



CENTRAL COAST WATER AUTHORITY

MEMORANDUM

September 21, 2022

TO: CCWA Board of Directors

FROM: Ray A. Stokes
Executive Director

SUBJECT: 2022 Supplemental Water Purchase Program: Purchase of Supplemental Water Supplies from San Geronio Pass Water Agency (**REVISED**)

SUMMARY

Pursuant to the 2022 Supplemental Water Purchase Program, Staff has identified a potential purchase opportunity from the San Geronio Pass Water Agency (SGPWA). One CCWA Participant, Carpinteria Valley Water District (CVWD), has elected to purchase the water to be purchased from the SGPWA.

This report summarizes the proposed transfer and requests the Board of Directors' approval of the transfer and further requests authorization to execute the agreements required to effectuate the proposed transfer.

RECOMMENDATION

Staff recommends that the Board of Directors:

Adopt Resolution No. 22-10: A Resolution Of The Board Of Directors Of The Central Coast Water Authority Approving The 2022 Purchase Of Supplemental Water Supplies From San Geronio Pass Water Agency

DISCUSSION

Due to prolonged drought conditions and low State Water Project (SWP) "Table A Amount" for 2022, CCWA currently needs additional water supplies to supplement its 2022 supplies and has implemented the 2022 Supplemental Water Purchase Program for that purpose. CVWD has requested that CCWA purchase supplemental SWP water supplies for delivery to CVWD in 2022. On behalf of CVWD, CCWA has negotiated a proposed transfer and exchange of water with the SGPWA.

Pursuant to the proposed transfer and exchange, SGPWA will make available up to 400 acre-feet (AF) of SGPWA's 2022 Annual Table A Amount, as that term is defined by the State Water Contract, for transfer to CCWA in 2022 and subsequent delivery to CVWD. In return, CCWA will: (a) pay SGPWA \$1500 for every AF of SGPWA Water delivered to CCWA in 2022, and prior to December 31, 2032, CCWA will direct DWR to deliver 2 AF of CVWD's Table A allocation for each AF of water delivered to in 2022. The point of delivery for both deliveries is San Luis Reservoir, a DWR facility, and all water delivered to CCWA will be used entirely within CCWA's service area and within the service area of CVWD.

On or about September 28, 2022, the CVWD Board of Directors will consider the proposed transfer and exchange. If approved, CVWD will execute an agreement with CCWA (Purchase Agreement) whereby CVWD agrees to purchase the water made available by the proposed transfer, to pay all costs associated with the proposed transfer, and to assume all obligations and liabilities associated with the proposed transfer, including the obligation to return up to 800 AF of water available to CVWD to SGPWA.

Pursuant to the terms and conditions of the Purchase Agreement with CVWD, CVWD will pre-pay to CCWA the full payment required to be made to SGPWA in 2022, as well as an estimate of all of CCWA's transactional costs, and other CCWA Participants will have no financial or legal responsibility for the proposed transfer.

In order to effectuate the proposed transfer, the Board of Directors must approve the proposed transfer and authorize me to execute the necessary agreements, including:

1. the Purchase Agreement with CVWD
2. an agreement with SGPWA (the "Transfer Agreement"); and
3. an agreement with the Santa Barbara County Flood Control and Water Conservation District (the "SBCFCWCD Agreement").

Because the transfer to CCWA may include SWP supplies, the Board of Directors must make certain findings, as set forth in the proposed Resolution.

Before executing the Transfer Agreement and SBCFCWCD Agreement, several conditions must be satisfied, including CCWA's receipt of the executed Purchase Agreement, deposit, and the certification required by section 4.2.3 of the Purchase Agreement.

ENVIRONMENTAL REVIEW

Pursuant to the authority granted to me by Section 4 of CCWA's Local Guidelines for Implementing the California Environmental Quality Act (CEQA), adopted January 22, 2015, I have determined that the proposed transfer is exempt from CEQA because:

- The transfer will facilitate the delivery of water from one SWP contractor to another, using only existing DWR facilities and existing facilities in Santa Barbara and Riverside Counties and is intended to meet existing uses of water and would not support new development or a change in land use. (14 Cal. Code Regs. §§ 15061(b)(2), 15061(b)(3), 15301.)
- The transfer is entirely within the authorized SWP place of use.
- None of the exceptions to use of an exemption set forth in CEQA Guidelines section 15300.2 apply and the Transfer will not have a significant impact on the environment.

Attachment:

Resolution No. 22-10: A Resolution Of The Board Of Directors Of The Central Coast Water Authority Approving The 2022 Purchase Of Supplemental Water Supplies From San Geronio Pass Water Agency

RESOLUTION NO. 22-10

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CENTRAL COAST WATER AUTHORITY APPROVING THE 2022 PURCHASE OF
SUPPLEMENTAL WATER SUPPLIES FROM
SAN GORGONIO PASS WATER AGENCY**

Recitals

- B. In 1963, the Santa Barbara County Flood Control and Water Conservation District (“**District**”) and the Department of Water Resources (“**DWR**”), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963 for the supply and delivery of State Water Project (“**SWP**”) water (“**State Water Contract**”). The State Water Contract has been amended on numerous occasions, most recently by the Water Management Amendment in April, 2021.
- C. On November 12, 1991, the District and CCWA entered into the Transfer of Financial Responsibility Agreement whereby CCWA assumed responsibility for the District’s obligations pursuant to the State Water Contract.
- D. CCWA entered into a series of “Water Supply Agreements” with various cities, water districts, and other water supply retailers who purchase and deliver water to their customers, and other end users, in Santa Barbara County (each a “**CCWA Participant**” and collectively, the “**CCWA Participants**”).
- E. On March 18, 2022, in light of developing drought conditions throughout California, DWR notified the parties that contract with DWR for SWP water (“**State Water Contractors**”) that SWP deliveries would be reduced to five percent of each State Water Contractor’s annual allocation of the SWP water supply for the upcoming water year. Accordingly, CCWA anticipates that its “Annual Table A Amount” of 45,486 acre-feet (AF) pursuant to the State Water Contract will be reduced for 2022 to as little as 2,275 AF. CCWA’s historical average annual delivery of SWP water is approximately 21,400 AF per year.
- F. The State Water Contract allows for transfers and exchanges of Annual Table A Amount. San Gorgonio Pass Water Agency (“**SGPWA**”) has up to 400 AF of Annual Table A Amount available for transfer to CCWA in 2022.
- G. The Carpinteria Valley Water District (“**CVWD**”), a CCWA Participant, has notified CCWA of a current need for water to supplement its SWP supply. For that purpose, CCWA proposes to purchase up to 400 AF of SGPWA’s Table A Amount in 2022 (the “**Transfer/Exchange**”). The terms and conditions of the proposed Transfer/Exchange are described in the 2022 Transfer and Exchange Agreement between CCWA and SGPWA (“**Transfer/Exchange Agreement**”), a copy of which is attached hereto as **Exhibit A**.

