



A Meeting of the  
**BOARD OF DIRECTORS  
OF THE  
CENTRAL COAST WATER AUTHORITY**

will be held at 9:00 a.m., on Thursday, June 27, 2024  
at 255 Industrial Way, Buellton, California 93427

Members of the public may participate by video call or telephone via  
URL: <https://meetings.ringcentral.com/j/1478305541>  
or by dialing (623)404-9000 and entering access Code/Meeting ID: 1478305541 #

Eric Friedman  
Chairman  
Jeff Clay  
Vice Chairman  
Ray A. Stokes  
Executive Director

Brownstein Hyatt  
Farber Schreck  
General Counsel

*Member Agencies*

City of Buellton  
Carpinteria Valley  
Water District  
City of Guadalupe  
City of Santa Barbara  
City of Santa Maria  
Goleta Water District  
Montecito Water District  
Santa Ynez River Water  
Conservation District,  
Improvement District #1  
*Associate Member*  
La Cumbre Mutual  
Water Company

Public Comment on agenda items may occur via video call or telephonically, or by submission to the Board Secretary via email at [lfw@ccwa.com](mailto:lfw@ccwa.com) no later than 8:00 a.m. on the day of the meeting. In your email, please specify (1) the meeting date and agenda item (number and title) on which you are providing a comment and (2) that you would like your comment read into the record during the meeting. If you would like your comment read into the record during the meeting (as either general public comment or on a specific agenda item), please limit your comments to no more than 250 words.

Every effort will be made to read comments into the record, but some comments may not be read due to time limitations. Please also note that if you submit a written comment and do not specify that you would like this comment read into the record during the meeting, your comment will be forwarded to Board members for their consideration.

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available on the CCWA internet website, accessible at <https://www.ccwa.com>.

**I. Call to Order and Roll Call**

**II. CLOSED SESSION**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Government Code section 54956.9(d) (4): 1 case
- B. CLOSED SESSION: CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Government Code section 54956.8  
Property: State Water Contract  
Agency negotiator: Ray Stokes  
Negotiating parties: CCWA and DWR
- C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code section 54956.9(d) (1)  
Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)

**III. Return to Open Session**

- A. Report on Closed Session Actions (if any)

**IV. Public Comment – (Any member of the public may address the Board relating to any matter within the Board’s jurisdiction. Individual Speakers may be limited to five minutes; all speakers to a total of fifteen minutes.)**

**V. Election of Officers and Committee Appointments**

*Staff Recommendation:* Take nominations from Board.  
[Motion: Elect Chairperson]  
[Motion: Elect Vice Chairperson]  
[Motion: Elect Treasurer]  
[Motion: Elect Secretary]

*Continued*

**VI. Consent Calendar**

- \* A. Minutes of the April 25, 2024 Regular Meeting
- \* B. Bills
- \* C. Controller's Report
- \* D. Operations Report  
*Staff Recommendation: Approve the Consent Calendar*

**VII. Executive Director's Report**

- A. Introduction of David Beard, CCWA Deputy Director of Operations & Engineering  
*Staff Recommendation: Informational item only.*
- B. Water Supply Situation Report  
*Staff Recommendation: Informational item only.*
- \* C. Assistance Agreement with Montecito Water District related to Transfer/Exchanges with Homer LLC  
*Staff Recommendation: Approve and adopt Resolution No. 24-03 Approving Assistance Agreement Related to Transfers/Exchanges with Homer LLC*
- \* D. Assistance Agreement with La Cumbre Mutual Water Co. related to Transfer/Exchanges with Homer LLC  
*Staff Recommendation: Approve and adopt Resolution No. 24-04 Approving Assistance Agreement Related to Transfers/Exchanges with Homer LLC*
- \* E. Temporary Contract Between the United States and the Central Coast Water Authority Providing for Storage and Conveyance of Non-Project Water  
*Staff Recommendation: For discussion only*
- \* F. Ernst & Young Audit Report on the 2024 DWR Statement of Charges  
*Staff Recommendation: Accept report.*
- G. State Water Contractors Update  
*Staff Recommendation: Informational item only.*
- \* H. Legislative Report  
*Staff Recommendation: Informational item only.*
- I. Recognition of John Brady on his Retirement from CCWA  
*Staff Recommendation: Informational item only.*

**VIII. Reports from Board Members for Information Only**

**IX. Items for Next Regular Meeting Agenda**

**X. Date of Next Regular Meeting: July 25, 2024**

**XI. Adjournment**

**MINUTES OF THE  
CENTRAL COAST WATER AUTHORITY  
BOARD OF DIRECTORS**

**April 25, 2024**

**I. Call to Order and Roll Call**

Chair Friedman called the April 25, 2024 Central Coast Water Authority (CCWA) Board of Directors meeting to order at 9:00 AM.

CCWA member agencies with voting privileges were represented by:

<u>Representative</u>	<u>Agency/City</u>	<u>Voting %</u>
Farfalla Borah	Goleta Water District	17.20%
Jeff Clay	Santa Ynez River Water Conservation District, ID #1	7.64%
Ken Coates	Montecito Water District	9.50%
Eric Friedman	City of Santa Barbara	11.47%
Shirley Johnson	Carpinteria Valley Water District	7.64%
John Sanchez	City of Buellton	2.21%
Shad Springer	City of Santa Maria	43.19%

**II. Closed Session**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Initiation of litigation pursuant to Government Code section 54956.9(d) (4): 1 case
- B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code section 54956.9(d) (1)  
Name of case: Central Coast Water Authority, et al. v. Santa Barbara County Flood Control and Water Conservation District, et al. (Case No. 21CV02432)
- C. Public Employee Performance Evaluation - Government Code Section 54957  
Title: Executive Director
- D. Conference with Labor Negotiator - Government Code Section 54957.6  
Name of Negotiator: Jeffrey Dinkin  
Unrepresented Employees: Executive Director

The Board went to closed session at 9:02 AM.

**III. Return to Open Session**

The Board returned to open session at 9:51 AM.

- A. Report on Closed Session Actions (if any)  
Ms. Hastings stated there were no reportable actions as a result of closed session items A and B.
- B. CCWA Board Consideration of Executive Director Compensation Adjustment

Mr. Jeff Dinkin, CCWA Personnel Attorney, reported that the Board considered and completed the performance evaluation of the Executive Director and following negotiations reached an agreement for an increase to the Executive Director salary effective July 1, 2024.

Upon a motion by Director Johnson, seconded by Director Springer, and carried with all in favor and none opposed, the Board approved a compensation adjustment increasing the Executive Director's salary to \$334,446 effective July 1, 2024.

#### **IV. Public Comment**

There was no public comment related to items not on the agenda.

#### **V. Consent Calendar**

- A. Minutes of the March 28, 2024 Regular Meeting
- B. Bills
- C. Controller's Report
- D. Operations Report

Upon a motion by Director Coates, seconded by Director Borah and carried with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez and Springer in favor and none opposed the Board approved the Consent Calendar.

#### **VI. Executive Director's Report**

- A. Water Supply Situation Report

Ray Stokes, CCWA Executive Director, reviewed graphs showing precipitation in various locations within California. There is above historical average for most indices until April, which is trending slightly below average. Lake Oroville is almost full, and San Luis Reservoir is unlikely to spill. Snow water content is above average

DWR has increased Table A allocation to 40% from 30%, which increases CCWA's Table A allocation to 18,194 AF. As of March 31, 2024 CCWA has delivered approximately 1,653 AF to participants. Goleta Water District's water debt to AVEK is in the process of repayment, and should be fully repaid by June 2024.

Pumping restriction in the Sacramento Delta continue due to environmental restrictions related to fish. Mr. Stokes provided additional information on the environmental restrictions on Delta pumping.

- B. Proposed Administrative Rules for the Transfer or Exchange of Water

Mr. Stokes provided background on CCWA's existing transfer and exchange rules. He reviewed the rules adopted in 1996 by the CCWA Board of Directors, and noted those rules will remain in place as there is no overlap between the 1996 rules and the rules being implemented by the proposed Administrative Rules for the Transfer or Exchange of Water. He also reviewed other policies put in place by CCWA prior to CCWA Resolution 21-01 and the Water Management Amendment to the State Water Contract and noted those policies would be superseded by the proposed Administrative Rules.

He also reviewed the review process that CCWA has undertaken prior to proposing the Administrative Rules for approval and adoption – they have been reviewed by the Board and Operating Committees at meetings held in January, February and March of 2024, and comments provided have been incorporated in the rules being presented at this meeting. Mr. Stokes reviewed several minor edits made since the distribution of the meeting materials and provided a summary of the proposed Administrative Rules.

Following discussion, upon a motion by Director Clay, seconded by Director Sanchez and carried with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez and Springer in favor and none opposed the Board approved Resolution 24-02 Approving the Administrative Rules for the Transfer or Exchange of Water and found that pursuant to CEQA Guidelines Section 15061(b)(3) (the “common sense” exemption), the Board’s approval of the proposed Administrative Rules for the Transfer or Exchange of Water is exempt from CEQA because the Board’s approval of the proposed Administrative Rules for the Transfer or Exchange of Water does not have a potential for causing a significant effect on the environment.

### C. Personnel Committee

Mr. Stokes stated the Personnel Committee met on April 11, 2024 reviewed the items being presented to the Board, and recommended approval of both items.

#### 1. 2024 Review of Personnel Policy Manual

Mr. Jeff Dinkin, CCWA Personnel Attorney, provided a summary of the requested changes to the CCWA Personnel Policy Manual, noting with the exception of the Recharge Time, the changes were designed to comply with changes in the law.

The Board requested edits to address gender inclusivity throughout the policy, changes to who is considered a family member for bereavement leave and to the Recharge Time verbiage to provide additional clarification and parameters for how the time could be used.

Upon a motion by Director Borah, seconded by Director Springer and carried with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez and Springer in favor and none opposed the Board approved the proposed changes to the Personnel Policy Manual as outlined in Personnel Counsel’s memo dated March 14, 2024, with the exception of the Recharge Time change.

#### 2. Employee Benefit Adjustments

Mr. Stokes reviewed the suggested changes to the CCWA Benefit package as outlined in the staff report included in the meeting materials.

Discussion took place related to the compensation philosophy of CCWA, which Mr. Stokes stated was to be mid-point within its comparator agencies, and CCWA staff compensation is at mid-point. He noted that

the 2022 Salary Survey had identified that CCWA is below its comparators in benefits and improving the overall benefit package would help retain existing and attract new staff.

Following discussion, upon a motion by Director Borah, seconded by Director Springer and carried with Directors Borah, Clay, Friedman, Johnson, Sanchez and Springer in favor and Director Coates opposed, the Board approved the benefit change suggestions and direct staff to work with Personnel Counsel to make appropriate changes to the CCWA Personnel Policy Manual and include the necessary amounts in the Final FY 2024/25 Budget.

Director Friedman stated due to time constraints the Budget discussion would be moved forward in the agenda.

F. Adoption of Final CCWA FY 2024/25 Budget

The Preliminary FY 2024/25 Budget was provided to the CCWA Board of Directors at its regular meeting on March 22, 2024. The proposed final FY 2024/25 Budget is \$60 million, or \$0.6 million more than the Preliminary FY 2024/25 Budget and \$2 million more than the final FY 2023/24 Budget of \$58 million.

Ms. Dessi Mladenova, CCWA Controller, provided an overview of CIP projects that have been added and removed from the budget and the dollar amounts involved in the changes.

Upon a motion by Director Springer, seconded by Director Coates and carried with Directors Borah, Clay, Coates, Friedman, Johnson, Sanchez and Springer in favor and none opposed the Board approved the Final FY 2024/25 Budget as outlined in the staff report and authorized CCWA staff to obtain bids for those projects included in the FY 2024/25 Budget which require formal bids.

D. FY 2023/24 Third Quarter Investment Report

Ms. Dessilava Mladenova, CCWA Controller, reported as of March 31, 2023 the investment portfolio totaled \$36.5 million and had an effective rate of return of 5.30% on an average daily balance for the month of March 2024 of about \$37.4 million. The investments were comprised of Montecito Bank & Trust money market accounts \$1.2 million and Charles Schwab market funds of \$35.3 million.

All investments during the quarter complied with the CCWA investment policy provisions and current pro forma projections indicate that the Authority will have sufficient cash with which to operate for the next six months.

Upon a motion by Director Coates, seconded by Director Sanchez and carried with Directors Clay, Coates, Friedman, Johnson, Sanchez and Springer in favor and none opposed the Board approved the third quarter FY 2023/24 investment report.

A. Annual Review of the CCWA Investment Policy

The investment policy was included in the Board materials and Ms. Mladenova reported the CCWA Investment Policy is prepared in conformance with Government Code Section 53630-53686 which addresses investment of surplus funds by local government agencies. There have been no significant changes in Government Code Section 53630-53686 since the last review of the CCWA Investment Policy and no changes were recommended.

B. State Water Contractors Report

The legal challenge to the State Water Contract extension has been completed and the validity of the contract extension amendment has been upheld. Also, there is a three day hearing by the State Water Resource Control Board planned for the Voluntary Agreements, now called the Agreements to Support Healthy Rivers and Landscapes, which indicates forward movement for the process of adoption of the Agreements.

C. Legislative Report

The report was included in the meeting materials for the information of the Board.

**VII. Reports from Board Members for Information Only**

There were no reports from Board members.

**VIII. Items for Next Regular Meeting Agenda**

**IX. Date of Next Regular Meeting: May 23, 2024**

**X. Adjournment**

The meeting was adjourned at 11:08 AM.

Respectfully submitted,

---

Elizabeth Watkins  
Secretary to the Board



## CENTRAL COAST WATER AUTHORITY

### Normal and Recurring Costs

Bills for Ratification - April & May 2024

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>		
Bank of America Business Card	2,118.06	Travel and Meetings
Bank of America Business Card	1,394.00	Training
Bank of America Business Card	316.00	Publications, subscriptions, postage
Bank of America Business Card	211.14	Printing costs
Cardmember Service	3,304.87	Travel and Meetings
Cardmember Service	94.99	Membership Fee
Cardmember Service	32.00	Publications, subscriptions, postage
Endeman, Grant	90.00	Reimbursable expenses - Certificate renewal
Federal Express	694.44	Express shipping
Sorenson, Robert	105.00	Reimbursable expenses - Certificate renewal
Ultrex Business Products	474.66	Printing and Binding expenses
United Parcel Service	462.71	Express shipping
US Bank	2,283.25	Travel and Meetings
US Bank	530.00	Training
US Bank	180.00	Dues and Memberships
US Bank	3.69	Postage
Water Research Foundation	6,791.00	Membership 2024-205
Winema Industrial & Safety Supply	2,400.00	CPR & First Aid Training for Staff
	<b>\$ 21,485.81</b>	<b>Total General &amp; Administrative</b>
<b>MONITORING EXPENSES</b>		
Aramark	59.80	Lab supplies
Culligan Industries Water Systems	85.00	Lab supplies
Eurofins Eaton Analytical	1,800.00	Lab testing
Hach Company	13,868.07	Lab supplies
IDEXX Distribution Corp.	3,917.26	Lab supplies
Linde Gas & Equipment	405.01	Lab supplies
VWR International	3,912.98	Lab supplies
	<b>\$ 24,048.12</b>	<b>Total Monitoring Expenses</b>
<b>OFFICE EXPENSES</b>		
Bank of America Business Card	496.31	Office and kitchen supplies
Office Depot	397.53	Office, janitorial & kitchen supplies
Solvang Bakery	76.40	Board and Committee meeting pastries
US Bank	1,101.37	Office and kitchen supplies
	<b>\$ 2,071.61</b>	<b>Total Office Expenses</b>
<b>OTHER EXPENSES</b>		
Brownstein Hyatt Farber	247.50	Legal Services
Cal-Coast Machinery Inc	3,710.85	Equipment Rental
Comcast	729.26	Internet Service
CompuVision	34,636.13	SmartNet Renewal
CompuVision	11,370.00	Managed Service Agreement (2 months)
CompuVision	7,248.43	Microsoft SQL Server
CompuVision	6,331.84	Security Display Monitors
CompuVision	4,329.50	EndPoint Detection (2 months)
CompuVision	1,990.00	Datto Cloud Backup (2 months)
De Lage Landen Financial Services	972.07	Copier Lease - BAO and WTP (2months)
Frontier Communications	167.64	Internet Service (2 months)
Marborg Industries	739.11	Tank 5/Tank 7/Tank 2/ EDV (2 months)
Pitney Bowes Global Financial	294.70	Postage Machine Lease (2 months)





# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - April & May 2024

VENDOR	INVOICE AMOUNT	DESCRIPTION
Raminha Contruction, Inc	36,789.00	Backfill Erosional Cut
Tyler Technologies, Inc	668.00	Annual Service Fee 2024-2025
Tyler Technologies, Inc	145.00	Support Services for Tyler Accounting System
United Rentals North America, Inc.	604.06	Equipment Rental - Scissor Lift
US Bank	205.88	Safety System Software
US Bank	189.54	Miscellaneous Computer Equipment
US Bank	170.85	Tablet Accessories
Verizon Wireless	1,100.98	Tablets (2)
Wilson Creek Communications	310.00	Internet Service (2 months)
	<b>\$ 112,950.34</b>	<b>Total Other Expenses</b>
<b>OTHER MISCELLANEOUS EXPENSES</b>		
Comb-Warren Act Trust Fund	1,075.00	Warren Act Jan'24-Mar'24
Department of Water Resources	3,002,291.00	Variable OMP&R, Delta Water & Transport Charge
	<b>\$ 3,003,366.00</b>	<b>Total Other Miscellaneous Expenses</b>
<b>PERSONNEL EXPENSES</b>		
ACWA/JPIA	19,518.58	Workers Compensation Insurance
Bank of America Business Card	600.00	Employee Achievement Awards Program
CalPERS Health	99,453.21	Health Insurance
CalPERS Retirement	81,268.83	Pension Contributions
CCWA Payroll Wages/Taxes	592,707.75	Gross Payroll Wages/Taxes
Dental/Vision Payments	11,165.91	Dental/Vision Benefits
MetLife SBC Insurance	3,883.38	Life Insurance (2 months)
Other Misc Employee Benefits	24,625.46	Vehicle, Uniform, Deferred Comp & Cafeteria Plan Benefits
US Bank	138.33	Employee Achievement Awards Program
Standard Insurance Company	2,694.28	Disability Insurance (2 months)
	<b>\$ 836,055.73</b>	<b>Total Personnel Expenses</b>
<b>PROFESSIONAL SERVICES</b>		
Brownstein Hyatt Farber	54,281.11	Legal Services (2 months)
Credential Check Corporation	496.37	Background checks
Elecsys International LLC	300.00	Monitor Rectifiers (2 months)
Ernst & Young LLP	42,197.00	Accounting Services
HDR Engineering Inc	6,121.51	Engineering Services (2 months)
Nicklaus Joseph Schwaller	3,053.75	WTP Kitchen Remodel
R. Bruce Coggin	2,108.70	Safety Consultant
Safety Kleen System, Inc	1,032.02	Washer Service
Samba Holdings, Inc.	187.05	DMV driver reports (2 months)
Stantec Consulting, Inc.	10,258.85	Environmental Consulting
Stradling Yocca Carlson Rauth	9,483.00	Legal - Employee Matters/General Matters (2 months)
Underground Service Alert	88.25	New USA tickets (2 months)
Widroe, Thomas	11,716.00	Professional Staff Recruiter
Winema Industrial & Safety Supply	175.00	Crane/Hoist Inspection
	<b>\$ 141,498.61</b>	<b>Total Professional Services</b>



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - April & May 2024

VENDOR	INVOICE AMOUNT	DESCRIPTION
<b>CIP PROJECTS - MATERIALS &amp; OVERHEAD</b>		
AECOM USA, Inc.	4,520.00	SYPP Surge Tank Pedestal Investigation
B&B Steel & Supply	76.77	Servicing and Expanding Portable Dosing Equipment
Bank of America Business Card	294.17	Servicing and Expanding Portable Dosing Equipment
Bank of America Business Card	24.00	Mesa Verde Road Patch and Slurry Seal
Cal Coast Irrigation, Inc.	600.53	Servicing and Expanding Portable Dosing Equipment
Consolidated Electrical Dist	117.02	Servicing and Expanding Portable Dosing Equipment
Earth Systems Pacific	3,573.43	Mesa Verde Road Patch and Slurry Seal
Grainger Inc.	647.36	Servicing and Expanding Portable Dosing Equipment
Hanning Surveying, Inc.	3,650.00	Tank 5 Inlet Chemical Dosing Facility
HDR Engineering Inc	26,544.00	WTP Office Building
HDR Engineering Inc	5,556.00	Carport
HDR Engineering Inc	2,617.75	OSHA Staircase Support for Tank 2/Tank 5/WTP
HDR Engineering Inc	2,061.75	Tank 5 Inlet Chemical Dosing Facility
Home Depot	531.79	Servicing and Expanding Portable Dosing Equipment
Quinn Rental Services	1,184.90	Tank 5 Inlet Chemical Dosing Facility
Reece Plumbing	152.55	Servicing and Expanding Portable Dosing Equipment
Shaner, James	18.31	Servicing and Expanding Portable Dosing Equipment
Southland Water Technologies	62,544.68	Tank 5 Inlet Chemical Dosing Facility
US Bank	1,277.02	Servicing and Expanding Portable Dosing Equipment
	<b>\$ 115,992.03</b>	<b>Total CIP Project - Materials and Overhead</b>

