, add, or construct anything located on the Reserved Land by submitting to the General Manager a written statement of the work contemplated together with any drawings or sketches necessary to clearly outline the proposal.

3.8 The General Manager shall have the authority to approve, disapprove, or approve with conditions he feels appropriate to the circumstances the Former Owner's request.

3.9 The Former Owner shall not commence any modification, alteration, addition or construction without prior written approval by the General Manager.

3.10 The Former Owner may appeal the General Manager's decision in a similar manner as described in paragraphs 3.5 and 3.6.

SECTION 4. PROHIBITED ACTS ON WATERSHED LANDS.

4.1 Power granted to the Department or its personnel under this ordinance shall be construed to be powers delegated by the Board to the General Manager and redelegated by him to the Superintendent for the purpose of management control.

4.2 Except as provided in Sections 5. and 6., it shall be unlawful for any person to:

4.21 Trespass over or upon any land within the Watershed (other than publicly dedicated streets and roads) at any time.

4.22 Hunt or trap any live animal, fowl, or fish, or discharge any firearm or engage in archery on any land within the Watershed at any time.

4.23 Burn any material or build a fire on the land within the Watershed at any time.

4.24 Dump anything on the land within the Watershed.

4.3 Provided that excepted from the acts prohibited in Sections 4.21, 4.22 and 4.23 are Former Owners and their guests and invitees solely as to lands as to which said Former Owner holds a reservation granted by the United States by a Land Purchase Contract and then only for such acts not prohibited by said Land Purchase Contract.

SECTION 5. ACTS PROHIBITED ON WATERSHED LAND WITHOUT PERMISSION OF THE DEPARTMENT.

5.1 Without the expressed written permission of the Department, it shall be unlawful for any person to:

5.11 Camp overnight, hike, and/or picnic on any Unreserved Land at any time.

5.12 Ride horses or any other animal on any Unreserved Land at any time.

5.13 Operate any motorized vehicle, including any type of motorized bike and/or cycle on any Unreserved Land at any time.

5.14 Cut and/or remove any tree, shrub, brush or dead wood on the Unreserved Land at any time.

5.15 Graze any animal on the Unreserved Land at any time.

5.16 Engage in any agricultural or farming practices on Unreserved Land at any time.

SECTION 6. ACTS PROHIBITED ON RESERVED LAND WITHOUT THE PERMISSION OF THE FORMER OWNER.

6.1 Without the expressed written permission of the Former Owner, as to any land within the Watershed as to which said Former Owner holds a Reservation granted from the United States pursuant to a Land Purchase Contract, it shall be unlawful for any person to:

6.11 Camp overnight, hike, and/or picnic on any Reserved Land

at any time.

6.12 Ride horses or any other animal on any Reserved Land at any time.

6.13 Drive any motorized vehicle, including any type of motorized bike and/or cycle on any Reserved Land at any time.

6.14 Cut and/or remove any tree, shrub, brush or dead wood on the Reserved Land at any time.

6.15 Graze any animal on the Reserved Land at any time.

6.16 Engage in any agricultural or farming practices on Reserved Land at any time.

SECTION 7. MISDEMEANORS AND INFRACTIONS

7.1 Pursuant to Section 71660 of the California Water Code, violations of the provisions of this Ordinance dealing with the creation of fire hazards, or remaining on or reentering District premises after an authorized District Officer or employee has specifically withdrawn consent for a person to utilize District facilities is a misdemeanor. Violation of any other regulation contained in this Ordinance is an infraction.

7.2 Whenever any person is arrested for any violations of this

Ordinance, the arrested person shall be taken without unnecessary delay before a magistrate within the County in which the offense charged is alleged to have been committed and who has jurisdiction of the offense and is nearest or most accessible with reference to the place where the arrest is made in any of the following cases:

a. When the person arrested refuses to give his written promise to appear in Court.

b. When the person arrested demands an immediate appearance before a magistrate.

7.3 Whenever any person is arrested and the arresting officer is not required to take the person without unnecessary delay before a magistrate, the arrested person shall in the judgment of the arresting officer either be given a 10 days' notice to appear as herein provided, or be taken without unnecessary delay before a magistrate within the County in which the offense charged is alleged to have been committed and who has jurisdiction of the offense and is nearest or most accessible to the place where the arrest is made in cases involving violations of this Ordinance classified by Section 71660 of the California Water Code as misdemeanors.

7.4 When an arresting officer attempts to take a person arrested for a misdemeanor or infraction of this ordinance before a magistrate and the magistrate or person authorized to act for him is not available, the arresting officer shall take the person arrested, without unnecessary delay, before:

a. The clerk of the magistrate who shall admit him to bail

in accordance with a schedule fixed as provided in Section 1269b of the Penal Code, or

b. The officer in charge of the most accessible county or city jail or other place of detention within the county who shall admit him to bail in accordance with a schedule fixed as provided in Section 1269b of the Penal Code or may, in lieu of bail, release the person on his written promise to appear as provided in subdivisions (a) through (f) of Section 853.6 of the Penal Code.

7.5 a. Whenever a person is arrested for any violation of this Ordinance and he is not immediately taken before a magistrate as provided herein, the arresting officer shall prepare in triplicate a written notice to appear in Court or before a person authorized to receive a deposit of bail containing the name and address of the person, the license number of his vehicle, if any, the name and address when available of the registered owner or lessee of the vehicle, the offense charged, and the time and place when and where he shall appear.

b. Nothing in this section shall be construed so as to require the arresting officer issuing the notice to appear to inform any person arrested pursuant to this section of the amount of bail required to be deposited for the offense charged.

7.6. The place specified in the notice to appear shall be either:

a. Before a magistrate within the county in which the of-

fense charged is alleged to have been committed and who has jurisdiction of the offense and is nearest or most accessible with reference to the place where the arrest is made.

b. Upon demand of the person arrested, before a municipal court judge or other magistrate having jurisdiction of the offense at the county seat of the county in which the offense is alleged to have been committed or before a magistrate in the judicial district in which the offense is alleged to have been committed.

c. Before a person authorized to receive a deposit of bail.

The clerk and deputy clerks of the municipal and justice courts are persons authorized to receive bail in accordance with a schedule of bail approved by the judges of said courts.

7.7 a. Any person willfully violating his written promise to appear or a lawfully granted continuance of his promise to appear in court or before a person authorized to receive a deposit of bail is guilty of a misdemeanor regardless of the disposition of the charge upon which he was originally arrested.

b. Any person willfully failing to pay a lawfully imposed fine for a violation of any provision of this ordinance within the time authorized by the court and without lawful excuse having been presented to the court on or before the date the fine is due is guilty of a misdemeanor regardless of the full payment of the fine after such time.

c. If a person convicted of an infraction fails to pay a fine or any installment thereof within the time authorized by the court,

the court may, except as otherwise provided in this paragraph, impound the person's driver's license and order him not to drive for a period not to exceed 30 days. Before returning the license to the person the court shall endorse on the reverse side of the license that the person was ordered not to drive, the period for which such order was made, and the name of the court making the order. If the defendant satisfies the court that impounding his driver's license and ordering him not to drive will affect his livelihood, the court shall order that the person limits his driving for a period not to exceed 30 days to such driving as is essential in the court's determination to the person's employment, including his driving to and from his place of employment if other means of transportation are not reasonably available. The court shall provide for the endorsement of such limitation on the person's license. The impounding of the license and ordering the person not to drive or the order limiting the person's driving does not constitute a suspension of the license, but a violation of the order constitutes contempt of court.

7.8 a. Prior to the date upon which he promised to appear or prior to the expiration of any lawful continuance of such date or upon receipt of information that an action has been filed, and prior to the scheduled court date, the defendant may deposit bail with the magistrate or the person authorized to receive a deposit of bail.

b. For any offense which is declared to be a misdemeanor or infraction, such deposit of bail may be by a personal check meeting the criteria established in accordance with subdivision (c).

c. Each court, sheriff, or other agency which regularly accepts deposits of bail, shall adopt a written policy governing the acceptance of personal checks in payment of bail deposits. The policy shall permit clerks and other appropriate officers to accept personal checks under conditions which tend to assure the validity of the checks.

7.9 No warrant shall issue on the charge for the arrest of a person who has given his written promise to appear in court or before a person authorized to receive a deposit of bail, unless he has violated the promise, the lawfully granted continuance of his promise, or has failed to deposit bail, to appear for arraignment, trial or judgment, or to comply with the terms and provisions of the judgment, as required by law.

7.10 a. When a person signs a written promise to appear or is granted a continuance of his promise to appear at the time and place specified in the written promise to appear or the continuance thereof, and has not posted bail, the magistrate may issue and have delivered for execution a warrant for his arrest within 20 days after his failure to appear before the magistrate, or if the person promises to appear before an officer authorized to accept bail other than a magistrate and fails to do so on or before the date on which he promised to appear, then, within 20 days after the delivery of the written promise to appear by the officer to a magistrate having jurisdiction over the offense.

b. When the person violates his promise to appear before an officer authorized to receive bail other than a magistrate, the officer

shall immediately deliver to a magistrate having jurisdiction over the offense charged the written promise to appear and the complaint, if any, filed by the arresting officer.

7.11 a. Any person who has received a written notice to appear for an infraction may, prior to the time at which he is required to appear, make a deposit and declare his intention to plead not guilty to the clerk of the court named in the notice to appear. The deposit shall be in the amount of bail established pursuant to the provisions of Section 1269b of the Penal Code, for the offense charged, and shall be used for the purpose of guaranteeing the appearance of the defendant at the time and place scheduled by the clerk for arraignment and for trial, and to apply toward the payment of any fine or assessment prescribed by the court in the event of conviction. The case shall thereupon be set for arraignment and trial on the same date, unless the defendant requests separate arraignment.

b. Any person who has received a written notice to appear for an infraction may, prior to the time at which he is required to appear, plead not guilty in writing in lieu of appearing in person. The written plea shall be directed to the court named in the notice to appear and, if mailed, shall be sent by certified or registered mail postmarked not later than five days prior to the day upon which appearance is required. Such written plea and request to the court shall be accompanied by a deposit consisting of the amount of bail established pursuant to the provisions of Section 1269b of the Penal Code, for that offense, which amount shall be used for the purpose of guaranteeing the appearance of the defendant at the

time and place set by the court for trial and to apply toward the payment of any fine or assessment prescribed by the court in the event of conviction. Thereafter, the case shall be conducted in the same manner as if the defendant had appeared in person, had made his plea in open court, and had deposited such sum as bail. The court or the clerk of the court shall notify the accused of the time and place of trial by first-class mail postmarked at least 10 days prior to the time set for the trial. Any person using this procedure shall be deemed to have waived his right to be tried within the statutory period.

c. Any person using the procedure set forth in subdivision (a) or (b) shall be deemed to have given his written promise to appear at the time designated by the court for trial, and failure to appear at the trial shall constitute a misdemeanor.

7.12 a. Except when personal appearance is required by the bail schedule established under Section 1269b of the Penal Code, a person to whom a notice to appear has been issued under Section 7.5 who intends to forfeit bail and to pay any penalty assessment may forward by United States mail the amount fixed as bail, together with the appropriate amount of any penalty assessment, to the person authorized to receive a deposit of bail. Such amounts may be paid in the form of a personal check which meets the criteria established pursuant to subdivision (c) of Section 7.8, or a bank cashier's check or a money order. Bail and penalty assessment shall be paid not later than the day of appearance set forth in the notice to appear or prior to the expiration of any lawful continuance of such date.

b. Bail forwarded by mail shall be effective only when the

funds are actually received.

c. If at the time when the case is called for arraignment before the magistrate the defendant does not appear, either in person or by counsel, the magistrate may declare the bail forfeited and may in his discretion order that no further proceedings be had in the case. Upon the making of the order that no further proceedings be had, all sums deposited as bail shall forthwith be paid into the County Treasury.

7.13 It is unlawful to willfully fail or refuse to comply with any lawful order, signal, or direction of any Ranger or to refuse to submit to any lawful inspection under this ordinance.

7.14 The Superintendent is authorized to enforce this ordinance, and in the event of fire or other emergency, take what measures are deemed necessary to insure the safety of persons within the Watershed, to protect the water quality in Lake Casitas, and/or to protect property and facilities within the Watershed. The Superintendent may direct activities as conditions may require notwithstanding other provisions of this ordinance.

SECTION 8. CONSTITUTIONALITY

8.1 If any competent court shall find any portion of this ordinance unconstitutional, such decision shall not affect the validity of any other portion thereof.

SECTION 9. EFFECTIVE DATE

9.1 This ordinance becomes effective immediately.

PASSED AND ADOPTED this 24th day of June 1981.

/s/ Clyde H. Campbell
President, Casitas Municipal
Water District

ATTEST:

/s/ James A. Coultas
Secretary-Treasurer, Casitas
Municipal Water District

RECLAMATION

Managing Water in the West

RECORD OF DECISION

Lake Casitas Resource Management Plan

ROD 10-111

Recommended by:

Michael P. Jackson

Michael P. Jackson
Area Manager
South-Central California Area Office

Date: 3/29/2011

Concurred by:

Anastasia Leigh

Anastasia Leigh
Acting Regional Environmental Officer
Mid-Pacific Regional Office

Date: 4/4/2011

Approved by:

Donald R. Glaser
ACTING FOR

Donald R. Glaser
Regional Director
Mid-Pacific Regional Office

Date: April 11, 2011



1105/125/E

1000/125/E

Introduction

Lake Casitas is part of the 1956 Ventura River Project and is located approximately 78 miles northwest of the City of Los Angeles and 13 miles north of the City of Ventura, near the intersection of State Route (SR) 33 and SR 150. The Casitas Dam that led to the formation of Lake Casitas was completed in 1958 and holds water from the Ventura River and Coyote Creek. Lake Casitas provides water storage for the delivery of irrigation, municipal, and industrial water supplies, as well as recreation opportunities and fish and wildlife habitat.

The Lake Casitas Resource Management Plan (RMP) addresses resource management alternatives for the Plan Area as appropriate for water quality, recreation, natural resource and cultural resource management opportunities. The Plan Area encompasses approximately 7,400 acres, including Lake Casitas (2,700 acres), Park lands around the lake (1,200 acres), and Open Space lands located to the north of the Park (3,500 acres). All recreational uses and improvements at the lake must be consistent with the original purpose of the Reclamation project and should not interfere with lake operations, which are focused on providing for Ventura River Project water storage, and delivery of a reliable annual yield of high-quality water. The guidance provided in the RMP will help Lake Casitas managers fulfill Reclamation's mission, which is "to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public." The RMP will also provide the framework for establishing new management agreement(s) with managing partner(s). As such, there is no site specific analysis associated with any of the alternatives. The associated Environmental Impact Statement (EIS) describes only the magnitude and direction of impacts associated with the alternatives addressed in the EIS.

This Record of Decision (ROD) documents Reclamation's decision to follow a specific direction for resource management provided in the alternative selected for the Lake Casitas Recreation Area (Park) and the Open Space lands north of the Park. This ROD has been prepared in accordance with the National Environmental Policy Act [NEPA] (40 CFR 1508.27) and the Council on Environmental Quality's NEPA implementing regulations (40 CFR 1500-1508). The decision made herein is based on the information and analysis contained within the Final EIS (FEIS) for the *Lake Casitas Resource Management Plan*, which is incorporated by reference and was published on April 26, 2010. Reclamation has considered all comments received on the Proposed Action in developing this ROD.

Decision

Reclamation's decision is to implement Alternative 2 as described in the FEIS. Implementing this alternative would allow some enhancement of current recreational uses and public access while protecting water quality, natural resources and cultural resources. Several actions contained in this alternative will depend on site specific environmental analysis as described within the Environmental Commitments.

Alternatives Considered in the Final EIS

Three management alternatives were developed to address the major planning issues. Each alternative provided direction for resource programs based on the development of specific goals and management actions. Each alternative described specific issues influencing land management and each emphasized a different combination of resource uses, allocations, and restoration measures to address issues and resolve conflicts among users. None of the alternatives includes site specific actions, and the analysis is representative of the kinds of impacts expected to occur.

Alternative 1 (No Action)

For the No Action Alternative, the current resource and recreation management direction and practices at Lake Casitas would continue unchanged. The description of the No Action Alternative on FEIS pages 2-13 and 2-14 reflects the current management direction and level of management intensity for the Plan Area. The activities described are existing and ongoing, and represent the expected future condition if the RMP were not implemented. None of the physical actions that are expected to occur have been analyzed previously; rather, the current direction was used for comparative purposes. Alternative 1, No Action, provides the benchmark for making comparisons in the EIS among possible future changes under Alternatives 2 and 3.

Alternative 2 (Enhancement)

Alternative 2 emphasizes expansion of current recreational uses and public access at Lake Casitas, while protecting water quality, natural resources and cultural resources with new or modified land and recreation management practices. Management actions include upgrades and improvements for many of the Park's existing facilities and utilities, and would be implemented depending on funding and public demand. Examples include building connectors to the Los Padres National Forest and Ojai Conservancy trail heads in the Open Space Lands and expanding boating support by increasing the marina and boat ramp capacity. Other infrastructure improvements that would be allowed depending on funding and public demand includes expanding the water park, building an amphitheater, and modifying some campsites to be compatible with multiple uses. Park infrastructure improvements are also included in Alternative 2. These include road repairs, relocating and screening the storage area, and improving the Park entrance.

Alternative 3 (Recreation Expansion)

Alternative 3 would expand recreational uses and public access to meet potential increases in market demand, while protecting water quality, natural resources and cultural resources with new or modified land and recreation management practices. This alternative was included to demonstrate a scenario in which recreational uses at Lake Casitas are substantially expanded while meeting the RMP goals related to protection of resources to the extent feasible. Alternative 3 includes all of the management actions in Alternative 2 with a key addition that would allow

body contact water sports including water-skiing and swim beaches. In addition, the majority of campsites would be modified for multiple uses, day use would be allowed on the Main Island, and equestrian use would be permitted in the Open Space Lands.

Basis of Decision, Issues Evaluated, and Factors Considered

Reclamation evaluated the effects of the proposed alternatives on aesthetics/visual resources, agricultural resources, air quality/global climate change, biological resources, cultural resources, environmental justice, geology, soils, hazards and hazardous materials, hydrology and water quality, Indian Trust Assets, Indian Sacred Sites, land use, mineral resources, noise, public services, recreation, socioeconomics, transportation/circulation, utilities/service systems and cumulative impacts. This analysis was programmatic in nature as no site specific analysis was conducted. Further site specific analysis will be required to implement the preferred alternative.

There will be no impacts to Indian Trust Assets as there are none in the Proposed Action area. The nearest Indian Trust Asset is a Public Domain Allotment approximately 39 miles to the west-northwest of the Plan Area.

The No Action Alternative (Alternative 1) would continue the management actions identified in FEIS Sections 2.5 and 2.6 on a project by project basis with no overall coordinated direction, and no recreation facility enhancements would take place. Alternative 1 does not increase recreational opportunities that many user groups would like to have, as voiced at the public meetings for this RMP (see the Public Scoping Report [Reclamation 2007]) and summarized in the FEIS. The No Action Alternative would not provide additional measures for future protection of water, biological, and recreational resources because of the lack of management plans for boating, vegetation/fire management, and trails.

Alternative 3 provides more infrastructure and service support to accommodate the projected recreation demand, but the density of boat usage and users allowed in natural areas could compromise the quality of experience for many recreationists. Recreationists seeking tranquil and serene setting would have limited opportunities under this alternative. Natural resources would be more impacted than with Alternative 2 and water quality impacts could result from body contact in the Lake.

Reclamation has selected Alternative 2, based on interdisciplinary team recommendations, environmental analysis of the alternatives, and public input. Alternative 2 provides the most reasonable and practical approach to managing the Plan Area, while addressing the relevant issues and purpose and need. Alternative 2 places more emphasis on resource protection and limits some recreation opportunities compared to Alternative 3. Alternative 2 would minimize potential effects to water quality, vegetation, special-status species, visual resources, and land use compared with Alternative 3, and would include specific management plans. Alternative 2 balances project lands management, and emphasizes a level of protection, enhancement, and use of the resources into the future.

The elements of the Lake Casitas Resource Management Plan Preferred Alternative (Alternative 2) are detailed below.

Physical Resources

- Protect water quality by implementing a Stormwater Management Plan, preventing containment release into Lake Casitas, updating minimum basic facilities to be in compliance with ADA, security and law enforcement and ensuring sanitary waste management facilities;
- Manage recreation facilities to protect visual and aesthetic resources.

Natural Resources

- Protect native and unique plant communities and fish and wildlife habitat and eradicate weeds for long-term sustainability and viability;
- Develop and implement specific management plans, including Vegetation Management Plan and Habitat Restoration Program, Boating Management Plan, Fire Management Plan, and Trail Management Plan.
- Set up educational displays, interpretive signs and programs around the Park to emphasize water quality and the natural resource environment.