- H. The Transfer/Exchange is subject to the terms and conditions of the State Water Contract, as amended by the Water Management Amendment, and requires DWR's approval. DWR's approval of the Transfer/Exchange is anticipated in the form of a Change in Point of Delivery Agreement ("**DWR Agreement**").
- I. To proceed with the Transfer/Exchange, CVWD will execute an agreement with CCWA ("**Purchase Agreement**") whereby CVWD will agree to purchase the water made available by SGPWA, to pay all costs associated with the Transfer/Exchange, and to be responsible for all obligations and liabilities associated with the Transfer/Exchange, including the obligation to return up to 800 AF of CVWD's SWP supply to SGPWA. The proposed Purchase Agreement is attached hereto as **Exhibit B**.
- J. The Purchase Agreement includes numerous conditions precedent to the effectiveness of CCWA's approval of the Transfer/Exchange and execution of the associated agreements, including but not limited to CCWA's receipt of payment and certification of certain matters required by Article 57(g) of the State Water Contract from CVWD.
- K. By email dated September 21, 2022, CCWA's Executive Director transmitted a copy of the Transfer and Exchange Agreement to all State Water Contractors and to the Water Transfers Committee of the State Water Contractors Association.
- L. Because the District remains the contracting party to the State Water Contract for Santa Barbara County, DWR requires the District's execution of the DWR Agreement, on behalf of CCWA. To obtain the District's execution of the DWR Agreement, it is anticipated that the District will require CCWA to indemnify the District from all liabilities associated with the DWR Agreement, as provided in the proposed Assignment, Assumption, Indemnification and Release Agreement ("**SBCFCWCD Agreement**"), a copy of which is attached hereto as **Exhibit C**.
- M. Prior to approving the Transfer/Exchange and executing the associated agreements, CCWA must comply with the California Environmental Quality Act ("**CEQA**"). The CCWA Board of Directors has considered, agrees with, and incorporates herein all of the findings made by Staff in the Notice of Exemption attached hereto as **Exhibit D**, including but not limited to, the determinations that approval of the Transfer/Exchange falls within a categorical exclusion under CEQA and that none of the exceptions to use of an exemption set forth in CEQA Guidelines section 15300.2 apply and the Transfer/Exchange will not have a significant impact on the environment.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1

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

SECTION 2

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

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

SECTION 3

Based on the findings set forth herein, the Board of Directors approves the Transfer/Exchange. Subject to the Executive Director's determination that the DWR Agreement is consistent with the Transfer/Exchange, as described in the Transfer and Exchange Agreement, the Board of Directors agrees to be bound by the DWR Agreement.

This Resolution shall take effect upon CVWD's satisfaction of the conditions precedent set forth in the Purchase Agreement.

SECTION 4

The Board of Directors authorizes the Executive Director to do and cause to be done any and all acts and things necessary or proper for carrying out the Transfer/Exchange, including but not limited to executing the Purchase Agreement with CVWD and making such non-substantive modifications to the Transfer/Exchange and associated Transfer and Exchange Agreement as may be required to obtain DWR's approval of the Transfer/Exchange.

Upon satisfaction of all of the conditions set forth in the Purchase Agreement, the Board of Directors further authorizes the Executive Director to execute the Transfer and Exchange Agreement with SGPWA and to execute the SBCFCWCD Agreement, as may be required to obtain the District's execution of the DWR Approval Agreement on behalf of CCWA, all on behalf of CVWD.

I certify that the foregoing resolution was duly and regularly introduced and adopted by the Board of Directors of the Central Coast Water Authority at a regular meeting held on September 22, 2022.

Eric Friedman, Chairman

Attest:

Elizabeth Watkins
Secretary to the Board of Directors

APPROVED AS TO FORM:
Brownstein Hyatt Farber Schreck LLP

Stephanie Osler Hastings

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

Exhibits:

- A. Transfer and Exchange Agreement between CCWA and SGPWA
- B. Purchase Agreement between CCWA and CVWD (w/o exhibits)
- C. Assignment, Assumption, Indemnification and Release Agreement between CCWA and the Santa Barbara County Flood Control and Water Conservation District (w/o exhibits)
- D. Notice of Exemption re. Central Coast Water Authority Purchase of Supplemental Water Supplies from San Geronio Pass Water Agency

TRANSFER AND EXCHANGE AGREEMENT

This Transfer and Exchange Agreement (“Agreement”) is made and entered into as of September 15, 2022, by and between the SAN GORGONIO PASS WATER AGENCY (“SGPWA”) and the CENTRAL COAST WATER AUTHORITY (“CCWA”). SGPWA and CCWA are sometimes individually referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

A. SGPWA and CCWA are regional water agencies that provide water on a wholesale basis to retail water providers and other public agencies within their respective service areas.

B. SGPWA has a long-term water supply contract (“Water Supply Contract”) with the Department of Water Resources of the State of California (“DWR”) that permits SGPWA to receive water supply, storage and conveyance services from the State Water Project (“SWP”). Pursuant to its Water Supply Contract, SGPWA has a contractual right to the delivery of 17,300 acre-feet (“AF”) per year (“AFY”) of water from the SWP.

C. CCWA is a joint powers agency, the members of which are individual water purveyors located in the County of Santa Barbara. Pursuant to the Transfer of Financial Responsibility Agreement, the Santa Barbara County Flood Control and Water Conservation District (“SBCFCWCD”) transferred to CCWA, and CCWA accepted and assumed, all rights and obligations to the Water Supply Contract between SBCFCWCD and DWR that provides for the delivery of up to 45,486 AF from the SWP to Santa Barbara County. CCWA contracts with its member agencies and other water users (collectively, “CCWA Participants”) for the delivery of SWP to the CCWA Participants.

D. On March 28, 2022, Governor Newsom issued Executive Order N-7-22 in response to ongoing drought conditions in the state. Said Executive Order provides, among other things, that local water suppliers shall move to Level 2 of their Water Shortage Contingency Plans, which require locally-appropriate actions that will conserve water across all sectors. In addition, on August 11, 2022, Governor Newsom issued a strategy document called “California’s Water Supply Strategy, Adapting to a Hotter, Drier Future” which calls for investing in new sources of water supply, accelerating projects and modernizing how the state manages water.

E. As of the date of this Agreement, DWR has approved an allocation of water from the SWP to CCWA of 5% of the “Table A Amount,” as that term is defined by the State Water Contract, for calendar year 2022. CCWA’s allocation for 2022 is not sufficient to satisfy the projected demand of CCWA’s Participants for imported water in 2022. Accordingly, CCWA, on behalf of one of its Participants, the Carpinteria Valley Water District, would like to acquire additional water supplies in 2022.

F. SGPWA has water available to it in 2022 and has agreed to transfer up to 400 AF of its SWP supply (“Transfer Water”) to CCWA in 2022, subject to the terms and conditions hereinafter set forth herein (“Transfer”). In exchange, CCWA has agreed to return two AF for each AF of Transfer Water delivered to CCWA in 2022 (or up to 800 AF) (“Exchange Water”)

to SGPWA prior to December 31, 2032, subject to the terms and conditions hereinafter set forth herein (“Exchange”).

G. The Parties’ respective Water Supply Contracts allow for the transfer and exchange of SWP water under certain conditions and subject to DWR approval.

H. The Parties wish to enter into this Agreement to address water supply needs for this current year and to set forth the terms and conditions for the return of said water supply. The Parties desire to work collaboratively to provide for the efficient use of water supplies, in areas of the state where said supplies are needed, in light of ongoing drought conditions.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and the promises and covenants contained herein, the Parties agree as follows:

1. Term. This Agreement shall become effective upon execution by all Parties (the “Effective Date”) and shall terminate on December 31, 2032, or upon satisfaction of the Parties’ respective obligations pursuant to this Agreement, whichever is sooner.

2. Transfer of SGPWA Water in 2022. SGPWA shall transfer up to 400 AF of Transfer Water to CCWA at the Point of Delivery, as defined in Paragraph 4, prior to December 31, 2022.