### REPAIRS & MAINTENANCE

Airgas USA, LLC	48.27	Equipment repairs and maintenance
Aramark	276.52	Building maintenance supplies
Bank of America Business Card	1,163.00	Equipment repairs and maintenance
Bank of America Business Card	26.10	Vehicles repairs and maintenance
Big Brand Tire & Service	2,102.98	Vehicles repairs and maintenance
Brezden Pest Control, Inc	165.00	Pest Control Spraying - WTP
Burt Industrial Supply Inc	1,407.16	Parts, repair and maintenance
BWS Distributors	378.75	Equipment repairs and maintenance
Cal Coast Irrigation, Inc.	96.90	Parts, repair and maintenance
City of Buellton	193.78	Landscape maintenance - water (2 months)
Compuvision	10,108.32	Security Cameras
Coverall North America, Inc	2,804.00	Janitorial service - BAO/SYPS (2 months)
D&H Water Systems Inc.	1,224.33	Equipment repairs and maintenance
Digi-Key Electronics	657.35	Equipment repairs and maintenance
Grainger Inc.	4,503.54	Parts, repairs and maintenance
Hach Company	1,549.50	Parts, repairs and maintenance
Harrington Industrial Plastics	1,406.03	Parts, repairs and maintenance
Harrison Hardware	41.11	Parts, repairs and maintenance
Home Depot	33.67	Vehicle repairs and maintenance
Home Depot	20.52	Parts, repairs and maintenance
Jiffy Lube	142.30	Vehicle repairs and maintenance
Lowe's	687.69	Parts, repairs and maintenance
Meadowlark Ranch Association	1,000.00	Road Maintenance Fee
Mid State Fence	2,670.00	Parts, repairs and maintenance
Office Depot	165.37	Janitorial supplies
Powder Coating USA	108.75	Equipment repairs and maintenance
Procure Janitorial Supply	587.11	Janitorial supplies - WTP
Progressive Greenery	790.00	Landscape maintenance - WTP (2 months)
PRW Steel Supply, Inc.	2,221.36	Equipment repairs and maintenance
Rio Vista Chevrolet	546.38	Vehicle repairs and maintenance



# CENTRAL COAST WATER AUTHORITY

## Normal and Recurring Costs

Bills for Ratification - April & May 2024

VENDOR	INVOICE AMOUNT	DESCRIPTION
RS Americas, Inc.	223.79	Equipment parts and repairs
Santa Ynez Valley Tree Care	2,525.00	Tree Trimming BAO
Star Janitorial	3,100.00	Janitorial Service - WTP (2 months)
Ultrex Business Products	695.58	Copier maintenance (2 months)
US Bank	642.58	Equipment repairs and maintenance
US Bank	143.58	Vehicle repairs and maintenance
USA Blue Book	143.49	Equipment repairs and maintenance
Western Exterminator Co	510.70	Pest control spraying - BAO and SYPS (2 months)
Zaca Creek Landscapes, Inc	900.00	Landscape Maintenance BAO and SYPS (2 months)
	<b>\$ 46,010.51</b>	<b>Total Repairs &amp; Maintenance</b>
<b>SUPPLIES &amp; EQUIPMENT</b>		
Airgas USA, LLC	588.85	Safety supplies/Minor tools
Aramark	934.46	Uniform expenses
Bank of America Business Card	97.78	Maintenance supplies and hardware
Bank of America Business Card	66.78	Safety supplies
Bazzell, David	220.83	Reimbursable expenses - Uniform reimbursement
Burt Industrial Supply, Inc	505.94	Minor Tools, Maintenance supplies and hardware
Chemscan, Inc.	5,876.38	Equipment & maintenance supplies
Chemtrade Chemicals US, LLC	37,666.46	Chemicals - WTP
EMED Company, Inc	2,418.20	Safety supplies
Grainger Inc.	5,870.54	Minor tools, equipment & maintenance supplies, safety supplies
Hill Brothers Chemical Company	10,528.93	Chemicals - WTP
Home Depot	32.57	Minor tools, equipment & maintenance supplies
JB Dewar	1,579.46	Fuel - equipment
Lowe's	218.40	Minor tools, equipment & maintenance supplies, safety supplies
Maintenance Service & Supply	559.17	Equipment & maintenance supplies
Sterling Water Technologies, LLC	2,967.00	Chemicals - WTP
Thatcher Company of Nevada, Inc	34,384.00	Chemicals - WTP
Univar Solutions USA, Inc.	56,319.08	Chemicals - WTP
US Bank	2,280.49	Maintenance supplies, Minor Tools, Safety Supplies
USA Blue Book	373.12	Maintenance supplies and hardware
WEX Bank - Wright Express	16,504.30	Fuel - Autos (2 months)
	<b>\$ 179,992.74</b>	<b>Total Supplies &amp; Equipment</b>
<b>UTILITIES</b>		
City of Buellton	449.61	Water - BAO (2 months)
Delta Liquid Energy	2,157.40	Propane gas (2 months)
First Choice Technology	26.56	Phone - Long distance carrier, 800# (2 months)
Frontier	1,100.74	Telephone charges (2 months)
Marborg Industries	366.39	Waste Disposal - BAO/Trash roll off
Pacific Gas & Electric	84,622.86	Utilities - BAO/SYPS/WTP (2 months)
San Miguel Garbage Company	545.42	Waste Disposal - WTP (2 months)
Santa Ynez River Water Conservation	181.91	Water - SYPS
SoCalGas	211.93	Natural Gas - BAO (2 months)
Surfnet Communications, Inc.	150.00	Wireless Internet - Chorro (2 months)
Univar Solutions USA, Inc	3,600.20	Tank Rinse Water Disposal
US Bank	285.67	Miscellaneous phone accessories
Verizon Wireless	3,249.69	Cell phone charges (2 months)
WM Coporate Services, Inc	733.34	Waste Disposal - SYPS (2 months)
	<b>\$ 97,681.72</b>	<b>Total Utilities</b>
<b>Subtotal - Bills for Ratification</b>	<b>\$ 4,581,153.22</b>	



# CENTRAL COAST WATER AUTHORITY

## Bills for Approval

<b>VENDOR</b>	<b>INVOICE AMOUNT</b>	<b>DESCRIPTION</b>
State of California DWR	\$ 1,489,215.00	Capital Cost and Minimum OMP&R Charges June'24
<b>Subtotal - Bills for Approval</b>	<b>\$ 1,489,215.00</b>	
<b>Total Ratification and Approval Bills</b>	<b><u>\$ 6,070,368.22</u></b>	



## Statements of Net Position

### ASSETS

	<u>May 31, 2024</u>	<u>April 30, 2024</u>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 19,375,303	\$ 9,038,503
Accounts Receivable (Note 1)	263	263
Accrued interest receivable	85,419	78,102
Other assets	3,610,450	3,637,442
<b>Total Current Assets</b>	<u>23,071,435</u>	<u>12,754,310</u>
<b><u>Restricted Assets</u></b>		
Operations and Maintenance Reserve Fund (Note 2)	2,043,740	2,064,336
DWR Reserve Fund (Note 3)	6,068,948	6,044,657
Rate Coverage Reserve Fund (Note 4)	9,655,704	9,900,753
Department of Water Resources (Note 5a)	37,910,866	5,294,106
CCWA and DWR Variable Fund (Note 5b)	4,003,099	4,245,362
Credits Payable (Note 6)	34,577	210,792
Escrow Deposits (Note 7)	531,722	532,123
<b>Total Restricted Assets</b>	<u>60,248,656</u>	<u>28,292,130</u>
<b><u>Property, Plant and Equipment</u></b>		
Construction in progress (Note 8)	1,621,052	1,596,454
Fixed assets (net of accumulated depreciation)	83,847,069	84,066,715
<b>Total Property, Plant and Equipment</b>	<u>85,468,121</u>	<u>85,663,169</u>
 <b>Total Assets</b>	 <u>\$ 168,788,212</u>	 <u>\$ 126,709,609</u>



# Statements of Net Position

---

## **LIABILITIES AND FUND EQUITY**

	<b><u>May 31, 2024</u></b>	<b><u>April 30, 2024</u></b>
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 136,180	\$ 226,366
DWR and Warren Act Charge Deposits (Note 5a)	37,910,866	5,294,106
CCWA & DWR Variable Charge Deposits (Note 5b)	4,003,099	4,245,362
Other liabilities	965,001	958,558
DWR Reserve Fund	6,068,948	6,044,657
Rate Coverage Reserve Fund	9,655,704	9,900,753
Unearned Revenue	11,178,170	106,544
Credits Payable to Project Participants	559,310	726,445
<b>Total Current Liabilities</b>	<b><u>70,477,278</u></b>	<b><u>27,502,792</u></b>
<b><u>Non-Current Liabilities</u></b>		
OPEB Liability	1,113,716	1,113,716
Escrow Deposits	531,722	532,123
Net Pension Liability	4,744,132	4,744,132
<b>Total Non-Current Liabilities</b>	<b><u>6,389,570</u></b>	<b><u>6,389,971</u></b>
<b><u>Commitments and Uncertainties</u></b>		
<b><u>Net Assets</u></b>		
Contributed capital, net (Note 9)	22,562,433	22,562,433
Retained earnings	69,358,931	70,254,413
<b>Total Net Assets</b>	<b><u>91,921,364</u></b>	<b><u>92,816,846</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 168,788,212</u></b>	<b><u>\$ 126,709,609</u></b>



# Statements of Revenues, Expenses and Changes in Net Position

	May 31, 2024	April 30, 2024
<b><u>Operating Revenues</u></b>		
Operating reimbursements from project participants	\$ 16,228,818	\$ 16,098,969
Other revenues	23,732	23,732
<b>Total Operating Revenues</b>	16,252,550	16,122,701
<b><u>Operating Expenses</u></b>		
Personnel expenses	5,174,010	4,762,918
Office expenses	18,551	17,477
General and administrative	203,485	187,868
Professional Services	1,234,736	1,114,475
Supplies and equipment	1,018,322	918,146
Monitoring expenses	105,501	94,863
Repairs and maintenance	287,380	268,042
Utilities	510,844	448,355
Depreciation and amortization	2,430,894	2,211,248
Other expenses	694,827	622,511
<b>Total Operating Expenses</b>	11,678,552	10,645,904
<b>Operating Income</b>	4,573,998	5,476,797
<b><u>Non-Operating Revenues</u></b>		
Investment income	2,344,332	2,185,077
Gain on sale of fixed assets	8,540	8,540
<b>Total Non-Operating Revenues</b>	2,352,872	2,193,617
<b><u>Non-Operating Expenses</u></b>		
Current year credits payable	2,258,913	2,106,975
<b>Total Non-Operating Expenses</b>	2,258,913	2,106,975
<b>Net Income</b>	4,667,957	5,563,439
<b><u>Retained Earnings</u></b>		
Retained earnings at beginning of period	64,690,974	64,690,974
Retained earnings at end of period	\$ 69,358,931	\$ 70,254,413



# Budget and Actual All Reaches

	<b>May 31, 2024</b>		<b>Percent Expended <sup>(1)</sup></b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues</b>			
Fixed operating assessments <sup>(2)</sup>	\$ 14,944,972	\$ 14,944,972	
Variable operating assessments	1,787,950	1,283,846	71.81%
Miscellaneous income	-	23,732	
Investment income	-	497,715	
<b>Total Revenues</b>	<b>16,732,922</b>	<b>16,750,266</b>	<b>100.10%</b>
<b>Expenses <sup>(2)</sup></b>			
Personnel expenses	6,309,960	5,174,010	82.00%
Office expenses	21,800	18,551	85.10%
General and administrative	298,802	203,485	68.10%
Professional Services	2,126,169	1,234,736	58.07%
Supplies and equipment	1,622,928	1,018,322	62.75%
Monitoring expenses	130,332	105,501	80.95%
Repairs and maintenance	326,140	287,380	88.12%
Utilities	640,818	510,844	79.72%
Other expenses	828,377	632,585	76.36%
Capital and Non-Capital Expenditures	2,806,978	1,683,294	59.97%
<b>Total Expenses</b>	<b>15,112,304</b>	<b>10,868,710</b>	<b>71.92%</b>
<b>Operating Income</b>	<b>1,620,618</b>	<b>5,881,556</b>	
<b>Net Income (Loss)</b>	<b>\$ 1,620,618</b>	<b>\$ 5,881,556</b>	

(1) Percent of year expended 91.667%

(2) Includes revenues and expenses for Turnouts and adjusted for carryover revenues from FY 2022/23 to FY 2023/24



Central Coast Water Authority  
**Notes to Financial Statements**  
May 31, 2024

---

**Note 1: Accounts Receivable**

Accounts receivable consists of amounts payable by the State Water Project contractors and other miscellaneous receivables.

**Note 2: O&M Reserve Fund**

The O&M reserve fund represents cash reserves for emergency uses. The funding requirement is \$2,000,000 allocated on an entitlement basis for the Santa Barbara County project participants. Investment earnings on O&M reserve fund balances are credited against CCWA O&M assessments.

<u>Project Participant</u>	<u>Amount</u>
City of Guadalupe	\$ 28,611
City of Santa Maria	842,850
Golden State Water Company	26,011
Vandenberg SFB	296,281
City of Buellton	30,068
Santa Ynez ID #1 (Solvang)	78,030
Santa Ynez ID #1	26,021
Goleta Water District	234,194
Morehart Land Co.	10,773
La Cumbre Mutual Water Company	52,015
Raytheon Systems Company	2,602
City of Santa Barbara	156,063
Montecito Water District	156,137
Carpinteria Valley Water District	104,086
TOTAL:	<u>\$ 2,043,740</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 May 31, 2024

---

**Note 3: DWR Reserve Fund**

The DWR Reserve Fund was established to provide a funding source for payments to the State of California Department of Water Resources (DWR) when there is a difference between estimates used to prepare the DWR portion of the annual CCWA budget and the actual amounts billed to the Authority by DWR. Contributions to the DWR Reserve Fund are voluntary. Funding of each participating Project Participant's share of the DWR Reserve Fund will come from a combination of (1) CCWA Operating Expense budget surpluses, if any (2) Interest earnings on funds held in all other accounts on behalf of the participating Project Participant and (3) excess amounts, if any, from any of the DWR Statement of Charges cost components until the funding Target Amount is reached. The Target Amount will be equal to the participating Project Participant's proportional share of a \$10 million allocation of DWR Transportation Minimum OMP&R charges. The following schedule shows the current fund balance of the participating Project Participants.

Project Participant	Amount
City of Guadalupe	\$ 148,802
City of Santa Maria	4,439,266
Golden State Water Company	96,939
City of Buellton	140,844
Santa Ynez ID #1 (Solvang)	388,087
Santa Ynez ID #1	132,826
Morehart Land Co.	51,912
La Cumbre Mutual Water Company	202,329
Raytheon Systems Co.	12,977
City of Santa Barbara	454,965
TOTAL:	\$ 6,068,948

**Note 4: Rate Coverage Reserve Fund Cash Deposits**

The rate coverage reserve fund was established to provide CCWA project participants a mechanism to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments. The following schedule shows the current balances plus accrued interest receivable in the rate coverage reserve fund.

Project Participant	Amount
City of Guadalupe	\$ 194,986
City of Santa Maria	5,253,780
City of Buellton	279,374
Santa Ynez ID #1 (Solvang)	642,478
Santa Ynez ID #1	468,717
La Cumbre Mutual Water Company	406,936
Montecito Water District	1,519,168
Carpinteria Valley Water District	874,292
Shandon	15,974
TOTAL:	\$ 9,655,704

Central Coast Water Authority  
**Notes to Financial Statements**  
 May 31, 2024

---

**Note 5a: Cash and Investments Payment to DWR**

Cash deposits for DWR payments.

<u>Project Participant</u>	<u>Amount</u>
City of Guadalupe	\$ 36,873
City of Santa Maria	17,707,454
Golden State Water Company	547,294
Vandenberg SFB	1,673,979
City of Buellton	661,043
Santa Ynez ID #1 (Solvang)	1,671,613
Santa Ynez ID #1	617,604
Goleta Water District	5,688,731
Morehart Land Co.	13,892
La Cumbre Mutual Water Company	74,758
Raytheon Systems Co.	59,169
City of Santa Barbara	3,436,198
Montecito Water District	3,433,633
Carpinteria Valley Water District	2,288,625
TOTAL:	<u>\$ 37,910,866</u>

**Note 5b: Cash Payments for CCWA, Warren Act and DWR Variable Charges**

Cash deposits for payments to CCWA, Warren Act and DWR for Variable Assessments.

<u>Project Participant</u>	<u>Amount</u>
City of Guadalupe	\$ 19,112
City of Santa Maria	1,350,881
Golden State Water Company	47,176
Vandenberg SFB	355,844
City of Buellton	42,487
Santa Ynez ID #1 (Solvang)	95,217
Santa Ynez ID #1	105,258
Goleta Water District	648,449
Morehart Land Co.	31,271
La Cumbre Mutual Water Company	150,494
Raytheon Systems Co.	7,996
City of Santa Barbara	453,201
Montecito Water District	410,800
Carpinteria Valley Water District	284,912
TOTAL:	<u>\$ 4,003,099</u>

Central Coast Water Authority  
**Notes to Financial Statements**  
 May 31, 2024

---

**Note 6: Credits Payable**

Credits payable to, or (due from) CCWA project participants for investment earnings and O&M assessment credits.

Project Participant	Amount
City of Guadalupe	\$ -
City of Santa Maria	39
Golden State Water Company	-
Vandenberg SFB	31,094
City of Buellton	1
Santa Ynez ID #1 (Solvang)	15
Santa Ynez ID #1	2,040
Goleta Water District	148
Morehart Land Co.	855
La Cumbre Mutual Water Company	5
Raytheon Systems Co.	2
City of Santa Barbara	9
Montecito Water District	92
Carpinteria Valley Water District	82
Shandon	15
Lopez Turnout	127
Chorro Turnout	59
TOTAL:	\$ 34,582

**Note 7: Escrow Deposits**

Cash deposits from certain project participants as required under the Water Supply Agreements.

Project Participant	Amount
Morehart Land Company	\$ 421,918
Raytheon Systems Company	109,804
TOTAL:	\$ 531,722

Central Coast Water Authority  
**Notes to Financial Statements**  
 May 31, 2024

---

**Note 8: Construction in Progress**

Amounts in construction in progress represent expenditures incurred during FY 2023/24 and amounts retained in construction in progress at May 31, 2024. The following schedule shows the CIP expenditures for CCWA projects.

Financial Reach	Amount
Labor	\$ 50,310
Materials	88,918
Overhead	1,481,825
Project CIP Total:	\$ 1,621,052

**Note 9: Contributed Capital**

Certain project participants elected to pay their share of CCWA project construction costs in cash. The amounts listed below show the capital contributions by project participant less the cost of local facilities and refunds to the project participants.