Lands, Transportation, and Access

- Allow limited access (day use hiking and biking on designated trails) in Open Space Lands;
- Improve roads, restroom remodeling, and RV storage location; and
- Improve Park entrance access.

Cultural and Social Resources

- Continue and improve public education concerning sensitive cultural resources in the Plan Area.

Recreation

- Provide marina and boating support by expanding marina and boat ramp capacity as well as expanding the interpretive boat program with additional natural, cultural and/or historic resource themes;
- Phase out of non-compliant marine outboard engines;
- Expand the water park, relocate the storage area, build a new amphitheater and parking area within or near the existing special event area;
- Add landscape screening of parking and storage areas and modify some campsites to be compatible with multiple uses (e.g., RVs, yurts, tents);
- Develop a Park trail system management plan to monitor usage;
- Improve the bike path within the Park and realign it to expand the path south from the Santa Ana Boat Ramp area to connect to the Lake Shore Trail;

- Allow limited day-use and an outdoor environmental education facility on the Main Island;
- Expand the floating restroom facilities on the lake;
- Explore and support, where appropriate, concessionaire agreements with private enterprises and managing partner agreements with public agencies;
- Continue to operate, manage, update, and modernize campgrounds and day-use facilities; and
- Designate Water Recreation Opportunity Spectrum zones to encourage environmental protection and facilitate use of the lake.

Environmentally Preferable Alternative

Alternative 2 is identified as the environmentally preferable alternative because it places more emphasis on resource protection and limits some recreation opportunities compared to Alternatives 1 and 3. Fewer recreational facilities would be added with Alternative 2 than with Alternative 3. Additionally, as compared with Alternative 1, Alternative 2 would minimize potential effects to water quality, vegetation, special-status species, visual resources, and land use because it would include preparation of specific management plans whereas the current management practice does not.

Implementing the Decision and Environmental Commitments

Reclamation will enter into a management agreement with the Casitas Municipal Water District, which will provide for the implementation of the RMP/EIS and ROD. Reclamation will require site specific environmental analysis and appropriate mitigation for all proposed actions under Alternative 2. Reclamation will serve as project lead for implementation of laws to protect water quality, natural resources and cultural resources including but not limited to the:

- National Environmental Policy Act
- Endangered Species Act
- National Historic Preservation Act
- Archaeological Resources Protection Act
- Native American Graves Protection and Repatriation Act

Comments on the Final Environmental Impact Statement/Final Environmental Impact Report

Reclamation's Notice of Availability of the FEIS was published on April 16, 2010, and the U.S. Environmental Protection Agency's Notice of Availability was published on April 26, 2010. Copies of the FEIS were distributed to those who requested a copy. A press release was issued on April 14, 2010, and sent to the recipients on the Lake Casitas RMP/EIS mailing list. The FEIS was also made available on the Lake Casitas RMP/EIS website at http://www.usbr.gov/mp/nepa/nepa_projdetails.cfm?Project_ID=792. Three comment letters on the FEIS were submitted during the 30-day waiting period after issuance of the Notice of Availability. The substantive issues raised in the comment letters and Reclamation's responses are summarized as follows.

Pat Baggerly, Environmental Coalition, May 14, 2010

1. The comment suggests Reclamation consider greenhouse gas (GHG) impacts significant and discuss actions to adapt to future climate change. **Response:** As stated in Section 4.2.3.4, as individual projects under the RMP are proposed, greenhouse gas emissions can be evaluated against sector-specific significance thresholds that will be forthcoming from the California Air Resources Board. Potential actions to reduce GHG emissions from vehicles, boats, and future projects implemented under the RMP are described on pages E-21 and E-22 of the FEIS.
2. The commenter requests that the DEIS be reissued as a revised draft so that additions and corrections can be reviewed and written comments addressed in the FEIS. The comment also points out that the same request was made at the end of the Environmental Coalition letter on page E-59 of the FEIS and was not addressed. **Response:** All comments received on the DEIS have been responded to and are available for public review in Appendix E of the FEIS. The responses in Appendix E indicate the locations where the DEIS text was revised. The DEIS will not be re-circulated.

The comment letter shown on page E-59 of the FEIS contains an incorrect bracket location; the response to Comment R-3-6 should have corresponded to item 6 of the letter. The comment bracketed as R-3-6 generally refers to previous substantive comments that were addressed in detail in the responses to Comments R-3-1 through R-3-5. No further response is necessary.

3. The comment indicates that a July 3, 2006, comment letter from the Environmental Coalition was not addressed or included in the text of the FEIS or in Appendix E, Responses to Comments on the Casitas RMP/EIS. **Response:** The letter is not included in Appendix E because the letter relates to public scoping and is not a comment on the DEIS. This and all other letters received during the scoping period were considered in the development of the Draft RMP/EIS.
4. The commenter asks if public comments on the FEIS could be submitted and considered through May 25, 2010, because the EPA's Federal Register notice stated its review of the

FEIS would end on that date. **Response:** May 24, 2010, was the end of the waiting period for issuance of the ROD, as stated in the EPA's Federal Register notice (75 Federal Register 79: 21625-21626; ER-FRL-8989-9) and the Lake Casitas RMP/EIS website (http://www.usbr.gov/mp/nepa/nepa_projdetails.cfm?Project_ID=792). All public comments received on the FEIS through May 26, 2010, are addressed in this ROD.

Richard Handley, Casitas Municipal Water District, May 21, 2010

1. The comment requests that Reclamation reconsider the need for a new management agreement for recreation in addition to Casitas Municipal Water District's repayment contract (No. 14-06-200-5257). The comment also requests that Reclamation consider establishing a set of guidelines and practices for management under the RMP. **Response:** The management agreement is a requirement of the authorizing legislation for the Ventura River Project (Public Law 84-423, March 1, 1956, 70 Stat. 32) and the Federal Water Project Recreation Act (Public Law 89-72, 89th Congress, S.1229, July 9, 1965, 79 Stat. 213, 214; as amended by Public Law 93-251, March 7, 1974, 88 Stat. 33, Sec. 77 and Public Law 102-575, October 30, 1992, 106 Stat. 4690, Title XXVIII). The proposed management agreement is needed to provide the guidelines and practices requested in the comment.
2. The comment notes that the RMP contains vague references to relocation of the fire station and other firefighting activities, such as in Sections 2.4.3.3 and 4.9.5. **Response:** The fire station will not be relocated because that action is not included in the Preferred Alternative (Alternative 2). As stated in Section 2.5.3, the location of the fire incident command center and support activity site will depend on the complexity of the emergency. If low complexity, the location will be adjacent to the existing fire station; if high complexity, the temporary location would be in the central Open Space Lands. Once the incident is over, the fire incident command center and support activity site will be restored to its natural state. Fire hand-crew training locations will vary depending on conditions.
3. The comment states that the text of Section 3.8.3.5 has not been revised to reflect consideration of water quality impacts and mitigation/monitoring requirements for prescribed burns, as indicated on page E-48 of the FEIS. **Response:** The reference to Section 3.8.3.5 on page E-48 is a typographical error. The requested material is included in Mitigation Measure SG-2 in Section 4.3.7, which states that the following would be incorporated into the fire management plan:
 - Create a Prescribed Burn Plan for each proposed prescribed burn.
 - Ensure that fuel management, fire suppression, and fire response are consistent with Federal Wildland Fire Management Policy, and with the RMP water quality and natural resource objectives.
 - Seek partnerships with adjacent private landowners on fuel management, including the use of prescribed burns. Ensure that prescribed burns on adjacent private lands do not adversely affect water quality and sediment conditions in Lake Casitas through such coordination and partnerships.

- Coordinate with the Los Padres National Forest on the planning of prescribed burns and other watershed management actions related to fuel and fire management in the Forest, and ensure that Forest actions do not have adverse effects on water quality and sedimentation at Lake Casitas.
 - Review all proposed for prescribed burns within the Park will be reviewed to ensure that water quality is protected.
 - The provisions in Mitigation Measure SG-2 address the concerns expressed in the comment.
4. The comment recommends changing Section 4.9.3 (“Under all alternatives, all applicable federal, state, and local regulations would be followed”) to indicate that federal regulations preempt state and local regulations on federal land. **Response:** The text will remain as it stands. Reclamation observes state and local regulations on federal lands to the greatest extent possible.
 5. The comment requests confirmation that a “no impact” determination in Tables S-1 and 4.12-1 indicates that the action has been omitted from the alternative. **Response:** The tables refer to impacts, not actions. An alternative may include an action that results in no impact, either with or without mitigation.

Kathleen M. Goforth, U.S. Environmental Protection Agency, May 25, 2010

The comment requests a firm commitment in the ROD to project-specific NEPA analyses. **Response:** This ROD makes clear the intention to prepare site specific analysis for actions required to implement Alternative 2.

MEMORANDUM

TO: Executive Committee
From: Michael L. Flood, General Manager
RE: **Review and Discussion of the California State Water Project Contract Extension Amendment**
Date: September 9, 2019

RECOMMENDATION:

The Committee recommend that the Board of Directors adopt a resolution instructing the Ventura County Watershed Protection District execute the State Water Project Contract Extension Amendment.

BACKGROUND:

The Ventura Flood Control Protection District (VCFPD) (now the Ventura County Watershed Protection District (VCWPD)) signed a contract with the State of California Department of Water Resources (DWR) in the early 1960s for the delivery of up to 20,000 Acre-Feet of State Water Project Water Supply (known in the contract as Table A water) annually.

In 1971, Casitas MWD signed an agreement with VCFPD taking over the costs and administrative responsibilities of the VCFPD State Water Contract.

Subsequently, Casitas MWD signed agreements with both Ventura Water (City of Ventura) and the United Water Conservation District assigning 10,000 Acre-Feet of State Water Project Table A to Ventura Water and 5,000 Acre-Feet to United Conservation District.

Casitas MWD remains the administrator of the contract but VCWPD is still the named contractor on the State Water Project contract and thus must execute any amendments to that contract.

In December 2018, the DWR finalized the contract extension which was executed by the prime contractor, Metropolitan Water District, that same day.

The DWR subsequently filed a validation action with the Superior Court of the State of California which has been enjoined by several parties both internal and external to the State Water Project.

DISCUSSION:

The DWR has been in negotiations for many years with the State Water Project Contractors in regard to an extension of the original State Water Contract which was set to terminate in 2035.

The looming expiration of the contract created several issues for the operation of the State Water Project with the primary issues being the ability to issue bonds of a term that exceeded to 2035 expiration date.

The contract extension amendment will extend the State Water Contract another 50 years to 2085 thus alleviating issues with bond financing within the project.

Budgetary impacts to Casitas MWD will be positive in that the costs of short-term bonds within the State Water Project will be avoided and the District will continue to collect its portion of the costs of the contract through property tax assessments as it has in the past.

Final disposition of the Contract Extension Amendment will depend on the result of the validation action filed by the DWR which is expected to be concluded with the next five years.

Relevant cost details in connection with the contract extension will be covered with the committee at the meeting.

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 14 (THE CONTRACT EXTENSION AMENDMENT)
TO WATER SUPPLY CONTRACT BETWEEN THE STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES AND VENTURA COUNTY WATERSHED
PROTECTION DISTRICT FOR CONTINUED SERVICE AND THE TERMS AND
CONDITIONS THEREOF

THIS AMENDMENT to the Water Supply Contract is made this _____ day
of _____, 201_, pursuant to the provisions of the California Water
Resources Development Bond Act, the Central Valley Project Act, and other applicable
laws of the State of California, between the State of California, acting by and through its
Department of Water Resources, herein referred to as the "State," and Ventura County
Watershed Protection District, herein referred to as the "Agency."

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RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated December 02, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. Article 2 of the contract provides that the contract shall remain in effect for the longest of the following: (1) the project repayment period, which, as defined in the contract, is to end on December 31, 2035; (2) 75 years from the original date of the contract; and (3) the period ending with the latest maturity date of any bond issue used to finance the construction costs of project facilities; and
- C. The longest of the above referenced periods in Article 2 would have ended in this contract on December 02, 2038; and
- D. Article 4 of the contract provides that the Agency, by written notice to the State at least six (6) months prior to the expiration of the term of the contract (as specified in Article 2), may elect to receive continued service under the contract under certain conditions specified therein and under other terms and conditions that are reasonable and mutually agreed upon by the State and the Agency; and
- E. The State, the Agency and representatives of certain other State Water Project Contractors have negotiated and executed a document (Execution Version dated June 18, 2014), the subject of which is “Agreement in Principle Concerning Extension of the State Water Project Water Supply Contracts” (the “Agreement in Principle”); and
- F. The Agreement in Principle describes the terms and conditions of the continued service upon which the State and the Agency mutually proposed to develop contractual amendments consistent with the Agreement In Principle; and
- G. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “Amendment for Continued Service and the Terms and Conditions Thereof”; and

STATE WATER PROJECT WATER SUPPLY CONTRACT EXTENSION AMENDMENT
Execution Version

- H. The State and the Agency desire to implement continued service under the contract under the terms and conditions of this Amendment for Continued Service and the Terms and Conditions Thereof to the water supply contract; and
- I. The Agency's execution of this Amendment for Continued Service and the Terms and Conditions Thereof is the equivalent of the Agency's election under Article 4 to receive continued service under the contract under the conditions provided in Article 4, and the mutually agreed terms and conditions herein are the other reasonable and equitable terms and conditions of continued service referred to in Article 4.

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with the State:

AMENDED CONTRACT TEXT

I. ARTICLES 1, 2, 22 THROUGH 29, 50 AND 51 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

1. DEFINITIONS.

When used in this contract, the following terms shall have the meanings hereinafter set forth:

(a) **"Additional Project Conservation Facilities"** shall mean the following facilities and programs, which will serve the purpose of preventing any reduction in the Minimum Project Yield as hereinafter defined:

(1) Those Project Facilities specified in Section 12938 of the Water Code;

(2) Those facilities and programs described in (A), (B), (C), (D), and (E) below which, in the State's determination, are engineeringly feasible and capable of producing Project Water which is economically competitive with alternative new water supply sources, *provided* that in the State's determination, the construction and operation of such facilities and programs will not interfere with the requested deliveries of Annual Table A Amount to any Contractor other than the sponsoring Contractor, and will not result in any greater annual charges to any Contractor other than the sponsoring Contractor than would have occurred with the construction at the same time of alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct.

The following facilities and programs shall hereinafter be referred to as "Local Projects":

(A) On-stream and off-stream surface storage reservoirs not provided for in Section 12938 of the Water Code, that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(B) Groundwater storage facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(C) Waste water reclamation facilities that will produce Project Water for the System for a period of time agreed to by the sponsoring Contractor;

(D) Water and facilities for delivering water purchased by the State for the System for a period of time agreed to by the sponsoring Contractor; *provided* that the economic test specified herein shall be applied to the cost of these facilities together with the cost of the purchased water; and

(E) Future water conservation programs and facilities that will reduce demands by the sponsoring Contractor for Project Water from the System for a period of time agreed to by the sponsoring Contractor and will thereby have the effect of increasing Project Water available in the Delta for distribution.

(3) Whether a Local Project described in (2) above shall be considered economically competitive shall be determined by the State by comparing, in an engineering and economic analysis, such Local Project with alternative new water supply sources which are either reservoirs located north of the Delta or off-Aqueduct storage reservoirs located south or west of the Delta designed to supply water to the California Aqueduct. The analysis for such alternative new water supply sources shall use the average cost per acre-foot of yield in the latest studies made for such sources by the State and shall compare those facilities with the proposed Local Project using commonly accepted engineering economics. In the case of a Local Project to be funded in part by the State as part of the System and in part from other sources, the economic analysis specified herein shall be applied only to the portion to be funded by the State as part of the System.

(4) The Local Projects in (2) above shall not be constructed or implemented unless or until:

(A) The sponsoring Contractor signs a written agreement with the State which:

(i) Contains the sponsoring Contractor's approval of such facility or program;

(ii) Specifies the yield and the period of time during which the water from the Local Project shall constitute Project Water; and

(iii) Specifies the disposition of such Local Project or of the yield from such Local Project upon the expiration of such period of time.

(B) All Contractors within whose boundaries any portion of such Local Project is located, and who are not sponsoring Contractors for such Local Project give their written approval of such Local Project.

(5) “Sponsoring Contractor” as used in this Article 1(a) shall mean the Contractor or Contractors who either will receive the yield from facilities described in 2(A), (B), (C), or (D) above, or agree to reduce demands for Project Water from the System pursuant to 2(E) above.

(6) In the event of a shortage in water supply within the meaning of Article 18(a), the determination of whether to count, in whole or in part, the yield from facilities described in 2(A), (B), (C), or (D) above, or the reduced demand from future conservation programs described in 2(E) above in the allocation of deficiencies among Contractors will be based on a project-by-project evaluation taking into consideration such factors as any limitation on the use of the water from such facilities and whether the sponsoring Contractor has access to Project Water from the Delta as an alternate to such facilities.

(b) “**Agricultural Use**” shall mean any use of water primarily in the production of plant crops or livestock for market, including any use incidental thereto for domestic or stock-watering purposes.

(c) “**Annual Table A Amount**” shall mean the amount of Project Water set forth in Table A of this Contract that the State, pursuant to the obligations of this contract and applicable law, makes available for delivery to the Agency at the delivery structures provided for the Agency. The term Annual Table A Amount shall not be interpreted to mean that in each year the State will be able to make that quantity of Project Water available to the Agency. The Annual Table A Amounts and the terms of this contract reflect an expectation that under certain conditions only a lesser amount, allocated in accordance with this contract, may be made available to the Agency. This recognition that full Annual Table A Amounts will not be deliverable under all conditions does not change the obligations of the State under this contract, including but not limited to, the obligations to make all reasonable efforts to complete the Project Facilities, to perfect and protect water rights, and to allocate among Contractors the supply available in any year, as set forth in Articles 6(b), 6(c), 16(b) and 18, in the manner and subject to the terms and conditions of those articles and this contract. Where the term “annual entitlement” appears elsewhere in this contract, it shall mean “Annual Table A Amount.” The State agrees that in future amendments to this and other Contractor’s contracts, in lieu of the term “annual entitlement,” the term “Annual Table A

Amount” will be used and will have the same meaning as “annual entitlement” wherever that term is used.

(d) **“Area of Origin Statutes”** shall mean Sections 10505 and 11460 through 11463 of the Water Code as now existing or hereafter amended.

(e) **“Article 51(e) Amounts”** shall mean the annual amounts determined pursuant to Article 51(e)(1).

(f) **“Billing Transition Date”** shall mean January 1 of the first calendar year starting at least six (6) months after the Contract Extension Amendment Effective Date.

(g) **“Burns-Porter Bond Act”** shall mean the California Water Resources Development Bond Act, comprising Chapter 8, commencing at Section 12930, of Part 6 of Division 6 of the Water Code, as enacted in Chapter 1762 of the Statutes of 1959.

(h) **“Capital Costs”** shall mean all costs Incurred subsequent to authorization of a facility for construction by the Legislature or by administrative action pursuant to Section 11290 of the Water Code and to the Burns-Porter Bond Act, including those so Incurred prior to the beginning of the Project Repayment Period as herein defined and any accrued unpaid interest charges thereon at the rates specified herein, which are properly chargeable to the construction of and the furnishing of equipment for the facilities of the System, including the costs of surveys, engineering studies, exploratory work, designs, preparation of construction plans and specifications, acquisition of lands, easements and rights-of-way, and relocation work, all as shown upon the official records of the Department of Water Resources.

(i) **“Carry-over Table A Water”** shall mean water from a Contractor’s Annual Table A Amount for a respective year, which is made available for delivery by the State in the next year pursuant to Article 12(e).

(j) **“Central Valley Project Act”** shall mean the Central Valley Act comprising Part 3, commencing at Section 11100, of Division 6 of the Water Code.

(k) **“Contract Extension Amendment”** shall mean the substantially similar amendments to the Contractors’ Water Supply Contracts that include, among other things, an extension of the term of the contract to December 31, 2085.

(l) **“Contract Extension Amendment Effective Date”** shall mean the date on which the Contract Extension Amendment becomes effective with regard to this contract. The State shall provide a written notice to the Agency specifying the Contract Extension Amendment Effective Date once the applicable conditions set out in the Contract Extension Amendment have been met.

(m) **“Contractor”** shall mean any entity that has executed, or is an assignee of, a contract of the type published in Department of Water Resources Bulletin No. 141,

dated November 1965, with the State for a dependable supply of water made available by the System, except such water as is made available by the facilities specified in Section 12934(d)(6) of the Water Code, as such contracts have been amended from time to time.

(n) “**Delta**” shall mean the Sacramento-San Joaquin Delta as defined in Section 12220 of the Water Code on the date of approval of the Burns-Porter Bond Act by the voters of the State of California.

(o) “**East Branch Aqueduct**” shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Perris, Riverside County.

(p) “**Economic Useful Life**” shall mean the period during which the State expects to derive economic benefit from using an asset, as determined by the State.