3. CCWA’s Return of Exchange Water

(a) Amount and Source of Exchange Water. For each AF of Transfer Water delivered to CCWA in 2022, CCWA shall return two AF of Exchange Water to SGPWA at the Point of Delivery by December 31, 2032. The source of the Exchange Water shall be determined in CCWA’s sole discretion.

(b) Meet and Confer as to Scheduling and Sources. On or before February 1 of each year during the Term, the Parties will meet and confer to determine the schedule for return of Exchange Water and the sources of the Exchange Water. It is acknowledged that the intent of the Parties is to work together to return the outstanding Exchange Water as quickly as practicable. The following shall be taken into account while making decisions on scheduling and sources:

(i) Unless otherwise agreed by the Parties, as provided in this Paragraph 3, CCWA will return a minimum quantity of Exchange Water that is equivalent to 10 percent of the quantity of Transfer Water delivered to CCWA (or up to 80 AFY) for each year during the term of this Agreement until all Exchange Water is returned.

(ii) Upon mutual consent of the Parties in any year during the Term, the Exchange Water may be returned at a rate greater than 10 percent.

(iii) As may be determined in SGPWA’s reasonable discretion, SGPWA’s obligation to accept delivery of Exchange Water may be suspended in any year when SGPWA

has limited space to store water in the San Luis Reservoir or during very high SWP water allocation years.

(iv) As may be determined in CCWA's reasonable discretion, CCWA's obligation to return Exchange Water may be suspended during a period when DWR's allocation is less than 10%.

(c) Potential Reduction of Exchange Water. Upon mutual consent, the Parties may agree to reduce the balance of the Exchange Water through a future water exchange or financial arrangement that is acceptable in each Party's sole discretion.

(d) Balance of Exchange Water as of December 31, 2032. If any Exchange Water is still due and owing as of December 31, 2032, then the Term may be extended for two additional years by either Party upon the prior written notice to the other Party in order to complete said deliveries during that extended term.

4. Point of Delivery

(a) Both Parties have access to water supplies and conveyance capacity in the California Aqueduct and San Luis Reservoir facilities which are part of the SWP. For accounting and operational purposes, it is hereby acknowledged that the Transfer and Exchange to be made under this Agreement will be made in the San Luis Reservoir which shall be deemed to be the Point of Delivery.

(b) Neither Party is making any representation or warranty concerning the quality of the water transferred and exchanged under this Agreement at the Point of Delivery.

5. Cooperation

(a) The Parties will take the necessary actions to fulfill their respective obligations, including but not limited to coordinating with DWR to obtain DWR's approval and to facilitate the delivery of the Transfer Water and the Exchange Water to the Point of Delivery.

(b) Within 10 days after the Effective Date, SGPWA will submit a request to DWR that DWR deliver the Transfer Water to CCWA pursuant to the delivery schedule as agreed upon by the Parties. SGPWA will coordinate with DWR to confirm the quantity of Transfer available for delivery to CCWA in 2022.

(c) CCWA shall be responsible for coordinating approvals from DWR for the delivery of the Transfer Water to CCWA and for subsequent delivery to one or more of CCWA's Participants. CCWA shall be responsible for obtaining SBCFCWCD's execution of the DWR Approval Agreement.

(d) The Parties will cooperate as follows:

(i) Coordination with DWR for processing and obtaining DWR approvals necessary for the approval and implementation of this Agreement.

(ii) Coordination with DWR for delivery of the Transfer Water and Exchange Water.

(iii) SGPWA, in coordination with CCWA, will submit the water delivery schedule to DWR for delivery of the Transfer Water.

(iv) CCWA, in coordination with SGPWA, will submit water delivery schedules to DWR for deliveries of the Exchange Water.

6. Payment and Reconciliation

(a) For each AF of Transfer Water delivered to the Point of Delivery, CCWA shall pay \$1500 to SGPWA.

(b) Within seven days of the date the DWR Agreement is fully executed, CCWA shall submit a one-time payment to SGPWA in the amount of six hundred thousand dollars (\$600,000.00) (“One-Time Payment”), which payment assumes that 400 AF of Transfer Water will be delivered to CCWA on or before December 31, 2022.

(c) In the event that less than 400 AF of Transfer Water is delivered to CCWA on or before December 31, 2022, within 30 days of the delivery of any Transfer Water to the Point of Delivery, SGPWA shall refund to CCWA any overpayment for Transfer Water not delivered.

7. Costs and Expenses

(a) CCWA will be responsible for the following costs and expenses:

(i) Costs and expenses in connection with taking delivery of the Transfer Water at the Point of Delivery.

(ii) Costs and expenses in connection with delivery of the Exchange Water to the Point of Delivery.

(iii) DWR Variable charges for conveying the Transfer Water from the Point of Delivery to CCWA’s service area.

(iv) CCWA’s internal and transaction costs in connection CCWA’s activities under this Agreement including, but not limited to, costs for review and processing of required agreements, environmental documents, and other transaction costs.

(b) SGPWA will be responsible for the following costs and expenses:

(i) Costs and expenses in connection with delivering the Transfer Water to the Point of Delivery.

(ii) Costs and expenses in connection with taking delivery of the Exchange Water at the Point of Delivery.

(iii) SGPWA shall be responsible for the DWR Variable Charges for conveying the Exchange Water from the Point of Delivery to SGPWA's service area.

(iv) SGPWA's internal and transaction costs in connection SGPWA's activities under this Agreement including, but not limited to, costs for review and processing of required agreements, environmental documents, and other transaction costs.

8. Approvals and Requirements. The Transfer and Exchange provided for in this Agreement shall be subject to satisfaction of all applicable approvals and requirements and shall be governed by the terms and conditions of such approvals and any other applicable legal requirements. Each Party is responsible for satisfying their respective requirements, as applicable, including but not limited to the following:

(a) complying with Article 57(g) of each Party's respective Water Supply Contract;

(b) obtaining all permits, consents, entitlements, and approvals necessary to perform this Agreement; and

(c) fully and completely complying with the California Environmental Quality Act ("CEQA"). The lead agency for the purposes of CEQA will be SGPWA. The Parties shall cooperate with each other and DWR in determining and completing any environmental reviews associated with the activities under this Agreement. To the extent required, the Parties shall share equally the costs for a consultant, if needed, to prepare environmental documents.

9. Conditions Precedent. This Agreement is subject to each and all the following conditions precedent:

(a) DWR's written approval of the Transfer and Exchange. SGPWA and CCWA anticipate that DWR's approval will be provided in the form of a Change in Point of Delivery Agreement ("DWR Approval Agreement"). In the event of a conflict between the terms of this Agreement and the DWR Approval Agreement, the terms of the DWR Approval Agreement shall govern.

(b) SBCFCWCD's execution of the DWR Approval Agreement, on behalf of CCWA.

10. Termination.

(a) This Agreement may be terminated in accordance with the following:

(i) Default. In the event a Party fails to perform any of its obligations under this Agreement ("Defaulting Party"), the other Party ("Non Defaulting Party") may demand in writing that the Defaulting Party cure such non-performance. The Defaulting Party shall have 90 days after receipt of such demand to cure the default. In the event the Defaulting Party fails to cure the default within the 90 period, the Non Defaulting Party may take any and all actions in law or in equity which may be available to enforce this Agreement.

(ii) Mutual consent. This Agreement may be terminated at any time by mutual written consent of both Parties.

(iii) Insufficient SWP Allocations. SGPWA may elect, in its sole and absolute discretion, to terminate this Agreement if SWP allocations issued by the DWR fall below 5% for calendar year 2022.