Project Participant	Amount
Avila Valley Water Company	\$ 15,979
City of Guadalupe	81,119
San Luis Schools	5,608
San Miguelito Water Company	233,605
Golden State Water Company	866,277
City of Santa Maria	13,498,802
Vandenberg SFB	7,861,043
TOTAL:	\$ 22,562,433

**MONTHLY SUMMARY OF MINERAL AND PHYSICAL ANALYSIS  
RAW WATER (RW) AND SETTLED WATER (SW)**

Agenda Item VI.D.  
Board of Directors  
June 27, 2024

System Name: Central Coast Water Authority System Number: 4210030  
Treatment Plant Name: Polonio Pass Water Treatment Plant May 2024

Date:	RW pH (SU)	RW Turbidity (NTU)	SW Turbidity (NTU)	RW Odor (TON)	RW Total Coliform (MPN)	RW E. Coli (MPN)	RW Cl- (mg/L)	RW Alkalinity (mg/L)		RW Hardness (mg/L)		RW E.C. (uS/cm)	RW TOC (mg/L)
								Total	Phenol	Total	Ca		
1	9.12	1.77	0.55	2.0			62	69	8	100	47		3.6
2	8.97	2.22	0.52	4.0			68	68	11	100	46		
3	8.57	2.85	0.47	5.0			65	70	4	104	51		
4	8.28	2.93	0.44	5.0			66	72	0	102	49		
5	8.15	2.57	0.41	3.5			67	74	0	106	50		
6	8.05	2.68	0.52	5.0	93	3	69	72	0	103	49	455	
7	8.00	2.38	0.53	3.5			68	74	0	102	49		
8	7.93	3.07	0.55	3.5			68	72	0	102	50		
9	7.98	3.68	0.58	1.5			70	75	0	100	50		
10	8.01	3.63	0.53	1.5			67	74	0	103	52		
11	8.05	4.07	0.53	1.0			67	74	0	97	50		
12	8.07	4.25	0.41	1.0			67	75	0	100	50		
13	8.13	3.85	0.45	1.0	131	6	66	72	0	101	50	443	
14	8.24	3.55	0.44	1.0			65	71	1	99	45		
15	8.44	3.27	0.49	1.0			68	75	2	98	46		
16	8.43	2.82	0.47	1.0			70	70	2	105	48		
17	8.45	2.50	0.44	1.0			69	70	2	103	49		
18	8.55	2.05	0.47	1.0			68	71	3	105	50		
19	8.58	1.98	0.48	1.0			68	72	3	101	50		
20	8.57	1.98	0.51	1.0	435	2	69	68	2	99	48	443	
21	8.70	1.95	0.54	1.0			71	73	5	103	53		
22	8.68	2.28	0.57	1.0			71	73	4	105	53		
23	8.58	2.37	0.53	1.5			70	68	3	104	54		
24	8.54	2.15	0.54	1.0			69	72	2	108	48		
25	8.52	2.35	0.54	1.0			69	76	4	105	51		
26	8.53	2.20	0.50	1.0			67	73	5	106	53		
27	8.65	2.13	0.63	1.0	70	15	66	73	5	101	53		
28	8.81	2.18	0.63	1.0			66	68	5	97	47	386	
29	8.92	4.75	0.82	1.0			60	66	9	88	50		
30	8.87	3.83	0.68	1.0			57	61	9	84	46		
31	8.73	3.72	0.61	1.0			57	64	7	90	44		
<b>Avg</b>	<b>8.45</b>	<b>2.84</b>	<b>0.53</b>	<b>1.8</b>	<b>183</b>	<b>7</b>	<b>67</b>	<b>71</b>	<b>3</b>	<b>101</b>	<b>49</b>	<b>432</b>	<b>3.6</b>

**MONTHLY SUMMARY OF MINERAL AND PHYSICAL ANALYSIS  
TREATED WATER (TW) & CLEARWELL (CW)**

System Name: Central Coast Water Authority

System Number: 4210030

Treatment Plant Name: Polonio Pass Water Treatment Plant

May 2024

Date:	TW pH (SU)	TW Turbidity (NTU)	Filter Rate (gpm/ft <sup>2</sup> )	CW Odor (TON)	TW Total Coliform	CW Cl- (mg/L)	CW Total Alk (mg/L)	CW Hardness (mg/L)		TW Chlorine (mg/L)		CCB3 Chlorine Free (mg/L)	TW NH3-N (mg/L)		(CCB3 Cl2 Free) / (TW NH3-N Total)	CW E.C. (uS/cm)	TW TOC (mg/L)
								Total	Ca	Total	Free		Total	Free			
1	8.47	0.06	3.56	0.0	ABSENT	65	61	93	45	3.92	0.00	4.03	0.79	0.00	5.1		2.2
2	8.26	0.07	3.24	0.0	ABSENT	70	64	97	46	3.93	0.00	4.07	0.76	0.00	5.4		
3	8.31	0.08	3.08	0.0	ABSENT	68	66	105	46	3.84	0.00	3.93	0.75	0.00	5.2		
4	8.28	0.07	3.35	0.0	ABSENT	70	66	100	49	3.92	0.00	3.98	0.75	0.00	5.3		
5	8.31	0.07	3.24	0.0	ABSENT	70	68	103	50	4.02	0.00	4.11	0.79	0.00	5.2		
6	8.43	0.07	3.40	0.0	ABSENT	71	71	102	47	3.93	0.00	4.07	0.78	0.00	5.2	500	
7	8.57	0.07	3.56	0.0	ABSENT	70	72	105	50	3.89	0.00	3.96	0.78	0.00	5.1		
8	8.52	0.06	3.56	0.0	ABSENT	70	71	104	49	3.87	0.00	3.80	0.77	0.01	4.9		
9	8.47	0.06	3.24	0.0	ABSENT	73	74	101	50	3.84	0.00	3.85	0.76	0.00	5.1		
10	8.43	0.06	3.56	0.0	ABSENT	71	71	104	50	3.88	0.00	3.87	0.75	0.00	5.2		
11	8.45	0.06	4.04	0.0	ABSENT	71	72	100	48	3.88	0.00	3.88	0.76	0.01	5.1		
12	8.39	0.06	3.96	0.0	ABSENT	71	71	102	50	3.85	0.00	3.83	0.76	0.00	5.0		
13	8.48	0.06	3.72	0.0	ABSENT	69	69	99	49	3.90	0.00	3.87	0.77	0.00	5.0	490	
14	8.49	0.06	3.72	0.0	ABSENT	69	69	98	47	3.88	0.00	3.93	0.76	0.00	5.2		
15	8.44	0.06	4.12	0.0	ABSENT	71	68	94	46	3.92	0.00	3.94	0.77	0.00	5.1		
16	8.46	0.06	4.52	0.0	ABSENT	70	65	100	48	3.97	0.00	4.09	0.77	0.00	5.3		
17	8.48	0.05	4.37	0.0	ABSENT	71	69	103	49	3.87	0.00	3.85	0.75	0.00	5.1		
18	8.45	0.05	4.37	0.0	ABSENT	71	67	102	48	3.92	0.00	3.97	0.77	0.00	5.2		
19	8.45	0.05	4.37	0.0	ABSENT	72	66	101	47	3.93	0.00	3.99	0.78	0.00	5.1		
20	8.44	0.05	4.74	0.0	ABSENT	72	68	101	48	4.02	0.00	4.04	0.77	0.00	5.2	496	
21	8.48	0.05	4.69	0.0	ABSENT	74	68	103	51	4.01	0.00	4.10	0.79	0.00	5.2		
22	8.48	0.06	4.69	0.0	ABSENT	72	65	104	52	3.96	0.00	3.96	0.79	0.00	5.0		
23	8.44	0.06	4.53	0.0	ABSENT	73	65	103	51	3.98	0.00	4.00	0.78	0.00	5.1		
24	8.41	0.05	4.15	0.0	ABSENT	72	67	103	49	3.96	0.00	4.03	0.78	0.00	5.2		
25	8.44	0.05	4.29	0.0	ABSENT	72	67	109	52	3.85	0.00	3.89	0.76	0.00	5.1		
26	8.43	0.05	4.53	0.0	ABSENT	70	66	105	52	3.98	0.00	3.96	0.79	0.00	5.0		
27	8.53	0.05	4.69	0.0	ABSENT	71	67	102	54	3.98	0.00	3.93	0.81	0.00	4.9		
28	8.45	0.05	4.65	0.0	ABSENT	67	65	99	48	3.98	0.00	4.00	0.79	0.00	5.1	446	
29	8.44	0.06	4.85	0.0	ABSENT	65	59	95	45	3.98	0.00	3.94	0.80	0.00	4.9		
30	8.38	0.06	4.49	0.0	ABSENT	60	56	90	48	4.03	0.00	4.03	0.79	0.00	5.1		
31	8.43	0.06	4.04	0.0	ABSENT	59	57	85	40	3.95	0.00	4.12	0.77	0.00	5.4		
<b>Avg</b>	<b>8.44</b>	<b>0.06</b>	<b>4.04</b>	<b>0.00</b>		<b>69</b>	<b>67</b>	<b>100</b>	<b>49</b>	<b>3.93</b>	<b>0.00</b>	<b>3.97</b>	<b>0.77</b>	<b>0.00</b>	<b>5.1</b>	<b>483</b>	<b>2.20</b>

Central Coast Water Authority  
**Calendar Year 2024 Actual and Requested Deliveries in Acre Feet**

Project Participant	Total Available AF Amounts <sup>(1)</sup>	ACTUALS						REQUESTED								Estimated Annual Delivery Total
		Jan.	Feb.	Mar.	Apr.	May	Subtotal	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Subtotal	
Guadalupe	516	37	26	27	27	46	163	27	27	21	18	18	8	19	138	301
Santa Maria	16,954	287	271	288	281	318	1,445	552	571	571	552	571	111	380	3,308	4,753
So. Cal. Water Co.	524	10	0	0	0	20	30	44	45	45	45	24	24	16	243	273
Vandenberg AFB	5,959	180	155	173	180	234	922	206	219	212	225	190	39	76	1,167	2,089
Buellton	626	14	14	14	14	17	73	23	30	25	29	25	4	11	147	220
Solvang (Billed to SY)	1,434	49	40	43	45	76	253	71	87	91	77	56	8	30	420	673
Santa Ynez ID#1	660	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goleta	7,143	0	0	833	846	919	2,598	162	162	171	162	54	0	0	711	3,309
Morehart Land Co.	209	2	0	0	0	0	2	4	3	5	5	4	1	7	29	31
La Cumbre	1,046	123	0	0	0	0	123	50	50	50	40	40	30	20	280	403
Raytheon	51	0	0	0	0	0	0	2	1	1	0	0	2	3	9	9
Santa Barbara	3,139	0	0	0	9	57	66	108	108	114	108	36	0	0	474	540
Montecito	2,907	0	560	385	138	286	1,369	108	108	114	108	36	0	0	474	1,843
Carpinteria	2,093	0	0	0	6	38	44	172	72	76	72	24	0	0	416	460
<b>Subtotal Santa Barbara:</b>	<b>43,261</b>	<b>702</b>	<b>1,066</b>	<b>1,763</b>	<b>1,546</b>	<b>2,011</b>	<b>7,088</b>	<b>1,529</b>	<b>1,483</b>	<b>1,496</b>	<b>1,441</b>	<b>1,078</b>	<b>227</b>	<b>562</b>	<b>7,816</b>	<b>14,904</b>
Shandon		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chorro Valley	7500	123	109	137	124	153	646	189	189	189	189	184	174	174	1,288	1,934
Lopez	7500	134	113	321	79	94	741	182	182	183	181	181	180	180	1,269	2,010
<b>Subtotal SLO County:</b>	<b>15,000</b>	<b>257</b>	<b>222</b>	<b>458</b>	<b>203</b>	<b>247</b>	<b>1,387</b>	<b>371</b>	<b>371</b>	<b>372</b>	<b>370</b>	<b>365</b>	<b>354</b>	<b>354</b>	<b>2,557</b>	<b>3,944</b>
<b>TOTAL ENTITLEMENT DELIVERIES</b>	<b>58,261</b>	<b>959</b>	<b>1,288</b>	<b>2,221</b>	<b>1,749</b>	<b>2,258</b>	<b>8,475</b>	<b>1,900</b>	<b>1,854</b>	<b>1,868</b>	<b>1,811</b>	<b>1,443</b>	<b>581</b>	<b>916</b>	<b>10,373</b>	<b>18,848</b>
<b>EXCHANGE DELIVERIES</b>																
Santa Ynez-Exchange		0	0	0	(37)	(237)	(274)	(450)	(450)	(475)	(450)	(150)	0	0	(1,975)	(2,249)
Goleta-Exchange		0	0	0	13	85	98	162	162	171	162	54	0	0	711	809
Santa Barbara-Exchange		0	0	0	9	57	66	108	108	114	108	36	0	0	474	540
Montecito-Exchange		0	0	0	9	57	66	108	108	114	108	36	0	0	474	540
Carpinteria-Exchange		0	0	0	6	38	44	72	72	76	72	24	0	0	316	360
<b>TOTAL EXCHANGE DELIVERIES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Lake Deliveries only</b>		<b>125</b>	<b>560</b>	<b>1,218</b>	<b>999</b>	<b>1,300</b>		<b>606</b>	<b>504</b>	<b>531</b>	<b>495</b>	<b>194</b>	<b>33</b>	<b>30</b>		<b>6,595</b>

<sup>(1)</sup> Total AF of Table A allocation, carryover amounts, and water transfers





## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

June 20, 2024

**TO:** CCWA Board of Directors

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

**SUBJECT:** Assistance Agreement Related to Montecito Water District  
Transfers/Exchanges with Homer, LLC

---

#### INTRODUCTION

Montecito Water District (MWD) has requested CCWA assistance with respect to certain transfers/exchanges with Homer, LLC

#### RECOMMENDATION

Staff recommends that the Board of Directors:

1. Approve and adopt Resolution No. 24-03 Approving Assistance Agreement Related to Transfers/Exchanges with Homer, LLC ("Assistance Agreement") (**Attachment A**);
2. Find that pursuant to CEQA Guidelines Section 15061(b)(3) (the "common sense" exemption), the Board's approval of the Assistance Agreement is exempt from CEQA as documented in the staff report; and
3. Authorize the Executive Director to:
  - A. Execute the Assistance Agreement attached as Exhibit 1 to Resolution No. 24-03;
  - B. File Staff's proposed Notice of Exemption (**Attachment B**); and
  - C. Take such other actions as necessary and appropriate to effectuate the Assistance Agreement.

#### DISCUSSION

Amendment No. 21 to the State Water Project ("SWP") Contract (the "Water Management Amendment") allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR's approval and subject to the terms and conditions set forth in the SWP Contract. On April 25, 2024, the Board adopted Resolution No. 24-02 approving Administrative Rules for the Transfer and Exchange of Water ("Transfer Rules") to establish procedures for CCWA to assist CCWA Participants with transfers and exchanges under the Water Management Amendment.

MWD and Homer, LLC have entered into an agreement that provides for certain transfers and exchanges of water between MWD and Homer, LLC (the "Homer Agreement"). MWD has

requested that CCWA assist MWD with implementation of the Homer Agreement, including assisting MWD with obtaining all required approvals and complying with all applicable laws, and MWD has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto. The Assistance Agreement sets forth the respective obligations of CCWA and MWD with respect to the water transfer contemplated by the Homer Agreement in order to facilitate implementation of the agreement consistent with the Transfer Rules and other applicable requirements.

CCWA Board approval is requested for the Assistance Agreement only. As described in the Assistance Agreement, numerous conditions must be satisfied before any specific transfer or exchange of water is implemented. Staff will return to the CCWA Board for approval of any proposed transfer or exchange of water.

### **ENVIRONMENTAL REVIEW:**

The Assistance Agreement is exempt from CEQA for the following reasons:

1. CEQA Guidelines Section 15061(b)(3) provides a “common sense” exemption to environmental review that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to review. The Assistance Agreement is exempt under the “common sense exemption because CCWA and MWD’s actions are administrative in nature and do not have the potential for causing a significant effect on the environment, unless MWD completes a transfer, in which case compliance with CEQA may be required for such transfer, as provided in the Assistance Agreement.
2. None of the exceptions under CEQA Guidelines Section 15300.2 apply because there will be no significant cumulative impact as there are no known successive projects of the same type in the same place that will occur over the same time horizon; there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; and there are no scenic highways, hazardous waste sites, or historical resources in the area.

### **Attachments:**

- A. Resolution No. 24-03 Approving Assistance Agreement Related to Transfers/Exchanges with Homer, LLC  
Exhibit 1: Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC
- B. Notice of Exemption re. Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC

# ATTACHMENT A

**RESOLUTION NO. 24-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COAST  
WATER AUTHORITY APPROVING THE ASSISTANCE AGREEMENT RELATED TO  
TRANSFERS/EXCHANGES WITH HOMER, LLC**

**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 contract between SBCFCWCD and the Department of Water Resources (“**DWR**”) that provides for the delivery of water from California’s State Water Project (“**SWP**”) to Santa Barbara County (“**SWP Contract**”).
- B. CCWA owns, operates and maintains water conveyance, storage and treatment facilities (“**CCWA Facilities**”) to deliver water from the SWP to cities, water districts and other water purveyors and users in Santa Barbara County (collectively, the “**CCWA Participants**”) pursuant to one or more water supply agreements. Montecito Water District (“**MWD**”) is a CCWA Participant.
- C. CCWA and MWD are parties to a water supply agreement dated August 1, 1991, as amended from time to time, related to the matters described in Recitals A and B (“**Water Supply Agreement**”).
- D. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.
- E. On April 25, 2024, CCWA’s Board of Director adopted Resolution No. 24-02 approving Administrative Rules for the Transfer of Exchange of Water (“**Transfer Rules**”), which establishes CCWA rules and procedures for CCWA Participants to transfer and exchange water under the SWP Contract.
- F. MWD and Homer, LLC (“**Homer**”) have entered into an agreement (“**Homer Agreement**”) that provides for certain transfers and exchanges of water between MWD and Homer (“**MWD Transfer(s)**”).
- G. MWD has requested that CCWA assist MWD with implementation of the Homer Agreement, including assisting MWD with obtaining all required

approvals and complying with all applicable laws, and MWD has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto in accordance with the terms and conditions of the Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC ("**Assistance Agreement**").

- H. The Assistance Agreement includes numerous conditions that must be satisfied in advance of any transfer or exchange, including but not limited to CCWA's approval of any MWD Transfer. The Executive Director will return to the Board for the Board's review and consideration of any findings, approvals or commitments that may be required of CCWA to effectuate any MWD Transfer.
- I. As described in the report to this Board dated June 20, 2024, CCWA Staff has determined that the Board's approval of the Assistance Agreement is exempt from the California Environmental Quality Act ("**CEQA**") pursuant to the "common sense" exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because CCWA and MWD's actions pursuant to the Assistance Agreement are administrative and do not have the potential for causing a significant effect on the environment, unless MWD completes a MWD Transfer, in which case compliance with CEQA may be required for such MWD Transfer.

**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.** The Board of Directors hereby approves the Assistance Agreement attached hereto as **Exhibit 1** and incorporated herein by reference.

**SECTION 3.** The Board of Directors has considered and agrees with the Staff's CEQA determination and hereby finds that the Board's approval of the Assistance Agreement is exempt from CEQA pursuant to the "common sense" exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because CCWA and MWD's actions pursuant to this Agreement are administrative and do not have the potential for causing a significant effect on the environment, unless MWD completes a MWD Transfer, in which case compliance with CEQA may be required for such MWD Transfer, as provided in the Assistance 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 Assistance Agreement in accordance with its terms, the Transfer Rules, and all applicable legal requirements and laws, including but not limited to CEQA.

**SECTION 5.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Central Coast Water Authority, this 27th day of June, 2024, by the following vote:

	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%	_____	_____	_____	_____

I hereby certify that the foregoing resolution was adopted at a regular meeting of the Central Coast Water Authority held on June 27, 2024.

Attest:

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

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

APPROVED AS TO FORM:  
Brownstein Hyatt Farber Schreck LLP

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

**Exhibit:**

1. Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC

# **EXHIBIT 1**

**CENTRAL COAST WATER AUTHORITY**  
**ASSISTANCE AGREEMENT**

This Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC (“**Agreement**”) is made as of \_\_\_\_\_ by and between

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

and

**MONTECITO WATER DISTRICT (“MWD”)**

(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 contract between SBCFCWCD and the Department of Water Resources (“**DWR**”) that provides for the delivery of water from California’s State Water Project (“**SWP**”) to Santa Barbara County (“**SWP Contract**”).

B. CCWA owns, operates and maintains water conveyance, storage and treatment facilities (“**CCWA Facilities**”) to deliver water from the SWP to cities, water districts and other water purveyors and users in Santa Barbara County (collectively, the “**CCWA Participants**”) pursuant to one or more water supply agreements. MWD is a CCWA Participant.

C. CCWA and MWD are parties to a water supply agreement dated August 1, 1991, as amended from time to time, related to the matters described in Recitals A and B (“**Water Supply Agreement**”).

D. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.

E. On April 25, 2024, CCWA’s Board of Director adopted Resolution No. 24-02 approving Administrative Rules for the Transfer or Exchange of Water (“**Transfer Rules**”), which establish CCWA rules and procedures for the CCWA Participants to transfer and exchange water under the SWP Contract.



F. MWD and Homer, LLC (“**Homer**”) have entered into an agreement (“**Homer Agreement**”), attached to this Agreement as **Exhibit 1**, that provides for certain transfers and exchanges of water between MWD and Homer (“**MWD Transfer(s)**”).

G. MWD has requested that CCWA assist MWD with implementation of the Homer Agreement, including assisting MWD with obtaining all required approvals and complying with all applicable laws, and MWD has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto in accordance with the terms and conditions of this Agreement.

H. On June 27, 2024, CCWA’s Board of Directors authorized CCWA’s Executive Director to assist MWD with the proposed MWD Transfers, at MWD’s expense, but also to return to the Board for the Board’s review and consideration of any findings, approvals or commitments that may be required of CCWA to effectuate the proposed MWD Transfers.

I. The Parties anticipate that DWR’s approval of any MWD Transfer, in the form of one or more contracts among the participating contracting parties (each a “**DWR Approval Agreement**”), will be required and that such agreement(s) will require that SBCFCWCD, as party to the SWP Contract, execute such agreement(s) on behalf of CCWA and further, that as a condition precedent to executing such agreement(s), SBCFCWCD will require CCWA to indemnify and release the SBCFCWCD from any liabilities arising from or related to any MWD Transfer.

J. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to any MWD Transfer pursuant to the Homer Agreement.

**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 follows:

## **AGREEMENT**

**1. Compliance with all Laws.** MWD shall be solely and exclusively responsible for complying with all applicable laws and legal requirements associated with any MWD Transfer, including but not limited to the California Environmental Quality Act (“**CEQA**”), and for securing any required consents, approvals, permits or orders necessary to effectuate any MWD Transfer. The Parties acknowledge and agree that different laws and legal requirements may apply, depending on the source of the water to be transferred, the facilities used, and other factors specific to the particular transfer or exchange of water.

## **2. CCWA Assistance**

**2.1 Coordination with DWR and SBCFCWCD.** As may be required to assist MWD with any MWD Transfer pursuant to the Homer Agreement, as provided herein, CCWA will endeavor to coordinate with DWR and SBCFCWCD, including but not limited to providing any documentation or requests for information required by DWR or SBCFCWCD. CCWA will endeavor to timely forward any documentation or requests for information related to or required by DWR or SBCFCWCD regarding any MWD Transfer for review and instructions on how MWD

desires to proceed. Under no circumstances shall CCWA agree to modifications or amendments to any MWD Transfer or any related agreements without the consent of MWD.

**2.2 CCWA As Intermediary.** With respect to any MWD Transfer, the Parties acknowledge and agree that CCWA is acting simply as an intermediary between DWR and MWD, and SBCFCWCD and MWD, since MWD does not have any direct contractual relationship with DWR or the SBCFCWCD. The Parties further acknowledge and agree that CCWA has no direct or indirect interest in any MWD Transfer. MWD acknowledges and agrees that in the event that any approval required to permit any MWD Transfer is not obtained, or is conditioned in a manner that is not acceptable to MWD, CCWA shall have no obligation to assist MWD in objecting to, requesting reconsideration of, or challenging any such determination. If any approval required to effectuate any MWD Transfer is not obtained, including but not limited to CCWA's approval as provided herein, or any approval of any MWD Transfer is conditioned in a manner that is not acceptable to either Party, the Parties shall meet and confer to determine whether this Agreement shall be terminated.