(q) “**Financial Information System**” shall mean the system of record designated by the State as the authoritative source for the recording of all financial data values relating to the System.

(r) “**Financing Costs**” shall mean the following:

- (1) principal of and interest on Revenue Bonds,
- (2) debt service coverage required by the applicable bond resolution or indenture in relation to such principal and interest,
- (3) deposits to reserves required by the bond resolution or indenture in relation to such Revenue Bonds, and
- (4) premiums for insurance or other security obtained in relation to such Revenue Bonds.

(s) “**Incurred**” shall mean the following with respect to the timing of a cost:

- (1) Capital Costs and operation, maintenance, and power costs allocated irrespective of the amount of Project Water delivered to the Contractors are “Incurred” when the expenditure for the good, service or other consideration is recorded in the State’s financial information system, regardless of the date the good, service or other consideration is provided; and
- (2) operation, maintenance, and power costs allocated in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors are “Incurred” when the good, service or other consideration is provided, regardless of when the expenditure for the good, service or other

consideration is recorded in the financial information system.

(t) **“Initial Project Conservation Facilities”** shall mean the following Project Facilities specified in Section 12934(d) of the Water Code:

(1) All those facilities specified in subparagraph (1) thereof.

(2) Those facilities specified in subparagraph (3) thereof to the extent that they serve the purposes of water conservation in the Delta, water supply in the Delta, and transfer of water across the Delta.

(3) A reservoir near Los Banos in Merced County as specified in subparagraph (2) thereof.

(4) The reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to a reservoir near Los Banos in Merced County, to the extent required for water conservation through conveyance of water diverted from the Delta to offstream storage in such reservoir as determined by the State.

(5) Those facilities specified in subparagraph (5) thereof which are incidental to the facilities included under (1), (2), (3), and (4) above.

(6) Those facilities specified in subparagraph (7) thereof which are necessary and appurtenant to the facilities included under (1), (2), (3), (4), and (5) above.

(u) **“Interruptible Water”** shall mean Project Water available as determined by the State that is not needed for fulfilling Contractors’ Annual Table A Amount deliveries as set forth in their water delivery schedules furnished pursuant to Article 12 or for meeting project operational requirements, including storage goals for the current or following years.

(v) **“Manufacturing Use”** shall mean any use of water primarily in the production of finished goods for market.

(w) **“Maximum Annual Table A Amount”** shall mean the maximum annual amount set forth in Table A of this contract, and where the term “maximum annual entitlement” appears elsewhere in this contract it shall mean “Maximum Annual Table A Amount.”

(x) **“Minimum Project Yield”** shall mean the dependable annual supply of project water to be made available assuming completion of the initial project conservation facilities and additional project conservation facilities. The project’s capability of providing the Minimum Project Yield shall be determined by the State on the basis of coordinated operations studies of initial project conservation facilities and additional project conservation facilities, which studies shall be based upon factors

including but not limited to:

(1) the estimated relative proportion of deliveries for agricultural use to deliveries for municipal use assuming Maximum Annual Table A Amounts for all Contractors and the characteristic distributions of demands for these two uses throughout the year; and

(2) agreements now in effect or as hereafter amended or supplemented between the State and the United States and others regarding the division of utilization of waters of the Delta or streams tributary thereto.

(y) **“Monterey Amendment”** shall mean the substantially similar amendments to Contractors’ Water Supply Contracts that included, among other provisions, the addition of Articles 51 through 56.

(z) **“Municipal Use”** shall mean all those uses of water common to the municipal water supply of a city, town, or other similar population group, including uses for domestic purposes, uses for the purposes of commerce, trade or industry, and any other use incidental thereto for any beneficial purpose.

(aa) **“Nonproject Water”** shall mean water made available for delivery to Contractors that is not Project Water as defined in Article 1(ah).

(ab) **“Project Facilities”** shall mean those facilities of the System which will, in whole or in part, serve the purposes of this contract by conserving water and making it available for use in and above the Delta and for export from the Delta and from such additional facilities as are defined in Article 1(a)(2), and by conveying water to the Agency. Such Project Facilities shall consist specifically of “Project Conservation Facilities” and “Project Transportation Facilities”, as hereinafter defined.

(ac) **“Project Conservation Facilities”** shall mean such Project Facilities as are presently included, or as may be added in the future, under 1(a) and 1(t).

(ad) **“Project Interest Rate”** shall mean the following:

(1) Prior to the Billing Transition Date, the weighted average interest rate on bonds, advances, or loans listed in this section to the extent the proceeds of any such bonds, advances, or loans are for construction of the State Water Facilities defined in Section 12934(d) of the Water Code, the additional project conservation facilities, and the supplemental conservation facilities (except off-aqueduct power facilities; water system facilities; advances for delivery structures, measuring devices and excess capacity; and East Branch Enlargement Facilities). The Project Interest Rate shall be calculated as a decimal fraction to five places by dividing (i) the total interest cost required to be paid or credited by the State during the life of the indebtedness or advance by (ii) the total

of the products of the various principal amounts and the respective terms in years of all such amounts. The bonds, advances, or loans used in calculating the project interest rate shall be:

(A) General obligation bonds issued by the State under the Bond Act, except that any premium received on the sale of these bonds shall not be included in the calculation of the project interest rate,

(B) Revenue Bonds issued after May 1, 1969,

(C) Bonds issued by the State under any other authority granted by the Legislature or the voters,

(D) Bonds issued by any agency, district, political subdivision, public corporation, or nonprofit corporation of this State,

(E) Funds advanced by any Contractor without the actual incurring of bonded debt therefore, for which the net interest cost and terms shall be those which would have resulted if the Contractor had sold bonds for the purpose of funding the advance, as determined by the State,

(F) Funds borrowed from the General Fund or other funds in the Treasury of the State of California, for which the total interest cost shall be computed at the interest rate earned over the period of such borrowing by moneys in the Surplus Money Investment Fund of such Treasury invested in securities, and

(G) Any other financing capability available in the Treasury of the State of California at whatever interest rate and other financing costs are provided in the law authorizing such borrowing. However, the use of other financing from the State Treasury is intended to involve only short term borrowing at interest rates and other financing costs no greater than those charged to other State agencies during the same period until such time as the Department can sell bonds and reimburse the source of the short term borrowing from the proceeds of the bond sale.

(2) On and after the Billing Transition Date, the Project Interest Rate shall be four and six hundred and ten thousandths percent (4.610%) per annum.

(ae) **“Project Repayment Period”** shall mean that period of years commencing on January 1, 1961, and extending until December 31, 2035.

(af) **“Project Revenues”** shall mean revenues derived from the service of Project Water to Contractors and others, and from the sale or other disposal of electrical energy generated in connection with operation of Project Facilities.

(ag) **“Project Transportation Facilities”** shall mean the following Project Facilities:

(1) All those facilities specified in subparagraph (2) of Section 12934(d) of the Water Code except: The reservoir near Los Banos in Merced County; the reach of the San Joaquin Valley-Southern California Aqueduct extending from the Delta to the reservoir near Los Banos in Merced County, to the extent required for water conservation as determined by the State; the North Bay Aqueduct extending to a terminal reservoir in Marin County; the South Bay Aqueduct extending to terminal reservoirs in the Counties of Alameda and Santa Clara; the Pacheco Pass Tunnel Aqueduct extending from a reservoir near Los Banos in Merced County to a terminus in Pacheco Creek in Santa Clara County; and the Coastal Aqueduct beginning on the San Joaquin Valley-Southern California Aqueduct in the vicinity of Avenal, Kings County, and extending to a terminus at the Santa Maria River.

(2) Facilities for the generation and transmission of electrical energy of the following types:

(A) Hydroelectric generating and transmission facilities, whose operation is dependent on the transportation of Project Water, or on releases to channels downstream of Project Facilities defined under (1) above. Such facilities shall be called “project aqueduct power recovery plants”, and

(B) All other generating and associated transmission facilities, except those dependent on water from Project Conservation Facilities, for the generation of power. These facilities shall be called “off-aqueduct power facilities” and shall consist of the State’s interest in the Reid-Gardner and any other generating and associated transmission facilities, constructed or financed in whole or in part by the State, which are economically competitive with alternative power supply sources as determined by the State.

(3) Those facilities specified in subparagraph (7) of Section 12934(d) of the Water Code which are necessary and appurtenant to the facilities included under (1) and (2) above.

(ah) **“Project Water”** shall mean water made available for delivery to the Contractors by the Project Conservation Facilities and the Project Transportation Facilities included in the System.

(ai) **“Revenue Bonds”** shall mean the following types of instruments payable from the sources provided in the Central Valley Project Act: revenue bonds, notes, refunding bonds, refunding notes, bond anticipation notes, certificates of indebtedness,

and other evidences of indebtedness.

(aj) **“Subject to Approval by the State”** shall mean subject to the determination and judgment of the State as to acceptability.

(ak) **“Supplemental Conservation Facilities”** shall mean those facilities provided for in Section 12938 of the Water Code which will serve the purpose of supplying water in addition to the Minimum Project Yield and for meeting local needs.

(al) **“Supplemental Water”** shall mean water made available by Supplemental Conservation Facilities, in excess of the Minimum Project Yield.

(am) **“System”** shall mean the State Water Resources Development System as defined in Section 12931 of the Water Code.

(an) **“System Revenue Account”** shall mean the special account created pursuant to Water Code Section 12937(b) into which are deposited all revenues derived from the sale, delivery or use of water or power and all other income or revenue, derived by the State, from the System, with the exception of revenue attributable to facilities financed with revenue bonds issued pursuant to the Central Valley Project Act (Water Code Section 11100 et seq.).

(ao) **“Water Supply Contract”** shall mean one of the contracts described in the definition of Contractor in Article 1(m).

(ap) **“Water System Facilities”** shall mean the following facilities to the extent that they are financed with Revenue Bonds or to the extent that other financing of such facilities is reimbursed with proceeds from Water System Facility Revenue Bonds:

(1) The North Bay Aqueduct,

(2) The Coastal Branch Aqueduct,

(3) Delta Facilities, including Suisun Marsh facilities, to serve the purposes of water conservation in the Delta, water supply in the Delta, transfer of water across the Delta, and mitigation of the environmental effects of Project Facilities, and to the extent presently authorized as project purposes, recreation and fish and wildlife enhancement,

(4) Local projects as defined in Article 1(a)(2) designed to develop no more than 25,000 acre-feet of project yield from each project,

(5) Land acquisition prior to December 31, 1995, for the Kern Fan Element of the Kern Water Bank,

- (6) Additional pumps at the Banks Delta Pumping Plant,
- (7) The transmission line from Midway to Wheeler Ridge Pumping Plant,
- (8) Repairs, additions, and betterments to Project Facilities,
- (9) A Project Facilities corporation yard,
- (10) A Project Facilities operation center, and

(11) Capital projects which are approved in writing by the State and eighty (80) percent of the affected Contractors as “Water System Facilities”, *provided* that the approving Contractors’ Table A amounts exceed eighty (80) percent of the Table A amounts representing all affected Contractors and *provided further* that “affected Contractors” for purposes of this subdivision (11) shall mean those Contractors which would be obligated to pay a share of the debt service on Revenue Bonds issued to finance such project.

(aq) **“Water System Facility Revenue Bonds”** shall mean Revenue Bonds issued after January 1, 1987 for Water System Facilities identified in Article 1(ap).

(ar) **“West Branch Aqueduct”** shall mean that portion of the San Joaquin Valley-Southern California Aqueduct specified in Section 12934(d)(2) of the Water Code extending from the South Portal of the Tehachapi Tunnels to a terminus in the vicinity of Newhall, Los Angeles County.

(as) **“Year”** shall mean the 12-month period from January 1 through December 31, both dates inclusive.

(at) **“Year of Initial Water Delivery”** shall mean the year when Project Water will first be available for delivery to a Contractor pursuant to its contract with the State.

2. TERM OF CONTRACT.

This contract shall become effective on the date first above written and shall remain in effect for the longer of the following:

1. December 31, 2085, or
2. The period ending with the latest maturity date of any bond issue used to finance the construction costs of Project Facilities.

22. DELTA WATER CHARGE

The payments to be made by each Contractor shall include an annual charge designated as the Delta Water Charge, which shall be separately calculated and stated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Delta Water Charge for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Conservation Facilities.* The Delta Water Charge for costs Incurred prior to the Billing Transition Date, together with the total revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities, shall return to the State during the Project Repayment Period all costs of the Project Conservation Facilities Incurred prior to the Billing Transition Date, including capital, operation, maintenance, power, and replacement costs, which are allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article.

(2) *Components of Charge.* For each Contractor receiving Project Water in any year through December 31, 1969, the Delta Water Charge shall be the product of \$3.50 and the Contractor's Annual Table A Amount for the respective year. For each Contractor receiving Project Water in the year 1970, the Delta Water Charge shall be the product of \$6.65 and the Contractor's Annual Table A Amount for that year. The \$6.65 rate for the year 1970 shall consist of a capital component of \$5.04 and a minimum operation, maintenance, power and replacement component of \$1.61. For each Contractor receiving Project Water in the year 1971, the Delta Water Charge shall be the product of \$7.24 and the Contractor's Annual Table A Amount for that year. The \$7.24 rate for the year 1971 shall consist of a capital component of \$5.44 and a minimum operation, maintenance, power and replacement component of \$1.80.

After December 31, 1971, the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall consist and be the sum of the following components as these are computed in accordance with subdivisions (a)(3) and (a)(4) of this article: a capital component; a minimum operation, maintenance, power and replacement component; and a variable operation, maintenance, power and replacement component.

(3) *Charge Components Expressed as Rates.* The Capital Cost, the minimum operation, maintenance, power, and replacement, and the variable operation, maintenance, power, and replacement components of the Delta Water

Charge for costs Incurred prior to the Billing Transition Date, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during the Project Repayment Period, respectively, the following categories of the costs allocated to the purpose of water conservation in, above, and below the Delta pursuant to subdivisions (c)(1) through (c)(3) of this article:

(A) Capital Costs;

(B) operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractors;
and

(C) operation, maintenance, power, and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities. Each component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be computed on the basis of a rate which, when charged during the Project Repayment Period for each acre-foot of the sum of the yearly totals of Annual Table A Amounts of all Contractors, will be sufficient, together with that portion of the revenues derived prior to the Billing Transition Date from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, to return to the State during the Project Repayment Period all costs included in the respective category of costs covered by that component. Each such rate shall be computed in accordance with the following formula:

$$\frac{(c_1 - r_1)(1 + i)^{-1} + (c_2 - r_2)(1 + i)^{-2} + \dots + (c_n - r_n)(1 + i)^{-n}}{e_1(1 + i)^{-1} + e_2(1 + i)^{-2} + \dots + e_n(1 + i)^{-n}}$$

Where:

i = The Project Interest Rate.

- c = The total costs included in the respective category of costs and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).
- r = That portion of the revenues derived from the sale or other disposal of electrical energy allocated by the State to repayment of the costs included in the respective category and Incurred during the respective year of the Project Repayment Period (prior to the Billing Transition Date).

1, 2, and n
appearing
below

- c and r = The respective year of the Project Repayment Period during which the costs included in the respective category are Incurred, n being the last year of the Project Repayment Period.
- e = With respect to the Capital Cost and minimum operation, maintenance, power, and replacement components, the total of Annual Table A Amounts of all Contractors for the respective year of the Project Repayment Period.
- e = With respect to the variable operation, maintenance, power, and replacement component, the total of the amounts of Project Water delivered to all Contractors for the respective year of the expired portion of the Project Repayment Period, together with the total of Annual Table A Amounts of all Contractors for the respective year of the unexpired portion of the Project Repayment Period.

1, 2, and n
appearing

- below e = The respective year of the Project Repayment Period in which the Annual Table A Amounts or Project Water deliveries occur, n being the last year of the Project Repayment Period.

n used
as an

- exponent = The number of years in the Project Repayment Period.

(4) *Determination of Charge Components.* The Capital Cost and minimum operation, maintenance, power, and replacement components of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the Contractor's Annual Table A Amount for the respective year. The

variable operation, maintenance, and power component of the charge shall be the product of the appropriate rate computed under subdivision (a)(3) of this article and the number of acre-feet of Project Water delivered to the Contractor during the respective year; *provided*, that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be the product of such rate per acre-foot and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(5) *Redetermination of Rates.* The rates to be used in determining the components of the Delta Water Charge pursuant to subdivision (a)(4) of this article and to become effective on January 1, 1970, shall be computed by the State in accordance with subdivision (a)(3) of this article prior to that date. Such computation shall include an adjustment which shall account for the difference, if any, between revenues received by the State under the Delta Water Charge prior to January 1, 1970, and revenues which would have been received under the charge prior to that date had it been computed and charged in accordance with subdivisions (a)(3) and (4) of this article. Upon such computation, a document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article. The State shall recompute such rates each year thereafter, and each such recomputation shall take account of and reflect increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct the Project Conservation Facilities described in subdivisions (c)(1) through (c)(3) of this article, Annual Table A Amounts, deliveries of Project Water, Project Interest Rate, revenues from the sale or other disposal of electrical energy, and all other factors which are determinative of such rates. In addition, each such recomputation shall include an adjustment of the rates for succeeding years which shall account for the differences, if any, between projections of costs used by the State in determining such rates for all preceding years, and actual costs Incurred by the State during such years. Upon each such recomputation, an appropriately revised copy of the document establishing such rates shall be prepared by the State and attached to this contract as an amendment of this article.

(6) *Water System Facility Revenue Bond Charges.* Notwithstanding provisions of Article 22(a)(1) through (5), the capital and the minimum operation, maintenance, power and replacement component of the Delta Water Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of the Water System Facility Revenue Bond Financing Costs allocable to Project Conservation Facilities for Capital Costs Incurred prior to the Billing Transition Date. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(b) **Delta Water Charge for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) of this article shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Components of the Delta Water Charge for Costs Incurred On or After the Billing Transition Date.* The Delta Water Charge for costs Incurred on or after the Billing Transition Date shall consist of the following components as these are computed in accordance with subdivisions (b)(2) through (b)(4) of this article:

(A) Capital component,

(B) Minimum operation, maintenance, power, and replacement component, and

(C) Variable operation, maintenance, and power component.

(2) *Determination of Charge Components.* These three components of the Delta Water Charge for each calendar year, together with that portion of the revenues derived during such calendar year from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities which is allocated by the State to repayment of the respective category of costs, shall return to the State during such calendar year the following categories, respectively, of the costs allocated pursuant to subdivisions (c)(1) through (c)(3) of this article to the purpose of water conservation in, above, and below the Delta.

(A) the capital component consisting of Capital Costs of Project Conservation Facilities to be recovered during such calendar year as and to the extent provided in subdivision (b)(3) of this article,

(B) the minimum operation, maintenance, power, and replacement component consisting of operation, maintenance, power, replacement costs of Project Conservation Facilities Incurred during such calendar year irrespective of the amount of Project Water delivered to the Contractors, and

(C) the variable operation, maintenance, and power component consisting of operation, maintenance, and power costs of Project Conservation Facilities Incurred during such calendar year in an amount

which is dependent upon and varies with the amount of Project Water delivered to the Contractors;

provided that each of the above categories of costs shall be inclusive of the appropriate costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities; and *provided further* that revenues generated in connection with the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities shall not reduce or be credited against charges pursuant to subdivision (b)(3)(D)(i) of this article (charges for Water System Facility Revenue Bond Financing Costs).

(3) *Categories of Capital Costs.*

(A) The amount of the capital component of the Delta Water Charge shall be determined in three steps as follows:

(i) first, an allocation to the Agency of Capital Costs of Project Conservation Facilities as provided in subdivisions (c)(1) through (c)(3) of this article,

(ii) second, a determination of the type and source of payment of each Capital Cost in accordance with subdivision (b)(3)(B) of this article, and

(iii) third, a computation of the annual payment to be made by the Agency as provided in subdivision (b)(3)(C) and (b)(3)(D) of this article.

(B) Annual Capital Costs of Project Conservation Facilities shall be divided into five categories of type and source of payment:

(i) Project Conservation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(ii) Project Conservation Facility Capital Costs to be paid with the proceeds of Bonds issued under the Burns-Porter Bond Act,

(iii) Project Conservation Facility Capital Costs to be paid with amounts in the SWRDS Reinvestment Account,

(iv) Project Conservation Facility Capital Costs to be paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(v) Project Conservation Facility Capital Costs prepaid by the Agency.

(C) The projected amounts of Project Conservation Facility Capital Costs in each such category to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (c)(1) through (c)(3) and (b)(6) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table B by the State.

**TABLE B
PROJECTED ALLOCATIONS TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
OF PROJECT CONSERVATION FACILITY CAPITAL COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE**

Year	Projected Allocations in Thousands of Dollars				
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvestment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial	Costs Prepaid by the Agency
1*					
2					
3					

* Year commencing with the Billing Transition Date.