(iv) Failure of One or More Conditions Precedent. In the event any condition precedent to this Agreement has not been satisfied by December 1, 2022, due to circumstances outside of the responsibility or control of the Parties, as applicable, the Parties will meet and confer to discuss whether to amend, suspend, or terminate this Agreement. If mutual agreement is not reached on or before December 15, 2022, then either Party may terminate this Agreement.

(b) Return of One-Time Payment. In the event this Agreement is terminated prior to delivery of the Transfer Water to CCWA, SGPWA shall return the One-Time Payment within 30 days of the date of termination.

11. Force Majeure. The respective obligations of each party shall be suspended while it is prevented from complying by acts of God, war, riots, civil insurrection, acts of civil or military authority, fires, floods, earthquakes, labor accidents or incidents, rules and regulations of any governmental agency (other than the Parties themselves), or other cause of the same or other character any of which are beyond the reasonable control of either Party (collectively, “Force Majeure”). In the event of a suspension due to the Force Majeure, the Party whose obligations are suspended shall promptly notify the other Party in writing of such suspension and the cause and estimated duration of such suspension.

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

13. Power and Authority to Execute and Perform this Agreement. Each Party has the power and authority to enter into this Agreement and to perform its obligations and all necessary approvals and authorizations have been obtained for entering into this Agreement.

14. General Provisions

(a) Remedies Not Exclusive. Remedies provided in this Agreement for enforcement of its terms are intended and shall be construed as cumulative rather than exclusive and shall not be deemed to deprive either Party from also using any other remedies provided by this Agreement or by law.

(b) Subject to Applicable Law. The Parties acknowledge and agree that this Agreement and the rights and obligations of the Parties shall be subject to the laws governing public agencies as they now exist and as they may be amended or codified by the Legislature of the State of California.

(c) Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to its subject matter, and supersedes all prior agreements, oral or written, and all prior or contemporaneous discussions or negotiations between the Parties. This Agreement cannot be amended except in writing signed by both Parties.

(d) No Waiver. Any failure or delay on the part of either Party to exercise any right under this Agreement shall not constitute a waiver of the right and shall not preclude such Party from exercising or enforcing the right, or any other provision of this Agreement, on any subsequent occasion.

(e) Notices. All notices or other communications required or desired to be given pursuant to this Agreement shall be in writing and shall be delivered in person, by email, or sent by a reputable overnight courier service providing delivery confirmation. Each such notice or communication shall be deemed to be duly given when hand-delivered or one day after being emailed or deposited for next day delivery with an overnight courier. Each such notice or communication shall be addressed to the Parties at their respective addresses set forth next to their signatures below, or such other address as a Party notifies the other in writing.

(f) Headings; Section References. Captions and headings appearing in this Agreement are inserted solely as reference aids for ease and convenience; they shall not be deemed to define or limit the scope or substance of the provisions they introduce, nor shall they be used in construing the intent or effect of such provisions.

(g) Severability. If any provision of this Agreement is finally determined by a court to be invalid or unenforceable as written, the provision shall, if possible, be enforced to the extent reasonable under the circumstances and otherwise shall be deemed deleted from this Agreement. The other provisions of this Agreement shall remain in full force and effect so long as the material purposes of the Agreement and understandings of the Parties are not impaired.

(h) Binding Effect on Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and permitted assigns.

(i) Attorneys' Fees. In the event that any action or proceeding is brought to enforce one or more of the terms of this Agreement, to restrain an alleged violation of this Agreement, or to determine the validity of this Agreement or any part, the prevailing Party in any such action or proceeding shall be entitled to recover from the other its reasonable costs and attorneys' fees, in addition to any other remedies available to it in law or equity. If both Parties are successful in one or more causes of action during any such proceeding, the costs and fees shall be apportioned as determined by the court.

(j) Governing Law and Venue. This Agreement is a contract governed in accordance with the laws of the State of California. The Parties hereby agree that venue for any action brought to enforce the terms of this Agreement shall be in a court of competent jurisdiction in the County of San Bernardino, California, and consent to the jurisdiction thereof.

(k) Counterparts; Delivery by Email; Electronic Signatures. The Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CENTRAL COAST WATER AUTHORITY SAN GORGONIO PASS WATER AGENCY

Date: _____

Date: _____

By: _____

By: _____

Ray Stokes
Executive Director

Lance Eckhart, PG, CHG
General Manager/Chief Hydrogeologist

Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427
Attn: Ray Stokes, Executive Director
Email: RAS@ccwa.com

San Gorgonio Pass Water Agency
1210 Beaumont Ave.
Beaumont, CA 92223
Attn: Lance Eckhart, General Manager
Email: LEckhart@sgpwa.com

CENTRAL COAST WATER AUTHORITY

2022 SUPPLEMENTAL WATER PURCHASE PROGRAM

PURCHASE AGREEMENT

re. San Geronio Pass Water Agency

This Supplemental Water Purchase Program Purchase Agreement (“**Agreement**”) is made as of September [REDACTED], 2022 by

CENTRAL COAST WATER AUTHORITY (“**CCWA**”)

and

CARPINTERIA VALLEY WATER DISTRICT (“**Contractor**”) (each, a “**Party**,” and together, the “**Parties**”).

RECITALS

A. Pursuant to the Transfer of Financial Responsibility Agreement, the Santa Barbara County Flood Control and Water Conservation District (“**SBCFCWCD**”) transferred to CCWA, and CCWA accepted and assumed, all rights and obligations to the State Water Supply Contract between SBCFCWCD and the Department of Water Resources (“**DWR**”) that provides for the delivery of water from California’s State Water Project to portions of Santa Barbara County.

B. Additionally, CCWA owns, operates and maintains water conveyance, storage and treatment facilities to deliver water made available to CCWA pursuant to the State Water Supply Contract to cities, water districts and other water purveyors and users in portions of Santa Barbara County pursuant to one or more water supply agreements (collectively, the “**CCWA Participants**”).

C. CCWA and Contractor are parties to a water supply agreement (“**Water Supply Agreement**”), as amended from time to time, related to the matters described in Recitals A and B.

D. Due to persistent drought conditions, it is anticipated that the State Water Project will be unable to deliver to CCWA the quantity of water needed by CCWA for delivery to the CCWA Participants. Accordingly, CCWA implemented the 2022 Supplemental Water Purchase Program.

E. CCWA and Contractor entered into a 2022 Supplemental Water Purchase Program Participation Agreement (“**Participation Agreement**”). Pursuant to Contractor’s Participation Agreement, CCWA has identified an opportunity to purchase a source of supply from San Geronio Pass Water Agency (“**Seller**”) to supplement the supply provided for in Contractor’s Water Supply Agreement (“**Supplemental Water**”) on behalf of Contractor and Contractor has determined to participate in the purchase of Supplemental Water and has submitted to CCWA a Statement of Intent (as that term is defined in the Participation Agreement) related thereto. All

references to the “purchase” of water herein include both transfers of water and exchanges of water.

F. The Parties anticipate that numerous approvals will be required to effectuate CCWA’s acquisition of Supplemental Water from Seller and delivery to Contractor (the “**Transfer/Exchange**”), including DWR’s approval of the Transfer/Exchange in the form of a contract (“**DWR Approval Agreement**”), and that the DWR Approval Agreement will require that SBCFCWCD, as party to the State Water Contract, execute the DWR Approval Agreement on behalf of CCWA and further, that as a condition precedent to executing the DWR Approval Agreement, SBCFCWCD will require CCWA to enter into an SBCFCWCD Agreement, as this term is defined in Paragraph 4.3 of this Agreement, to indemnify and release the SBCFCWCD from any liabilities arising from or related to the Transfer/Exchange.

G. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to the proposed Transfer/Exchange.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual representations, warranties, covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follow:

AGREEMENT

1. Purpose and Intent. The purpose of this Agreement is to provide for CCWA’s acquisition and delivery of Supplemental Water on behalf of Contractor in exchange for Contractor’s payment of CCWA’s Total Expenses, as that term is defined in Paragraph 5.2, and assumption of all liability arising out of and associated with such activities. It is the intention of the Parties that neither CCWA nor any CCWA Participant that is not the Contractor shall incur any expense or liability related to or arising under this Agreement or the related Transfer/Exchange.

2. Compliance with all Laws. The Parties’ respective obligations pursuant to this Agreement are contingent upon compliance with all applicable laws and legal requirements associated with the Transfer/Exchange, including but not limited to the California Environmental Quality Act (Pub. Res. Code, § 21000 et seq.) (“**CEQA**”), and securing any required consents, approvals, permits or orders necessary to effectuate the Transfer/Exchange.

3. Acquisition, Delivery, Acceptance and Assumption

3.1 CCWA agrees to acquire and deliver to Contractor, and Contractor agrees to purchase and accept delivery of, Supplemental Water to be provided to CCWA by Seller pursuant to, and subject to the terms and conditions of (a) the proposed agreement between CCWA and Seller (“**Transfer/Exchange Agreement**”), a copy of which is attached hereto as **Exhibit A**, and (b) the DWR Approval Agreement. The quantity of Supplemental Water being purchased by CCWA for Contractor (“**Purchase Amount**”) shall be up to 400 acre-feet.

4. Procedure and Conditions

4.1 CCWA's Board of Directors will hold a regular meeting to consider whether to approve or deny the Transfer/Exchange Agreement by adopting a resolution or other appropriate document in compliance with the State Water Contract and all applicable laws and authorizing the CCWA Executive Director to execute all agreements necessary to effectuate the Transfer/Exchange, as further provided in this Paragraph 4.

4.2 CCWA's Board of Directors' consideration of the Transfer/Exchange Agreement is expressly conditioned upon, and subject to, all of the following:

4.2.1 CCWA, acting in its sole and absolute discretion, shall comply with CEQA and all other applicable laws.

4.2.2 Contractor shall have delivered the deposit and all other payments due to CCWA pursuant to this Agreement and shall not be in default of this Agreement or Contractor's Participation Agreement.

4.2.3 Contractor shall have certified by resolution or other appropriate document all of the matters set forth in this Paragraph 4.2.3 and delivered said certification to CCWA.

a. Contractor has complied with all applicable laws, including as applicable, CEQA.

b. Contractor has provided any required notices to public agencies and the public.

c. Contractor is informed and believes that the Transfer/Exchange will not harm other CCWA Participants or State Water Contractors.

d. Contractor is informed and believes that the Transfer/Exchange will not adversely impact CCWA or State Water Project operations.

e. Contractor is informed and believes that the Transfer/Exchange will not affect its ability to make all payments, including payments when due under the Water Supply Agreement and this Agreement.

f. Contractor has considered the potential impacts of the Transfer/Exchange within its service area.

4.1 CCWA Execution of Transfer/Exchange Agreement. In the event CCWA's Board of Directors approves the Transfer/Exchange, and provided that Contractor has satisfied all obligations and conditions precedent set forth in this Agreement, CCWA's Executive Director will endeavor to timely execute the Transfer/Exchange Agreement with Seller.

4.2 CCWA Review of DWR Approval Agreement. Upon receipt of the proposed DWR Approval Agreement for the Transfer/Exchange, CCWA's Executive Director will endeavor to timely review the DWR Approval Agreement to determine whether it is consistent with the terms and conditions of the Transfer/Exchange Agreement.

4.3 SBCFCWCD Agreement

4.3.1 As may be required to obtain the SBCFCWCD's execution of any DWR Approval Agreement, Contractor requests that CCWA agree to indemnify SBCFCWCD by executing an Assignment, Assumption, Indemnification and Release Agreement in the form attached hereto as **Exhibit B** ("**SBCFCWCD Agreement**"). Upon CCWA's execution of the SBCFCWCD Agreement, as provided in this Paragraph 4.3, the Parties agree and acknowledge that Contractor agrees to and shall be bound to CCWA under the terms of the SBCFCWCD Agreement, just as CCWA is bound to SBCFCWCD by the terms of the SBCFCWCD Agreement. Contractor also shall be bound to CCWA under the terms of any other commitments by CCWA in connection with the Transfer/Exchange, just as CCWA is bound under said commitments.

4.3.2 Upon CCWA's determination that the DWR Approval Agreement is consistent with the terms and conditions of the Transfer/Exchange Agreement, and provided that Contractor has satisfied all obligations and conditions precedent set forth in this Agreement, and further provided that CCWA's Board of Directors has approved the Transfer/Exchange, CCWA's Executive Director will endeavor to timely execute and deliver the SBCFCWCD Agreement to SBCFCWCD and request SBCFCWCD's execution of the DWR Approval Agreement on behalf of CCWA.

4.4 Delivery. In the event DWR approves the Transfer/Exchange pursuant to the terms and conditions of the State Water Contract and all contracting parties to the DWR Approval Agreement execute the DWR Approval Agreement, CCWA shall coordinate with DWR and arrange for delivery of the Supplemental Water to Contractor pursuant to the terms and conditions of the DWR Approval Agreement, the Transfer/Exchange Agreement, and Contractor's Water Supply Agreement. In the event of a conflict between this Agreement and the Water Supply Agreement, the terms and conditions of this Agreement shall prevail.

4.5 Failure of Conditions. In the event DWR approval is not obtained, or all contracting parties to the DWR Approval Agreement fail to execute the DWR Approval Agreement, CCWA may terminate this Agreement as provided in Paragraph 11.2.

5. **Allocation of Costs; Deposit; Contractor Payment**

5.1 Contractor shall pay to CCWA all of CCWA's Total Expenses (as defined in Paragraph 5.2).

5.2 "**Total Expenses**" shall include: (i) all payments made by CCWA to Seller pursuant to the Transfer/Exchange Agreement ("**Transfer/Exchange Agreement Expenses**"), (ii) all water required to be returned to Seller pursuant to the Transfer/Exchange Agreement ("**Exchange Water**"); (iii) all costs incurred by CCWA pursuant to the DWR Approval Agreement, and (iv) all other out-of-pocket expenditures made by CCWA pursuant to this Agreement ("**CCWA Expenses**"). Exchange Water may include any water available to Contractor that satisfies the terms and conditions of the Transfer/Exchange Agreement. CCWA Expenses include, but not be limited to, consultant and legal expenses, any expenses associated with CCWA's compliance with CEQA, any expenses associated with securing any required approvals, any expenses incurred by CCWA in defense of this Agreement or any other agreement related to the Transfer/Exchange to which

CCWA is a party, including but not limited to the Transfer/Exchange Agreement and the SBCFCWCD Agreement, and any other costs related to or arising out of the Transfer/Exchange or this Agreement.

5.3 Deposit. Prior to execution of this Agreement, CCWA prepared and delivered to Contractor an estimate of the Contractor's anticipated financial obligations hereunder with respect to the Transfer/Exchange. Concurrently with execution of this Agreement, Contractor shall place on deposit with CCWA the amount stated in the estimate.