**3. Indemnification Agreement with SBCFCWCD.** As may be required to obtain the SBCFCWCD's execution of any DWR Approval Agreement for any MWD Transfer, MWD requests that CCWA agree to indemnify SBCFCWCD by executing an Assignment, Assumption and Indemnification Agreement substantially similar to the form of agreement attached hereto as **Exhibit 2**. Upon CCWA's execution of an Assignment, Assumption and Indemnification Agreement with the SBCFCWCD, MWD shall be bound to CCWA under the terms of the agreement, just as CCWA is bound to SBCFCWCD by the terms of the agreement. MWD also shall be bound to CCWA under the terms of any other commitments by CCWA in connection with any MWD Transfer, just as CCWA is bound under said commitments.

**4. Conditions Precedent.** As a condition precedent of CCWA's approval and execution of an Assignment, Assumption and Indemnification Agreement, as provided in Section 3, for each MWD Transfer, MWD shall do all of the following:

- a) deliver to CCWA a detailed description of the proposed MWD Transfer; and
- b) certify by resolution or other appropriate document all of the matters set forth in this Section 4.b) and deliver said certification to CCWA; and
  - i) MWD has complied with all applicable laws.
  - ii) MWD has provided any required notices to public agencies and the public.
  - iii) MWD is informed and believes that the MWD Transfer will not harm other CCWA Participants or any party that contracts with DWR for the delivery of SWP water.
  - iv) MWD is informed and believes that the MWD Transfer will not adversely impact CCWA or SWP operations.

- v) MWD is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under the Water Supply Agreement and this Agreement.
- vi) MWD has considered the potential impacts of the MWD Transfer within its service area.
- c) deliver to CCWA a copy of MWD's documentation of compliance with CEQA, including any Notice of Exemption or Notice of Determination, as applicable; and
- d) give notice to CCWA of MWD's agreement to the terms and conditions of any DWR Approval Agreement(s) setting forth the terms and conditions of the MWD Transfer.

## **5. Procedure**

**5.1** Upon request by MWD to facilitate any MWD Transfer, CCWA will endeavor to timely communicate and coordinate with DWR and/or Homer and otherwise assist MWD to facilitate a MWD Transfer, including but not limited to transmitting the required "DWR Contract Information Form" to DWR and requesting that DWR consider such transfer pursuant to the terms and conditions of the SWP Contract.

**5.2** Upon request by MWD to facilitate a MWD Transfer, CCWA's Board of Directors will endeavor to timely meet and consider the MWD Transfer, including any required Assignment, Assumption and Indemnification Agreement. Upon CCWA's approval of the MWD Transfer and Assignment, Assumption and Indemnification Agreement, CCWA will endeavor to timely notify MWD of such approval.

**5.3** Upon receipt of any DWR Approval Agreement, CCWA will endeavor to timely deliver the DWR Approval Agreement to MWD for MWD's review and approval of the terms and conditions of the MWD Transfer. In turn, MWD will timely notify CCWA whether MWD agrees to the terms and conditions of the MWD Transfer as set forth in the DWR Approval Agreement.

**5.4** Upon receipt of MWD's notice of its agreement to the terms and conditions of the DWR Approval Agreement, and provided that MWD has satisfied all conditions precedent set forth in Section 4, and further provided that CCWA's Board of Directors has approved the MWD Transfer and any required Assignment, Assumption and Indemnification Agreement, CCWA will endeavor to timely execute the Assignment, Assumption and Indemnification Agreement and deliver said agreement to SBCFCWCD and request SBCFCWCD's execution of both the Assignment, Assumption and Indemnification Agreement and the DWR Approval Agreement(s) on behalf of CCWA on behalf of MWD.

**6. CCWA Delivery of Water.** The Parties acknowledge and agree that any water transferred to MWD pursuant to the Homer Agreement shall be delivered by CCWA to MWD pursuant to the terms and conditions of the Water Supply Agreement. CCWA's delivery of such water shall be contingent upon, and subject to, any necessary approvals, including but not limited to any DWR Approval Agreement(s), and shall be governed by the terms and conditions of such approval(s) and any other applicable legal requirements.

7. **Cooperation.** MWD acknowledges that CCWA's ability to assist MWD, as provided in this Agreement, requires MWD's cooperation. MWD 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.

8. **MWD Payment of Total Expenses**

8.1 **Total Expenses.** Irrespective of whether any MWD Transfer is undertaken or completed, MWD shall pay CCWA's total expenses, including all out-of-pocket expenditures made by CCWA arising under or related to this Agreement, including, but not limited to consultant expenses, legal expenses, and any other costs and expenses related to any MWD Transfer, including any expenses incurred prior to the Effective Date of this Agreement and any expenses incurred by CCWA pursuant to any CCWA compliance with CEQA as may be required (collectively, "**Total Expenses**").

8.2 **Invoices and Payments.** CCWA will invoice MWD for Total Expenses incurred on a monthly basis or such other periodic basis as CCWA may determine. CCWA invoices shall itemize Total Expenses incurred, including any consultant and legal fees, provided however, that CCWA shall not be required to include privileged and confidential communications to MWD. MWD shall remit the amount stated in the invoice within thirty (30) days of receipt.

8.3 **Reconciliation.** Upon termination of this Agreement, CCWA shall provide to MWD an accounting of the actual amounts MWD is obligated to pay hereunder. Any overpayment by MWD shall be promptly refunded by CCWA and any underpayment by MWD shall be promptly paid to CCWA.

9. **Obligation in the Event of Default**

9.1 **Written Demand Upon Failure to Make Payment.** Upon MWD'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 MWD, and if such failure is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default at the expiration of such period.

9.2 **CCWA's Use of Other Funds.** CCWA may draw upon and use any unobligated funds held by CCWA as credits payable to MWD, including "O&M Year-end Credits" and any other credits held by CCWA for the benefit of the MWD, and any cash that MWD may have on deposit with CCWA in the "DWR Reserve Fund" or the "Rate Coverage Reserve Fund," to satisfy the MWD's payment obligation, in whole or in part. CCWA shall provide to the MWD an accounting of any such credits or deposits applied. CCWA's use of other MWD funds pursuant to this Section 9.2 is in addition to all other remedies provided by this Agreement.

9.3 **Other Events of Default.** In addition to any default resulting from breach by CCWA or MWD of any agreement, condition, covenant or term hereof, if CCWA or MWD shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby CCWA or MWD asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from

any or all of its debts or obligations, or offers to its creditors to effect a composition or extension or time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if CCWA or MWD shall make a general or any assignment for the benefit of its creditors, then in each and every such case CCWA or MWD, as the case may be, shall be deemed to be in default hereunder.

**9.4 Termination of Contractual Rights; Continuing Obligations.** Upon MWD's failure to make any payment which failure constitutes an un-cured default under this Agreement, CCWA may (in addition to all other remedies provided in this Agreement) terminate the provisions of this Agreement. Irrespective of such termination, the obligations of MWD to CCWA to pay the full amount of costs under this Agreement shall continue in full force and effect.

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

## **11. Disclaimer of Liability**

**11.1** MWD acknowledges and agrees that CCWA is endeavoring in good faith to assist MWD, in exchange for full reimbursement of CCWA's costs and expenses and full assumption of CCWA's obligations and liabilities related to or arising out of this Agreement and any MWD Transfer and, as a result, it is the intent and agreement of the parties hereto that CCWA shall not incur any liability for such assistance to MWD, regardless of the cause.

**11.2** MWD acknowledges and agrees that neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, attorneys, or any other CCWA Participant shall be liable to MWD pursuant to this Agreement or otherwise in the event that DWR, SBCFCWCD or any other party required to approve any MWD Transfer or any related agreement or transaction declines or fails to approve any MWD Transfer or such other related agreement or transaction or conditions any MWD Transfer in any manner.

**11.3** To the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, or any other CCWA Participant, shall be liable to MWD for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses resulting from CCWA's failing to timely perform its obligations under this Agreement or any related agreements pertaining to any MWD Transfer, whether resulting from inadvertence, negligence, omission, or any other reason.

**11.4** To the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, or any other CCWA Participant, shall be liable to MWD for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses resulting from CCWA's inability or failure to deliver any water pursuant to the Homer Agreement as a result of uncontrollable forces, such as shortage, drought, earthquakes and other natural or human caused disasters, limitations or constraints on DWR's operation of the SWP, limitations or constraints on CCWA's operation of the CCWA Facilities, or any other cause beyond the control of CCWA.

## **12. Indemnification and Defense**

**12.1 Indemnification.** MWD ("**Indemnifying Party**") agrees to indemnify, defend, protect and hold harmless CCWA and its officers, directors, employees, agents, consultants and attorneys and all other CCWA Participants (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against any and all claims, actions, liabilities, damages, losses and expenses, including but not limited to attorneys', paralegals', consultants', and experts' fees, costs and expenses, arising from or relating to this Agreement and any related agreements pertaining to any MWD Transfer, 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 or willful misconduct.

**12.2 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 this Section 12.2 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.

**13. Remedies.** If MWD does not timely perform its obligations pursuant to this Agreement, CCWA shall be entitled to proceed to protect and enforce its rights as provided in this Agreement by such appropriate judicial proceedings as CCWA 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 in CCWA by this Agreement or by law. The provisions of this Agreement and the duties of MWD 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.

#### **14. Term; Termination**

**14.1 Term.** The term of this Agreement shall commence on the date upon which executed by all Parties (“**Effective Date**”) and shall continue until termination of any DWR Approval Agreement(s), unless sooner terminated as provided for herein.

#### **14.2 Termination**

14.2.1 This Agreement may be terminated by CCWA at any time, provided MWD agrees in writing thereto.

14.2.2 This Agreement may be terminated by MWD upon the expiration of thirty (30) days following the later of (i) delivery of written notice of termination to CCWA, and (ii) discharge by MWD, or satisfactory performance of all financial obligations hereunder.

14.2.3 Notwithstanding any provision to the contrary, the obligations set forth in Sections 3, 8, 11 and 12 shall survive in full force and effect despite termination of this Agreement.

#### **15. General Provisions**

**15.1 Assignability.** This Agreement shall not be assigned by MWD 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.

**15.2 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.

**15.3 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.”

**15.4 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 federal Electronic Signatures in Global and National Commerce (ESIGN) Act of 2000 (P.L. 106-229), 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.

**15.5 Due Authority.** The individuals executing this Agreement represent and warrant that they have the authority to enter into this Agreement on behalf of their respective 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.

**15.6 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. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.

**15.7 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 the terms and conditions of this Agreement.

**15.8 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.

**15.9 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.

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

**15.11 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. Any Party may change its email and overnight service addresses by giving all other Parties written notice of the new address(es).



**15.12 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.

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

**15.14 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 every obligation contained in this Agreement.

**15.15 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    MONTECITO WATER DISTRICT**

By: \_\_\_\_\_  
Name: Ray Stokes  
Title: Executive Director

By: \_\_\_\_\_  
Name: Kenneth Coates  
Title: Board President

Approved as to form:

By: \_\_\_\_\_  
Name: Nicholas Turner  
Title: Board Secretary

By: \_\_\_\_\_  
Stephanie Osler Hastings, CCWA  
Counsel

Approved as to form:

By: \_\_\_\_\_  
Walt Wendelstein, District Counsel

**CCWA Authorized Representative:**

**MWD Authorized Representative:**

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

Nicholas Turner, General Manager  
Montecito Water District  
583 San Ysidro Road  
Santa Barbara, CA 93108  
Telephone: (805) 969-2271  
Email: [nturner@montecitowater.com](mailto:nturner@montecitowater.com)

**Exhibit 1:** Water Management Program Agreement between MWD and Homer

**Exhibit 2:** *Form of Assignment, Assumption and Indemnification Agreement*

# **EXHIBIT 1**

## **WATER MANAGEMENT PROGRAM AGREEMENT**

This Water Management Program Agreement (“Agreement”) is made and effective as of \_\_\_\_\_, 2024 (“Effective Date”) by and between Montecito Water District, a County Water District (“Montecito”), and HOMER LLC, a Delaware Limited Liability Company (“Homer”). Montecito and Homer may be referred to in this Agreement individually as a “Party” or collectively as the “Parties”.

### **RECITALS**

- A.** Montecito is party to a water supply agreement dated August 1, 1991, as amended from time to time, with Central Coast Water Authority (“CCWA”), which provides for delivery of up to 3,300 acre-feet per year of State Water Project (“SWP”) Table A Water to Montecito. CCWA is a public entity that was organized in 1991 under a joint exercise of powers agreement by its eight members, which are all public agencies located in Santa Barbara County, to manage construction and operation of the Coastal Branch Aqueduct of the SWP. In the same year, CCWA entered an agreement with Santa Barbara County Flood Control and Water Conservation District (“SBCFCWD”), which holds the SWP Contract for Santa Barbara County, assuming the SWP Contract responsibilities, including all operational and financial obligations. Although CCWA manages the SWP Contract, SBCFCWD remains the contracting party to the SWP Contract. SBCFCWD’s role as the contracting party is currently under litigation by CCWA, including their level of authority as it relates to review and approval of SWP transfers.
- B.** Homer, a subsidiary of Renewable Resources Group, farms permanent crops within, and receives SWP Water deliveries from, Kern County Water Agency (“KCWA”). Homer also maintains a portfolio of water supplies and groundwater basin storage capacity that it uses to manage water resources and improve water reliability for other parties.
- C.** Montecito and Homer desire to enter into this Agreement for the annual transfer of water, determined by Montecito to be surplus to its needs, to Homer. Montecito and Homer have consulted with the Department of Water Resources in the preparation of this Agreement; including but not limited to the structure, procedures, and requirements for the water transfers contemplated herein.

Based on the foregoing recitals, which are incorporated into this Agreement by this reference, and for other consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE I  
DEFINITIONS**

**1.01 Definitions.** Terms used in this Agreement not otherwise defined shall have the following meanings:

- (a) "AF" means an acre foot (or when plural acre-feet) of water.
- (b) "Annual Minimum Payment" means the amount of one-hundred thousand dollars (\$100,000) which Homer will pay to Montecito within thirty (30) days after the Effective Date and thereafter by January 31 of each new Year of the Term. The amount of the Annual Minimum Payment may be reduced if the Annual Minimum Payment Credits reach \$300,000, as described in Section 1.01(c).
- (c) "Annual Minimum Payment Credits" means Annual Minimum Payment amounts paid by Homer to Montecito which shall be credited on a 1-for-1 basis to payments due from Homer for Transfer Water. Accrued Annual Minimum Payment Credits not applied to payments for Transfer Water during a given Year shall carry forward and apply to payments for Transfer Water during subsequent Years. Annual Minimum Payment Credits shall be capped at \$300,000. When Annual Minimum Payment Credits reach the \$300,000 cap, no further Annual Minimum Payments shall be paid by Homer until after the Annual Minimum Payment Credits are reduced through the purchase of Transfer Water.
- (d) "Annual Review and Approval" means review and approval of a single Year transfer by any approving agency, including but not limited to CCWA, KCWA, and DWR. Annual Review and Approval may be required for transfers that are not approved and included in the Programmatic Approval. For example, DWR can allow for expedited approval of Table A water transfers under a Programmatic Approval, but Article 56C water transfers require Annual Review and Approval.
- (e) "Article 21 Water" means water made available by DWR during years when SWP water supply exceeds SWP contractors' total entitlements pursuant to Article 21 of the SWP long-term water supply contracts.
- (f) "Article 56C Water" means Table A Water from a prior year carried forward to a subsequent year and stored in San Luis Reservoir for future delivery.
- (g) "CCWA Approval" means any necessary approvals from or through CCWA, which operates the portion of the SWP in Santa Barbara County. In the case that Montecito is unable to obtain CCWA Approval, this contract is null and void unless otherwise agreed to by both Parties in writing. CCWA Approval includes:
  - a. Approval for the transfer of SWP supplies: CCWA coordinates review and approval by the SBCFCWD, which holds the SWP contract and currently exercises authority over the transfer of CCWA members' SWP contract supplies. At the time of the preparation of this Agreement, SBCFCWD's role as the SWP contracting party is the subject of litigation by CCWA, including the authority of SBCFCWD as it relates to review and approval of SWP supply transfers. The specific approvals needed from and through CCWA for the

transfer of SWP supplies may change based on the results of this litigation. Montecito shall complete the approval process that is in place as of the Effective Date of this Agreement but any completion of the approval process cannot be construed or inferred to be an Agreement by Montecito that such process is appropriate or required.

- b. Compliance with CCWA Resolution 21-01, as amended or modified: Under this resolution, adopted February 17, 2021, a CCWA member may transfer their available SWP supplies outside Santa Barbara County after allowing for the right of first refusal by the other CCWA members on the same terms and conditions. The terms of this Agreement would be offered to other CCWA members one time, prior to the initial commencement of this Agreement, and such offer would constitute compliance with Resolution 21-01, and would then apply to the entire Term of the Agreement.
- (h)** “CPI” means the Consumer Price Index for All Urban Consumers (CPI-U) for the Pacific region, or similar geography, not seasonally adjusted, as published by the United States Bureau of Labor Statistics. If publication of this index is discontinued during the Term of this Agreement, the Parties shall agree on a replacement index.
- (i)** “Delivery of Transfer Water” means the point in time at which Homer receives written notice from DWR that the Transfer Water has been transferred to Homer at the SWP Place of Delivery.
- (j)** “DWR” means the California Department of Water Resources as manager and operator of the SWP.
- (k)** “DWR Approval” means any necessary approvals from DWR, which manages and operates the SWP, and is responsible for review and approval of water transfer applications.
- (l)** “KCWA Approval” means any necessary approvals from or through KCWA, which holds and administers the SWP contract for Kern County’s local water districts and Improvement District No. 4 and their respective landowners and water users. In the case that Homer is unable to obtain KCWA Approval, this contract is null and void unless otherwise agreed to by both Parties in writing.
- (m)** “Programmatic Approval” means approval of this 5-year Water Management Program Agreement in its entirety by any approving agency, including but not limited to CCWA, KCWA, and DWR. Programmatic Approval generally allows approving agencies to expedite approval of future water transfers under the Agreement because they have already reviewed and approved the terms of the Agreement and associated water transfers, and their review is limited to confirming future water transfers comply with the terms of the Agreement. Programmatic Approval by DWR would allow for expedited approval of Table A water transfers under this Agreement, but Article 56C water transfers would still require Annual Review and Approval.
- (n)** “Secondary Rights” means rights that are subordinate to those of the primary rights holder. In the case of this Agreement, Secondary Rights apply to each party’s rights to use the other party’s unused SWRU Recharge and Recover Capacity, as outlined in Article IV.

- (o) "Semitropic" means the Semitropic Water Storage District and/or any affiliated entities in which either of the parties has a water storage contract.
- (p) "SWP Place of Delivery" means the point of delivery on the SWP designated herein specific to the type of SWP Water being transferred. The SWP Place of Delivery for Table A Water is Banks Pumping Plant and for Article 56C Water is San Luis Reservoir.
- (q) "SWP Water" means State Water Project water supplies, including Table A Water, and Article 56C Water.
- (r) "SWRU" means the Stored Water Recovery Unit of the Semitropic Water Storage District groundwater bank.
- (s) "SWRU Recharge and Recovery Capacity" means the capacity granted by Semitropic to a given participant in the SWRU groundwater bank to deliver water into the SWRU (recharge) and withdraw water from the SWRU (recovery).
- (t) "Table A Water" means water made available to Montecito under its water supply agreement with CCWA. Montecito's full contractual allocation of Table A Water is currently 3,300 AF per Year of SWP Water.
- (u) "Transfer Water" means Montecito's Table A Water, Article 56C Water, and any other source of supply secured by Montecito that Montecito: (i) determines, in its sole and absolute discretion, is surplus to Montecito's needs and any water delivery commitments that preexisted this Agreement; and (ii) elects to sell during each Year of the Term.
- (v) "Transfer Water Quantity" means the amount in AF of Transfer Water which shall be determined annually by Montecito in Montecito's sole discretion.
- (w) "Transfer Water Rate" means the rate Homer shall pay to Montecito for Transfer Water, expressed in dollars per AF, and determined as follows based on DWR's annual SWP allocation as of May 30 for the Year in which Delivery of Transfer Water is completed:

<u>Final SWP Allocation (%)</u>	<u>Transfer Water Rate (\$/AF)</u>
0 to 25	\$1,100
26 to 60	\$600
61 to 85	\$400
86 to 100	\$300

Beginning in 2025, the Transfer Water Rate will be adjusted each Year by the greater of: 1) The annual percentage change in the CPI from the previous Year using the average CPI from January through March; (For example, if the average CPI value from January through March in 2023 is 307 and in 2022 is 296, the Transfer Water Rate would increase by three and seven tenths percent (3.7%) for 2024. The calculation is  $307 / 296 - 1 = .037$  or 3.7%); or 2) The rolling five-year annual average increase in the SWP statement of fixed charges billed to Montecito by CCWA for its SWP supplies.

- (x) "Term" means the period of time beginning on the Effective Date and ending on December 31, 2029.

(y) "Year" means a calendar year beginning January 1 and ending December 31.