(D) The annual amount to be paid by the Agency under the capital component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following categories:

(i) Water System Facility Revenue Bonds: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Project Conservation Facilities,

(ii) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Conservation Facility Capital Costs,

(iii) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Conservation Facility Capital Costs Incurred during prior calendar years (but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(iv) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Conservation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years.

(E) The projected amounts of each category of charges to be paid annually by the Agency under this capital component shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (b), which principles and procedures shall be controlling as to allocations of types of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table C by the State.

**TABLE C
PROJECTED CHARGES TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
UNDER THE CAPITAL COMPONENT OF THE DELTA WATER CHARGE FOR
COSTS INCURRED ON OR AFTER THE BILLING TRANSITION DATE**

Year	Projected Charges in Thousands of Dollars			
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvestment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial
1				
2				
3				

* Year commencing with the Billing Transition Date.

(4) *Minimum Operation, Maintenance, Power and Replacement Charge – Determination; Repayment Table.*

The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(A) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table D by the State.

TABLE D
DELTA WATER CHARGE -- ESTIMATED MINIMUM OPERATION, MAINTENANCE,
POWER AND REPLACEMENT COMPONENT FOR COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

Year	Total Annual Payment by Agency
1*	
2	
3	
4	

* Year commencing with the Billing Transition Date.

(5) *Variable Operation, Maintenance and Power Charge—
Determination; Repayment Table.*

The amount to be paid each year by the Agency under the variable operation, maintenance and power component of the Delta Water Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in subdivision (b)(6)(B) of this article; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table E by the State.

TABLE E
DELTA WATER CHARGE -- ESTIMATED VARIABLE OPERATION, MAINTENANCE
AND POWER COMPONENT FOR COSTS INCURRED ON OR AFTER THE BILLING
TRANSITION DATE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

Year	Total Annual Payment by Agency
1*	
2	
3	
4	

* Year commencing with the Billing Transition Date.

(6) *Allocation of Charges to the Agency.*

(A) The capital and minimum operation, maintenance, and power components of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the Agency's Annual Table A Amount for such calendar year to the total of the Annual Table A Amounts for all Contractors for such calendar year.

(B) The variable operation, maintenance, and power component of the Delta Water Charge for each calendar year for costs Incurred on or after the Billing Transition Date shall be allocated to the Agency in proportion to the ratio of the number of acre-feet of Project Water delivered to the Agency during such calendar year to the number of acre-feet of Project Water delivered to all Contractors during such calendar year; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, such variable component during such period shall be calculated as if the number of acre-feet wasted had been delivered.

(7) *Delta Water Charge -- Repayment Schedule.*

The amounts to be paid by the Agency for each year on or after the Billing Transition Date under the Capital Cost component, minimum operation, maintenance, power and replacement component and the variable operation, maintenance, and power component of the Delta Water Charge shall be set forth by the State in Table F, which Table F shall constitute a summation of Tables C, D, and E; *provided* that each of the amounts set forth in Table F shall be subject to redetermination by the State in accordance with Article 28; *provided further*

that the principles and procedures set forth in this Article 22 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

**TABLE F
REPAYMENT SCHEDULE -- DELTA WATER CHARGE FOR COSTS INCURRED ON
OR AFTER THE BILLING TRANSITION DATE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Year	Capital Cost Component	Minimum Component	Variable Component	Total
1*				
2				
3				
4				

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Delta Water Charge for Costs Incurred Both Before and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Allocation of Costs to Project Purposes.*

(A) Prior to the time that Additional Project Conservation Facilities or Supplemental Conservation Facilities are constructed, the Delta Water Charge shall be determined on the basis of an allocation to project purposes, by the separable cost-remaining benefits method, of all actual and projected costs of all those Initial Project Conservation Facilities located in and above the Delta, and upon an allocation to the purposes of water conservation and water transportation, by the proportionate use of facilities method, of all actual and projected costs of the following Project Facilities located below the Delta: The aqueduct intake facilities at the Delta, Pumping Plant I (Harvey O. Banks Delta Pumping Plant), the aqueduct from the Delta to San Luis Forebay (O'Neill Forebay), San Luis Forebay (O'Neill Forebay), and San Luis Reservoir: *provided*, that all of the actual and projected costs properly chargeable to the generation and transmission of electrical energy in connection with operation of Project Conservation Facilities shall be allocated to the purpose of water conservation in, above, and below the Delta; *provided further*, that allocations to purposes the cost of which are to be paid by the United States shall be as determined by the United States.

(B) Wherever reference is made, in connection with the computation, determination, or payment of the Delta Water Charge, to the costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities that are reimbursable by the Contractors as determined by the State.

(C) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

(2) *Additional Conservation Facilities.* Commencing in the year in which the State first awards a major construction contract for construction of a major feature of Additional Project Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Additional Project Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the foregoing allocations and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to the foregoing provisos, of all projected costs of such feature of the Additional Project Conservation Facilities; *provided*, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State; *provided, further*, that all costs of Additional Project Conservation Facilities Incurred prior to the award of a major construction contract, shall be included in the Delta Water Charge computations in the year in which they are Incurred.

(3) *Supplemental Conservation Facilities.* Upon the construction of the Supplemental Conservation Facilities, the Delta Water Charge shall be paid by

all Contractors for Supplemental Water, as well as by Contractors for Project Water, and, together with revenues derived from the sale or other disposal of electrical energy generated in connection with operation of Project Conservation Facilities and Supplemental Conservation Facilities, shall return to the State, in addition to those costs of the Project Conservation Facilities allocated to the purpose of water conservation, in, above, and below the Delta pursuant to subdivision (c)(1) of this article, all costs of such Supplemental Conservation Facilities, including capital, operation, maintenance, power, and replacement costs which are allocated to the purpose of water conservation, in, above, and below the Delta pursuant hereto. Commencing in the year in which the State first awards a major construction contract for construction of a major feature of any Supplemental Conservation Facilities, or first commences payments under a contract with a federal agency in the event a major feature of Supplemental Conservation Facilities is constructed by such federal agency under an agreement requiring the State to pay all or part of the costs of such construction, the Delta Water Charge shall be determined on the basis of the allocations made pursuant to subdivision (c)(1) of this article, and upon an allocation to project purposes, by the separable costs-remaining benefits method and subject to provisos corresponding to those contained in such subdivision (c)(1), of all projected costs of such feature of the Supplemental Conservation Facilities. Commencing in the same year, the computation of the rates to be used in determining the components of the Delta Water Charge shall include the Annual Table A Amounts under all contracts for Supplemental Water. If the repayment period of any bonds sold to construct Supplemental Conservation Facilities or the repayment period under any agreement with a federal agency for repayment of the costs of Supplemental Conservation Facilities constructed by such federal agency extends beyond the repayment period of the contract, the Delta Water Charge shall be determined and redetermined on the basis of such extended repayment period as the State determines to be appropriate; *provided*, that if the agreement with such federal agency allows repayment of costs of a portion of a facility to be deferred, the associated costs of such portion shall be excluded from the Delta Water Charge computations until repayment of such deferred costs or interest thereon is commenced by the State.

(4) *Local Projects.* The determination of the Delta Water Charge shall be made by including the appropriate costs and quantities of water, calculated in accordance with subdivisions (a) and (b) above, for all Additional Project Conservation Facilities as defined in Article 1(a). In the event a Local Project as defined in Article 1(a)(2) will, pursuant to written agreement between the State and the sponsoring Contractor, be considered and treated as an Additional Project Conservation Facility for less than the estimated life of the facility, the Delta Water Charge will be determined on the basis of that portion of the appropriate cost and water supply associated with such facility as the period of time during which such facility shall be considered as an Additional Project Conservation Facility bears to the estimated life of such facility. No costs for the construction or implementation of any Local Project are to be included in the

Delta Water Charge unless and until the written agreement required by Article 1(a) has been entered into.

(5) *Water Purchased By the State.* In calculating the Delta Water Charge under subdivisions (a) and (b) of this article, the component for operation, maintenance, power and replacement costs shall include, but not be limited to, all costs to the State Incurred in purchasing water, which is competitive with alternative sources as determined by the State, for delivery as Project Water.

(6) *Replacement Cost Treatment.* Replacement costs of Project Conservation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power, and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

23. TRANSPORTATION CHARGE.

The payments to be made by each Contractor shall include an annual charge designated as the Transportation Charge, which shall be separately stated and calculated for costs Incurred prior to the Billing Transition Date and costs Incurred on or after the Billing Transition Date.

(a) **Transportation Charge for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) and Articles 24(a) and (c), 25 and 26 shall apply to costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities.* The Transportation Charge for costs Incurred prior to the Billing Transition Date shall return to the State during the Project Repayment Period such costs of all Project Transportation Facilities necessary to deliver Project Water to the Contractor and which are allocated to the Contractor in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Transportation Charge for costs Incurred Prior to the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, power, and replacement component; and a variable operation, maintenance and power component, as these components are defined in and determined under Articles 24(a) and (c), 25, and 26, respectively.

(b) **Transportation Charge for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) and Articles 24(b) and (c), 25 and 26 shall apply to costs Incurred on or after the Billing Transition Date.

(1) *Recovery of Costs of Project Transportation Facilities.* The Transportation Charge for costs Incurred on or after the Billing Transition Date shall return to the State during each such calendar year all costs which are Incurred on or after the Billing Transition Date of all Project Transportation Facilities necessary to deliver Project Water to the Agency and which are allocated to the Agency in accordance with the cost allocation principles and procedures hereinafter set forth.

(2) *Components of Transportation Charge.* The Transportation Charge for costs Incurred on or after the Billing Transition Date shall consist of a capital component; a minimum operation, maintenance, and power component; and a variable operation, maintenance, and power component, as these components are defined in and determined under Articles 24(b) and (c), 25, and 26, respectively.

(c) **Segregation of Aqueduct Reaches for All Transportation Charge Purposes.** For the purpose of allocations of costs among Contractors pursuant to

subdivisions (a) and (b) of this article, and Articles 24, 25 and 26, the Project Transportation Facilities shall be segregated into such aqueduct reaches as are determined by the State to be necessary for such allocations of costs. Subject to such modifications as are determined by the State to be required by reason of any request furnished by the Agency to the State pursuant to Article 17(a) of this contract, or by reason of contracts entered into by the State with other Contractors, the aqueduct reaches of the Project Transportation Facilities, a portion of the costs of which may be allocated to the Agency, are established as provided in Table G; *provided* that those costs of the aqueduct reaches from the Delta through the outlet of San Luis Reservoir which are allocated to the purpose of water conservation in, above, and below the Delta for the purpose of determining the Delta Water Charge, as hereinbefore set forth, shall not be included in the Transportation Charge.

**TABLE G
PROJECT TRANSPORTATION FACILITIES NECESSARY TO DELIVER WATER TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Aqueduct Reach	Major Features of Reach
CALIFORNIA AQUEDUCT	
Delta to Discharge Delta Pumping Plant:	Intake Canal Fish Protective Facilities Delta Pumping Plant (Pumping Plant I)
Discharge Delta Pumping Plant to San Luis Forebay:	Aqueduct
San Luis Forebay:	San Luis Forebay and Forebay Dam
San Luis Forebay to Kettleman City:	Aqueduct Mile 18 Pumping Plant
Kettleman City to Avenal Gap:	Aqueduct
Avenal Gap to Buena Vista Pumping Plant:	Aqueduct
Buena Vista Pumping Plant Wheeler Ridge Pumping Plants I and II:	Buena Vista Pumping Plant Aqueduct
Wheeler Ridge Pumping Plants I and II to Tehachapi Pumping Plant:	Wheeler Ridge Pumping Plant I Wheeler Ridge Pumping Plant II Aqueduct
Tehachapi Pumping Plant to South Portal Tehachapi Tunnels:	Tehachapi Pumping Plant (Pumping Plant VI) Tehachapi Tunnels
South Portal Tehachapi Tunnels to Junction, East and West Branches:	Cottonwood Power Plant Aqueduct
WEST BRANCH	
Junction, East and West Branches to West Branch Terminal Reservoir	Aqueduct West Branch Pumping Plant Power Development Plants
West Branch Terminal Reservoir	Castaic Reservoir and Dam, Outlet Facilities

(This table was labeled Table I in original contract provisions)

(d) Provisions Applicable to the Transportation Charge for Costs Incurred Both Before and On or After the Billing Transition Date.

(1) Wherever reference is made, in connection with the computation, determination, or payment of the Transportation Charge, to the allocation or payment of costs of any facility or facilities included in the System, such reference shall be only to those costs of such facility or facilities which are reimbursable by the Contractors as determined by the State.

(2) The State, in fixing and establishing prices, rates, and charges for water and power, shall include as a reimbursable cost of any state water project an amount sufficient to repay all costs incurred by the State, directly or by contract with other agencies, for the preservation of fish and wildlife and determined to be allocable to the costs of the project works constructed for the development of that water and power, or either. Costs incurred for the enhancement of fish and wildlife or for the development of public recreation shall not be included in the prices, rates, and charges for water and power, and shall be nonreimbursable costs. Such recreational purposes include, but are not limited to, those recreational pursuits generally associated with the out-of-doors, such as camping, picnicking, fishing, hunting, water contact sports, boating, and sightseeing, and the associated facilities of campgrounds, picnic areas, water and sanitary facilities, parking areas, viewpoints, boat launching ramps, and any others necessary to make project land and water areas available for use by the public. In administering this Contract "development of public recreation" shall include recreation capital and operation and maintenance.

24. TRANSPORTATION CHARGE -- CAPITAL COMPONENTS.

(a) **Transportation Charge Capital Component for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply only to Capital Costs Incurred prior to the Billing Transition Date.

(1) *Recovery of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date.* The amount of the capital component of the Transportation Charge for Capital Costs Incurred prior to the Billing Transition Date shall be determined in two steps as follows:

(A) first, an allocation of such costs to the Contractor in accordance with subdivision (a)(2) of this article, and

(B) second, a computation of annual payments to be made by the Contractor of such allocated costs and interest thereon, computed at the Project Interest Rate in accordance with subdivision (a)(3) of this article.

(2) *Allocation of Capital Costs of Project Transportation Facilities Incurred Prior to the Billing Transition Date.* The total amount of Capital Costs Incurred prior to the Billing Transition Date of each aqueduct reach to be returned to the State shall be allocated among all Contractors entitled to delivery of Project Water from or through such reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

The projected amounts of Capital Costs to be allocated annually to the Agency under the capital component of the Transportation Charge shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this subdivision (a) and subdivision (c)(1) of this article, which principles and procedures shall be controlling as to allocations of Capital Costs to the Agency. Such amounts will be set forth in Table H by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28.

**TABLE H
PROJECTED ALLOCATIONS OF CAPITAL COSTS INCURRED PRIOR TO THE
BILLING TRANSITION DATE OF
PROJECT TRANSPORTATION FACILITIES TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Year	Projected Allocation in Thousands of Dollars
1*	
2	
3	
4	

* Year in which State commences construction of Project Transportation Facilities.
(This table was labeled Table C in original contract provisions)

(3) *Determination of Capital Component of Transportation Charge for Costs Incurred Prior to the Billing Transition Date.* The Agency’s annual payment of its allocated Capital Costs Incurred prior to the Billing Transition Date and interest thereon, computed at the Project Interest Rate and compounded annually, shall be determined in accordance with a repayment schedule established by the State and determined in accordance with the principles set forth in (A), (B), and (C) below, which principles shall be controlling as to the Agency’s payment of its allocated Capital Costs. The Agency’s repayment schedule will be set forth in Table I by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table I shall be subject to redetermination by the State, pursuant to Article 28.

(A) The Agency’s annual payment shall be the sum of the amounts due from the Agency on the Agency’s allocated Capital Costs for the then current year and for each previous year where each such amount will pay, in not more than fifty (50) equal annual installments of principal and interest, the Agency’s allocated Capital Costs for the respective year and interest thereon, computed at the Project Interest Rate and compounded annually.

(B) The Agency may make payments at a more rapid rate if approved by the State.

(C) Such annual Transportation Charge payments shall cease when all allocated Capital Costs and interest thereon, computed at the Project Interest Rate and compounded annually, are repaid.

TABLE I
TRANSPORTATION CHARGE FOR COSTS INCURRED PRIOR TO THE BILLING
TRANSITION DATE -- CAPITAL COST COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
(In Thousands of Dollars)

Year	Annual Payment of Principal	Annual Interest Payment	Total Annual Payment by Agency
1*			
2**			
3			
4			

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.

(This table was labeled Table D in original contract provisions)

(4) Notwithstanding provisions of subdivisions 24(a)(1) through (a)(3) of this article, the capital component of the Transportation Charge for costs Incurred prior to the Billing Transition Date shall include an annual charge to recover the Agency's share of the portion of Water System Facility Revenue Bond Financing Costs allocable to Project Transportation Facilities. Charges to the Agency for these costs shall be calculated in accordance with Article 50(a).

(5) *Costs Incurred Prior to Date of Contract.* The Agency's allocated capital costs for the year preceding the year of initial payment of the capital component of the Transportation Charge, pursuant to subdivision 24(a)(3) of this article, shall consist of the sum of the Agency's allocated capital costs for each year through such year preceding the year of initial payment, and interest thereon, computed at the project interest rate and compounded annually.

(b) **Transportation Charge Capital Component for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply only to Capital Costs Incurred on or after the Billing Transition Date.

(1) The amount of the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined in three steps as follows:

(A) first, an allocation of Capital Costs to the Contractor as provided in subdivision (b)(2) of this article,

(B) second, a determination of the type and source of payment of each Capital Cost as provided in subdivision (b)(3) of this article, and

(C) third, a computation of the annual payment to be made by the Contractor as provided in subdivision (b)(4) and (b)(5) of this article.

(2) The total amount of Capital Costs of each aqueduct reach to be returned to the State under the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach by the proportionate use of facilities method of cost allocation and in accordance with Article 23(c) and subdivision (c)(1) of this article.

(3) Annual Capital Costs of Project Transportation Facilities shall be divided into five categories of type and source of payment:

(A) Project Transportation Facility Capital Costs paid with the proceeds of Water System Facility Revenue Bonds,

(B) Project Transportation Facility Capital Costs paid with the proceeds of bonds issued under the Burns-Porter Bond Act,

(C) Project Transportation Facility Capital Costs paid with amounts in the SWRDS Reinvestment Account,

(D) Project Transportation Facility Capital Costs paid annually for assets that will have a short Economic Useful Life or the costs of which are not substantial, and

(E) Project Transportation Facility Capital Costs prepaid by the Agency.

The projected amounts of Project Transportation Facility Capital Costs of each type to be allocated annually to the Agency shall be determined by the State in accordance with the cost allocation principles and procedures set forth in Article 23(c)(1) through (c)(3) and this subdivision (b)(3), which principles and procedures shall be controlling as to allocations of each type of Capital Costs to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such projected amounts will be set forth in Table J by the State.

**TABLE J
PROJECTED ALLOCATIONS TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT
OF PROJECT TRANSPORTATION FACILITY CAPITAL COSTS INCURRED ON OR
AFTER THE BILLING TRANSITION DATE**

Year	Allocations in Thousands of Dollars				
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvestment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial	Costs Prepaid by the Agency
1*					
2					
3					

* Year commencing with the Billing Transition Date

(4) The capital component of the Transportation Charge for a calendar year for costs Incurred on or after the Billing Transition Date shall consist of the following to the extent the related Capital Costs are allocated to the Agency:

(A) Water System Facility Revenue Bond: a charge determined in accordance with Article 50(b) to recover Water System Facility Revenue Bond Financing Costs Incurred during such calendar year that relate to the financing of Water System Facilities that are Project Transportation Facilities,

(B) Burns-Porter Act Bonds: a charge to recover the amount to be paid by the State of California during such calendar year in accordance with the Burns-Porter Bond Act for the principal of and interest on bonds issued under the Burns-Porter Bond Act on or after the Billing Transition Date for Project Transportation Facility Capital Costs,

(C) SWRDS Reinvestment Account: a charge determined in accordance with subdivision (b)(5) of Article 61 to amortize Project Transportation Facility Capital Costs Incurred during prior calendar years

(but not prior to the Billing Transition Date) that have been paid with amounts from the SWRDS Reinvestment Account, and

(D) Capital Assets with Short Economic Life or Costs of which are Not Substantial: a charge to recover the Capital Costs to be Incurred during such calendar year of Project Transportation Facility assets with a short Economic Useful Life or the costs of which are not substantial as determined by the State and any such Capital Costs Incurred but not charged in the prior two calendar years,

(5) *Projected Charges.* The projected amounts of the charges to be allocated annually to the Agency under the capital component of the Transportation Charge for costs Incurred on or after the Billing Transition Date shall be determined by the State in accordance with the cost allocation principles and procedures set forth in this Article, which principles and procedures shall be controlling as to allocations of capital component charges to the Agency; *provided* that these amounts shall be subject to redetermination by the State in accordance with Article 28. Such amounts are projected to be as set forth in Table K by the State.