5.4 Invoices and Payments. In the event CCWA reasonably determines that the deposit paid by Contractor to CCWA pursuant to Paragraph 5.3 will be insufficient to cover Contractor's financial obligations hereunder, CCWA is authorized to deliver to the Contractor a revised estimate of those financial obligations and an invoice for an additional deposit. Contractor shall remit the amount stated in the invoice within thirty (30) days of receipt.

5.5 Reconciliation. Upon termination of this Agreement, CCWA shall provide to Contractor an accounting of the actual Total Expenses Contractor is obligated to pay hereunder. Any overpayment by Contractor shall be promptly refunded by CCWA and any underpayment by Contractor shall be promptly paid to CCWA. For clarity, in the event that (i) the conditions precedent set forth in Paragraph 4.2 are not satisfied, and/or (ii) CCWA approval or any other approval required by the Transfer/Exchange Agreement is not received, CCWA shall only be obligated to refund Contractor's deposit of its Transfer/Exchange Agreement Expenses that are returned to CCWA from Seller. CCWA shall not be obligated to refund any CCWA Expenses incurred.

6. Cooperation; Contractor's Representative

6.1 Cooperation. Contractor acknowledges that CCWA's ability to purchase Supplemental Water for and deliver Supplemental Water to Contractor, and to fulfill all other obligations of the Transfer/Exchange Agreement, including but not limited to the return of Exchange Water to Seller, requires Contractor's cooperation. Contractor shall reasonably cooperate with CCWA, at CCWA's request, in all ways as may be necessary to carry out the terms and conditions of this Agreement.

6.2 Contractor's Representative. Concurrent with Contractor's execution of this Agreement, in the signature block of this Agreement, Contractor shall identify and provide the name and contact information for Contractor's authorized representative ("**Authorized Representative**") with full authority to grant, provide and enter into, by and on behalf of Contractor, any and all consents, approvals, instructions, authorizations or agreements by Contractor in connection with this Agreement (collectively, "**Contractor Directions**"). CCWA shall be entitled to rely upon, without inquiry, the full authority of Contractor's designated representative. Without limiting the foregoing, Contractor's Representative shall be solely responsible for requesting and obtaining in advance any special or further authorizations on behalf of Contractor that may be necessary in connection with any Contractor Direction given to CCWA hereunder and CCWA may assume, without further inquiry, that all such authorizations have been obtained. Contractor may designate a different individual as its representative in connection with this Agreement at any time by providing written notice to CCWA pursuant to this Paragraph.

7. Obligation in the Event of Default

7.1 Written Demand Upon Failure to Make Payment or Perform Obligation

7.1.1 Upon Contractor's failure to make any payment in full when due under this Agreement or to perform any other obligation hereunder, CCWA shall make written demand upon Contractor, and if such failure is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default.

7.1.2 Upon failure of CCWA to perform any obligation of CCWA hereunder, Contractor shall make written demand upon CCWA, and if said failure is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default. Contractor shall also provide a copy of the notice of such demand to CCWA.

7.2 Contractor's Failure to Make Payment. Upon Contractor's failure to make any payment or to perform any other obligation hereunder, which failure constitutes a default under this Agreement, Contractor agrees that CCWA may take any or all of the following actions, in its sole and absolute discretion:

7.2.1 CCWA may terminate this Agreement, as provided in Paragraph 11.2.

7.2.2 CCWA may use any funds held by CCWA as credits payable to Contractor, including "O&M Year-end Credits" and any other credits held by CCWA for the benefit of Contractor not already designated to pay an obligation of Contractor, and any cash that Contractor has on deposit with CCWA in the "DWR Reserve Fund" or the "Rate Coverage Reserve Fund," to satisfy Contractor's obligations pursuant to this Agreement, in whole or in part. CCWA shall provide to Contractor an accounting of any such Contractor credits or deposits applied.

7.2.3 CCWA may use any water otherwise available for delivery by CCWA to CVWD pursuant to Contractor's Water Supply Agreement to satisfy Contractor's obligation to return Exchange Water to Seller pursuant to this Agreement, in whole or in part.

8. Disclaimer of Liability

8.1 Contractor acknowledges and agrees that CCWA is in good faith facilitating the Transfer/Exchange on behalf of Contractor, in exchange for Contractor's full reimbursement of CCWA's Total Expenses and full assumption of CCWA's liabilities related to or arising out of this Agreement and any related agreements pertaining to the Transfer/Exchange. As a result, it is the intent and agreement of the Contractor and CCWA that CCWA shall not incur any cost or liability for such assistance to Contractor for any cause, except for CCWA's sole negligence, willful misconduct, or breach of contract.

8.2 To the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, nor any of the CCWA Participants who are not the Contractor, shall be liable to Contractor pursuant to this Agreement or otherwise for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses in the event any condition precedent to this Agreement is not satisfied, any approval required to permit the

Transfer/Exchange is not obtained or is conditioned in any manner that is not acceptable to Contractor, or Supplemental Water is not delivered to CCWA, or CCWA is unable to deliver the Supplemental Water to Contractor for any reason, except for CCWA's sole negligence, willful misconduct, or breach of contract.

9. Indemnification and Defense

9.1 Indemnification. Contractor ("**Indemnifying Party**") agrees to indemnify, defend, protect and hold harmless CCWA and its officers, directors, employees, agents, consultants and attorneys and CCWA Participants who are not the Contractor (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against any and all claims, actions, liabilities, damages, losses and expenses, including attorneys', paralegals', consultants', and experts' fees, costs and expenses, arising from or relating to this Agreement and any related agreements pertaining to the Transfer/Exchange, whether claims, actions, liabilities, damages, losses or expenses arise prior to or following termination or expiration of this Agreement, except to the extent any liability, loss, cost or expense is caused by the Indemnified Party's sole negligence, willful misconduct, or breach of contract.

9.2 Defense of Action. If requested by the Indemnified Party, the Indemnifying Party shall assume on behalf of the Indemnified Party, and conduct with due diligence and in good faith, the defense of such Indemnified Party with counsel reasonably satisfactory to the Indemnified Party; provided, however, that if the Indemnifying Party is a defendant in any such action and the Indemnified Party reasonably believes that there may be legal defenses available to it that are inconsistent with those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to participate in its defense of such action at the Indemnifying Party's expense. If any claim, action, proceeding or investigation arises as to which the indemnity provided for in Paragraph 9.1 applies, and the Indemnifying Party fails to assume the defense of such claim, action, proceeding or investigation after having been requested to do so by the Indemnified Party, then the Indemnified Party may, at the Indemnifying Party's expense, contest or, with the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, settle such claim, action, proceeding or investigation. All costs and expenses incurred by the Indemnified Party in connection with any such contest or settlement shall be paid upon demand by the Indemnifying Party.

10. Remedies

10.1 If either Party does not timely perform its obligations pursuant to this Agreement, the other Party shall be entitled to proceed to protect and enforce its rights as provided in this Agreement by such appropriate judicial proceedings as said Party may shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested by this Agreement or by law. The provisions of this Agreement and the duties of each Party and of its elected officials, officers, agents, or employees shall be enforceable by CCWA by mandamus or other appropriate suit, action, or proceeding in any court of competent jurisdiction.