## ARTICLE II

### PROGRAM IMPLEMENTATION AND ONGOING COMMUNICATION

- 2.01 Approval of Transfer Agreement.** Immediately following execution of this Agreement, Montecito and Homer shall pursue Programmatic Approval from CCWA, KCWA, and DWR of this 5-year Water Management Program Agreement.
- 2.02 Ongoing Communication.** Montecito and Homer shall coordinate with each other during each Year of this Agreement to communicate preliminary plans, including Montecito's outlook regarding potential availability of Transfer Water. The Parties shall schedule their first coordination conference each Year to occur within two (2) weeks of DWR's preliminary SWP allocation release. The Parties shall confer with each other after each SWP allocation change issued after March 1, either by email, telephone, or in-person/electronic meeting, to confirm or update their plans. These discussions are non-binding, and the intent is to provide early, consistent, and transparent communication so that each Party has additional information during their early planning process. The Parties also agree that ongoing communication shall include the following specific efforts:
- (a) Article 21 Water for Homer.** During the Term, Montecito agrees to cooperate with Homer to facilitate the transfer of Article 21 Water that is available to Montecito, excess to Montecito's needs, and requested by Homer. The specific terms of any Article 21 Water transfer to Homer shall be negotiated under a separate agreement.
  - (b) Supplemental Water Supply for Montecito.** During the Term, Homer agrees to cooperate with Montecito to facilitate the transfer of water supply that is available to Homer and requested by Montecito. The specific terms of any supplemental water transfer to Montecito shall be negotiated under a separate agreement.

## ARTICLE III

### SALE OF TRANSFER WATER FROM MONTECITO TO HOMER

- 3.01 Determination of Transfer Water Quantity.** The Transfer Water Quantity shall be determined annually by Montecito at Montecito's sole and absolute discretion and in accordance with the limitations set forth in Amendment No. 21 (The Water Management Amendment) to the Water Supply Contract between the State of California Department of Water Resources and Santa Barbara County Flood Control and Water Conservation District. By May 30 of each Year, Montecito shall notify Homer in writing of the Transfer Water Quantity. Such notification shall state the individual types and amounts of water (including but not limited to SWP Water) determined by Montecito to be Transfer Water.
- 3.02 Homer Purchase of Transfer Water.** Homer is obligated to purchase Transfer Water made available by Montecito in each Year of the Term.



**3.03 Payment for Transfer Water.** Homer shall pay for the entire amount of the Transfer Water Quantity made available by Montecito as follows:

- (a) The purchase price for Transfer Water shall be calculated by multiplying the applicable Transfer Water Rate by the Transfer Water Quantity.
- (b) Homer shall pay Montecito the Annual Minimum Payment according to the schedule set forth in Section 1.01(b) of this Agreement, subject to the cap set forth in Section 1.01(c). Annual Minimum Payments made by Homer shall be recognized as and accrue Annual Minimum Payment Credits that apply toward the purchase price for Transfer Water. Any Annual Minimum Payment Credits remaining at the end of the Term, or upon early termination, shall be managed according to Section 5.01.
- (c) Annual Minimum Payment Credits accrued by Homer shall first be applied to the purchase price for Transfer Water. If the purchase price for Transfer Water is less than Homer's Annual Minimum Payment Credits, Homer shall retain Annual Minimum Payment Credits that carry forward and apply to later purchases of Transfer Water under this Agreement. For example, in a given Year, if Homer has accrued \$200,000 of Annual Minimum Payment Credits and the purchase price for Transfer Water is \$150,000, then Homer shall retain \$50,000 of Annual Minimum Payment Credits which shall carry forward and apply to subsequent purchases of Transfer Water. If the purchase price for Transfer Water exceeds the amount of Annual Minimum Payment Credits accrued by Homer, Homer shall pay Montecito the remaining balance of the purchase price pursuant to provision 3.03(e).
- (d) In the event of a delinquency by Homer in payment, (i) interest will accrue on any delinquency at the rate of 7 percent per annum, and (ii) Montecito may, in its sole and absolute discretion, terminate this Agreement if Homer fails to remedy such default within thirty (30) days of receipt of written notice of default from Montecito or another specific date agreed to by both Homer and Montecito in writing. In such circumstances and absent any cure accepted by Montecito, the termination date shall be effective 30 days after Montecito provides written notice. Homer will remain obligated to make payment for all Transfer Water and Annual Minimum Payments that are due to Montecito prior to the date of termination.
- (e) Montecito shall provide Homer with an invoice for Transfer Water upon DWR approval of the requested delivery of Transfer Water and Homer shall pay the invoice in full, within 30 days of receipt of invoice.

**3.04 Delivery of Transfer Water.** Montecito shall deliver Transfer Water as follows:

- (a) Within ten (10) business days of Montecito notifying Homer of the Transfer Water Quantity, Homer shall (i) submit transfer documents to KCWA for KCWA Approval and (ii) provide to Montecito confirmation by KCWA of receipt of the transfer documentation. Montecito and Homer shall notify and coordinate with any necessary third parties (e.g., CCWA) to effectuate the transfer of Transfer Water for that Year.

- (b) Homer shall provide to Montecito a confirmation notice of the transfer approval within thirty (30) business days of Montecito notifying Homer of the Transfer Water Quantity. The confirmation notice shall identify the SWP contractor that will take delivery of the Transfer Water on behalf of Homer. In the event KCWA's approval process extends beyond the 30-day notice period, Homer shall notify Montecito in writing of the delay, provide an anticipated date by which approval will be provided, and keep Montecito informed about any developments.
- (c) Within ten (10) business days of receiving confirmation notice of the transfer approval from Homer, Montecito shall (i) submit a request that CCWA prepare and submit a notice to DWR regarding the proposed transfer of Transfer Water for that Year and (ii) provide Homer with CCWA confirmation of receipt of the request.
- (d) The point of delivery for Transfer Water to Homer is the SWP Place of Delivery. Homer shall take receipt of, and may not reject or reschedule, any Transfer Water timely made available to Homer. The Transfer Water shall be provided to Homer as a single block transfer to the SWP account(s) identified by Homer. Montecito shall work with CCWA and DWR to deliver the Transfer Water to Homer no later than September 1 of each Year. The Parties recognize that delivery of Transfer Water may be delayed for reasons out of the control of the Parties, including delays in obtaining necessary permits and/or approvals, as addressed in Section 3.07. In the event of a delivery delay, Montecito shall promptly notify Homer in writing of the delay and keep Homer informed about any developments.
- (e) Homer, at its sole cost and expense, shall be responsible for all costs of (i) compliance with the California Environmental Quality Act and/or any other environmental compliance that is required in connection with its purchase and delivery of Transfer Water from the SWP Place of Delivery to the place of use, (ii) management and storage of Transfer Water after taking receipt at the SWP Place of Delivery and (iii) delivery of Transfer Water from the SWP Place of Delivery to Homer's place of use, including energy and conveyance costs, and any losses.

**3.05 SWP Capacity and Delivery Costs.** Montecito shall pay all costs to deliver the Transfer Water to the SWP Place of Delivery. Homer will be solely responsible for making any arrangements necessary and paying any costs to deliver, convey, store, or otherwise dispose of any Transfer Water following its delivery to Homer at the SWP Place of Delivery. Homer may request that Montecito pay for certain delivery costs with reimbursement from Homer to Montecito, and such requests will be subject to Montecito's approval, in its sole discretion. Homer may request that Montecito hold the Transfer Water in the Montecito account until Homer's delivery, conveyance, storage, or otherwise disposal of that water subject to certain limitations. Under no circumstances shall Homer's use of Montecito available carryover capacity in San Luis Reservoir restrict Montecito's ability to utilize its full carryover capacity in San Luis Reservoir. Any request by Homer to utilize Montecito's available carryover capacity in San Luis Reservoir must be made to Montecito by October 31. Montecito shall approve this request if Montecito determines that there is available carryover capacity in San Luis Reservoir to carryover the Transfer Water on behalf of Homer. Any such use of Montecito's carryover capacity by Homer is subject to CCWA approval and all SWP rules and regulations including limitations imposed on the amount of Table A water that can be carried over. In the event stored Article 56C water is lost, due to a

spill event or the exceedance of a maximum storage volume or another cause, the Transfer Water being held in Montecito's account on behalf of Homer will be the first water to be lost prior to Montecito's carryover water. This provision allowing for Transfer Water to be held in Montecito's account on behalf of Homer does not change the requirements of Section 3.03 Payment for Transfer Water. Specifically, Homer shall pay in full for any Transfer Water being carried over in San Luis Reservoir by Montecito as if the water had been delivered to the SWP Place of Delivery in the year that Transfer Water was made available by Montecito. The request from Homer and any approval by Montecito to carryover Transfer Water in San Luis Reservoir shall be for a single year only, with no guarantee that Montecito will approve carryover requests in future years.

**3.06 Liability for Quality and Distribution of Transfer Water.** Montecito will not be liable or responsible for the quality, control, carriage, handling, use, storage, or distribution of Transfer Water after delivery to the SWP Place of Delivery, nor for any claims, costs, damages, expenses, and liabilities of any nature whatsoever arising out of or connected with the quality, control, carriage, handling, use, storage, or distribution of Transfer Water after that delivery. Any and all claims, costs, damages, expenses and liabilities incurred with regard to the Transfer Water, following the delivery of Transfer Water at the SWP Place of Delivery, are the responsibility of Homer.

**3.07 Liability for Delivery Delays.** Montecito shall use its best efforts to deliver Transfer Water. The Parties understand that delivery of Transfer Water may be delayed for reasons out of the control of the Parties including delays in obtaining necessary permits and/or approvals. Montecito will not be in breach of this Agreement, or otherwise liable to Homer or any other party, for any claims, costs, damages, expenses, and liabilities, direct or indirect, arising from any such delays, regardless of the length of the delay during the Year of required delivery. In each instance, Montecito shall deliver prompt written notice to Homer of any such delay under this Section 3.07. Any delay as contemplated under this Agreement does not constitute a waiver or release, or excuse, the duties of Montecito to deliver the Transfer Water pursuant to Section 3.04 of this Agreement.

**(a) Homer Option to Modify the Delivery Request.** Any delivery delay that results in Montecito not delivering the full volume of the Transfer Water by September 1 of each Year, as required in Section 3.04, will require Montecito to promptly notify Homer in writing of the delay. Montecito shall be provided 30 days to cure the deficiency and provide the full volume of Transfer Water by September 30. Absent a cure by September 30, Homer shall have the option to modify the delivery request to reduce the requested quantity or fully decline delivery of the remaining Transfer Water that was not delivered by September 30 of the subject Year. Homer shall provide written notice to Montecito by October 5 to modify the delivery request. If Homer elects to reduce the requested quantity or fully decline delivery of the remaining Transfer Water due to delay, then Homer shall not be charged for the Transfer Water not delivered for the subject Year and any amount already paid by Homer for the water not delivered shall be applied to the Annual Minimum Payment Credits balance. If Homer does not provide written notice exercising the option to modify the delivery request by October 10, then Montecito's delivery of Transfer Water to Homer shall occur as soon as feasible. If Montecito is unable to deliver Transfer Water by November 30,

then the delivery will be cancelled, and Homer shall not be charged for the Transfer Water not delivered for the subject Year and any amount already paid by Homer for the water not delivered shall be applied to the Annual Minimum Payment Credits balance.

**ARTICLE IV**  
**SECONDARY RIGHTS TO SWRU CAPACITY**

- 4.01 Secondary Rights to Homer's SWRU Capacity.** Homer has an agreement with Semitropic providing Homer with 5,000 AF per Year of recharge and recovery capacity in the SWRU. During the Term, Homer grants Montecito Secondary Rights to use any portion of Homer's available SWRU Recharge and Recovery Capacity that is not being used by Homer for a water supply benefit to Homer in that Year. Homer will notify Montecito of the SWRU Recharge and Recovery Capacity that will be available to Montecito (if any) by April 1 of each Year. After April 1 of each Year, Montecito may request in writing to use SWRU Recharge and Recovery Capacity available to Homer but not being used by Homer. Homer may, in its sole and absolute discretion, approve or disapprove all or any portion of Montecito's request to use additional SWRU Recharge and Recovery Capacity, and shall notify Montecito in writing of such approval or disapproval within 30 days after receiving Montecito's request. Homer's approval shall not be unreasonably withheld.
- 4.02 Secondary Rights to Montecito's SWRU Capacity.** Montecito has an agreement with Semitropic providing Montecito with 1,500 AF per Year of recharge and recovery capacity in the SWRU. During the Term, Montecito grants Homer Secondary Rights to use any portion of Montecito's SWRU Recharge and Recovery Capacity available to Montecito but not being used by Montecito for a water supply benefit to Montecito in that Year. Montecito will notify Homer of the SWRU Recharge and Recovery Capacity that will be available to Homer (if any) by April 1 of each Year. After April 1 of each Year, Homer may request in writing to use SWRU Recharge and Recovery Capacity available to Montecito but not being used by Montecito. Montecito may, in its sole and absolute discretion, approve or disapprove all or any portion of Homer's request to use additional SWRU Recharge and Recovery Capacity, and shall notify Homer in writing of such approval or disapproval within 30 days after receiving Homer's request. Montecito's approval shall not be unreasonably withheld.
- 4.03 Coordination with Semitropic.** Within five business days after either Party's notification to the other Party of the SWRU capacity that will be available, each Party shall notify Semitropic of the SWRU capacity being made available to the other Party for that Year. Each Party shall cooperate with the other to effectuate the shared capacity program herein.
- 4.04 Semitropic Scheduling, Recharge, and Return.** Each Party shall be responsible, in its sole and absolute discretion, for scheduling and causing recharge or recovery (as applicable) for each Party's own water in Semitropic's SWRU. Homer's water recharged under this Article IV will be credited to Homer's storage account in the SWRU and will not be held in any of Montecito's storage accounts. Montecito's water recharged under this Article IV will be credited to Montecito's storage account in the SWRU and will not be held in any of Homer's storage accounts.

- 4.05 Payment of Semitropic Fees.** Each Party shall be responsible for any direct costs charged by Semitropic for use of the other Party's SWRU recharge and recovery capacity, excluding fixed annual fees owed to Semitropic. Each Party shall reimburse the other Party for such costs within 30 days of invoice if such costs were paid for by the other Party.
- 4.06 Limitations.** Each Party's rights under this Article IV are subject to existing agreements between each Party and Semitropic. Notwithstanding any other provision of this Agreement, neither Party shall be required to undertake any action hereunder that would violate its existing agreement(s) with Semitropic, or the rules established by Semitropic for its water banking program.

#### **ARTICLE V TERM AND TERMINATION**

- 5.01 Term.** The duration of this Agreement will be for, and expire upon the conclusion of, the Term. If any Annual Minimum Payment Credits remain unused at the end of the Term, then Montecito shall have the option, in its sole discretion, to either: (i) extend the Term until sufficient Transfer Water to cover the remaining Annual Minimum Payment Credits has been delivered to Homer; or (ii) provide a reimbursement payment to Homer equal to the unused Annual Minimum Payment Credits.
- 5.02 Termination; Notice of Default and Cure.** In the event a Party believes that the other has breached this Agreement or failed to substantially comply with its terms in any way other than a failure to make any payment required hereunder, that Party shall give the other Party written notice of such breach or failure to perform, along with sufficient written information to enable that other Party to determine if it has in fact breached. The Party alleged to have breached this Agreement or to have failed to substantially perform will have 60 days from receipt of the written notice required herein to cure, or such other date as is agreed upon by both parties in writing if a cure cannot reasonably be accomplished in sixty (60) days. If the breach or failure to perform is not cured within that period of time, then the Party alleging breach may terminate this Agreement.

#### **ARTICLE VI GENERAL PROVISIONS**

- 6.01 Entire Agreement.** This Agreement is an integrated agreement and represents the entire agreement of the Parties with respect to the subject matter hereof. All prior or contemporaneous agreements, discussions, negotiations, and understandings between the Parties respecting this transaction, including without limitation, any letters of intent, memoranda of understanding, offers, or counteroffers, are merged into this Agreement, which fully, completely, and exclusively expresses the agreement of the Parties. There are no agreements, covenants, provisions, terms, or representations with respect to the subject matter of this Agreement except as specifically and expressly set forth herein.
- 6.02 Waiver.** The waiver by one Party of the performance of any covenant, condition, duty, promise, provision, requirement, or term shall not invalidate this Agreement nor shall it be considered a waiver by such Party of any other covenant, condition, duty, promise, provision, requirement, or

term hereunder. The waiver by either or both Parties of the time for performing any act, duty, or requirement shall not constitute a waiver of the time for performing any other act, duty, or requirement to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement for any remedy shall not exclude the exercise of other available remedies unless they are expressly excluded.

- 6.03 Amendment.** No change of, or addition to, this Agreement or any part hereof shall be valid unless in writing and signed by both Parties.
- 6.04 Assignment.** Each Party may assign this Agreement or any right under this Agreement only with the prior written consent of the other Party, which approval is in the discretion of each Party, but which may not be unreasonably delayed or withheld. Any Party requesting approval of an assignment of this Agreement shall provide information to the other Party that any proposed assignee can fulfill all material terms of this Agreement. Upon approval of any assignment, this Agreement shall be binding upon and inure to the benefit of authorized assigns of the Parties. In the event an unauthorized assignment is issued by either Party, the terms of this Agreement shall be automatically binding upon the assignee in accordance with Section 6.10 regardless of any failure of notice to the assignee.
- 6.05 Construction.** The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against either of the Parties, and Section 1654 of the Civil Code has no application to interpretation of this Agreement. Headings at the beginning of sections, paragraphs, and subparagraphs of this Agreement are solely for the convenience of the Parties, are not a part of this Agreement, and shall not be used in construing it. The preamble, recitals and any exhibits and schedules to this Agreement are part of this Agreement and are incorporated herein by this reference. Whenever the singular is used in this Agreement, the same shall include the plural, and the plural shall include the singular, and the masculine gender shall include the feminine and neuter genders and vice versa. Unless otherwise required by the context (or otherwise provided herein) the words “including,” “include,” or “includes” shall be interpreted in a non-exclusive manner as though the words “but is not limited to” or “but without limiting the generality of the foregoing” immediately followed the same. If the day on which performance of any act or the occurrence of any event hereunder is due is not a business day, the time when such performance or occurrence shall be due shall be the first business day occurring after the day on which performance or occurrence would otherwise be due hereunder. All times provided in this Agreement for the performance of any act will be strictly construed, time being of the essence of this Agreement.
- 6.06 Notices.** All notices or other communications of any kind to be given hereunder shall be in writing and sent (i) via a method capable of being traced (mailed postage prepaid via the U.S. Postal Service certified or registered mail, return receipt requested, or delivered by a nationally-recognized overnight delivery service (e.g., Federal Express, UPS)), or (ii) by electronic mail with confirmation of receipt. Notices shall be deemed received upon the first attempted delivery by the U.S. Postal Service, or a nationally- recognized overnight delivery service, or upon confirmed receipt of electronic mail before 5:00 p.m. (in the recipient’s time zone) on any business day, or, if transmission is after 5:00 p.m. (in the recipient’s time zone), on the next business day. Notice by electronic mail shall be deemed to have occurred if the receipt of the electronic mail is

acknowledged in writing (including by responsive electronic mail) by the recipient. Notices shall be sent to the following addresses or such other address as any party shall designate in writing:

If to Montecito:           Montecito Water District  
583 San Ysidro Road  
Montecito, CA 93108  
Attn: General Manager  
Email: nturner@montecitowater.com

If to Homer:               Homer LLC  
5701 Truxtun Ave., Ste 201  
Bakersfield, CA 93309  
Attn: Eric Averett  
Email: eaverett@atlas-water.com

- 6.07 Counterparts.** This Agreement may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument and all such counterparts together shall constitute but one agreement. Facsimile, PDF, and digital/electronic signatures that comply with the California Evidence Code and Government Code shall be binding.
- 6.08 Severability.** Except as set forth below, if any provision of this Agreement is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement, which shall continue in full force and effect, provided that the primary intent of the Parties hereunder is not defeated by such invalidity or unenforceability. Notwithstanding the foregoing, the duties of Montecito under Section III of this Agreement (“Sale of Transfer Water from Montecito to Homer”) and the duties of Montecito and Homer under Section IV of this Agreement (“Secondary Rights to SWRU Capacity”) are interrelated and material. Any finding(s) of invalidity or unenforceability as to either Party’s ability to fulfill Section III, or either Party’s ability to fulfill Section IV of this Agreement is/are not severable. The mutuality of obligation by and between Montecito and Homer is a primary intent of the Parties herein.
- 6.09 Legal Authority.** Each of the undersigned individuals, by his/her execution of this Agreement on behalf of the respective parties, represents and warrants to the others that he/she has the legal power, right and actual authority to negotiate and execute this Agreement and bind their respective agencies and/or entities, as applicable, to the obligations contained in the paragraphs herein.
- 6.10 Binding Effect.** All covenants, conditions, and provisions of this Agreement shall inure to the benefit of and be binding upon the Parties hereto and all related persons and entities. As used, herein, the term “all related persons and entities” refers to the following as applicable to each Party: all present, and future, administrators, affiliates, agents, assigns, beneficiaries, board members, directors, divisions, employees, guarantors, legal and equitable owners, lenders, lessees, management personnel, members, officers, parents, partners, predecessors in interest, representatives, servants, shareholders, staff, subsequent purchasers, subsidiaries, successors in interest and all other entities, corporations, firms, joint ventures, parent companies, partnerships, persons or subsidiaries with whom any of the former are now or may hereafter be affiliated.