**TABLE K
PROJECTED CHARGES UNDER THE CAPITAL COMPONENT
OF THE TRANSPORTATION CHARGE FOR COSTS INCURRED ON OR AFTER THE
BILLING TRANSITION DATE TO
VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Year	Projected Charges in Thousands of Dollars			
	Costs to be Paid with Proceeds of Water System Facility Revenue Bonds	Costs to be Paid with the Proceeds of Bonds issued under the Burns-Porter Bond Act	Costs to be Paid with Amounts in the SWRDS Reinvestment Account	Costs to be Paid Annually for Assets That Will Have a Short Economic Useful Life or the Costs of which are Not Substantial
1*				
2				
3				

* Year commencing with the Billing Transition Date.

(c) **Provisions Applicable to the Transportation Charge For Costs Incurred Both Prior To and On or After the Billing Transition Date.** The provisions of this subdivision (c) shall be applicable to Capital Costs Incurred both prior to and on or after the Billing Transition Date.

(1) *Proportionate Use Factors.* The measure of the proportionate use by each Contractor of each reach shall be the average of the following two ratios:

(A) the ratio of the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach to the total of the Maximum Annual Table A Amounts of all Contractors to be delivered from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period, and

(B) the ratio of the capacity provided in the reach for the transport and delivery of Project Water to the Contractor to the total capacity provided in the reach for the transport and delivery of Project Water to all Contractors served from or through the reach from the year in which charges are to be paid through the end of the Project Repayment Period.

Allocations of Capital Costs to the Agency pursuant hereto shall be on the basis of relevant values which will be set forth in Table L by the State as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach of the Project Transportation Facilities for the transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that these values shall be subject to redetermination by the State in accordance with Article 28; *provided further* that the principles and procedures set forth in this subdivision shall be controlling as to allocations of Capital Costs to the Agency. Proportionate use of facilities factors for prior years shall not be adjusted by the State in response to changes or transfers of Table A Amounts among Contractors unless otherwise agreed by the State and the parties to the transfer and unless there is no impact on past charges or credits of other Contractors.

TABLE L

[TABLE L shall set forth the relevant values that shall serve as the basis for allocation of all Transportation Charge Costs]

(This table was labeled Table B in original contract provisions)

(2) *Determinations Using Proportionate Use Factors.* The total amount in each category of Capital Costs allocated to a Contractor shall be the sum of the products obtained when there is multiplied, for each aqueduct reach necessary to deliver water to the Contractor, the total amount of the Capital Costs of the reach in that category to be returned to the State under the Transportation Charge by the average of the two foregoing ratios for such reach as such average is set forth in the appropriate table included in its contract.

(3) *Excess Capacity.* In the event that excess capacity is provided in any aqueduct reach for the purpose of making Project Water available in the future to an agency or agencies with which the State has not executed contracts at the time of any allocation of costs pursuant to this subdivision, the prospective Maximum Annual Table A Amount or Amounts to be supplied by such excess capacity, as determined by the State, shall be deemed to be contracted for by such agency or agencies for the purpose of such allocation of costs, to the end that the Capital Costs of providing such excess capacity are not charged to any Contractor entitled by virtue of an executed contract to the delivery of Project Water from or through that aqueduct reach at the time of such allocation. Where additional capacity is provided in any aqueduct reach to compensate for loss of water due to evaporation, leakage, seepage, or other causes, or to compensate for scheduled outages for purposes of necessary investigation, inspection, maintenance, repair or replacement of the facilities of the Project Facilities, then, for the purpose of any allocation of costs pursuant to this subdivision:

(A) the Maximum Annual Table A Amount to be delivered from or through the reach of each Contractor entitled to delivery of Project Water from or through the reach shall be increased by an amount which bears the same proportion to the maximum annual delivery capability provided by such additional capacity that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach bears to the total of the Maximum Annual Table A Amounts to be delivered from or through the reach under all contracts; and

(B) the capacity provided in the reach for each Contractor entitled to delivery of Project Water from or through the reach shall be increased in the same proportion that the Contractor's Maximum Annual Table A Amount to be delivered from or through the reach is increased pursuant to (A) above.

(4) *Power Facilities.* The Capital Costs of project aqueduct power recovery plants shall be charged and allocated in accordance with this Article 24. The Capital Costs of off-aqueduct power facilities shall be charged and allocated in accordance with Article 25(d).

(5) *Capital Costs of Excess Capacity.* In the event that any Contractor, pursuant to Article 12(b), requests delivery capacity in any aqueduct reach which will permit maximum monthly deliveries to such Contractor in excess of the percentage amounts specified in such Article 12(b) for the uses designated therein, such Contractor shall furnish to the State, in advance of the construction of such aqueduct reach, funds sufficient to cover the costs of providing such excess capacity, which funds shall be in an amount which bears the same proportion to the total Capital Costs of such reach, including the costs of providing such excess capacity, as such excess capacity bears to the total capacity of such reach, including such excess capacity. For the purpose of any allocation of costs pursuant to subdivision (c)(1) of this article, the total Capital Costs of such aqueduct reach shall be allocated among all Contractors entitled to delivery of Project Water from or through the reach in the following manner:

(A) The costs which would have been Incurred for such reach had no such excess capacity been provided shall be estimated by the State and allocated among all such Contractors in the manner provided in such subdivision (c)(1); and

(B) the amount of the difference between such estimated costs and the projected actual costs of such reach shall be allocated to the Contractor or Contractors for which such excess capacity is provided.

Where such excess capacity is provided for more than one Contractor, the costs allocated to them under (B) above shall be further allocated between or among them in amounts which bear the same proportion to the total of such allocated costs as the amount of such excess capacity provided for the respective Contractor bears to the total of such excess capacity provided in such reach. In the event that the funds advanced by a Contractor pursuant to this subdivision are more or less than the costs so allocated to such Contractor under (B) above, the account of such Contractor shall be credited or debited accordingly.

(6) *Replacement Cost Treatment.* Replacement costs of Project Transportation Facilities shall be treated as either Capital Costs or as minimum operation, maintenance, power and replacement costs, as determined by the State considering the Economic Useful Life of the asset being replaced and other relevant factors.

25. TRANSPORTATION CHARGE -- MINIMUM OPERATION, MAINTENANCE, POWER, AND REPLACEMENT COMPONENT.

The provisions of this article shall apply to costs incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The minimum operation, maintenance, power, and replacement component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power, and replacement costs Incurred irrespective of the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to subdivision (b) of this article; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated minimum replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the minimum replacement costs for the year in which such deposits are made.

(b) **Allocation.** The total projected minimum operation, maintenance, power, and replacement costs of each aqueduct reach of the Project Transportation Facilities for the respective year shall be allocated among all Contractors entitled to delivery of Project Water from such facilities by the proportionate use of facilities method of cost allocation, in the same manner and upon the same bases as are set forth for the allocation of Capital Costs in subdivisions (c)(1) through (c)(3) of Article 24; *provided* that such minimum operation, maintenance, power, and replacement costs as are Incurred generally for the Project Transportation Facilities first shall be allocated to each aqueduct reach in an amount which bears the same proportion to the total amount of such general costs that the amount of the costs Incurred directly for the reach bears to the total of all direct costs for all aqueduct reaches.

(c) **Determination; Repayment Table.** The amount to be paid each year by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall be determined in accordance with subdivision (b) of this article on the basis of the relevant values to be set forth for the respective aqueduct reaches in Table L, included in Article 24; *provided* that these values shall be subject to redetermination by the State in accordance with Article 28. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table M as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table M shall be subject to redetermination by the State in accordance with Article 28.

TABLE M
TRANSPORTATION CHARGE -- MINIMUM OPERATION MAINTENANCE, POWER,
AND REPLACEMENT COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

Year	Total Annual Payment by Agency*
1**	
2	
3	
4	

* Payment shall start with respect to each aqueduct reach in the year following the year in which the State completes construction of the respective reach.

** Year in which the State commences construction of Project Transportation Facilities.
(This table was labeled Table E in original contract provisions)

(d) **Off-Aqueduct Power Facilities.** Notwithstanding the provisions of subdivisions (a) through (c) of this Article or of Article 1(h), the costs of off-aqueduct power facilities shall be determined and allocated as follows:

(1) The off-aqueduct power costs shall include all annual costs the State incurs for any off-aqueduct power facility, which shall include, but not be limited to, power purchases, annual Financing Costs, and associated operation and maintenance costs of such facility, less any credits, interest earnings, or other monies received by the State in connection with such facility or Revenue Bonds issued to finance the Capital Costs of such facility. In the event the State finances all or any part of an off-aqueduct power facility directly from funds other than bonds or borrowed funds, in lieu of such annual principal and interest payments, the repayment of Capital Costs as to that part financed by such other funds shall be determined on the basis of the schedule that would have been required under Article 24.

(2) The annual costs of off-aqueduct power facilities as computed in (1) above shall initially be allocated among Contractors in amounts which bear the same proportions to the total amount of such power costs that the total estimated electrical energy (kilowatt hours) required to pump through Project Transportation Facilities the desired delivery of Annual Table A Amounts for that year, as submitted pursuant to Article 12(a)(1) and as may be modified by the State pursuant to Article 12(a)(2), bears to the total estimated electrical energy

(kilowatt hours) required to pump all such amounts for all Contractors through Project Transportation Facilities for that year, all as determined by the State.

(3) An interim adjustment in the allocation of the power costs calculated in accordance with (2) above, may be made in May of each year based on April revisions in approved schedules of deliveries of project and nonproject water for Contractors for such year. A further adjustment shall be made in the following year based on actual deliveries of project and nonproject water for Contractors; *provided, however*, that in the event no deliveries are made through a pumping plant, the adjustments shall not be made for that year at that plant.

(4) To the extent the monies received or to be received by the State from all Contractors for off-aqueduct power costs in any year are determined by the State to be less than the amount required to pay the off-aqueduct power costs in such year, the State may allocate and charge that amount of off-aqueduct power costs to the Agency and other Contractors in the same manner as costs under the capital component of the Transportation Charge are allocated and charged. After that amount has been so allocated, charged and collected, the State shall provide a reallocation of the amounts allocated pursuant to this paragraph (4), such reallocation to be based on the allocations made pursuant to (2) and (3) above for that year, or in the event no such allocation was made for that year, on the last previous allocation made pursuant to (2) and (3) above. Any such reallocation of costs incurred prior to the Billing Transition Date shall include appropriate interest thereon at the Project Interest Rate.

(e) The total minimum operation, maintenance, power and replacement component due that year from each Contractor shall be the sum of the allocations made under the proportionate use of facilities method provided in subdivision (b) of this article and the allocations made pursuant to subdivision (d) of this article for each Contractor.

26. TRANSPORTATION CHARGE -- VARIABLE OPERATION, MAINTENANCE AND POWER COMPONENT.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date.

(a) **Purpose.** The variable operation, maintenance, and power component of the Transportation Charge shall return to the State those costs of the Project Transportation Facilities necessary to deliver water to the Contractor which constitute operation, maintenance, power and replacement costs Incurred in an amount which is dependent upon and varies with the amount of Project Water delivered to the Contractor and which are allocated to the Contractor pursuant to (1) and (2) below; *provided* that to the extent permitted by law, the State may establish reserve funds to meet anticipated variable replacement costs; and deposits in such reserve funds by the State: (1) shall be made in such amounts that such reserve funds will be adequate to meet such anticipated costs as they are incurred, and (2) shall be deemed to be a part of the variable replacement costs for the year in which such deposits are made.

(b) **Determination.** The amount of this variable operation, maintenance, and power component shall be determined as follows:

(1) *Determination of Charge Per Acre-Foot.* There shall be computed for each calendar year for each aqueduct reach of the Project Transportation Facilities a charge per acre-foot of water which will return to the State the total projected variable operation, maintenance and power costs of the reach for such calendar year. This computation shall be made by dividing such total by the number of acre-feet of Project Water estimated to be delivered from or through the reach to all Contractors during the year.

(2) *Determination of Charge Per Reach to the Contractor.* The amount of the variable component shall be the product of the sum of the charges per acre-foot of water, determined under (1) above, for each aqueduct reach necessary to deliver water to the Contractor, and the number of acre-feet of Project Water delivered to the Contractor during the year through such reach; *provided* that when Project Water has been requested by a Contractor and delivery thereof has been commenced by the State, and, through no fault of the State, such water is wasted as a result of failure or refusal by the Contractor to accept delivery thereof, the amount of such variable component to be paid by such Contractor during such period shall be the product of the above sum and the sum of the number of acre-feet of Project Water delivered to the Contractor and the number of acre-feet wasted.

(c) **Credit Relating to Project Aqueduct Power Recovery Plants.** There shall be credited against the amount of the variable operation, maintenance, and power component to be paid by each Contractor, as determined pursuant to subdivision (a) of this article, a portion of the projected net value of any power recovered during the

respective year at project aqueduct power recovery plants located upstream on the particular aqueduct reach from the delivery structures for delivery of Project Water to the Contractor. Such portion shall be in an amount which bears the same proportion to such projected net value that the number of acre-feet of Project Water delivered to the Contractor through such plants during the year bears to the number of acre-feet of Project Water delivered to all Contractors through such plants during the year.

(d) **Determination of Total Variable Component Charge.** The amount to be paid each year by the Agency under the variable operation, maintenance, and power component of the Transportation Charge shall be determined in accordance with subdivision (a) of this article for the respective aqueduct reaches in Table L included in Article 24. Such amounts and any appropriate interest thereon for costs incurred prior to the Billing Transition Date shall be set forth by the State in Table N as soon as designs and cost estimates are prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a); *provided* that the amounts set forth in Table N shall be subject to redetermination by the State in accordance with Article 28.

**TABLE N
TRANSPORTATION CHARGE -- ESTIMATED VARIABLE OPERATION,
MAINTENANCE, AND POWER COMPONENT
VENTURA COUNTY WATERSHED PROTECTION DISTRICT**

Year	Total Annual Payment by Agency*
1**	
2	
3	
4	

* Payments start with year of initial water delivery.

** Year in which the State commences construction of the Project Conservation Facilities.
(This table was labeled Table F in original contract provisions)

27. TRANSPORTATION CHARGE -- REPAYMENT SCHEDULE.

The amounts to be paid by the Agency for each year under the Capital Cost and minimum operation, maintenance, power, and replacement components of the Transportation Charge, and under the variable operation, maintenance, and power component of such charge on the basis of then estimated deliveries, shall be set forth by the State in Table O as soon as designs and cost estimates have been prepared by it subsequent to receipt of requests from the Agency as to the maximum monthly delivery capability to be provided in each aqueduct reach for transport and delivery of Project Water to the Agency, pursuant to Article 17(a), which Table O shall constitute a summation of Tables I, K, M, and N; *provided* that each of the amounts set forth in Table O shall be subject to redetermination by the State in accordance with Article 28;

provided further that the principles and procedures set forth in Articles 24, 25, and 26 shall be controlling as to such amounts. Such amounts shall be paid by the Agency in accordance with the provisions of Article 29.

TABLE O
REPAYMENT SCHEDULE--TRANSPORTATION CHARGE
VENTURA COUNTY WATERSHED PROTECTION DISTRICT

Year	Capital Cost Component	Minimum Component	Variable Component	Total
1*				
2**				
3				
4				

* Year in which State commences construction of Project Transportation Facilities.

** Year of first payment.
(This table was labeled Table G in original contract provisions)

**28. DELTA WATER CHARGE AND TRANSPORTATION CHARGE --
REDETERMINATION.**

(a) **Redetermination of Transportation Charges for Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply only to costs Incurred prior to the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change.* The State shall redetermine the values and amounts set forth in Tables H through O (referred to in the original contract provisions as Tables B through G) of this contract in the year following the year in which the State commences construction of the Project Transportation Facilities and each year thereafter during the Project Repayment Period in order that the Transportation Charge to the Agency and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred prior to the Billing Transition Date to construct the Project Transportation Facilities described in Table G of this contract, Annual Table A Amounts, estimated deliveries, Project Interest Rate, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in (b) and (c) below.

(2) *Adjustment: Transportation Charge -- Capital Component For Costs Incurred Prior to the Billing Transition Date.* Adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency for costs Incurred prior to the Billing Transition Date, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination, shall be paid in the year following the redetermination; *provided* that the Agency may elect to exercise the option whereby when the redetermined Transportation Charge for the following year, with adjustments, including adjustments of the operation, maintenance, power, and replacement components provided for in subdivision (a)(3) of this article, is more or less than the last estimate of the charge provided pursuant to Article 27 for the corresponding year, without adjustments, an amount equal to the total of such difference shall be deducted

from or added to the adjusted capital component for that year and paid or credited in accordance with the following schedule:

Percent that Transportation Charge for costs Incurred prior to the Billing Transition Date differs from last estimate (+ or -)	Period, in years, for amortizing the difference in indicated charge
for 10% or less	no amortization
more than 10%, but not more than 20%	2
more than 20%, but not more than 30%	3
more than 30%, but not more than 40%	4
more than 40%	5

Such payments or credits shall be equal semi-annual amounts of principal and interest on or before the 1st day of January and the 1st day of July, with interest computed at the Project Interest Rate and compounded annually, during varying amortization periods as set forth in the preceding schedule; *provided* that for the purpose of determining the above differences in the Transportation Charge for costs Incurred prior to the Billing Transition Date, the variable operation, maintenance, and power component shall be computed on the basis of the same estimated Project Water deliveries as was assumed in computing pursuant to Article 26(c).

(3) *Adjustment: Transportation Charge -- Minimum and Variable Components for costs Incurred prior to the Billing Transition Date.* One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum and variable operation, power, and replacement components for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination, together with accrued interest charges or credits thereon computed at the then current Project Interest Rate on the amount of the underpayment or overpayment and compounded annually for the number of years from the year the underpayment or overpayment occurred to and including the year following the redetermination.

(4) *Exercise of Option.* The option provided for in subdivision (a)(2) of this article shall be exercised in writing on or before the January 1 due date of the first payment of the capital component of the Transportation Charge for the year in which the option is to become effective. Such option, once having been exercised, shall be applicable for all of the remaining years of the Project Repayment Period.

(5) *Project Interest Rate Adjustments.* Notwithstanding the provisions of subdivision (a)(2) of this article, adjustments for prior overpayments and underpayments shall be repaid beginning in the year following the redetermination by application of a unit rate per acre-foot which, when paid for

the projected portion of the Agency's Annual Table A Amount will return to the State, during the Project Repayment Period, together with interest thereon computed at the Project Interest Rate and compounded annually, the full amount of the adjustments resulting from financing after January 1, 1987, from all bonds, advances, or loans listed in Article 1(ad) except for Article 1(ad)(3) and except for bonds issued by the State under the Central Valley Project Act after January 1, 1987 for facilities not listed among the Water System Facilities in Article 1(ap). Notwithstanding the immediately preceding exception, such amortization shall also apply to any adjustments in this component charge resulting from a change in the Project Interest Rate due to any refunding after January 1, 1986 on bonds issued under the Central Valley Project Act. However, amortization of adjustments resulting from items listed in subdivisions (1)(ad)(4) through (7) of Article 1 shall be limited to a period which would allow the Department to repay the debt service on a current basis until such time as bonds are issued to reimburse the source of such funding. In no event shall this amortization period be greater than the Project Repayment Period.

(6) *No Adjustment of Water System Facility Revenue Bond Financing Costs.* The use of Water System Facility Revenue Bonds for financing facilities listed in Article 1(ap) shall not result in adjustments for prior underpayments or overpayments of the capital component of the Transportation Charge to the Agency under the provisions of this article. In place of making such adjustments, charges to the Agency for Water System Facility Revenue Bond Financing Costs will be governed by Article 50(a).

(b) **Redetermination of Delta Water Charges and Transportation Charges for Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply only to costs Incurred on or after the Billing Transition Date.

(1) *Determinative Factors Subject to Retroactive Change.* The State shall redetermine the values and amounts set forth in Tables B through F and Tables J through O of this contract each calendar year commencing on or after the Billing Transition Date in order that the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date and the components thereof may accurately reflect the increases or decreases from year to year in projected costs, outstanding reimbursable indebtedness of the State Incurred to construct Project Conservation Facilities and Project Transportation Facilities, Annual Table A Amounts, estimated deliveries, and all other factors which are determinative of such charges. In addition, each such redetermination shall include an adjustment of the components of the Delta Water Charge and Transportation Charge to be paid by the Agency for succeeding years which shall account for the differences, if any, between those factors used by the State in determining the amounts of such components for all preceding years and the factors as then currently known by the State, as applicable. Such adjustment shall be computed by the State and paid by the Agency or credited to the Agency's account in the manner described in

subdivisions (b)(2) and (b)(3) of this article.

(2) Adjustment: Delta Water Charge and Transportation Charge -- Capital Components for Costs Incurred On or After the Billing Transition Date.