10.2 The Parties agree that in the event of a default or breach of this Agreement, the other Party shall have all remedies in law or equity available to them, including specific

performance and termination of this Agreement, and no remedy or election shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

11. Term; Termination

11.1 Except as otherwise provided in this Agreement, the term of this Agreement shall commence on the last date this Agreement is executed by both Parties (“**Effective Date**”) and shall continue until the termination of the DWR Approval Agreement, or until Contractor’s final payment to CCWA of all costs attributable to this Agreement, whichever is later.

11.2 In the event any of the conditions required by this Agreement are not satisfied, CCWA may terminate this Agreement with notice to Contractor.

11.3 In the event Contractor fails to make any payment required by this Agreement, CCWA may terminate this Agreement with notice to Contractor.

11.4 This Agreement may be terminated with the mutual consent of CCWA and the Contractor.

11.5 Notwithstanding any provision in this Agreement to the contrary, the payment obligations of Contractor to CCWA under this Agreement shall continue in full force and effect and the obligations set forth in Paragraphs 4.3, 7, 8, 9, and 10 shall survive in full force and effect until the expiration of the applicable statute of limitations, or any claim or litigation concerning this Agreement within the applicable statute of limitations is finally resolved, whichever occurs later.

12. General Provisions

12.1 Assignability. This Agreement shall not be assigned by Contractor without the prior written consent of CCWA, which consent shall not be unreasonably withheld. Any attempted assignment without the prior written approval of CCWA shall be void.

12.2 Attorneys’ Fees. In any action to enforce or interpret this Agreement, the prevailing party shall recover from the non-prevailing party, in addition to any damages, injunctive or other relief, all costs (whether or not allowable as “cost” items by law) reasonably incurred by the prevailing party at, before and after trial or on appeal, or in any bankruptcy proceeding, including attorneys’ and witness (expert and otherwise) fees, deposition costs, copying charges and other expenses.

12.3 Construction. The provisions of this Agreement should be liberally construed to effectuate its purposes. The language of all parts of this Agreement shall be construed simply according to its plain meaning. Any rule of contract interpretation to the effect that ambiguities or uncertainties are to be interpreted against the drafting party or the party who caused it to exist shall not be employed in the interpretation of this Agreement or any document executed in connection herewith, as each party has participated in the drafting of this document and had the opportunity to have their legal counsel review it. The Recitals to this Agreement are incorporated herein and made a part hereof by this reference. The headings in this Agreement are for convenience of

reference only and shall not be used in construing this Agreement. The defined terms in this Agreement shall apply equally to both the singular and the plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The terms “person” and “party” include individuals, corporations, partnerships, trust, and other entities and associations. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

12.4 Counterparts; Electronic Signatures; Delivery by Email. The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which when taken together shall constitute one and the same document. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

12.5 Due Authority. Each Party hereby represents and warrants that the individual(s) executing this Agreement are expressly authorized to do so on behalf of such Party and to bind that party to perform all acts required by this Agreement, and that the consent, approval, or execution of or by any additional person or party is not required to legally bind that party to the terms and conditions of this Agreement.

12.6 Entire Agreement; Modification. The making, execution and delivery of this Agreement have not been induced by any representations, statements, warranties or agreements other than those herein expressed. This Agreement constitutes the entire agreement and understanding of the Parties concerning the subject matter hereof. This Agreement supersedes all prior negotiations, agreements, representation and understandings of the Parties relating to the subject matter hereof, including Participation Agreements from prior years. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all Parties.

12.7 Good Faith. The Parties agree to exercise their best efforts and utmost good faith to effectuate all the terms and conditions of this Agreement and to execute such further instruments and documents as are necessary or appropriate to effectuate all of the terms and conditions of this Agreement.

12.8 Governing Law; Venue. This Agreement and all matters relating to this Agreement shall be governed by the laws of the State of California, without regard to principles of conflicts of laws. Venue for any disputes under this Agreement shall be in Santa Barbara County, California.

12.9 Legal Advice. Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Agreement and the meaning of the provisions of this Agreement.

12.10 No Agency. This Agreement shall not create, nor shall it be construed to create, any agency, partnership or similar relationship among the Parties.

12.11 Notices. All notices, approvals, acceptances, requests, demands and other communications required or permitted under this Agreement, to be effective, shall be in writing and shall be delivered, either in person or by email or by Federal Express or other similar overnight delivery service, to the Authorized Representative of the Party to whom the notice is directed. Any communication given by email shall be deemed delivered on such mailing date and any communication given by overnight service shall be deemed delivered one (1) business day after the dispatch date. Either party may change its email and overnight service addresses by giving the other party written notice of its new addresses.

12.12 Severability. If any provision of this Agreement or its application to any party or circumstance is held invalid or unenforceable, then the remainder of this Agreement and the affected provision to the extent it is not so held shall remain valid and enforceable and in full force and effect. The forgoing shall not apply, however, if the invalid or unenforceable provision in question or, as applicable, the portion or application thereof held invalid or unenforceable, is a fundamental and material provision of this Agreement.

12.13 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

12.14 Third Party Beneficiary; Enforcement. The Parties agree that this Agreement is for the benefit of (i) Contractor, (ii) CCWA, and (iii) all CCWA Participants who are not the Contractor, and all of the aforementioned entities and persons shall be entitled to enforce the provisions of this Agreement.

12.15 Time of the Essence. Except as otherwise provided in this Agreement, time is of the essence with respect to this Agreement and the performance of each and every obligation contained in this Agreement.

12.16 Time for Performance. Notwithstanding any provision of this Agreement to the contrary, in the event a Party fails to perform any obligation under this Agreement (other than an obligation to pay money) because of strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, government or judicial actions, inclement weather or other causes beyond its reasonable control, that failure will not constitute a default under this Agreement, and the performance in question will be excused during the period in which the cause for failure continues.

–signatures follow on next page–

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

CENTRAL COAST WATER AUTHORITY

By: _____ Date: _____
Name: Ray A. Stokes
Title: Executive Director

Approved as to form:

Brownstein Hyatt Farber Schreck

By: _____
Name: Stephanie Osler Hastings

Authorized Representative:

Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427
Attn: Ray Stokes, Executive Director
Telephone: (805) 688-2292
Email: RAS@ccwa.com

CARPINTERIA VALLEY WATER DISTRICT

By: _____ Date: _____
Name: Robert McDonald
Title: General Manager

Approved as to form:

Myers, Widders, Gibson, Jones & Feingold, LLP

By: _____

Name: Cari Ann Potts

Authorized Representative:

Carpinteria Valley Water District
1301 Santa Ynez Ave.
Carpinteria, CA 93013
Attn: Robert McDonald, General Manager
Telephone: (805) 263-4826
Email: Bob@cvwd.net

Exhibit A: Transfer/Exchange Agreement between CCWA and Seller

Exhibit B: Form of SBCFCWCD Agreement

Exhibit A

Transfer/Exchange Agreement between CCWA and Seller

Exhibit B

Form of SBCFCWCD Agreement

ASSIGNMENT, ASSUMPTION, INDEMNIFICATION AND RELEASE AGREEMENT

San Geronio Pass Water Agency Transfer

THIS ASSIGNMENT, ASSUMPTION, INDEMNIFICATION AND RELEASE AGREEMENT (the “**Agreement**”) made as of [REDACTED], 2022, by and between Santa Barbara County Flood Control and Water Conservation District (the “**District**”) and the Central Coast Water Authority (“**CCWA**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions.