- 6.11 Governing Law.** This Agreement will be governed by and construed under the laws of the State of California without regard to conflicts of law principles, with venue for any action, claim, or proceeding proper only in Santa Barbara County.
- 6.12 Further Assurances.** From time to time and at any time after the execution and delivery hereof, each of the Parties, at their own expense, shall execute, acknowledge and deliver any further instruments, documents and other assurances reasonably requested by the other Party, and shall take any other action consistent with the terms of this Agreement that may reasonably be requested by the other Party to evidence or carry out the intent of or to implement this Agreement. The Parties shall cooperate with each other, as reasonably requested by either party, in preparing and filing on such schedule as shall reasonably be specified by the requesting Party all information and documents deemed necessary or desirable by the requesting Party under any statutes or governmental rules or regulations pertaining to the transactions contemplated by this Agreement.
- 6.13 No Effect on Parties Water Rights or Dedication to Public Use.** Nothing in this Agreement will be deemed to impair, limit, or cause a severance of any water rights appurtenant to, associated with or otherwise benefiting the Parties hereto, or property owned or leased by the Parties. The purchase or transfer of water under this Agreement is not a purchase or transfer of an underlying water right. Nothing in this Agreement bars, limits, precludes, prevents, or restricts the conveyance, sale, or transfer of (1) any underlying water right(s) or (2) water banking right(s) which either party is allocated, holds, or is entitled to now or in the future. Additionally, the provisions of this Agreement apply to this transaction only, and do not establish a precedent as to any future water sales or transfers, or the terms and conditions applicable to any future transaction. Montecito does not hold itself out as providing water service to Homer and the Parties are entering into this transaction solely as an accommodation to each other in light of their historical dealings with each other. Neither this Agreement, nor delivery of Transfer Water to Homer may be construed to be either a donation or gift of Montecito's assets and water rights to a private use, or as demonstrating an intention that Montecito will make any water available in the future to anyone other than Homer or its permitted assignees under this Agreement.
- 6.14 Force Majeure.** All obligations of the Parties other than monetary or payment obligations already incurred shall be suspended for so long as and to the extent the performance thereof is prevented, directly or indirectly, not to exceed twelve (12) months, by earthquake, failure of any facility, acts of God, epidemic, pandemic, governmental or court actions unrelated to delay issues set forth in Section 3.07, and other events which are beyond the reasonable control of, and have not been caused or contributed to by the Parties. In no event will any liability accrue against a Party, to its officers, agents, or employees, for any damage arising out of or connected with such a suspension of performance.
- 6.15 No Third-Party Beneficiary Rights.** Nothing in this Agreement, express or implied, is intended to, and may not be construed to, confer upon any third party any interest or rights (including any third-party beneficiary rights) with respect to or in connection with any provision contained in this Agreement.



**6.16 Dispute Resolution.** Any action, claim, or dispute arising out of or related to this Agreement shall be subject to mediation as a condition precedent to the institution of legal or equitable proceedings by either Party. Montecito and Homer shall endeavor to resolve any such action, claim, or dispute between them by mediation which shall be conducted in the County of Santa Barbara and in accordance with the applicable Mediation Rules of the American Arbitration Association in effect at the time of the action, claim, or dispute. Mediation shall be initiated through the presentation by one Party of a “Notice of Request to Mediate” to the other Party. The Parties shall share the mediator’s fee and any filing fees equally. This dispute resolution provision does not obviate the requirements of the Government Code with respect to the presentation of a claim to a government entity prior to the initiation of a lawsuit for money or damages.

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

HOMER LLC

By:

Name:

Title:

MONTECITO WATER DISTRICT

By:

Name:

Title: Board President

By:

Name:

Title: Board Secretary

DRAFT

# **EXHIBIT 2**

## **ASSIGNMENT, ASSUMPTION, INDEMNIFICATION AND RELEASE AGREEMENT**

Re. Montecito Water District Transfers/Exchanges with Homer, LLC

This Assignment, Assumption, Indemnification And Release Agreement (the “**Agreement**”) is made as of \_\_\_\_\_, 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**”) (the “**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 water to the CCWA Participants.
- C. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.
- D. Montecito Water District (“**MWD**”), a CCWA Participant, and Homer, LLC have entered into an agreement (“**Homer Agreement**”) that provides for certain transfers and exchanges of water between MWD and Homer (“**MWD Transfer(s)**”).
- E. CCWA anticipates that DWR’s approval of any MWD Transfer, in the form of one or more contracts among the participating contracting parties (each a “**DWR Approval Agreement**”), will be required and that such agreement(s) will require that the District, as party to the SWP Contract, execute such agreement(s) on behalf of CCWA and further, that as a condition precedent to executing such agreement(s), District will require CCWA to indemnify and release the District from any liabilities arising from or related to any MWD Transfer.

- F. [INSERT DESCRIPTION OF CCWA APPROVAL OF MWD TRANSFER(S), AND CCWA'S COMPLIANCE WITH CEQA; ATTACH DWR APPROVAL AGREEMENT]
- G. CCWA has requested that the District enter into the DWR Approval Agreement "on behalf of CCWA."
- H. 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 Approval 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 Approval 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 Approval Agreement and all liabilities and obligations of the District arising from or under the DWR Approval Agreement.
2. **Assumption.** Effective as of the effective date of the DWR Approval 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 Approval 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 Approval Agreement. CCWA agrees to be bound by said DWR Approval 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 Approval 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 sent by electronic mail 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.

**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

**Exhibits:**

# ATTACHMENT B

## Notice of Exemption

---

**To:** Office of Planning and Research  
Post Office Box 3044, Room 113  
Sacramento, California 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

**Project Title:** Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC

**Location – Specific:** Santa Barbara County

### **Description of Activity:**

Montecito Water District (MWD) has requested CCWA assistance with respect to certain transfers/exchanges with Homer, LLC consistent with Amendment No. 21 to the State Water Project (SWP) Contract, which allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. As part of the request, CCWA and MWD entered into an Assistance Agreement Related to Montecito Water District Transfers/Exchanges with Homer, LLC (Assistance Agreement) to forth their respective obligations of CCWA and MWD with respect to the water transfer contemplated by and between MWD and Homer, LLC. The CCWA Board approved only the Assistance Agreement, which governs solely administrative actions by CCWA and MWD to coordinate with respect to the transfers/exchanges by and between MWD and Homer, LLC. As described in the Assistance Agreement, numerous conditions must be satisfied before any specific transfer or exchange of water is implemented, which are subject to further approvals by, among others, CCWA and MWD.

**Name of Public Agency Approving or Carrying Out Activity:** Central Coast Water Authority

### **Exempt Status:**

- Ministerial
- Declared Emergency
- Emergency Project
- Categorical Exemption (CEQA Guideline Section 15061(b)(3))
- Statutory Exemption (Not a Project Under CEQA)

### **Reasons why activity is exempt:**

CEQA Guidelines Section 15061(b)(3) provides a “common sense” exemption to environmental review that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to review. The Assistance Agreement is exempt under the “common sense exemption because CCWA and MWD’s actions are administrative in nature and do not have the potential for causing a significant effect on the environment, unless MWD



completes a transfer, in which case compliance with CEQA may be required for such transfer, as provided in the Assistance Agreement.

None of the exceptions under CEQA Guidelines Section 15300.2 apply because there will be no significant cumulative impact as there are no known successive projects of the same type in the same place that will occur over the same time horizon; there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; and there are no scenic highways, hazardous waste sites, or historical resources in the area.

**Agency Contact Person:** Ray Stokes

**Telephone:** (805) 688-2292

**Signature:** \_\_\_\_\_  
Ray Stokes

**Date:** \_\_\_\_\_

**Title:** Executive Director, Central Coast Water Authority

Date received for filing OPR: \_\_\_\_\_



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

June 20, 2024

**TO:** CCWA Board of Directors

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

**SUBJECT:** Assistance Agreement Related to La Cumbre Mutual Water Company  
Transfers/Exchanges with Homer, LLC

---

#### INTRODUCTION

La Cumbre Mutual Water Company (LCMWC) has requested CCWA assistance with respect to certain transfers/exchanges with Homer, LLC

#### RECOMMENDATION

Staff recommends that the Board of Directors:

1. Approve and adopt Resolution No. 24-04 Approving Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC ("Assistance Agreement") (**Attachment A**);
2. Find that pursuant to CEQA Guidelines Section 15061(b)(3) (the "common sense" exemption), the Board's approval of the Assistance Agreement is exempt from CEQA as documented in the staff report; and
3. Authorize the Executive Director to:
  - A. Execute the Assistance Agreement attached as Exhibit 1 to Resolution No. 24-04;
  - B. File Staff's proposed Notice of Exemption (**Attachment B**); and
  - C. Take such other actions as necessary and appropriate to effectuate the Assistance Agreement.

#### DISCUSSION

Amendment No. 21 to the State Water Project ("SWP") Contract (the "Water Management Amendment") allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR's approval and subject to the terms and conditions set forth in the SWP Contract. On April 25, 2024, the Board adopted Resolution No. 24-02 approving Administrative Rules for the Transfer and Exchange of Water ("Transfer Rules") to establish procedures for CCWA to assist CCWA Participants with transfers and exchanges under the Water Management Amendment.

LCMWC and Homer, LLC are negotiating the terms and conditions for certain transfers and exchanges of water and anticipate that they will memorialize said terms and conditions in a transfer agreement (the "Homer Agreement"). If the parties reach an agreement, LCMWC has requested that CCWA assist LCMWC with implementation of the Homer Agreement, including assisting LCMWC with obtaining all required approvals and complying with all applicable laws, and LCMWC has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto. The Assistance Agreement sets forth the respective obligations of CCWA and LCMWC with respect to the water transfer contemplated by the Homer Agreement in order to facilitate implementation of the agreement consistent with the Transfer Rules and other applicable requirements.

CCWA Board approval is requested for the Assistance Agreement only. As described in the Assistance Agreement, numerous conditions must be satisfied before any specific transfer or exchange of water is implemented. Staff will return to the CCWA Board for approval of any proposed transfer or exchange of water.

### **ENVIRONMENTAL REVIEW:**

The Assistance Agreement is exempt from CEQA for the following reasons:

1. CEQA Guidelines Section 15061(b)(3) provides a "common sense" exemption to environmental review that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to review. The Assistance Agreement is exempt under the "common sense exemption because CCWA and LCMWC's actions are administrative in nature and do not have the potential for causing a significant effect on the environment, unless LCMWC and Homer enter into the Homer Agreement and complete a transfer, in which case compliance with CEQA may be required for such transfer, as provided in the Assistance Agreement.
2. None of the exceptions under CEQA Guidelines Section 15300.2 apply because there will be no significant cumulative impact as there are no known successive projects of the same type in the same place that will occur over the same time horizon; there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; and there are no scenic highways, hazardous waste sites, or historical resources in the area.

### **Attachments:**

- A. Resolution No. 24-04 Approving Assistance Agreement Related to Transfers/Exchanges with Homer, LLC  
Exhibit 1: Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC
- B. Notice of Exemption re. Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC

# ATTACHMENT A

**RESOLUTION NO. 24-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENTRAL COAST  
WATER AUTHORITY APPROVING THE ASSISTANCE AGREEMENT RELATED TO  
TRANSFERS/EXCHANGES WITH HOMER, LLC**

**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 contract between SBCFCWCD and the Department of Water Resources (“**DWR**”) that provides for the delivery of water from California’s State Water Project (“**SWP**”) to Santa Barbara County (“**SWP Contract**”).
- B. CCWA owns, operates and maintains water conveyance, storage and treatment facilities (“**CCWA Facilities**”) to deliver water from the SWP to cities, water districts and other water purveyors and users in Santa Barbara County (collectively, the “**CCWA Participants**”) pursuant to one or more water supply agreements. La Cumbre Mutual Water Company (“**LCMWC**”) is a CCWA Participant.
- C. CCWA and LCMWC are parties to a water supply agreement dated August 1, 1991, as amended from time to time, related to the matters described in Recitals A and B (“**Water Supply Agreement**”).
- D. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.
- E. On April 25, 2024, CCWA’s Board of Director adopted Resolution No. 24-02 approving Administrative Rules for the Transfer of Exchange of Water (“**Transfer Rules**”), which establishes CCWA rules and procedures for CCWA Participants to transfer and exchange water under the SWP Contract.
- F. LCMWC is negotiating the terms and conditions of certain transfers and exchanges of water between LCMWC and Homer, LLC (“**Homer**”) and anticipates that any agreements may be memorialized in the form of a transfer agreement (“**Homer Agreement**”) that provides for certain transfers and exchanges of water between LCMWC and Homer (“**LCMWC Transfer(s)**”).

- G. If the parties reach an agreement, LCMWC has requested that CCWA assist LCMWC with implementation of the Homer Agreement, including assisting LCMWC with obtaining all required approvals and complying with all applicable laws, and LCMWC has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto in accordance with the terms and conditions of the Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC (“**Assistance Agreement**”).
- H. The Assistance Agreement includes numerous conditions that must be satisfied in advance of any transfer or exchange, including but not limited to CCWA’s approval of any LCMWC Transfer. The Executive Director will return to the Board for the Board’s review and consideration of any findings, approvals or commitments that may be required of CCWA to effectuate any LCMWC Transfer.
- I. As described in the report to this Board dated June 20, 2024, CCWA Staff has determined that the Board’s approval of the Assistance Agreement is exempt from the California Environmental Quality Act (“**CEQA**”) pursuant to the “common sense” exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because CCWA and LCMWC’s actions pursuant to the Assistance Agreement are administrative and do not have the potential for causing a significant effect on the environment, unless LCMWC and Homer enter into the Homer Agreement and complete a LCMWC Transfer, in which case compliance with CEQA may be required for such LCMWC Transfer.

**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.** The Board of Directors hereby approves the Assistance Agreement attached hereto as **Exhibit 1** and incorporated herein by reference.

**SECTION 3.** The Board of Directors has considered and agrees with the Staff’s CEQA determination and hereby finds that the Board’s approval of the Assistance Agreement is exempt from CEQA pursuant to the “common sense” exemption to environmental review under Section 15061 subdivision (b)(3) of Title 14 of the California Code of Regulations (CEQA Guidelines) because CCWA and LCMWC’s actions pursuant to this Agreement are administrative and do not have the potential for causing a significant effect on the environment, unless LCMWC and Homer enter into the Homer Agreement and complete a LCMWC Transfer, in which case compliance with CEQA may be required for such LCMWC Transfer, as provided in the Assistance Agreement.

The Board directs the Executive Director to file a Notice of Exemption re. Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC as required by law.

**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 Assistance Agreement in accordance with its terms, the Transfer Rules, and all applicable legal requirements and laws, including but not limited to CEQA.

**SECTION 5.** This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** by the Board of Directors of the Central Coast Water Authority, this 27th day of June, 2024, by the following vote:

	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%	_____	_____	_____	_____

I hereby certify that the foregoing resolution was adopted at a regular meeting of the Central Coast Water Authority held on June 27, 2024.

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

Attest:

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

APPROVED AS TO FORM:  
Brownstein Hyatt Farber Schreck LLP

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

**Exhibit:**

1. Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC



# **EXHIBIT 1**

# CENTRAL COAST WATER AUTHORITY

## ASSISTANCE AGREEMENT

This Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC (“**Agreement**”) is made as of \_\_\_\_\_ by and between

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

and

**LA CUMBRE MUTUAL WATER COMPANY (“LCMWC”)**

(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 contract between SBCFCWCD and the Department of Water Resources (“**DWR**”) that provides for the delivery of water from California’s State Water Project (“**SWP**”) to Santa Barbara County (“**SWP Contract**”).

B. CCWA owns, operates and maintains water conveyance, storage and treatment facilities (“**CCWA Facilities**”) to deliver water from the SWP to cities, water districts and other water purveyors and users in Santa Barbara County (collectively, the “**CCWA Participants**”) pursuant to one or more water supply agreements. LCMWC is a CCWA Participant.

C. CCWA and LCMWC are parties to a water supply agreement dated August 1, 1991, as amended from time to time, related to the matters described in Recitals A and B (“**Water Supply Agreement**”).

D. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.

E. On April 25, 2024, CCWA’s Board of Director adopted Resolution No. 24-02 approving Administrative Rules for the Transfer or Exchange of Water (“**Transfer Rules**”), which establish CCWA rules and procedures for the CCWA Participants to transfer and exchange SWP water under the SWP Contract.

F. LCMWC is negotiating the terms and conditions of certain transfers and exchanges of water between LCMWC and Homer LLC (“**LCMWC Transfer(s)**”) and anticipates that any agreements may be memorialized in the form of a transfer agreement (“**Transfer Agreement**”).

G. LCMWC has requested that CCWA assist LCMWC with implementation of the Transfer Agreement, including assisting LCMWC with obtaining all required approvals and complying with all applicable laws, and LCMWC has agreed to accept all responsibility and liability and to pay all expenses pertaining thereto in accordance with the terms and conditions of this Agreement.

H. On June 27, 2024, CCWA’s Board of Directors authorized CCWA’s Executive Director to assist LCMWC with the proposed LCMWC Transfers, at LCMWC’s expense, but also to return to the Board for the Board’s review and consideration of any findings, approvals or commitments that may be required of CCWA to effectuate the proposed LCMWC Transfers.

I. The Parties anticipate that DWR’s approval of any LCMWC Transfer, in the form of one or more contracts among the participating contracting parties (each a “**DWR Approval Agreement**”), will be required and that such agreement(s) will require that SBCFCWCD, as party to the SWP Contract, execute such agreement(s) on behalf of CCWA and further, that as a condition precedent to executing such agreement(s), SBCFCWCD will require CCWA to indemnify and release the SBCFCWCD from any liabilities arising from or related to any LCMWC Transfer.

J. Prior to CCWA’s approval of any LCMWC Transfers and execution of any contracts required to implement the LCMWC Transfers, CCWA must comply with the California Environmental Quality Act (“**CEQA**”). LCMWC is not a “public agency” within the meaning of CEQA.

K. The Parties desire to enter into this Agreement to set forth the rights, responsibilities and obligations of the Parties as it relates to any LCMWC Transfer pursuant to the Agreement.

**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 follows:

## **AGREEMENT**

**1. Compliance with all Laws.** LCMWC shall be solely and exclusively responsible for complying with all applicable laws and legal requirements associated with any LCMWC Transfer and for securing any required consents, approvals, permits or orders necessary to effectuate any LCMWC Transfer. The Parties acknowledge and agree that different laws and legal requirements may apply, depending on the source of the water to be transferred, the facilities used, and other factors specific to the particular transfer or exchange of water.

**2. Compliance with CEQA.** LCMWC acknowledges that CCWA has not prepared an initial study to determine the appropriate level of environmental review for the LCMWC Transfer required to comply with CEQA. LCMWC acknowledges and agrees that CCWA shall be solely

and exclusively responsible for compliance with CEQA on behalf of LCMWC for the purposes of the LCMWC Transfer. In accordance with Section 9.1 of this Agreement, LCMWC shall be solely responsible for all CCWA's costs, fees, and charges required to comply with CEQA, including, but not limited to, consultant costs. As directed by CCWA, LCMWC shall assist in the preparation of all documents necessary to satisfy the requirements of CEQA, as well as any related documents, studies, evaluations and analyses, provided that CCWA, retains sole and absolute discretion to approve the use of all documents for the purposes of CEQA compliance.

### **3. CCWA Assistance**

**3.1 Coordination with DWR and SBCFCWCD.** As may be required to assist LCMWC with any LCMWC Transfer pursuant to the Transfer Agreement, as provided herein, CCWA will endeavor to coordinate with DWR and SBCFCWCD, including but not limited to providing any documentation or requests for information required by DWR or SBCFCWCD. CCWA will endeavor to timely forward any documentation or requests for information related to or required by DWR or SBCFCWCD regarding any LCMWC Transfer to LCMWC for review and instructions on how LCMWC desires to proceed. Under no circumstances shall CCWA agree to modifications or amendments to any LCMWC Transfer or any related agreements without the consent of LCMWC.

**3.2 CCWA As Intermediary.** With respect to any LCMWC Transfer, the Parties acknowledge and agree that CCWA is acting simply as an intermediary between DWR and LCMWC, and SBCFCWCD and LCMWC, since LCMWC does not have any direct contractual relationship with DWR or the SBCFCWCD. The Parties further acknowledge and agree that CCWA has no direct or indirect interest in any LCMWC Transfer. LCMWC acknowledges and agrees that in the event that any approval required to permit any LCMWC Transfer is not obtained, or is conditioned in a manner that is not acceptable to LCMWC, CCWA shall have no obligation to assist LCMWC in objecting to, requesting reconsideration of, or challenging any such determination. If any approval required to effectuate any LCMWC Transfer is not obtained, including but not limited to CCWA's approval as provided herein, or any approval of any LCMWC Transfer is conditioned in a manner that is not acceptable to either Party, the Parties shall meet and confer to determine whether this Agreement shall be terminated.

**4. Indemnification Agreement with SBCFCWCD.** As may be required to obtain the SBCFCWCD's execution of any DWR Approval Agreement for any LCMWC Transfer, LCMWC requests that CCWA agree to indemnify SBCFCWCD by executing an Assignment, Assumption and Indemnification Agreement substantially similar to the form of agreement attached hereto as **Exhibit 1**. Upon CCWA's execution of an Assignment, Assumption and Indemnification Agreement with the SBCFCWCD, LCMWC shall be bound to CCWA under the terms of the agreement, just as CCWA is bound to SBCFCWCD by the terms of the agreement. LCMWC also shall be bound to CCWA under the terms of any other commitments by CCWA in connection with any LCMWC Transfer, just as CCWA is bound under said commitments.