Adjustments for prior underpayments or overpayments of the capital component of the Delta Water Charge and the Transportation Charge to the Agency for costs Incurred on or after the Billing Transition Date shall be paid in the year following the redetermination.

(3) Adjustment: Delta Water Charge and Transportation Charge -- Minimum and Variable Components for Costs Incurred On or After the Billing Transition Date One-twelfth of the adjustments for prior underpayments or overpayments of the Agency's minimum operation, maintenance, power, and replacement component and variable operation, maintenance and power component of the Delta Water Charge and Transportation Charge for each year shall be added or credited to the corresponding components to be paid in the corresponding month of the year following the redetermination.

29. TIME AND METHOD OF PAYMENT OF DELTA WATER CHARGE AND TRANSPORTATION CHARGE.

The provisions of this article shall apply to costs Incurred both prior to and on or after the Billing Transition Date. References to the Delta Water Charge shall include the Delta Water Charge for costs Incurred prior to the Billing Transition Date and the Delta Water Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable, and references to the Transportation Charge shall include the Transportation Charge for costs Incurred prior to the Billing Transition Date and the Transportation Charge for costs Incurred on or after the Billing Transition Date, separately, as applicable.

(a) Initial Payments.

(1) *Delta Water Charge.* Payments by the Agency under the Delta Water Charge shall commence in the Year of Initial Water Delivery to the Agency.

(2) *Capital Component of the Transportation Charge.* Payments by the Agency under the capital component of the Transportation Charge shall commence in the year following the year in which the State commences construction of the Project Transportation Facilities.

(3) *Minimum Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the minimum operation, maintenance, power, and replacement component of the Transportation Charge shall commence for each aqueduct reach in the year following the year in which construction of that reach is completed.

(4) *Variable Operation, Maintenance, Power, and Replacement Component.* Payments by the Agency under the variable operation, maintenance, power and replacement component of the Transportation Charge shall commence in the Year of Initial Water Delivery to the Agency.

(b) **Annual Statement of Charges.** The State shall, on or before July 1 of each year, commencing with the year preceding the year in which payment of the respective charge is to commence pursuant to this article, furnish the Agency with a written statement of the following items:

(1) the charges to the Agency for the next succeeding year under the capital components and minimum operation, maintenance, power, and replacement components of the Delta Water Charges and Transportation Charges; *provided* that charges for Financing Costs shall be stated as separate items in the Statement of Charges;

(2) the unit charges to the Agency for the next succeeding year under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge; and

(3) the total charges to the Agency for the preceding year under the variable operation, maintenance, power and replacement components of such Delta Water Charge and Transportation Charge; *provided* that through December 31, 1969, the Delta Water Charge shall be based upon a unit rate of \$3.50 per acre-foot and shall be paid by the Contractors on the basis of their respective Annual Table A Amounts, as provided in Article 22(b).

All such statements shall be accompanied by the latest revised copies of the documents amendatory to Article 22 and of the tables included in Articles 24 through 27, together with such other data and computations used by the State in determining the amounts of the above charges as the State deems appropriate.

(c) **Monthly Statements.** The State shall, on or before the fifteenth day of each month of each year, commencing with the Year of Initial Water Delivery to the Agency, furnish the Agency with a statement of the charges to the Agency for the preceding month under the variable operation, maintenance, power and replacement components of the Delta Water Charge and Transportation Charge. Such charges shall be determined by the State in accordance with the relevant provisions of Articles 22 and 26 of this contract, upon the basis of metered deliveries of Project Water to the Agency, except as otherwise provided in those articles.

(d) **Semiannual Payments of Capital Components.** The Agency shall pay to the State, on or before January 1 of each year, one-half (1/2) of the charge to the Agency for the year under the capital component of the Delta Water Charge and one-half (1/2) of the charge to the Agency for the year under the capital component of the Transportation Charge, as such charges are stated pursuant to subdivision (b) of this article; and shall pay the remaining one-half (1/2) of each of such charges on or before July 1 of that year.

(e) **Monthly Payments of Minimum Operation, Maintenance, Power, and Replacement Component.** The Agency shall pay to the State, on or before the first day of each month of each year, one-twelfth (1/12) of the sum of the charges to the Agency for the year under the minimum operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, as such charges are stated pursuant to subdivision (b) of this article.

(f) **Monthly Payments of Variable Operation, Maintenance, Power, and Replacement Component.** The Agency shall pay to the State on or before the fifteenth day of each month of each year, the charges to the Agency under the variable operation, maintenance, power, and replacement components of the Delta Water Charge and Transportation Charge, respectively, for which a statement was received by the Agency during the preceding month pursuant to subdivision (c) of this article, as

such charges are stated in such statement.

(g) **Contest of Charges.** In the event that the Agency in good faith contests the accuracy of any statement submitted to it pursuant to subdivision (b) or (c) of this article, it shall give the State notice thereof at least ten (10) days prior to the day upon which payment of the stated amounts is due. To the extent that the State finds the Agency's contentions regarding the statement to be correct, it shall revise the statement accordingly, and the Agency shall make payment of the revised amounts on or before the due date. To the extent that the State does not find the Agency's contentions to be correct, or where time is not available for a review of such contentions prior to the due date, the Agency shall make payment of the stated amounts on or before the due date, but may make the contested part of such payment under protest and seek to recover the amount thereof from the State.

50. WATER SYSTEM FACILITY REVENUE BOND FINANCING COSTS.

(a) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred Prior to the Billing Transition Date.** The provisions of this subdivision (a) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred prior to the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds.

(1) *Elements of Charge.* Annual charges to recover such Water System Facility Revenue Bond Financing Costs shall consist of two elements.

(A) The first element shall be an annual charge to the Agency for repayment of Capital Costs of Water System Facilities as determined under Articles 22(a) and 24(a) of this contract with interest at the Project Interest Rate. For conservation facilities, the charge shall be a part of the capital component of the Delta Water Charge in accordance with the provisions of Article 22(a) applicable to Capital Costs Incurred prior to the Billing Transition Date. For transportation facilities, the charge shall be a part of the capital component of the Transportation Charge in accordance with the provisions of Article 24(a) applicable to Capital Costs Incurred prior to the Billing Transition Date.

(B) The second element shall be the Agency's share of a Water System Facility Revenue Bond Surcharge to be paid in lieu of a Project Interest Rate adjustment. The total annual amount to be paid by all Contractors under this element shall be the difference between the total annual charges under the first element and the annual Financing Costs of the related Water System Facility Revenue Bonds. The amount to be paid by each Contractor shall be calculated annually as if the Project Interest Rate were increased to the extent necessary to produce revenues from all Contractors sufficient to pay such difference for that year. In making that calculation, adjustments in the Agency's transportation capital component charges for prior overpayments and underpayments shall be determined as if amortized over the remaining years of the Project Repayment Period.

(2) *Identification of Surcharge on Invoices.* The Water System Facility Revenue Bond Surcharge will be identified in the Agency's invoice.

(3) *Timing of Surcharge Payments.* Surcharge payments shall be made in accordance with Article 29(f) of this contract.

(4) *Termination of Surcharge.* The Water System Facility Revenue Bond Surcharge under Article 50(a)(1)(B) shall cease for each series of Water System Facility Revenue Bonds when that series is fully repaid. However, the

annual charge determined pursuant to Article 50(a)(1)(A) shall continue to be collected for the time periods otherwise required under Articles 22 and 24.

(5) *Reduction of Charges.* After the Department has repaid the California Water Fund in full and after each series of Water System Facility Revenue Bonds is repaid, the Department will reduce the charges to all Contractors in an equitable manner in a total amount that equals the amount of the charges under Article 50(a)(1)(A) that the Department determines is not needed for future financing of facilities of the System which, in whole or in part, will serve the purposes of the water supply contract with the Agency.

(b) **Water System Facility Revenue Bonds to Finance Capital Costs Incurred On or After the Billing Transition Date.** The provisions of this subdivision (b) shall apply to the Financing Costs of Revenue Bonds issued to finance Water System Facility Capital Costs Incurred on or after the Billing Transition Date. Charges to all Contractors for such Financing Costs shall return to the State each year an amount equal to the Financing Costs the State incurs in that year for such Water System Facility Revenue Bonds. The amount of this charge shall be calculated in two steps as follows:

(1) *Allocation of Water System Facility Capital Costs.* Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are conservation facilities shall be allocated among all Contractors in proportion to each Contractor's Maximum Annual Table A Amount. Capital Costs Incurred on or after the Billing Transition Date of Water System Facilities that are transportation facilities shall be allocated among all Contractors in accordance with Article 24(c).

(2) *Determination of Annual Financing Cost Amounts.* The State shall determine and charge the Agency each year the amount of the Financing Costs the State incurs in that year for the Water System Facility Revenue Bonds issued to finance such Water System Facility Capital Costs allocated to the Agency.

(c) **Provisions Applicable to All Water System Facility Revenue Bonds.** The provisions of this article shall apply to all Water System Facility Revenue Bonds.

(1) *Credits for Excess Amounts.* The State shall provide credits to the Contractors for excess reserve funds, excess debt service coverage, interest, and other earnings of the State in connection with payment of the Financing Costs of such Water System Facility Revenue Bonds, when and as permitted by the applicable bond resolution or indenture. When such credits are determined by the State to be available, such credits shall be promptly provided to the Contractors and shall be in proportion to the payments of Water System Facility Revenue Bond Financing Costs from each Contractor. Reserves, bond debt service coverage, interest, and other earnings may be used to retire bonds.

(2) *Allocation of Maturities Permitted.* When calculating charges for Water System Facility Revenue Bond Financing Costs, the State may allocate portions of particular maturities of Water System Facility Revenue Bonds and the Financing Costs associated with such maturities to particular Water System Facilities, in order to establish a reasonable relationship between the Economic Useful Life of such facilities and the term of bonds issued to finance such facilities, and may determine the Financing Costs allocated to the Agency on the basis of such maturity allocation.

(3) *Supplemental Bills for Unanticipated Financing Costs.* The State may submit a supplemental bill to the Agency for the year if necessary to meet unanticipated costs for Water System Facility Revenue Bond Financing Costs for which the State can issue a statement of charges under this article and any other article of this contract providing for payments that are pledged to the payment of Revenue Bonds issued to finance Project Facility Capital Costs allocated to the Agency. The relative amounts of any supplemental billing made to the Agency and to other Contractors for Revenue Bond purposes shall be governed by the otherwise applicable article. Payment of any supplemental billing shall be due thirty days after the date of the invoice.

(4) *Insurance on Contractor Obligations.* To the extent economically feasible and justifiable, as determined by the State after consultation with Contractors, the State shall maintain insurance or other forms of security protecting bondholders and non-defaulting Contractors against costs resulting from the failure of any Contractor to make the payments required by this article.

(5) *Consultation on Financing Plan.* Before issuing each series of Water System Facility Revenue Bonds, the State shall consult with the Contractors, prepare a plan for the State's future financing of Water System Facilities, and give the Agency an opportunity to comment on the plan. The plan shall include but not be limited to the size of any Water System Facility Revenue Bond issuances and the form of any necessary resolutions, indentures or supplements.

(6) *Defaults.*

(A) If a Contractor defaults partially or entirely on its payment obligations with respect to Water System Facility Revenue Bond Financing Costs and sufficient insurance or other security protecting the non-defaulting Contractors is not provided under subdivision (c)(4) of this article, the State shall allocate a portion of the default to each non-defaulting Contractor. The Agency's share of the default shall be equal to an amount determined by multiplying the total default amount to be charged to all non-defaulting Contractors by the ratio that the Agency's Maximum Annual Table A Amount bears to the total of the Maximum Annual Table A Amounts of all non-defaulting Contractors. However, such amount shall not exceed in any year 25 percent of the Water System

Facility Revenue Bond Financing Costs that are otherwise payable by the Agency in that year. The amount of default to be charged to non-defaulting Contractors shall be reduced by any receipts from insurance protecting non-defaulting Contractors and bond debt service coverage from a prior year and available for such purpose.

(B) If a Contractor defaults partially or entirely on its payment obligations under this article, the State shall also pursuant to Article 20, upon six months' notice to the defaulting Contractor, suspend water deliveries under Article 20 to the defaulting Contractor so long as the default continues. The suspension of water deliveries shall be proportional to the ratio of the default to the total Water System Facility Revenue Bond Financing Cost payments due from the defaulting Contractor. However, the State may reduce, eliminate, or not commence suspension of deliveries pursuant to this subparagraph if it determines suspension in the amounts otherwise required is likely to impair the defaulting Contractor's ability to avoid further defaults or that there would be insufficient water for human consumption, sanitation, and fire protection. The State may distribute the suspended water to the non-defaulting Contractors on terms it determines to be equitable.

(C) During the period of default, credits otherwise due the defaulting Contractor shall be applied to payments due from the defaulting Contractor.

(D) Except as otherwise provided in subparagraph (c) of this article, the defaulting Contractor shall repay the entire amount of the default to the State with interest compounded annually at the Surplus Money Investment Fund rate before water deliveries that had been suspended shall be fully resumed to that Contractor. If the defaulting Contractor makes a partial repayment of its default, the Department may provide a proportional restoration of suspended deliveries. The amount of the default to be repaid shall include any amounts previously received by the State from insurance proceeds, bond debt service coverage, or other reserves, and payments from other Contractors pursuant to this subparagraph (c)(6). The defaulting Contractor shall not be entitled to any

make-up water deliveries as compensation for any water deliveries suspended during the period when the Contractor was in default.

(E) At such time as the default amount is repaid by the defaulting Contractor, the non-defaulting Contractors shall receive credits in proportion to their contributions towards the amount of the default with interest collected by the State on the defaulted amount.

(F) In the event there is an increase in the amount a non-defaulting Contractor contributes to reserves and/or bond debt service coverage, such increase shall be handled in the same manner as provided in subparagraph (a) of this article.

(G) Action taken pursuant to this subdivision shall not deprive the State of or limit any remedy provided by this contract or by law for the recovery of money due or which may become due under this contract.

(7) *No Article 51 Reduction.* Amounts of Water System Facility Revenue Bond Financing Costs payable under this contract shall not be affected by any reductions in payments pursuant to Article 51.

(8) *Contract Extension.* In the event the Contract Extension Amendment takes effect, but not all Contractors sign the amendment, the following shall apply: If and to the extent that the charges under Article 50(b)(1) and 50(b)(2) of the water supply contracts of Contractors that have not executed the Contract Extension Amendment (“non-signing Contractors”) are not sufficient to recover the annual Financing Costs that relate to Revenue Bonds issued to finance capital costs that are Incurred after the Billing Transition Date and are allocable to such non-signing Contractors, the amount of the shortfall shall be determined. Such shortfall shall be charged to the Contractors that have executed the Contract Extension Amendment (“signing Contractors”) in proportion to each such signing Contractor’s total Water System Facility Revenue Bond Financing Cost charges under Article 50(b) of this contract.

51. FINANCIAL ADJUSTMENTS.

(a) Article Expiration.

This Article 51 shall be effective through December 31, 2035 and shall be of no further effect on and after January 1, 2036; provided, however, that the provisions of this Article 51 may, to the extent applicable, continue to be used and applied on and after January 1, 2036 for the purpose of truing up amounts owed by the Agency to the State or by the State to the Agency for the calendar years up to and ending with calendar year 2035.

(b) State Water Facilities Capital Account.

(1) The State shall establish a State Water Facilities Capital Account to be funded from revenues available under Water Code section 12937(b)(4). Through procedures described in this article and as limited by this article, the State may consider as a revenue need under subdivision (c)(2)(v) of this article and may deposit in the State Water Facilities Capital Account the amounts necessary to pay capital costs of the State Water Facilities for which neither general obligation bond nor revenue bond proceeds are available, including but not limited to planning, reconnaissance and feasibility studies, the San Joaquin Valley Drainage Program and, through the year 2000, the CALFED Bay-Delta Program.

(2) The Director of the Department of Water Resources shall fully consult with the Contractors and consider any advice given prior to depositing funds into this account for any purposes. Deposits into this account shall not exceed the amounts specified in subdivision (c)(2)(v) of this article.

(3) The State shall use revenue bonds or other sources of moneys rather than this account to finance the costs of construction of any major capital projects.

(4) Five years following the Contract Extension Amendment Effective Date, the SWRDS Finance Committee shall review the State Water Facilities Capital Account to determine whether to recommend to the Director that this account be closed. If the Director determines to close the account, the State shall transfer any balance in the account to the SWRDS Support Account.

(5) Unless closed sooner, the State Water Facilities Capital Account shall terminate on December 31, 2035 and the State shall transfer any balance in such account to the SWRDS Support Account.

(c) Calculation of Financial Needs.

(1) Each year the State shall calculate in accordance with the timing provisions of Articles 29 and 31 the amounts that would have been charged (but for this article) to each Contractor as provided in other provisions of this contract.

(2) Each year the State shall also establish its revenue needs for the following year for the following purposes, subject to the following limitations:

(i) The amount required to be collected under the provisions of this contract, other than this article, with respect to all revenue bonds issued by the State for Project Facilities.

(ii) The amount required for payment of the reasonable costs of the annual maintenance and operation of the State Water Resources Development System and the replacement of any parts thereof as described in Water Code section 12937(b)(1). These costs shall not include operation and maintenance costs of any Federal Central Valley Project facilities constructed by the United States and acquired by the State of California after 1994, other than the State's share of the joint use facilities which include San Luis Reservoir, the San Luis Canal and related facilities.

(iii) The amount required for payment of the principal of and interest on the bonds issued pursuant to the Burns-Porter Act as described in Water Code section 12937(b)(2).

(iv) Any amount required for transfer to the California Water Fund in reimbursement as described in Water Code section 12937(b)(3) for funds utilized from said fund for construction of the State Water Resources Development System.

(v) For the years 1998 and thereafter, the amount needed for deposits into the State Water Facilities Capital Account as provided in subdivision (b) of this article, but (A) not more than \$6 million per year for the years 1998, 1999 and 2000, and (B) not more than \$4.5 million per year for the years 2001 and thereafter.

(3) The State shall reduce the annual charges in the aggregate for all Contractors by the amounts by which the hypothetical charges calculated pursuant to subdivision (c)(1) above exceed the revenue needs determined pursuant to subdivision (c)(2) above; provided that the reduction in annual charges in the aggregate for all Contractors shall not exceed \$48 million in any year beginning with the first calendar year following the Contract Extension Amendment Effective Date. The provisions regarding the reduction in annual charges that were in effect prior to the Contract Extension Amendment Effective Date shall continue to apply to the entire calendar year in which the Contract Extension Amendment Effective Date

occurs. The reductions under this article shall be apportioned among the Contractors as provided in subdivisions (d), (e), (f) and (g) of this article. Reductions to Contractors shall be used to reduce the payments due from the Contractors on each January 1 and July 1; provided, however, that to the extent required pursuant to subdivision (h) of this article, each Agricultural Contractor shall pay to the Agricultural Rate Management Trust Fund an amount equal to the reduction allocated to such Agricultural Contractor. Any default in payment to the trust fund shall be subject to the same remedies as any default in payment to the State under this contract. To determine whether the reduction in annual charges in the aggregate for all Contractors equals the \$48 million limit specified in this subdivision (c)(3), it shall be assumed that all Contractors have executed the Contract Extension Amendment and will share in the available rate reductions consistent with the proportions as provided in this contract, regardless of whether one or more Contractors do not receive a reduction under their respective Water Supply Contracts.

(4) The supplemental billing provisions authorized under this Article 51(c)(4) shall remain in effect through December 31, 2035, unless the Director determines in his or her discretion to eliminate the use of supplemental billing prior to that date or the Director in his or her discretion accepts a recommendation from the SWRDS Finance Committee to eliminate the use of supplemental billing prior to that date.

(i) The State shall inform the SWRDS Finance Committee if the available System cash balances are projected by the State to fall during the succeeding one hundred twenty (120) days to an amount below an amount equal to ninety (90) days operating expenditures. The SWRDS Finance Committee shall make a recommendation in light of such circumstances to the Director.

(ii) The State may submit a supplemental billing to the Agency for the year in an amount not to exceed the amount of the prior reductions for such year under this Article if necessary to meet unanticipated costs for purposes identified in Water Code Section 12937(b)(1) and (2) for which the State can issue billings under other provisions of this contract, subject to the following procedures and limitations:

(a) The State may only issue supplemental bills pursuant to the provisions of this Article 51(c)(4) when available System cash

balances are projected to be less than the amount equal to 90 days operating expenditures.

(b) The term “available System cash balances,” for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean available amounts in the following California Water Resources Development Bond Fund accounts: System Revenue Account (to the extent the funds in the System Revenue Account are not projected to be needed for payment of Burns-Porter General Obligation Bond debt service within the next two years), General Operating Account, SWRDS Reinvestment Account, and SWRDS Support Account (to the extent the funds in the SWRDS Support Account are not projected to be needed for non-reimbursable expenditures within the next two years).