RECITALS:

- A. The District is party to a long-term water supply contract with the Department of Water Resources of the State of California (“**DWR**”) (“**Water Supply Contract**”) that provides for the delivery of water from the State Water Project (“**SWP**”) to Santa Barbara County.
- B. CCWA was formed by individual water providers located in the County of Santa Barbara pursuant to a joint exercise of powers agreement. In 1991, the District and CCWA entered into the Transfer of Financial Responsibility Agreement, which, among other things, obligates CCWA to accept responsibility for all financial obligations of the District under the Water Supply Contract. CCWA contracts with its member agencies and other water users (collectively, “**CCWA Participants**”) for the delivery of SWP to the CCWA Participants.
- C. On March 18, 2022, in light of developing drought conditions throughout California, DWR notified the parties that contract with DWR for SWP water (“**State Water Contractors**”) that SWP deliveries would be reduced to five percent of each State Water Contractor’s annual allocation (or “**Table A Amount**”) of the SWP water supply for the upcoming water year.
- D. CCWA, on behalf of one CCWA Participant, currently needs water to supplement its annual SWP water supplies. For that purpose, CCWA seeks to purchase from San Geronio Pass Water Agency (“**SGPWA**”) up to 400 acre-feet (“**AF**”) of SGPWA’s Table A Amount in 2022 (“**Transfer/Exchange**”). SGPWA is headquartered in Riverside County and SGPWA’s service area is in Riverside County.
- E. Pursuant to the Transfer and Exchange Agreement between CCWA and SGPWA (“**Transfer/Exchange Agreement**”), a true and correct copy of which is attached hereto as **Exhibit A**, CCWA shall pay SGPWA \$1,500 per AF delivered to CCWA in 2022, and, prior to December 31, 2032, CCWA will return two AF to SGPWA for each AF of water delivered to CCWA in 2022. San Luis Reservoir shall be the point of transfer for the deliveries.

- F. The terms and conditions of the proposed Transfer are described in the Transfer Agreement and in the agreement, SWPAO # XXXXX, between the District, SGPWA, and DWR that provides DWR's approval of the Transfer/Exchange ("DWR Agreement"), a true and correct copy of which is attached hereto as **Exhibit B** and incorporated herein by this reference.
- G. On September 22, 2022, CCWA's Board of Directors adopted Resolution No. 2022-XX approving the Transfer/Exchange and agreeing to be bound by the DWR Agreement, a true and correct copy of which is attached hereto as **Exhibit C** and incorporated herein by this reference.
- H. On September XX, 2022, in compliance with the California Environmental Quality Act, CCWA's Executive Director filed a Notice of Exemption for the Transfer/Exchange with the Clerk of the Board in Santa Barbara and Riverside counties and with the State Clearinghouse in conformance with the procedures provided for the filing of such notices in the California Environmental Quality Act (CEQA) and the CEQA Guidelines.
- I. CCWA has requested that the District enter into the DWR Agreement "on behalf of CCWA."
- J. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to the DWR Agreement.

AGREEMENT

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

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

Agreement to the same extent as if it had been an original party to said instrument and accepts and agrees to perform all of the obligations of the District therein.

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

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

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

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

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

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

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

—Signatures follow on next page—

DISTRICT

SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER CONSERVATION
DISTRICT

Water Agency Manager

APPROVED AS TO FORM:
County Counsel

By: _____
County Counsel

CCWA

CENTRAL COAST WATER AUTHORITY

By: _____
Ray Stokes, Executive Director

APPROVED AS TO FORM:
General Counsel

By: _____
Brownstein Hyatt Farber Schreck
Stephanie Osler Hastings

EXHIBIT A

Transfer and Exchange Agreement between CCWA and SGPWA

EXHIBIT B

DWR Agreement

Exhibit C

CCWA Resolution No. 2022-XX

Notice of Exemption

To: Office of Planning and Research
Post Office Box 3044, Room 113
Sacramento, CA 95812-3044

From: Central Coast Water Authority
255 Industrial Way
Buellton, CA 93427

Clerk of the Board
County of Santa Barbara
105 E. Anapamu Street, Room 407
Santa Barbara, CA 93101

County Clerk County of Riverside
2720 Gateway Drive
Riverside, CA 92507

Project Title: 2022 Central Coast Water Authority Water Purchase of Supplemental Water Supplies from San Geronio Pass Water Agency

Location – Specific: Existing State Water Project (SWP) facilities to existing turnouts in Santa Barbara and Riverside Counties. The SWP includes facilities located throughout the State of California. The SWP is owned and operated by the California Department of Water Resources (DWR), headquartered in Sacramento, California. Santa Barbara County Flood Control and Water Conservation District contracts with DWR for the delivery of SWP water to Santa Barbara County (SWP Contract). The Central Coast Water Authority (CCWA) has assumed responsibility for the SWP Contract. CCWA is headquartered in Santa Barbara County and CCWA's service area is located in Santa Barbara County. The San Geronio Pass Water Agency (SGPWA) contracts with DWR for the delivery of SWP water to Riverside County and also delivers non-SWP water within its service area located in Riverside County.

Location – County: Santa Barbara and Riverside Counties

Description of Activity: Due to prolonged drought conditions and five percent SWP allocations for 2022, the Carpinteria Valley Water District, a CCWA participant, currently needs additional water supplies to supplement its 2022 SWP supplies. On behalf of CVWD, CCWA will engage in the transfer and exchange of water whereby SGPWA will make available for transfer to CCWA for delivery to CVWD up to 400 acre-feet (AF) of SGPWA's 2022 Annual Table A Amount, as that term is defined by the State Water Contract. CCWA will pay SGPWA \$1,500 for every AF of SWP water delivered to CCWA in 2022, and before December 31, 2032, CCWA will return 2 AF of CVWD's Table A Amount for each AF of water delivered to CCWA in 2022. CCWA will not be required to return water in years when the DWR allocation is less than 10 percent. All water returned to SGPWA by CCWA shall be water that otherwise would have been available for delivery to CVWD. The point of delivery for the deliveries is San Luis Reservoir, a DWR facility. All water delivered to CCWA shall be used entirely within CCWA's service area and within the service area of CVWD.

Name of Public Agency Approving or Carrying Out Activity: Central Coast Water Authority. Other approving agencies include: California Department of Water Resources, Santa Barbara County Flood Control and Water Conservation District, and San Geronio Pass Water Agency.

Exempt Status:

- Ministerial
- Declared Emergency
- Emergency Project
- Categorical Exemption
- Statutory Exemption (Not a Project Under CEQA)

Reasons why activity is exempt:

- a. The transfer will facilitate the delivery of SWP water from one SWP contractor to another, using only existing DWR facilities and existing facilities in Santa Barbara and Riverside Counties and is intended to

meet existing uses of water and would not support new development or a change in land use. (14 Cal. Code Regs. §§ 15061(b)(2), 15061(b)(3), 15301.)

- b. Any impact associated with the reduced availability of SWP water to CVWD when water is returned to SGPWA will be negated by CVWD's existing methods of managing its water supply portfolio, including but not limited to those addressed in its Urban Water Management Plan, such that there is no possibility that the transfer will have a significant effect on the environment. (14 Cal. Code Regs. §§ 15061(b)(2), 15061(b)(3), 15301.)
- c. The transfer is entirely within the authorized SWP place of use.
- d. None of the exceptions to use of an exemption set forth in CEQA Guidelines section 15300.2 apply and the Transfer will not have a significant impact on the environment.

Agency Contact Person: Ray Stokes

Telephone: (805) 688-2292

Signature: _____

Date: _____

Ray Stokes

Title: Executive Director, Central Coast Water Authority

Date received for filing OPR: _____