**5. Conditions Precedent.** As a condition precedent of CCWA's approval and execution of an Assignment, Assumption and Indemnification Agreement, as provided in Section 4, for each LCMWC Transfer, LCMWC shall do all of the following:

- a) deliver to CCWA a detailed description of the proposed LCMWC Transfer; and

- b) certify by resolution or other appropriate document all of the matters set forth in this Section 5.b) and deliver said certification to CCWA; and
  - i) LCMWC has complied with all applicable laws.
  - ii) LCMWC has provided any required notices to public agencies and the public.
  - iii) LCMWC is informed and believes that the LCMWC Transfer will not harm other CCWA Participants or any party that contracts with DWR for the delivery of SWP water.
  - iv) LCMWC is informed and believes that the LCMWC Transfer will not adversely impact CCWA or SWP operations.
  - v) LCMWC is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under the Water Supply Agreement and this Agreement.
  - vi) LCMWC has considered the potential impacts of the LCMWC Transfer within its service area.
- c) assist with CCWA's preparation of documentation of compliance with CEQA, including any Notice of Exemption or Notice of Determination, as applicable; and
- d) give notice to CCWA of LCMWC's agreement to the terms and conditions of any DWR Approval Agreement(s) setting forth the terms and conditions of the LCMWC Transfer.

## **6. Procedure**

**6.1** Upon request by LCMWC to facilitate any LCMWC Transfer, CCWA will endeavor to timely communicate and coordinate with DWR and/or parties to the Transfer Agreement and otherwise assist LCMWC to facilitate a LCMWC Transfer, including but not limited to transmitting the required "DWR Contract Information Form" to DWR and requesting that DWR consider such transfer pursuant to the terms and conditions of the SWP Contract.

**6.2** Upon request by LCMWC to facilitate a LCMWC Transfer, CCWA's Board of Directors will endeavor to timely meet and consider the LCMWC Transfer, including any required Assignment, Assumption and Indemnification Agreement. Upon CCWA's approval of the LCMWC Transfer and Assignment, Assumption and Indemnification Agreement, CCWA will endeavor to timely notify LCMWC of such approval.

**6.3** Upon receipt of any DWR Approval Agreement, CCWA will endeavor to timely deliver the DWR Approval Agreement to LCMWC for LCMWC's review and approval of the terms and conditions of the LCMWC Transfer. In turn, LCMWC will timely notify CCWA whether LCMWC agrees to the terms and conditions of the LCMWC Transfer as set forth in the DWR Approval Agreement.

**6.4** Upon receipt of LCMWC's notice of its agreement to the terms and conditions of the DWR Approval Agreement, and provided that LCMWC has satisfied all conditions precedent set forth in Section 5, and further provided that CCWA's Board of Directors has approved the LCMWC Transfer and any required Assignment, Assumption and Indemnification Agreement, CCWA will endeavor to timely execute the Assignment, Assumption and Indemnification Agreement and deliver said agreement to SBCFCWCD and request SBCFCWCD's execution of both the Assignment, Assumption and Indemnification Agreement and the DWR Approval Agreement(s) on behalf of CCWA on behalf of LCMWC.

**7. CCWA Delivery of Water.** The Parties acknowledge and agree that any water transferred to LCMWC pursuant to the Transfer Agreement shall be delivered by CCWA to LCMWC pursuant to the terms and conditions of the Water Supply Agreement. CCWA's delivery of such water shall be contingent upon, and subject to, any necessary approvals, including but not limited to any DWR Approval Agreement(s), and shall be governed by the terms and conditions of such approval(s) and any other applicable legal requirements.

**8. Cooperation.** LCMWC acknowledges that CCWA's ability to assist LCMWC, as provided in this Agreement, requires LCMWC's cooperation. LCMWC 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.

**9. LCMWC Payment of Total Expenses**

**9.1 Total Expenses.** Irrespective of whether any LCMWC Transfer is undertaken or completed, LCMWC shall pay CCWA's total expenses, including all out-of-pocket expenditures made by CCWA arising under or related to this Agreement, including, but not limited to consultant expenses, legal expenses, and any other costs and expenses related to any LCMWC Transfer, including any expenses incurred prior to the Effective Date of this Agreement and any expenses incurred by CCWA pursuant to any CCWA compliance with CEQA as may be required (collectively, "**Total Expenses**").

**9.2 Invoices and Payments.** CCWA will invoice LCMWC for Total Expenses incurred on a monthly basis or such other periodic basis as CCWA may determine. CCWA invoices shall itemize Total Expenses incurred, including any consultant and legal fees, provided however, that CCWA shall not be required to include privileged and confidential communications to LCMWC. LCMWC shall remit the amount stated in the invoice within thirty (30) days of receipt.

**9.3 Reconciliation.** Upon termination of this Agreement, CCWA shall provide to LCMWC an accounting of the actual amounts LCMWC is obligated to pay hereunder. Any overpayment by LCMWC shall be promptly refunded by CCWA and any underpayment by LCMWC shall be promptly paid to CCWA.

**10. Obligation in the Event of Default**

**10.1 Written Demand Upon Failure to Make Payment.** Upon LCMWC'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 LCMWC, and if such failure is not remedied

within thirty (30) days from the date of such demand, such failure shall constitute a default at the expiration of such period.

**10.2 CCWA's Use of Other Funds.** CCWA may draw upon and use any unobligated funds held by CCWA as credits payable to LCMWC, including "O&M Year-end Credits" and any other credits held by CCWA for the benefit of the LCMWC, and any cash that LCMWC may have on deposit with CCWA in the "DWR Reserve Fund" or the "Rate Coverage Reserve Fund," to satisfy the LCMWC's payment obligation, in whole or in part. CCWA shall provide to the LCMWC an accounting of any such credits or deposits applied. CCWA's use of other LCMWC funds pursuant to this Section 10.2 is in addition to all other remedies provided by this Agreement.

**10.3 Other Events of Default.** In addition to any default resulting from breach by CCWA or LCMWC of any agreement, condition, covenant or term hereof, if CCWA or LCMWC shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby CCWA or LCMWC asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension or time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if CCWA or LCMWC shall make a general or any assignment for the benefit of its creditors, then in each and every such case CCWA or LCMWC, as the case may be, shall be deemed to be in default hereunder.

**10.4 Termination of Contractual Rights; Continuing Obligations.** Upon LCMWC's failure to make any payment which failure constitutes an un-cured default under this Agreement, CCWA may (in addition to all other remedies provided in this Agreement) terminate the provisions of this Agreement. Irrespective of such termination, the obligations of LCMWC to CCWA to pay the full amount of costs under this Agreement shall continue in full force and effect.

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

**12. Disclaimer of Liability**

**12.1** LCMWC acknowledges and agrees that CCWA is in good faith to assist LCMWC, in exchange for full reimbursement of CCWA's costs and expenses and full assumption of

CCWA's obligations and liabilities related to or arising out of this Agreement and any LCMWC Transfer and, as a result, it is the intent and agreement of the parties hereto that CCWA shall not incur any liability for such assistance to LCMWC, regardless of the cause.

**12.2** LCMWC acknowledges and agrees that neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, attorneys, or any other CCWA Participant shall be liable to LCMWC pursuant to this Agreement or otherwise in the event that DWR, SBCFCWCD or any other party required to approve any LCMWC Transfer or any related agreement or transaction declines or fails to approve any LCMWC Transfer or such other related agreement or transaction or conditions any LCMWC Transfer in any manner.

**12.3** To the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, or any other CCWA Participant, shall be liable to LCMWC for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses resulting from CCWA's failing to timely perform its obligations under this Agreement or any related agreements pertaining to any LCMWC Transfer, whether resulting from inadvertence, negligence, omission, or any other reason.

**12.4** To the maximum extent permitted by law, neither CCWA, nor any of its elected officials, officers, agents, employees, consultants, or attorneys, or any other CCWA Participant, shall be liable to LCMWC for any claims, liabilities, damages, losses, actions, penalties, proceedings, or expenses resulting from CCWA's inability or failure to deliver any water pursuant to the Transfer Agreement as a result of uncontrollable forces, such as shortage, drought, earthquakes and other natural or human caused disasters, limitations or constraints on DWR's operation of the SWP, limitations or constraints on CCWA's operation of the CCWA Facilities, or any other cause beyond the control of CCWA.

### **13. Indemnification and Defense**

**13.1 Indemnification.** LCMWC ("**Indemnifying Party**") agrees to indemnify, defend, protect and hold harmless CCWA and its officers, directors, employees, agents, consultants and attorneys and all other CCWA Participants (each an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") from and against any and all claims, actions, liabilities, damages, losses and expenses, including but not limited to attorneys', paralegals', consultants', and experts' fees, costs and expenses, arising from or relating to this Agreement and any related agreements pertaining to any LCMWC Transfer, 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 or willful misconduct.

**13.2 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 this Section 13.2 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.

**14. Remedies.** If LCMWC does not timely perform its obligations pursuant to this Agreement, CCWA shall be entitled to proceed to protect and enforce its rights as provided in this Agreement by such appropriate judicial proceedings as CCWA 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 in CCWA by this Agreement or by law. The provisions of this Agreement and the duties of LCMWC 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.

**15. Term; Termination**

**15.1 Term.** The term of this Agreement shall commence on the date upon which executed by all Parties (“**Effective Date**”) and shall continue until termination of any DWR Approval Agreement(s), unless sooner terminated as provided for herein.

**15.2 Termination**

15.2.1 This Agreement may be terminated by CCWA at any time, provided LCMWC agrees in writing thereto.

15.2.2 This Agreement may be terminated by LCMWC upon the expiration of thirty (30) days following the later of (i) delivery of written notice of termination to CCWA, and (ii) discharge by LCMWC, or satisfactory performance of all financial obligations hereunder.

15.2.3 Notwithstanding any provision to the contrary, the obligations set forth in Sections 4, 9, 12 and 13 shall survive in full force and effect despite termination of this Agreement.

**16. General Provisions**

**16.1 Assignability.** This Agreement shall not be assigned by LCMWC 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.

**16.2 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.

**16.3 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.”

**16.4 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 federal Electronic Signatures in Global and National Commerce (ESIGN) Act of 2000 (P.L. 106-229), e.g., [www.docuSign.com](http://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.

**16.5 Due Authority.** The individuals executing this Agreement represent and warrant that they have the authority to enter into this Agreement on behalf of their respective 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.

**16.6 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. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.

**16.7 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 the terms and conditions of this Agreement.

**16.8 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.

**16.9 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.

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

**16.11 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. Any Party may change its email and overnight service addresses by giving all other Parties written notice of the new address(es).

**16.12 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.

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

**16.14 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 every obligation contained in this Agreement.

**16.15 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      LA CUMBRE MUTUAL WATER COMPANY**

By: \_\_\_\_\_  
Name: Ray Stokes  
Title: Executive Director

By: \_\_\_\_\_  
Name: Mike Alvarado  
Title: General Manager

Approved as to form:

Approved as to form:

By: \_\_\_\_\_  
Stephanie Osler Hastings

By: \_\_\_\_\_  
Mark S. Manion

**CCWA Authorized Representative:**

**LCMWC Authorized Representative:**

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

Michael Alvarado, General Manager  
La Cumbre Mutual Water Company  
695 Via Tranquila  
Santa Barbara, CA 93110  
Telephone: 805-967-2376 Ext 115  
Email: MAlvarado@lacumbrewater.com

**Exhibit 1:**    *Form of Assignment, Assumption and Indemnification Agreement*

# **EXHIBIT 1**

## **ASSIGNMENT, ASSUMPTION, INDEMNIFICATION AND RELEASE AGREEMENT**

Re. La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC

This Assignment, Assumption, Indemnification And Release Agreement (the “**Agreement**”) is made as of \_\_\_\_\_, 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**”) (the “**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 water to the CCWA Participants.
- C. Amendment No. 21 to the SWP Contract (the “**Water Management Amendment**”) allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR’s approval and subject to the terms and conditions set forth in the SWP Contract. The Water Management Amendment provides CCWA and the CCWA Participants with flexibility to manage their water supplies in a changing environment and to improve water supply reliability.
- D. La Cumbre Mutual Water Company (“**LCMWC**”), a CCWA Participant, and Homer, LLC have entered into an agreement (“**Homer Agreement**”) that provides for certain transfers and exchanges of water between LCMWC and Homer (“**LCMWC Transfer(s)**”).
- E. CCWA anticipates that DWR’s approval of any LCMWC Transfer, in the form of one or more contracts among the participating contracting parties (each a “**DWR Approval Agreement**”), will be required and that such agreement(s) will require that the District, as party to the SWP Contract, execute such agreement(s) on behalf of CCWA and further, that as a condition precedent to executing such agreement(s), District will require CCWA to indemnify and release the District from any liabilities arising from or related to any LCMWC Transfer.

- F. [INSERT DESCRIPTION OF CCWA APPROVAL OF LCMWC TRANSFER(S), AND CCWA'S COMPLIANCE WITH CEQA; ATTACH DWR APPROVAL AGREEMENT]
- G. CCWA has requested that the District enter into the DWR Approval Agreement "on behalf of CCWA."
- H. 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 Approval 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 Approval 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 Approval Agreement and all liabilities and obligations of the District arising from or under the DWR Approval Agreement.
2. **Assumption.** Effective as of the effective date of the DWR Approval 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 Approval 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 Approval Agreement. CCWA agrees to be bound by said DWR Approval 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 Approval 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 sent by electronic mail 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.

**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

**Exhibits:**

# ATTACHMENT B

## Notice of Exemption

---

**To:** Office of Planning and Research  
Post Office Box 3044, Room 113  
Sacramento, California 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

**Project Title:** Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC

**Location – Specific:** Santa Barbara County

### Description of Activity:

La Cumbre Mutual Water Company (LCMWC) has requested CCWA assistance with respect to certain transfers/exchanges with Homer, LLC consistent with Amendment No. 21 to the State Water Project (SWP) Contract, which allows for the transfer and exchange of project water and the conveyance of nonproject water with DWR's approval and subject to the terms and conditions set forth in the SWP Contract. As part of the request, CCWA and LCMWC entered into an Assistance Agreement Related to La Cumbre Mutual Water Company Transfers/Exchanges with Homer, LLC (Assistance Agreement) to forth their respective obligations of CCWA and LCMWC with respect to the water transfer contemplated by and between a potential LCMWC and Homer, LLC. The CCWA Board approved only the Assistance Agreement, which governs solely administrative actions by CCWA and LCMWC to coordinate with respect to the potential transfers/exchanges by and between LCMWC and Homer, LLC. As described in the Assistance Agreement, numerous conditions must be satisfied before any specific transfer or exchange of water is implemented, which are subject to further approvals by, among others, CCWA and LCMWC.

**Name of Public Agency Approving or Carrying Out Activity:** Central Coast Water Authority

### Exempt Status:

- Ministerial
- Declared Emergency
- Emergency Project
- Categorical Exemption (CEQA Guideline Section 15061(b)(3))
- Statutory Exemption (Not a Project Under CEQA)

### Reasons why activity is exempt:

CEQA Guidelines Section 15061(b)(3) provides a "common sense" exemption to environmental review that CEQA only applies to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to review. The Assistance Agreement is exempt under the "common sense exemption because CCWA and LCMWC's actions are administrative in nature and do not have the potential for causing a significant effect on the environment, unless LCMWC and

Homer enter into an agreement and complete a transfer, in which case compliance with CEQA may be required for such transfer, as provided in the Assistance Agreement.

None of the exceptions under CEQA Guidelines Section 15300.2 apply because there will be no significant cumulative impact as there are no known successive projects of the same type in the same place that will occur over the same time horizon; there is no reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances; and there are no scenic highways, hazardous waste sites, or historical resources in the area.

**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: \_\_\_\_\_



## CENTRAL COAST WATER AUTHORITY

### MEMORANDUM

June 20, 2024

**TO:** CCWA Board of Directors

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

**SUBJECT:** Temporary Warren Act Contract No. 24-WC-20-XXXX with United States Bureau of Reclamation

---

#### SUMMARY

The United States Bureau of Reclamation (**Reclamation**) has provided CCWA with its draft proposed second Temporary Warren Act Contract, Contract No. 24-WC-20-XXXX. The proposed second Temporary Warren Act Contract is necessary to continue the annual introduction, storage, and conveyance of up to 13,750 acre-feet of water acquired by or available to CCWA from or through the State Water Project (**CCWA Water**) into Cachuma Project facilities for delivery to CCWA's South Coast Participants<sup>1</sup> beyond September, 2024, when the first and current Temporary Warren Act Contract expires. The term of the second Temporary Warren Act Contract would commence on the date executed by Reclamation (the "effective date") and extend through June 14, 2027.

#### RECOMMENDATIONS

N/A. For discussion only.

#### DISCUSSION

##### 1. Background

CCWA was formed as a Joint Powers Agency formed pursuant to Government Code section 6500 et seq. and the Joint Exercise of Powers Agreement dated August 1, 1991, as amended, to construct necessary facilities to deliver supplemental water supplies from the State Water Project to communities in San Luis Obispo and Santa Barbara Counties.

On January 3, 1995, Reclamation issued a 25-year Warren Act Contract to CCWA that allowed for the annual introduction, storage, and conveyance of up to 13,750 acre-feet of water acquired by or available to CCWA from or through the State into Cachuma Project facilities for delivery to the CCWA South Coast Participants for municipal and industrial uses (**1995 Contract**). The Coastal Branch and CCWA facilities were completed in 1997 and introductions of CCWA water under the 1995 Warren Act Contract began in 1997.

---

<sup>1</sup> Carpinteria Valley Water District, the City of Santa Barbara, Goleta Water District, Montecito Water District, La Cumbre Mutual Water Company, La Cumbre Mutual Water Company, Morehart Land Co., and Raytheon Systems Co.

The 1995 Contract expired on June 22, 2022 and CCWA and Reclamation entered into the first Temporary Warren Act Contract, which became effective on June 21, 2022 and expires on September 30, 2024.

Because Reclamation has been in the process of reconsulting with the National Marine Fisheries Service regarding the Cachuma Project, Reclamation has elected to renew CCWA's Warren Act Contract on a temporary basis until such time as a new, long-term Warren Act Contract is negotiated and environmental compliance for that long-term contract is completed.

CCWA water has been and continues to be a much-needed supplemental water supply for the South Coast, especially during drought conditions. Without a new contract, CCWA will be unable to deliver State Water Project supplies to the South Coast Participants, potentially adversely impacting the ability of the South Coast Participants to meet their water supply needs.

CCWA has therefore requested that Reclamation enter into the second Temporary Warren Act Contract to continue the introductions, conveyance, and storage of CCWA Water into the Cachuma Project facilities for delivery to the CCWA South Coast Participants on the same terms and conditions as the first Temporary Warren Act Contract.

## 2. Second Temporary Warren Act Contract

The second Temporary Warren Act Contract is substantially similar to the first Temporary Warren Act Contract. The key terms are:

**Term:** The second Temporary Warren Act Contract will take effect upon execution by Reclamation's Contracting Officer and will continue until June 14, 2027. (§ 2.) The first Temporary Warren Act Contract expires on September 20, 2024. Accordingly, Reclamation's execution of the Temporary Contract should occur on or before September 20, 2024.

**Quantity:** The second Temporary Warren Act Contract authorizes CCWA to introduce up to 13,750 acre-feet per Year of Non-Project Water<sup>2</sup> into Lake Cachuma and to store and/or convey that water to the Operating Non-Federal Entity for delivery to the South Coast Participants. (§ 3.)

**Transition between First and Second Temporary Contracts:** The second Temporary Warren Act Contract expressly authorizes CCWA to carryover Non-Project Water already delivered to Lake Cachuma under the first Temporary Warren Act Contract. (§ 3.)

**Excess Capacity:** CCWA's right to introduce Non-Project Water into Lake Cachuma is limited to the right to use Excess Capacity. (§ 7.) "Excess Capacity" means capacity in the Project Facilities in excess of that needed to meet the Project's authorized purposes, as determined solely by Reclamation. (§ 1(g).) In the event of Lake Cachuma spills, CCWA's Non-Project Water is the first to spill from the lake. CCWA's Non-Project Water is also subject to seepage and evaporation losses of 5%. (§ 3(a).)

**Rate:** The rate Reclamation proposes to charge pursuant to the second Temporary Warren Act Contract is **less** than the amount charged pursuant to the current/first Temporary Warren Act Contract. (See Exhibit B of the second Temporary Warren Act Contract.) The rate does not include the \$43/acre-foot charge that CCWA pays to COMB pursuant to the 1995 Memorandum of Understanding for the Creation of a Trust Fund between CCWA and the Cachuma Project Authority and Reclamation.

---

<sup>2</sup> See Exhibit C to the second Temporary Warren Act Contract.

## ENVIRONMENTAL REVIEW

### 1. Reclamation's Compliance with NEPA

Reclamation has determined that the environmental compliance requirements for execution of the second Temporary Warren Act Contract have been met by Reclamation's environmental compliance associated with the first Temporary Warren Act Contract.<sup>3</sup>

### 2. CCWA's Compliance with CEQA

Prior to execution of the second Temporary Contract, CCWA must comply with the California Environmental Quality Act ("CEQA"). Categorical exemptions from CEQA are set forth in Article 19 of Title 14 of the California Code of Regulations ("CEQA Guidelines"). CEQA Guidelines section 15301 sets forth an exemption from CEQA for the operation and permitting of existing facilities involving negligible or no expansion of existing or former use and CEQA Guidelines section 15304 further exempts projects that entail minor alterations in the condition of water.