(c) The term “operating expenditures” for purposes of subdivision (a) of this Article 51(c)(4)(ii) shall mean the costs described in California Water Code Section 12937(b) chargeable to the State Water Project as water supply.

(d) Any supplemental billing made to the Agency for these purposes shall be in the same proportion to the total supplemental billings to all Contractors for these purposes as the prior reduction in charges to the Agency in that year bears to the total reduction in charges to all Contractors in that year and shall be treated as reducing the amount of the reduction made available for that year to the Contractor by the amount of the supplemental bill to the Contractor.

(5) The State may also submit a supplemental billing to the Agency for the year if necessary to meet unanticipated costs for revenue bond debt service and coverage for which the State can issue a statement of charges under provisions of this contract other than this article. The relative amounts of any supplemental billing made to the Agency and to other Contractors for revenue bond purposes shall be governed by such other applicable provisions of this contract.

(6) Payment of any supplemental billing shall be due thirty days after the date of the invoice. Delinquency and interest on delinquent amounts due shall be governed by Article 32.

(d) Apportionment of Reductions between Agricultural and Urban Contractors.

(1) Commencing with the first calendar year following the Contract Extension Amendment Effective Date, the State shall apportion available reductions for each year in accordance with this Article.

(2) Annual reductions in the aggregate amount of \$48 million are projected to be available in the first calendar year following the Contract Extension Amendment Effective Date and each succeeding year through calendar year 2035 and shall be applied as follows:

(i) If reductions are available in an aggregate amount that equals \$48 million, \$11,856,000 of reductions shall be apportioned among the Agricultural Contractors, and \$36,144,000 of reductions shall be apportioned among the Urban Contractors.

(ii) If reductions are available in an aggregate amount less than \$48 million in any of these years, the reductions shall be divided on a 24.7%-75.3% basis between the Agricultural Contractors and the Urban Contractors respectively.

(3) No Contractor shall be entitled to receive in any year any additional reductions, including any additional reductions to make up for deficiencies in past projected reductions and any additional reductions above an aggregate annual amount of \$48 million.

(4) Reductions in annual charges to a Contractor pursuant to this Article 51 (d) shall only be made prospectively beginning with the later of the first calendar year following the Contract Extension Amendment Effective Date or the first calendar year following the date the Contractor executes the Contract Extension Amendment. Apportionments of reductions shall be calculated on the assumption that all Contractors have executed such amendment.

(e) Revenues and Reports.

(1) Each year, beginning with the first calendar year commencing after the Contract Extension Amendment Effective Date, the Director shall determine the amount of available Article 51(e) Amounts. The Director shall determine the aggregate amount that would have been charged to all Contractors in any year but for this Article 51 and from that amount shall deduct the sum of

(i) the amount of revenues needed for the purposes specified in subdivisions (c)(2)(i), (ii), (iii), (iv) and (v) plus

(ii) \$48 million.

The remaining amount, if any, shall be referred to herein as “Article 51(e) Amounts”.

(2) The State shall allocate available Article 51(e) Amounts as follows: The Director in his or her discretion shall allocate and transfer or deposit up to 80% of available Article 51(e) Amounts, as determined on a projected basis, and up to 100% of available Article 51(e) Amounts, as determined on an actual basis, into the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account. Any Article 51(e) Amounts determined on an actual basis to be remaining in the Systems Revenue Account after the Director allocates and transfers such amounts to the General Operating Account, the SWRDS Support Account and/or the SWRDS Reinvestment Account shall remain in the Systems Revenue Account and shall be tracked separately in the State’s Financial Information System. The Director shall have full discretion regarding the use of the amounts remaining in the Systems Revenue Account.

(3) The State shall prepare and distribute an Annual Rate Reduction Determination Report setting out the factors used to determine reductions in rates pursuant to Article 51(c). The report shall include a display of the distribution of gross annual revenues before, among other items, recreation and fish and wildlife expenditures, contributions to the State Water Facilities Capital Account and reduction in rates pursuant to Article 51(c). The report shall also include a display of the distribution and/or allocation of net annual revenues after reduction in rates pursuant to Article 51(c), to the General Operating Account, SWRDS Support Account, SWRDS Reinvestment Account, 51(e) Sub-Account of the Systems Revenue Account, Davis-Dolwig Fund, State Water Facilities Capital Account, and Suspended Costs, as applicable.

(4) The System Financial Activity Report, which is required to be prepared quarterly pursuant to Article 61(d), shall include annual and accumulated Article 51(e) Amounts and expenditure activity, including the beginning balance, the annual activity and the ending balance for the year for each fund or account into which Article 51(e) Amounts have been transferred or deposited. The System Financial Activity Report should also have sufficient detail to provide comprehensive accounting of annual Article 51(e) Amounts and the uses of the annual Article 51(e) Amounts to enable the SWRDS Finance Committee to assess the use of these amounts.

(f) **Apportionment of Reductions Among Urban Contractors.**

Reductions in annual charges apportioned to Urban Contractors under subdivision (d) of this article shall be further allocated among Urban Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Urban Contractor shall be based on each Urban Contractor's proportionate share of total allocated capital costs as calculated below, for both project conservation and project transportation facilities, repaid by all Urban Contractors over the project repayment period.

(1) The conservation capital cost component of the reduction allocation shall be apportioned on the basis of maximum annual Table A amount. Each Urban Contractor's proportionate share shall be the same as the percentage of that Contractor's maximum annual Table A amount to the total of all Urban Contractors' maximum annual Table A.

(2) The transportation capital cost component of the reduction allocation shall be apportioned on the basis of transportation capital cost component repayment obligations, including interest over the project repayment period. Each Urban Contractor's proportionate share shall be the same as the percentage that the Contractor's total transportation capital cost component repayment obligation is of the total of all Urban Contractors' transportation capital cost component repayment obligations.

(i) Recalculations shall be made annually through the year 1999. Beginning in the year 2000 recalculations shall be made every five years unless an Urban Contractor requests a recalculation for an interim year and does so by a request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place.

(ii) The transportation capital cost component repayment obligations, for purposes of this Article 51(f), shall be based in the year of recalculation on the then most recent Department of Water Resources Bulletin 132, Table B-15, "Capital Cost Component of Transportation Charge for Each Contractor," or its equivalent, excluding any costs or Table A amount associated with transfers of Table A amounts from Agricultural Contractors pursuant to Article 53.

(3) To reflect the relative proportion of the conservation capital cost component and the transportation capital cost component to the total of all capital cost repayment obligations, the two cost components shall be weighted as follows:

(i) The conservation capital cost component shall be weighted with a thirty percent (30%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of maximum annual Table A Amounts as calculated in subdivision (f)(1) of this article by thirty percent (30%).

(ii) The transportation capital cost component shall be weighted with a seventy percent (70%) factor. The weighting shall be accomplished by multiplying each Urban Contractor's percentage of transportation capital cost component repayment obligations as calculated in subdivision (f)(2) of this article by seventy percent (70%).

(iii) A total, weighted capital cost percentage shall be calculated for each Urban Contractor by adding the weighted conservation capital cost component percentage to their weighted transportation capital cost component percentage.

(4) The total amount of the annual charges to be reduced to Urban Contractors in each year shall be allocated among them by multiplying the total amount of annual charges to be reduced to the Urban Contractors by the total, weighted capital cost percentages for each such Contractor. If the amount of the reduction to an Urban Contractor is in excess of that Contractor's payment obligation to the Department for that year, such excess shall be reallocated among the other Urban Contractors.

(5) In the case of a permanent transfer of urban Table A amounts, the proportionate share of annual charge reductions associated with that Table A amount shall be transferred with the Table A amount to the buying Contractor. In the case of an Table A amount transfer by either Santa Barbara County Flood Control and Water Conservation District or San Luis Obispo County Flood Control and Water Conservation District, the reductions in annual charges to that agency shall be allocated (a) on the basis of that Table A amount being retained by that agency which bears Coastal Branch Phase II transportation costs, (b) on the basis of that Table A amount being retained by that agency which does not bear Coastal Branch Phase II transportation costs, and (c) on the basis of the balance of that agency's Table A amount which also does not bear Coastal Branch Phase II transportation costs.

(g) Apportionment of Reductions Among Agricultural Contractors.

(1) Reductions in annual charges apportioned to Agricultural Contractors under subdivision (d) of this article shall be allocated among the Agricultural Contractors pursuant to this subdivision. The amount of reduction of annual charges for each Agricultural Contractor for the years 1997 through 2001 shall be based on each Agricultural Contractor's estimated proportionate share of the total project costs, excluding the variable operation, maintenance, power and replacement components of the Delta Water Charge and the Transportation Charge and also excluding off-aqueduct power charges, to be paid by all Agricultural Contractors for the years 1997 through 2035, calculated without taking into account this article. For purposes of these calculations, Kern County Water Agency's and Dudley Ridge Water District's estimated project costs shall not

include any costs associated with the 45,000 acre-feet of Annual Table A Amounts being permanently relinquished by those Contractors pursuant to subdivision (j) of Article 53. Also, for purposes of these calculations, an Agricultural Contractor's estimated project costs shall not be reduced by the transfer of any of the 130,000 acre-feet of Annual Table A Amounts provided for in subdivisions (a) through (i) of Article 53. The proportionate shares for 1997 through 2001 shall be calculated as follows:

(i) Each Agricultural Contractor's statement of charges received on July 1, 1994, shall be the initial basis for calculating the proportionate shares for the five years 1997 through 2001.

(ii) Each Agricultural Contractor's estimated capital and minimum components of the Delta Water Charge and the Transportation Charge (excluding off-aqueduct power charges) and Water Revenue Bond Surcharge shall be totaled for the years 1997 through 2035.

(iii) Kern County Water Agency and Dudley Ridge Water District totaled costs shall be reduced for the 45,000 acre-feet of annual Table A amount being permanently relinquished by them.

(iv) Any reductions in an Agricultural Contractor's totaled costs resulting from the transfer of any of the 130,000 acre-feet of annual Table A amount shall be re-added to that Contractor's costs.

(v) Each Agricultural Contractor's proportionate share shall be computed by dividing that Contractor's total costs by the total costs for all Agricultural Contractors determined pursuant to subparagraphs (ii), (iii) and (iv) above.

(2) The reductions in annual charges, for 1997 through 2001, shall be calculated using the method described in subdivision (g)(1) of this article.

(3) The allocation shall be recalculated using the same method described in subdivision (g)(1) of this article every five years beginning in 2002, if any Agricultural Contractor requests such a recalculation. Any recalculation shall be based on project cost data beginning with the year that the recalculation is to become effective through 2035.

(h) Agricultural Rate Management Trust Fund.

(1) Establishment. Through a trust agreement executed contemporaneously with this amendment, the State and the Agricultural Contractors that sign the Monterey Amendments shall establish the Agricultural Rate Management Trust Fund with a mutually agreed independent trustee.

(2) Separate Accounts. The trustee shall maintain within the trust fund a separate account for each Agricultural Contractor that signs the trust agreement to hold deposits made pursuant to this article.

(3) Deposits. Each Agricultural Contractor that signs the trust agreement shall deposit into such Contractor's account within the trust fund, at the same time as payments would otherwise be required by this contract to be made to the State, an amount equal to the amount by which such Contractor's charges under this contract have been reduced by reason of this article, until the balance in such Contractor's account within the trust fund is the same percentage of \$150,000,000 as such Contractor's percentage share of reductions made available to all Agricultural Contractors as specified in subdivision (g) of this article. In 2002 and every fifth year thereafter, the Agricultural Contractors will review the maximum accumulation in the trust fund (the "Cap") and determine whether the cap should be adjusted. However, the Cap shall not be reduced below an aggregate of \$150,000,000 for all Agricultural Contractor accounts.

(4) Trust Fund Disbursements.

(i) In any year in which the State's allocation of water to an Agricultural Contractor by April 15th of that year is less than one-hundred percent (100%) of the Contractor's requested annual Table A amount for that year, the trustee shall, to the extent there are funds in that Contractor's account, distribute to the State from such account for the benefit of that Contractor an amount equal to the percentage of the total of that Contractor's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum operation, maintenance, power and replacement components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of that Contractor's annual Table A amount for that year that was not allocated to it by the State by April 15th of that year.

(ii) In addition to the provisions of subdivision (h)(4)(i) of this article, if on April 15 of any year any of the irrigable land within the Tulare Lake Basin Water Storage District (Tulare) is flooded, and Tulare in writing requests the trustee to do so, the trustee shall, to the extent there are funds in Tulare's account, distribute to the State from such account for the benefit

of Tulare an amount equal to the percentage of the total of Tulare's statement of charges for that year, as redetermined by the State on or about May 15th of that year, for (a) the Delta Water Charge; (b) the capital cost and minimum components of the Transportation Charge (including off-aqueduct power charges); and (c) the water system revenue bond surcharge, that is equal to the percentage of the irrigable land within Tulare that is flooded on April 15.

(iii) Each Agricultural Contractor shall remain obligated to make payments to the State as required by other articles in this contract. Any amount to be disbursed pursuant to subdivisions (h)(4)(i) and (h)(4)(ii) shall be paid by the trustee to the State on July 1 of the year involved and shall be credited by the State toward any amounts owed by such respective Agricultural Contractor to the State as of that date. However, an Agricultural Contractor may direct the trustee to make the disbursement to that Agricultural Contractor which shall in turn make the payment to the State as required by other provisions of this contract. If the amount to be disbursed exceeds the amount owed to the State by such Contractor as of July 1, the excess shall be disbursed by the Trustee to the State at the time of and in payment of future obligations owed to the State by such Contractor. Alternatively, upon the request of such Contractor, all or part of the excess shall be paid by the trustee to that Contractor in reimbursement of prior payments by the Contractor to the State for that year.

(5) Payment of Supplemental Bills. In any year in which a supplemental bill has been submitted to an Agricultural Contractor pursuant to subdivision (c)(4) of this article, such supplemental bill shall be treated as reducing by an equal amount the obligation of such Contractor for that year to make payments into the Agricultural Rate Management Trust Fund. To the extent that such Contractor has already made payments to the trust fund in an amount in excess of such Contractor's reduced trust fund payment obligation, such Contractor may request the trustee to use the excess from the trust fund to pay the supplemental bill.

(6) Discharge of Payment Obligation. Each payment to the State by the trust fund shall discharge and satisfy the Agricultural Contractor's obligation to pay the amount of such payment to the State. No reimbursement of the trust fund by the Agricultural Contractor for such payments shall be required. However, each Agricultural Contractor shall continue to make deposits to the trust fund matching the amount of each year's reductions as provided in subdivision (d) of this article so long as the amount in that Contractor's account is less than its share of the Cap.

(7) Distribution of Funds in Excess of the Cap. Whenever accumulated funds (including interest) in an Agricultural Contractor's account in the trust fund exceed that Contractor's share of the Cap, or the estimated remaining payments the Contractor is required to make to the State prior to the end of the project

repayment period, that Contractor may direct the trustee to pay such excess to the Contractor.

(8) Termination of Trust Fund. At the end of the project repayment period, the Agricultural Rate Management Trust Fund shall be terminated and any balances remaining in the accounts for each of the Agricultural Contractors shall be disbursed to the respective Agricultural Contractors.

(i) **Definitions. For the purposes of this article, the following definitions will apply:**

(1) "Agricultural Contractor" shall mean the following agencies as they now exist or in any reorganized form:

- (i) County of Kings,
- (ii) Dudley Ridge Water District,
- (iii) Empire West Side Irrigation District,
- (iv) Kern County Water Agency for 848,130 acre-feet of its Table A amount,
- (v) Oak Flat Water District,
- (vi) Tulare Lake Basin Water Storage District.

(2) "Urban Contractor" shall mean every other agency having a long term water supply contract with the State as they exist as of the date of this amendment or in any reorganized form as well as Kern County Water Agency for 134,600 acre-feet of its Table A amount.

(j) **Except as provided in subdivisions (c)(4) and (c)(5),** this article shall not be interpreted to result in any greater State authority to charge the Contractors than exists under provisions of this contract other than this article.

NEW CONTRACT ARTICLE

II. ARTICLE 61 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

61. FINANCIAL ACCOUNTS AND ACTIVITIES

(a) General Operating Account

(1) The State shall maintain a General Operating Account to provide the moneys needed for the following purposes:

(i) To pay or provide for the payment of System costs which are reimbursable by one or more Contractors under their respective Water Supply Contracts in the event System revenues available for such payment are insufficient for such purpose; or

(ii) To pay or provide for the payment of System costs for any System purpose in the event of a System emergency as defined in Article 61(a)(1)(iii).

(iii) A System Emergency, as used in this Article 61(a)(1)(ii) shall mean an immediate, urgent, critical, unexpected, or impending situation that, in the judgment of the Director may cause or pose a risk of causing injury, loss of life, damage to the property, impairment of the financial condition, and/or interference with the normal activities of the System which requires immediate attention and remedial action.

(2) The maximum amount in the General Operating Account shall be set, adjusted and funded as follows:

(i) Upon the Contract Extension Amendment Effective Date, the maximum amount shall be \$150 million.

(ii) On or before the first September 1 occurring five (5) years after the Contract Extension Amendment Effective Date and every five (5) years thereafter, the State shall present a business case analysis of the maximum amount reasonably necessary or appropriate to be maintained in the General Operating Account, including an evaluation of the maximum amount and its relationship to the business risks associated with the System cash flow, to the SWRDS Finance Committee for recommendation to the Director regarding a General Operating Account maximum amount

adjustment, provided that the maximum amount shall not be less than \$150 million.

(iii) To fund the General Operating Account to its maximum amount, the Director may, in his or her discretion, transfer to the General Operating Account (1) amounts determined to be available pursuant to Article 51(e); (2) earnings from the investment of amounts in the General Operating Account; (3) amounts in the SWRDS Reinvestment Account; and (4) amounts in the SWRDS Support Account.

(iv) If the Director determines to decrease the maximum amount pursuant to Article 61(a)(2)(ii), or the maximum amount is otherwise exceeded, the excess amount in the General Operating Account shall be transferred to the SWRDS Reinvestment Account.

(v) The State shall replenish the amounts used from the General Operating Account (1) through charges to the Contractors to the extent the Contractors are obligated to reimburse the State for the costs paid with such amounts and (2) from the SWRDS Support Account or other available revenues (including the sources described in subparagraph (iii) of this Article 61(a)(2)) for costs not reimbursable by the Contractors under their respective Water Supply Contracts.

(vi) General Operating Account investment earnings shall be used to fund the General Operating Account to its maximum amount or, in the Director's discretion, transferred to the SWRDS Support Account and/or the SWRDS Reinvestment Account.

(3) The State shall prepare monthly reports on the balance in and use of the General Operating Account for the Director, and shall provide those reports to the SWRDS Finance Committee. The SWRDS Finance Committee may periodically review reporting frequency and make recommendations to the Director regarding reporting frequency.

(b) SWRDS Reinvestment Account

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Reinvestment Account to provide a continuing source of investment revenue to provide amounts to be transferred to or deposited in the General Operating Account, the SWRDS Reinvestment Account, and the SWRDS Support Account.

(2) To fund the SWRDS Reinvestment Account, the Director may, in his or her discretion, transfer to the SWRDS Reinvestment Account (i) amounts determined to be available pursuant to Article 51(e), (ii) earnings from the investment of amounts in the SWRDS Reinvestment Account, (iii) payments by

the Contractors for capital costs funded from the SWRDS Reinvestment Account, (iv) amounts from the SWRDS Support Account, and (v) amounts from the General Operating Account.

(3) Amounts in the SWRDS Reinvestment Account may be used and/or invested as follows:

(i) To pay capital costs of Project Facilities to the extent those costs are reimbursable by one or more Contractors under their respective Water Supply Contracts. Such capital costs shall be reimbursed to the State in accordance with item 5 of this subparagraph (b) below.

(ii) To pay capital costs of Project Facilities pending reimbursement of the State with the proceeds of revenue bonds issued by the State; and

(iii) To make temporary investments in accordance with the statutory limitations on such investments.

(4) The State shall prepare regular reports on the SWRDS Reinvestment Account for the Director and shall provide those reports to the SWRDS Finance Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Reinvestment Account.

(5) *Amortization of Costs Financed with Amounts in the SWRDS Reinvestment Account.* Charges to amortize Project Facility Capital Costs paid with amounts from the SWRDS Reinvestment Account shall return to the State, in equal annual amounts over an amortization period determined by the State, the amount of each such cost together with an interest charge on the unamortized balance thereof.

(i) The length of such amortization periods may be from ten (10) to fifty (50) years, *provided* that if the capital asset has an Economic Useful Life of less than ten (10) years, the amortization period may be a comparable period of less than ten (10) years.

(ii) The interest charge shall be at a rate equal to the market interest rate at the time the cost is Incurred on municipal Revenue Bonds with the following characteristics:

(a) the same rating as the rating on Revenue Bonds issued by the State to finance Project Facilities, and

(b) the same term as the length of the amortization period, all as determined by the State.

(iii) For the purposes of this subdivision (b)(5), the State may aggregate the Capital Costs of each Project Facility Incurred during each calendar year and determine a composite interest rate and a composite amortization period applicable to the amortization of such costs.

(iv) The amortization charges relating to the costs Incurred during each calendar year shall commence the calendar year starting one year after the end of the calendar year in which such costs were Incurred, and the amount to be amortized shall include capitalized interest for the period from the date or dates the costs are Incurred to the date of commencement of amortization.

(c) **SWRDS Support Account**

(1) Commencing with the Contract Extension Amendment Effective Date, the State shall establish and maintain a SWRDS Support Account to provide a source of funds to pay System costs that are not chargeable to the Contractors under their respective Water Supply Contracts and for the payment of which there are no other monies available.

(2) To fund the SWRDS Support Account, the Director may, in his or her discretion, transfer to the SWRDS Support Account (i) amounts determined to be available pursuant to Article 51(e); (ii) amounts in the SWRDS Reinvestment Account, (iii) investment earnings in the General Operating Account; (iv) earnings from the investment of amounts in the SWRDS Support Account; and (v) other available revenues. The State shall not charge the Agency to replenish the SWRDS Support Account for costs not otherwise chargeable to the Agency under this contract.

(3) If the State is reimbursed or other amounts are appropriated and received for a cost paid from the SWRDS Support Account, the State shall deposit the amount reimbursed or received in the SWRDS Support Account.

(4) The State shall prepare regular reports on the SWRDS Support Account for the Director and shall provide those reports to the SWRDS Finance

Committee. The State shall consult with the SWRDS Finance Committee about the investments and activities to be funded from the SWRDS Support Account.

(d) System Financial Activity Report and Reporting Principles

(1) The State shall prepare and distribute quarterly a System Financial Activity Report that contains the following information:

(i) By fund or account, the activity in the following funds and accounts: the General Operating Account, the SWRDS Support Account, the SWRDS Reinvestment Account, the 51(e) Sub-Account of the Systems Revenue Account, the Davis-Dolwig Fund, and the State Water Facilities Capital Account, and the activity with respect to suspended costs.

(ii) The data in the System Financial Activity Report shall be auditable, which includes an audit trail from the costing ledger (currently the Utility Cost Accounting Billing System, as of the Contract Extension Amendment Effective Date) to the general ledger (currently SAP, as of the Contract Extension Amendment Effective Date) or the Bulletin 132 estimates to the System Financial Activity Report.

(2) Appendix B, entitled System Reporting Principles, contains principles and guidelines which shall be followed, to the extent applicable, in the preparation of System financial reports and financial management reports.

(e) State Water Resources Development System Finance Committee

(1) The State shall establish a joint State and Contractors finance committee, which shall be referred to as the State Water Resources Development System Finance Committee or SWRDS Finance Committee. The membership of the SWRDS Finance Committee shall include both representatives from the State and the Contractors.

(2) The primary purpose of the SWRDS Finance Committee shall be to make recommendations to the Director concerning the financial policies of the System. The State and the Contractors shall describe the scope of the SWRDS Finance Committee in a charter mutually agreeable to the State and the Contractors.

(f) Cost Recovery

In general, the State should seek reimbursement for all System costs from the appropriate customers and users of System facilities. With respect to those System costs that are reimbursable by the Contractors, the State should allocate

financial responsibility for such costs in a manner that is both lawful and equitable, and which endeavors to recover such costs from the appropriate Contractors. If the State proposes to not charge any Contractor the full amount that the State is entitled to charge the Contractor under the contract, the State shall present a written proposal to the SWRDS Finance Committee for purposes of developing a recommendation to the Director regarding the proposal. The State shall submit such proposal in writing to the SWRDS Finance Committee 90 days in advance of the Director issuing any decision and within such 90 day period the SWRDS Finance Committee shall provide the Director with a recommendation regarding such proposal. Such proposals shall comply with the structure set out in the SWRDS Finance Committee charter referenced in Article 61(e)(2).

NEW CONTRACT APPENDIX

III. APPENDIX B IS ADDED TO THE CONTRACT AS A NEW APPENDIX AND SHALL READ AS FOLLOWS:

APPENDIX B

SYSTEM REPORTING PRINCIPLES

- A. During the term of the water supply contracts, it is likely that financial reports and financial management reports will change in scope, nature, and frequency. Regardless of the exact reports used, such reports shall follow the below principles and guidelines to the extent applicable.
1. Principle 1: Financial reporting will be generated from the general ledger or data warehouse of the financial information system (system of record), such as SAP. The financial system of record is the authoritative source for financial reporting data values in a system. To ensure data integrity, there must be one, and only one, system of record for financial reporting values.
 2. Principle 2: Financial reporting is not limited to annual financial statements but will be developed for regular reporting periods.
 3. Principle 3: Financial management reporting generated from other financial systems, such as Utility Cost Accounting Billing System (UCABS), will identify and analyze significant variances from prior years or budgets.
 4. Principle 4: Financial reporting and financial management reporting will identify unusual items and exceptions, and these items will be documented, reviewed, and resolved by management.
 5. Principle 5: DWR will use standardized System-wide business rules and utilize a centralized financial system, such as SAP, UCABS, or other system, to provide controls/validations to ensure data integrity and reliable reporting.
 6. Principle 6: DWR will use standardized data integrity rules in the development and publication of reports, including but not limited to the following:
 - (1) Data integrity refers to the accuracy and consistency of data stored in a database, data warehouse, data mart or other construct.
 - (2) Data integrity processes verify that data has remained unaltered in transit from creation to reception or remains unaltered in transit from one system to the next. Data used outside of the Enterprise Resource Planning (ERP) systems to meet the reporting needs of Program will undergo any number of operations in support of decision-making, such as capture, storage,

retrieval, update and transfer. It is important to have confidence that during these operations, the data will be kept free from corruption, modification and remain unaltered.

- (3) Data with “integrity” has a complete or whole structure. Data values are standardized according to a data model and/or data type. All characteristics of the data must be correct – including business rules, relations, dates, definitions and lineage – for data to be complete.
- (4) Data integrity is imposed within an ERP database when it is created and is authenticated through the ongoing use of error checking and validation routines.
- (5) Data integrity state or condition is to be measured by the validity and reliability of the data values.
- (6) Data integrity service and security maintains information exactly as it was input, and is auditable to affirm its reliability.

The SWRDS Finance Committee is charged with providing financial policy recommendations to the Director, and the Director has final discretion on whether or not to accept the recommendations. While the SWRDS Finance Committee is not charged with reviewing the content of financial reports, timely and accurate financial reporting and financial management reporting provides technical committees access to useful information that can be used to formulate proposals on financial policy matters that may be brought to the SWRDS Finance Committee.

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

1. EFFECTIVE DATE OF CONTRACT EXTENSION AMENDMENT.

(a) The Contract Extension Amendment shall take provisional effect (“provisional effective date pursuant to subparagraph (a)”) on the last day of the calendar month in which both of the following occur: (i) the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet, have executed (or committed in a form satisfactory to the State to execute) the Contract Extension Amendment and (ii) no legal action addressing the validity or enforceability of the Contract Extension Amendment or any aspect thereof has been filed within sixty days of such execution or, if filed, a final judgment of a court of competent jurisdiction has been entered sustaining or validating the Contract Extension Amendments. Subject to subparagraph (b), the provisional effective date pursuant to paragraph (a) shall be the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(b) If any part of the Contract Extension Amendment of any Contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Contract Extension Amendments of all Contractors shall be of no force and effect except as provided in subparagraph(c).

(c) The unenforceability and lack of effectiveness of all Contractors’ Contract Extension Amendments as provided for in subparagraph (b) may be avoided only if the part of the Contract Extension Amendment determined to be invalid or unenforceable is explicitly waived in writing by the State and 15 or more Contractors, with an aggregate maximum annual Table A amount exceeding 3,200,000 acre feet , in which case the Contract Extension Amendment shall take provisional effect (“provisional effective date pursuant to subparagraph (c)”) on the last day of the calendar month in which the requisite waivers are received, but only as to those Contractors submitting such a waiver in writing, subject to subparagraph (e). The provisional effective date pursuant subparagraph (c) shall become the Contract Extension Amendment Effective Date if the conditions set out in subparagraph (e) are met.

(d) If any Contractor has not executed a Contract Extension Amendment or has not submitted a waiver pursuant to subparagraph (c), whichever is applicable, within sixty (60) days of the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the amendment shall not take effect as to such Contractor, unless the Contractor and the State, in its discretion, thereafter execute such Contractor’s contract extension amendment or the Contractor thereafter submits, and the State in its discretion accepts,

the waiver, whichever applies, in which case the Contract Extension Amendment Effective Date for purposes of that Contractor's contract and any associated terms shall be as agreed upon by the State and Contractor.

(e) (1) If at the end of the applicable 60-day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have executed the amendment (or committed to execute the amendment in a form satisfactory to the State) or submitted a waiver pursuant to subparagraph (c), as applicable, the provisional effective date pursuant subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, shall become the Contract Extension Amendment Effective Date.

(2) If at the end of the applicable 60 day period specified in subparagraph (d), 24 or more Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have not executed (or committed to execute) the amendment or submitted a waiver pursuant to subparagraph (c), as applicable, then the State, after consultation with the Contractors that have executed (or committed to execute) the amendment or submitted a waiver, as applicable, shall within 30 days following such 60 day period determine in its discretion whether to make the provisional effective date pursuant to subparagraph (a) or the provisional effective date pursuant to subparagraph (c), as applicable, the Contract Extension Amendment Effective Date. The State shall promptly notify all Contractors of the State's determination. If the State determines, pursuant to this subparagraph 1(e)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to this subparagraph 1(e)(2)

(f) (1) During the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, the State and a minimum of 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet which have executed (or committed to execute) the Contract Extension Amendment may agree in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered (including to waive the "no force and effect" provision in subsection (b)) and instead allow the Contract Extension Amendment to take effect as to such Contractors, subject to such conditions, if any, agreed upon, by the State and such contractors. In such case, the State shall promptly notify all Contractors of the effective date of the Contract Extension Amendment.

(2) If, during the pendency of a legal action addressing the validity or enforceability of the Contract Extension Amendment, less than 24 Contractors with an aggregate maximum annual Table A amount exceeding 3,950,000 acre feet have agreed in writing to waive any limitation barring the Contract Extension Amendment from taking effect until a final judgment of a court of competent jurisdiction has been entered as provided in subsection (1)(f)(1) above, then a Contractor which has so agreed in writing may request the State to consider allowing the contract extension amendment to take effect with the agreement of less than 24 Contractors. Upon

receiving such a request, the State, after consultation with the Contractors that have agreed in writing to waive any limitation as provided in subsection (1)(f)(1) above, may determine in its discretion whether to allow the Contract Extension Amendment to take effect with less than 24 Contractors agreeing in writing to waive the limitation. The State shall promptly notify all Contractors if the State's determines to allow the Contract Extension Amendment to take effect, and include in such notice the effective date of the Contract Extension Amendment and any conditions that would apply. If the State determines, pursuant to this subparagraph 1(f)(2) to allow the contract amendment to take effect, it shall take effect only as to those Contractors consenting to the amendment taking effect pursuant to subparagraph 1(f)(1).

2. POST BILLING TRANSITION DATE ESTIMATES.

If the State determines it to be necessary, the State may rely on estimates and later true-up for billing and reporting purposes in the initial years after the Billing Transition Date.

3. WAIVER AND RELEASE.

Subject to the Contract Extension Amendment taking effect, the Agency does hereby forever waive, release and discharge the State, and its current and former officers, agents and employees, from any and all past and present protests, claims, damages, actions and causes of action of every kind and description, now existing or hereafter arising, known or unknown, that were or could be or could have been asserted relating to the State's adjustment made prior to the execution date of this Contract Extension Amendment in connection with the proportional responsibility, for System facilities south of and including the Dos Amigos Pumping Plant, between (i) water supply and (ii) recreation and fish and wildlife enhancement.

4. OTHER CONTRACT PROVISIONS.

Except as amended by this amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

5. COUNTERPART.

This Contract Extension Amendment may be signed in counterpart.

STATE WATER PROJECT WATER SUPPLY CONTRACT EXTENSION AMENDMENT
Execution Version

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

VENTURA COUNTY WATERSHED
PROTECTION DISTRICT

Signature

Title

Date

2019 Board Priorities List

Category: Board Policy

		Complete?	Status/Disposition	Result
1	Equine prohibitions in the LCRA (check to see if there is a current policy/ordinance). (5) (Completion: 90 Days)	Yes	Presented to Executive Committee	Ordinance Already Exists
2	Review of allocation penalty policy. (Completion: 60 Days)(5)	Yes	Adopted by the Board on April 24, 2019	First Meeting on June 19, 2019
3	Review need for a Mission Statement and the ability to use this as a filter to discuss what goals can be accomplished (revenues, budgets, environmental issues, recreation elements, etc.) (Completion: 90-Days—Executive Committee) (5)	Yes	Adopted by the Board on May 4, 2019	Board adopted and distributed to CMWD Staff
4	Water rate analysis. (Update in 9 months) (4)	No	Finance Committee to Review RFP at September Meeting	
5	Strategic plan for recreation area. (Completion: 9 Months—Recreation Committee)(5)	No	GM Cut from Budget	Review Mid-Year
6	Committee presentations to the Board. (Ongoing) (5)	Yes	Complete	Ongoing
7	Gauge investment in policies/cost-benefit analysis. (Ongoing) (5)	No	Further Discussion with Executive Committee	

Category: Admin

		Complete?	Status/Disposition	Result
1	Committee packets to Board members 48 hours prior. (To Executive Committee—Ongoing)	Yes		Ongoing
2	Draft Board agendas to legal counsel prior to publishing. (To Attorney by Thursday—Ongoing)	Yes		Ongoing
3	—OBGMA link on website for OBGMA groundwater information		Deleted	
4	Gauging organizational capacity/bandwidth./Filing of open positions./Staffing plan(s)/ Understanding the adjustments necessary to cope with recent organizational changes. (Review/completion in 120 days) (5)	Yes	Position Adjustments & Additional Positions going through approval process. HR Manager and Assistant GM Positions have been filled.	Complete
5	Funding process and contracts. (Simplification of terminology). Contract = services, Purchase orders = materials (5) (90 days)	No	Staff needs to review and bring recommendation	
6	GANTT chart for process for projects, timelines, etc. (open purchase orders and contracts with monthly update) (Management Produce - 90 Days).	No	Project Tracker in place. Staff needs to discuss in October 2019	
7	Update of policy and procedures manual (including Board policy) and communication of results. (Completion: 12 months)	Yes	Bylaws complete and adopted by the Board	Complete
8	Staff recommendations with staff presentations on Board items. (Ongoing)	Yes		As needed
9	Have departments present at Board meetings and provide updates to efforts. (Ongoing)	Yes		As needed

Category: Water Security Items

		Complete?	Status/Disposition	Result
1	Focus on local water resources for water security projects. (5)	No	Review of Teague Watershed wells complete (project on hold). Matilija Deep Wells project under review and draft technical memo has been issued. Staff will review and present to Water Resources Committee. Ojai Well Field rehabilitation project underway, expected to be complete in 2021 which includes drilling a replacement well. Ojai Well Desalter on hold pending results of Ojai Well Field rehabilitation project.	
2	Legal and professional review of SWP interconnect EIR from the Water Resources Committee Recommendations. (5)	Yes	EIR review period complete. Kennedy Jenks reviewing and will respond to comments.	Possible adoption of the EIR by the City of Ventura late in 2019
3	New legal foundation able to receive private funds for water security projects. (1)	No	To Executive Committee in October 2019	
4	Provide policy for avoiding Stage 5 restrictions./ Detailed emergency plan for when Lake Casitas reaches minimum pool including skeleton of plan./ Plan for what happens if water security projects do not work out that can be communicated to the public. (4)	No	Public Relations department to include this in development of a communications plan (currently on hold).	
5	Complete Comprehensive Water Resources Plan./ Need timeline for CWRP. (November 2019?)/ Economic concept review of costs of water security projects and gauge public support for those costs. (5)	No	Stantec engaged to complete the CMWD Comprehensive Water Resources Plan. Expected to be complete in November/December 2019	
6	Board review of Kear recommendations from 2016./ Publish summary from 2016 study and how priorities were reached (review full presentation)./ Review 2016 plan for costing information plan./ Public communication about 2016 study and messaging connected to it. (5)	No	Public Relations department to include this in development of a communications plan (currently on hold).	
7	Gauge need for an election for water security projects. / Review issues related to bonds and District revenues./Water rate analysis. (4)	No	District has engaged True North to develop a poll to test public opinion on a possible bond measure. Polling to occur presently and results brought to the Board in September or October 2019. Water rate consultant to review possible impacts to rates.	
8	Calleguas to Casitas pipeline project RFP (crosstown pipeline) (5)-	Yes	GM presented the concept and estimated cost to the Board in August 2019.	Complete
9	Planning for costs of Phase 1 SWP interconnect pipeline \$42M project (4)-	Yes	GM presented the concept and estimated cost to the Board in August 2019.	Complete
10	Obtain legal representation for adjudication (5)	Yes	Rutan & Tucker engaged by the District	Ongoing
11	Peer review for Verbo/HoBo projects (5).	No	Technical Advisory Committee engaged and draft report has been submitted to Staff. Review with Water Resources Committee expected in October 2019.	
12	Complete conjunctive use policy with OBGMA (4).	No	OBGMA working has assigned a committee to work with the GM on this.	Ongoing

13	Biological Opinion review and critical drought protection measures- (5)	Yes	Critical Drought Protection Measures approved by all entities in March 2019	To be administered as appropriate.
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MEMORANDUM

TO: Board of Directors
From: Michael L. Flood, General Manager
RE: **Review and Discussion of a United Water Conservation District Term Sheet for the Purchase of Casitas MWD's 2019 State Water Project Table A Water Supply**
Date: September 9, 2019

RECOMMENDATION:

The Committee direct that a proposed agreement be authored and then forwarded to the Board of Directors for consideration.

BACKGROUND:

State Water Project Table A allocation currently stands at 75% which translates into 3,750 Acre-Feet for Casitas MWD.

Casitas MWD's Board of Directors approved an agreement with San Geronio Pass Water Agency to do an exchange of 650 Acre-Feet of the District's 2019 SWP Table A water leaving Casitas MWD 3,100 Acre-Feet.

United Water Conservation District recently submitted a term sheet for the acquisition of a portion of Ventura Water and CMWD's remaining 2019 SWP Table A water supply.

DISCUSSION:

United WCD term sheet proposes the following for Casitas MWD:

1. Purchase of 1,375 Acre-Feet of CMWD's SWP Table A water supply for 2019.
2. Compensation of 15% of the Transportation Capital and Minimum and Conservation Capital and Minimum Charges of approximately \$550,000.00 which translates into a payment of \$82,500.00.
3. UWCD will pay the State Water Project Variable costs for the purchased water to be delivered to them.
4. There will be no water returned to Casitas MWD in the future.

5. UWCD would like the chance to purchase any 2019 SWP Table A water supply that Casitas carries over into 2020 at the 'turnback' pool price which will be determined in the future.

Casitas MWD would still retain 1,725 Acre-Feet of 2019 SWP Table A water supply with which to work other arrangements or carryover into 2020 via Article 56 in the State Water contract.

Ventura Water and Casitas MWD will develop a joint agreement for consideration by the respective elected bodies in the near future.

Proposed Terms for Water Transfer
Between
United Water Conservation District
and the
Casitas Municipal Water District/City of Ventura

Description

Casitas Municipal Water District (Casitas) and City of Buenaventura (Ventura) agrees to transfer up to 4125 acre-feet of its allocated 2019 SWP Table A Water Supply for delivery to United Water Conservation District (United) within 2019. The water will be delivered by Casitas/Ventura per UWCD's request and projected to be in November and December, 2019.

The transfer is based on transferring one-half of the remaining allocated 2019 Table A water (i.e. One half of 75% (2019 allocation) of remaining 9250 AF of the Table A Casitas/Ventura allocation). The transfer water includes 1375 AF from Casitas and 2750 AF from Ventura. It is anticipated that a single transfer agreement will be executed between United and Casitas/Ventura.

If there is any carryover water available from the Casitas/Ventura 2019 Table A allocation, United would be interested in securing this carryover water.

Financial Terms

United will pay Casitas and Ventura 15% of their fixed SWP costs for transferred water (\$247,310) Additionally United will play all variable SWP costs to deliver water to its own service area (i.e. transportation cost).

If carryover water is available, United will pay Casitas/Ventura the turn-back costs, plus the transportation cost.

DWR Coordination

No formal approval of this transfer is required by the Department of Water Resources (DWR). UWCD will coordinate the release of the transfer water with DWR.

Delivery

The water will be delivered using existing SWP facilities and as scheduled with, and approved by DWR.

DRAFT