Staff has determined that CCWA's approval of the second Temporary Warren Act Contract is exempt from CEQA for the same reasons that the first Temporary Warren Act Contract was exempt from CEQA.

CEQA Guidelines section 15301 (Class 1 exemption) sets forth an exemption from CEQA for the operation and permitting of existing facilities involving negligible or no expansion of existing or former use. The second Temporary Warren Act Contract fits within this exemption because it will continue to allow the annual introduction, storage, and conveyance of up to 13,750 acre-feet of CCWA Water into Cachuma Project facilities for delivery to the CCWA South Coast Participants and will therefore not expand the use of Cachuma Project facilities beyond that permitted by the 1995 Warren Act Contract and the first Temporary Warren Act Contract. A water distribution system, like the Cachuma Project facilities, is an existing facility for the purpose of the Class 1 exemption. (*N. Coast Rivers All. v. Westlands Water Dist.* (2014) 227 Cal. App. 4th 832, 867 (citing *Turlock Irrigation Dist. v. Zanker* (2006) 140 Cal. App. 4th 1047, 1065–1066).)

None of the exceptions to use of an exemption set forth in CEQA Guidelines section 15300.2 apply and adoption of the second Temporary Warren Act Contract will not have a significant impact on the environment. The second Temporary Warren Act Contract will continue to allow the annual introduction, storage, and conveyance of the same quantity of CCWA Water into Cachuma Project facilities as has been authorized for the last 27 years. Under the second Temporary Warren Act Contract, CCWA water would continue to be introduced and conveyed through Cachuma Project facilities (i.e., Bradbury Dam outlet works, Stilling Basin, Lake Cachuma, North Intake of the Tecolote Tunnel, and the South Coast Conduit) to the CCWA contractors located along the South Coast Conduit. No modifications to existing infrastructure or construction would occur.

#### Attachments:

- A. *Draft* Temporary Warren Act Contract No. 24-WC-20-XXXX with the United States Bureau of Reclamation

---

<sup>3</sup> A copy of Reclamation's environmental compliance is located on CCWA's website at: <https://www.ccwa.com/files/d052f10bb/USB+Environmental+Compliance.pdf>.

# ATTACHMENT A



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Cachuma Project, California

TEMPORARY CONTRACT BETWEEN THE UNITED STATES  
AND  
THE CENTRAL COAST WATER AUTHORITY  
PROVIDING FOR STORAGE AND CONVEYANCE OF NON-PROJECT WATER

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble .....	1
	Explanatory Recitals .....	1
1	Definitions.....	4
2	Term of Contract.....	7
3	Introduction, Storage, Conveyance, and Delivery of Non-Project Water .....	7
4	Measurement of Non-Project Water .....	11
5	Operation, Maintenance, and Replacement by Operating Non-Federal Entity .....	13
6	Payments and Adjustments .....	14
7	Excess Capacity .....	16
8	Receipt and Distribution of Non-Project Water – Sale, Transfer, or Exchange of Non-Project Water .....	17
9	United States Not Liable.....	18
10	Charges for Delinquent Payments .....	19
11	General Obligation – Benefits Conditioned Upon Payment.....	19
12	Notices .....	20
13	Contingent upon Appropriations or Allotment of Funds .....	20
14	Officials Not to Benefit.....	20
15	Changes in Contractor’s Organization.....	20
16	Assignment Limited – Successors and Assigns Obligated.....	20
17	Books, Records, and Reports .....	20
18	Rules, Regulations, and Determinations .....	21
19	Protection of Water and Air Quality .....	21
20	Water Conservation .....	22
21	Equal Employment Opportunity .....	23
22	Compliance with Civil Rights Laws and Regulations .....	25
23	Certification of Non-Segregated Facilities .....	25

Table of Contents – continued

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
24	Medium for Transmitting Payments .....	26
25	Contract Drafting Considerations .....	26
26	Incorporation of Exhibits .....	26
	Signature Page .....	27
	Exhibit A – Contractor’s Boundary Map	
	Exhibit B – Storage and Conveyance Rates	
	Exhibit C – Source(s) of Contractor’s Non-Project Water	
	Exhibit D – Water Quality Standards	

DRAFT

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Cachuma Project, California

TEMPORARY CONTRACT BETWEEN THE UNITED STATES  
AND  
THE CENTRAL COAST WATER AUTHORITY  
PROVIDING FOR STORAGE AND CONVEYANCE OF NON-PROJECT WATER

1 THIS CONTRACT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2024, pursuant to  
2 the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto,  
3 including the Act of February 21, 1911 (36 Stat. 925), and Section 305 of the Reclamation  
4 States Emergency Drought Relief Act of 1991, enacted March 5, 1992 (106 Stat. 59), all  
5 collectively hereinafter referred to as the Federal Reclamation laws, between the UNITED  
6 STATES OF AMERICA, hereinafter referred to as the United States, represented by the officer  
7 executing this Contract, hereinafter referred to as the Contracting Officer, and the CENTRAL  
8 COAST WATER AUTHORITY, hereinafter referred to as the Contractor;

9 WITNESSETH, That:

10 EXPLANATORY RECITALS

11 [1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Cachuma  
12 Project (Project), California, for diversion, storage, carriage, and distribution of waters of the  
13 Santa Ynez River and its tributaries for irrigation, municipal, domestic, , and industrial uses; and

14 [2<sup>nd</sup>] WHEREAS, on September 12, 1949, the United States and the Santa Barbara  
15 County Water Agency, hereinafter referred to as the Agency, entered into Contract No. I75r-  
16 1802, which was renewed by Contract No. I75r-1802R dated April 14, 1996, and amended by

17 Contract No. I75r-1802RA dated September 28, 2020 and Contract No. I75r-1802RB dated  
18 September 29, 2023, pursuant to which water from the Project is furnished to Carpinteria Valley  
19 Water District, the City of Santa Barbara, Goleta Water District, Montecito Water District, and  
20 Santa Ynez River Water Conservation District Improvement District No. 1, hereinafter  
21 collectively referred to as the Member Units; and

22 [3<sup>rd</sup>] WHEREAS, on July 6, 1995, the Contractor and the Cachuma Project Authority,  
23 currently known as Cachuma Operations Maintenance Board (COMB), a joint exercise of  
24 powers authority comprised of the Member Units, and the United States entered into a  
25 Memorandum of Understanding (MOU) for the creation of a trust fund dedicated to developing  
26 and supporting water management programs and projects beneficial to the Project, in conjunction  
27 with entering into a contract permitting the Contractor’s use of the Project for the Storage and/or  
28 Conveyance of Non-Project Water; and

29 [4<sup>th</sup>] WHEREAS, on July 25, 1995, the United States and the Contractor entered into  
30 Contract No. 5-07-20-W1282, to Store and/or Convey through the Project a supply of Non-  
31 Project Water for municipal and industrial uses; and

32 [5<sup>th</sup>] WHEREAS, on June 2, 1997, the United States and the Contractor entered into an  
33 amendment to Contract No. 5-07-20-W1282 for the purpose of adjusting the definition of  
34 “Year” in Contract No. 5-07-20-W1282 from March 15 to March 14, to March 1 through last day  
35 of February; and

36 [6<sup>th</sup>] WHEREAS, on June 21, 2022, the United States and the Contractor entered into  
37 Contract No. 22-WC-20-5954 to Store and/or Convey through the Project a supply of Non-  
38 Project Water for municipal and industrial uses; and

39 [7<sup>th</sup>] WHEREAS, Contractor asserts rights in a long-term contract with the California  
40 Department of Water Resources, dated February 26, 1963, for the delivery of water from and/or  
41 through the State Water Project (SWP) to the County of Santa Barbara. This SWP contract  
42 water is the source of Non-Project Water under this Contract and is foreign to, and imported into,  
43 the Santa Ynez River. Therefore, without this Contract, the SWP contract water would not  
44 otherwise inure to the Project; and

45 [8<sup>th</sup>] WHEREAS, Contractor holds contracts with public water providers, including the  
46 Member Units and parties collectively referred to as the Contractor Participants for the delivery  
47 of water from and/or through State Water Project to each of the Contractor Participants; and

48 [9<sup>th</sup>] WHEREAS, pursuant to the above-referenced contracts, the Contractor is  
49 independently obligated to deliver water to Lake Cachuma for Carpinteria Valley Water District,  
50 the City of Santa Barbara, Goleta Water District, Montecito Water District, and other Contractor  
51 Participants, hereinafter collectively referred to as the South Coast Participants. This Contract  
52 will facilitate Contractor's independent obligations under those contracts; and

53 [10<sup>th</sup>] WHEREAS, pursuant to Contract No. 5-07-20-W1282 and Contract No. 22-WC-  
54 20-5954, the Contractor has Stored and/or Conveyed Non-Project Water in and/or through the  
55 Project since 1997; and

56 [11<sup>th</sup>] WHEREAS, pursuant to amended Contract No. 14-06-200-5222RB, and as  
57 amended, the United States transferred responsibility for the operation and maintenance (O&M)  
58 of a portion of the Project Facilities and the costs of such O&M to the designated Operating  
59 Non-Federal Entity; and

60 [12<sup>th</sup>] WHEREAS, the Contractor has a continuing need for the Storage and/or  
61 Conveyance of Non-Project Water from and/or through the Project to the extent allowed by law  
62 and that Excess Capacity is available in Project Facilities; and

63 [13<sup>th</sup>] WHEREAS, the United States is willing to store and convey said Non-Project  
64 Water through Excess Capacity in said Project Facilities in accordance with law and the terms  
65 and conditions hereinafter stated; and

66 [14<sup>th</sup>] WHEREAS, it is the intention of the parties that this Contract will result in t no  
67 change to the quantity of water diverted by the United States from the Santa Ynez River for the  
68 Project (Project water), the point of diversion, the quantities of the Project water made available  
69 to water purveyors who receive Project water or the rights and responsibilities of the Member  
70 Units concerning operation and maintenance; and

71 [15<sup>th</sup>] WHEREAS, the environmental compliance requirements for the execution of this  
72 Contract have been met by Environmental Assessment CGB-EA-2022-023, entitled “Central  
73 Coast Water Authority Temporary Warren Act Contract,” which resulted in a Finding of No  
74 Significant Impact, dated June 14, 2022.

75 NOW, THEREFORE, in consideration of the covenants herein contained, the parties  
76 agree as follows:

77 DEFINITIONS

78 1. When used herein unless otherwise distinctly expressed, or manifestly  
79 incompatible with the intent of the parties as expressed in this Contract, the term:

80 (a) “Calendar Year” shall mean the period January 1 through December 31,  
81 both dates inclusive;

82 (b) “Contracting Officer” shall mean the Secretary of the Interior’s duly  
83 authorized representative acting pursuant to this Contract or applicable Reclamation law or  
84 regulation;

85 (c) “Contractor’s Boundaries” shall mean the geographic area within which  
86 the Contractor is authorized to serve Non-Project Water as set forth on Exhibit A, which may be  
87 modified in accordance with Article 16, without amendment of this Contract;

88 (d) “Conveyance or Convey” shall mean the transportation of Non-Project  
89 water through any or all of the following: (i) Lake Cachuma, if the water is released from Lake  
90 Cachuma within 30 days of its introduction, or (ii) other Project facilities;

91 (e) “CCWA Participants” shall mean water providers and water users in Santa  
92 Barbara County that contract with CCWA for the delivery of SWP contract, imported water  
93 from CCWA;

94 (f) “CCWA’s South Coast Participants” shall mean Carpinteria Valley Water  
95 District, City of Santa Barbara, Goleta Water District, Montecito Water District, La Cumbre  
96 Mutual Water Company, Morehart Land Co. and Raytheon Systems Co.;

97 (g) “Excess Capacity” shall mean capacity in the Project Facilities in excess  
98 of that needed to meet the Project’s authorized purposes, as determined solely by the Contracting  
99 Officer, which may be made available to store, convey, and deliver Non-Project Water;

100 (h) “Member Units” shall mean Carpinteria Valley Water District, City of  
101 Santa Barbara, Goleta, Water District, Montecito Water District and Santa Ynez River Water  
102 Conservation District Improvement District No. 1;

103 (i) “Municipal and Industrial (M&I) Water” shall mean Non-Project Water  
104 used for municipal, industrial, and miscellaneous other purposes not falling under the definition  
105 of “Irrigation Water” or within another category of water use under an applicable Federal  
106 authority;

107 (j) “Non-Project Water” shall mean water acquired by or available to the  
108 Contractor from the source(s) identified in Exhibit C that has not been appropriated or acquired  
109 by the United States;

110 (k) “Operating Non-Federal Entity” shall mean the Cachuma Operations  
111 Maintenance Board or COMB, its successors or assigns, a non-Federal entity that has the  
112 obligation pursuant to a separate agreement with the United States to operate and maintain all or  
113 a portion of the Project Facilities, and which may have funding obligations with respect thereto;

114 (l) “Project” shall mean the Cachuma Project including but not limited to  
115 Bradbury Dam, Lake Cachuma (Lake), Tecolote Tunnel (Tunnel), Lauro Reservoir, and the  
116 South Coast Conduit (Conduit) facilities, owned by the United States and managed by the  
117 Department of the Interior, Bureau of Reclamation;

118 (m) “Project Facilities” shall mean the associated facilities, constructed as  
119 features of the Cachuma Project;

120 (n) “Project Water” shall mean all water that is developed, diverted, stored, or  
121 delivered by the Secretary in accordance with the statutes authorizing the Project and in  
122 accordance with the terms and conditions of water rights acquired pursuant to California law;

123 (o) “Rates” shall mean the amount to be paid to the United States by the  
124 Contractor, as set forth in Exhibit B, for the use of Excess Capacity in the Project Facilities made  
125 available pursuant to this Contract;

126 (p) “Secretary” shall mean the Secretary of the Interior, a duly appointed  
127 successor, or an authorized representative acting pursuant to any authority of the Secretary and  
128 through any agency of the Department of the Interior; and



129 (q) "South Coast Member Units" shall mean Carpinteria Valley Water  
130 District, City of Santa Barbara, Goleta Water District and Montecito Water District;

131 (r) "Spill" shall mean an event during which (i) the Lake surface is above the  
132 Maximum Conservation Storage Pool Elevation and releases are being made through the  
133 spillway, or (ii) releases are being made to avoid damage to Project facilities or to downstream  
134 life and/or property.

135 (s) "Maximum Conservation Storage Pool Elevation" is the elevation above  
136 which water may not be stored for the purpose of conservation under applicable law, regulation,  
137 or operating criteria and procedures. As of the effective date of this Contract, the Maximum  
138 Conservation Storage Pool Elevation is 750.0 feet above Mean Sea Level;

139 (t) "Storage or Store" shall mean the retention of Non-Project Water in the  
140 Lake Cachuma for a period in excess of 30 days;

141 (u) "Year" shall mean the period from and including March 1 of the Calendar  
142 Year through the last day of February of the following Calendar Year.

143 TERM OF CONTRACT

144 2. This Contract shall become effective on the date hereinabove written and shall  
145 remain in effect through June 14, 2027: Provided, That upon written notice to the Contractor,  
146 this Contract may be terminated by the Contracting Officer at an earlier date, if the Contracting  
147 Officer determines that the Contractor has not been complying with one or more terms or  
148 conditions of this Contract.

149 INTRODUCTION, STORAGE, CONVEYANCE, AND DELIVERY OF NON-PROJECT  
150 WATER

151 3. (a) During the term of this Contract, the Contractor may introduce and Store  
152 up to 13,750 acre-feet each Year of Non-Project Water from the source(s) identified in Exhibit C

153 into the Project Facilities at Lake Cachuma. Contractor may also carryover Non-Project Water  
154 from the previous Year introduced during the term of this Contract. The United States or the  
155 designated Operating Non-Federal Entity shall convey Non-Project Water through Excess  
156 Capacity in the Project Facilities from said point(s) of introduction for delivery to the  
157 Contractor's South Coast Participants at the Tecolote Tunnel or other location(s) mutually agreed  
158 to in writing by the Contracting Officer, acting by or through its agent the designated Operating  
159 Non-Federal Entity, and the Contractor, acting by or through the Contractor's South Coast  
160 Participants, in accordance with an approved schedule submitted by the Contractor pursuant to  
161 subdivision (d) of this Article: Provided, That the quantity of Non-Project Water to be Stored  
162 and/or Conveyed on behalf of the Contractor's South Coast Participants in/through Project  
163 Facilities shall not exceed the quantity of Non-Project Water previously introduced into the  
164 Project Facilities by the Contractor at said point(s) of introduction, less 5% percent for  
165 conveyance losses.

166 (b) In the event the quantity of water taken by the Contractor's South Coast  
167 Participants exceeds the quantity of Non-Project water introduced by the Contractor pursuant to  
168 subdivision (a) of this Article, the Contractor in coordination with its South Coast Participants  
169 shall immediately take all reasonable actions to make available a like amount of water, plus  
170 conveyance loss, into the Project Facilities for use by the United States for Project purposes. The  
171 provisions of this subdivision are not exclusive and shall not prohibit the United States from  
172 exercising any other remedy under existing law, including the early termination of this Contract  
173 pursuant to Article 2 of this Contract.

174 (c) Exhibit C may be modified or replaced by mutual agreement of the  
175 Contractor and the Contracting Officer to reflect changes to the source(s) of Non-Project water

176 without amendment of this Contract: Provided, however, That no such modification or  
177 replacement shall be approved by the Contracting Officer absent the completion of all  
178 appropriate environmental documentation, including but not limited to documents prepared  
179 pursuant to the National Environmental Policy Act of 1969 (NEPA) and the Endangered Species  
180 Act of 1973 (ESA), as amended.

181 (d) All Non-Project Water Stored and/or Conveyed and delivered to the  
182 Contractor's South Coast Participants pursuant to this Contract shall be used for Municipal and  
183 Industrial purposes.

184 (e) Prior to the introduction of Non-Project Water into the Project Facilities,  
185 the Contractor shall submit a schedule to the Contracting Officer and the designated Operating  
186 Non-Federal Entity showing the quantities of Non-Project Water to be introduced into the  
187 Project Facilities, Provided That the desired time or times for delivery of said Non-Project Water  
188 will be scheduled by the Contractor's South Coast Participants with the Operating Non-Federal  
189 Entity: Provided further, That the Contractor's South Coast Participants are not required to  
190 initially schedule delivery of the maximum quantity of Non-Project Water for which the  
191 Contractor desires Storage and/or Conveyance during the term of this Contract. The initial  
192 schedule and any revision(s) thereof shall be in a form acceptable to the Contracting Officer and  
193 shall be submitted at such times and in such manner as determined by the Contracting Officer.  
194 The Contractor shall not introduce Non-Project Water into the Project Facilities unless and until  
195 the schedule and any revision(s) thereof have been approved by the Contracting Officer.

196 (f) All Non-Project Water remaining in the Project Facilities upon expiration  
197 or termination of this Contract shall be deemed to be unused water donated to the United States  
198 for Project purposes. Further, all Non-Project Water introduced by Contractor into the Project

199 Facilities and made available for delivery to the Contractor's South Coast Participants from the  
200 Project Facilities and not accepted by the Contractor's South Coast Participants shall be deemed  
201 to be unused water donated to the United States for Project purposes.

202 (g) If Spill occurs from the Lake, the first water Spilled shall be deemed to be  
203 the Non-Project Water then in the Lake. No Non-Project Water shall be introduced into the Lake  
204 during a Spill: Provided, That the Contracting Officer will, to the extent possible, inform the  
205 Contractor by written notice, or otherwise, of any impending Spill from the Lake: and Provided  
206 further, That to the extent Non-Project Water is enroute to and/or Stored in the Lake, when the  
207 Contractor has been so informed, such Non-Project Water shall, at the Contractor's South Coast  
208 Participants' request, be released into the Tunnel or into the Santa Ynez River, to the extent the  
209 United States is able to do so as conclusively determined by the Contracting Officer.

210 (h) Unless otherwise agreed to in writing by the Contracting Officer, the Non-  
211 Project Water shall be introduced into the Lake and delivered to the Contractor's South Coast  
212 Participants through existing Project Facilities. If temporary inflow or delivery facilities are  
213 required to effectuate the introduction of Non-Project Water into the Project Facilities or the  
214 delivery of the Non-Project Water to the Contractor's South Coast Participants from the Project  
215 Facilities, the Contractor shall, at its own cost and expense obtain all appropriate environmental  
216 documents, necessary rights-of-way for such facilities, including the appropriate right of-use  
217 agreement(s) or other authorizations issued by the United States for any such facilities located on  
218 right-of-way for existing Project Facilities. The Contractor, at its own cost and expense, shall be  
219 responsible for providing, installing, operating, maintaining, repairing, replacing, and removing  
220 said inflow and delivery facilities. The Contractor hereby grants to the Contracting Officer and

221 the Operating Non-Federal Entity access, for the purpose of this Contract, to all temporary  
222 inflow and delivery facilities installed by the Contractor.

223 (i) The introduction of Non-Project Water into the Project Facilities by the  
224 Contractor shall be conditioned upon compliance by the Contractor with the environmental  
225 measures described in the environmental documentation prepared in connection with the  
226 execution of this Contract and with the terms of the applicable operations procedures approved  
227 by the Contracting Officer.

228 MEASUREMENT OF NON-PROJECT WATER

229 4. (a) The quantity of Non-Project Water shall be measured and recorded prior  
230 to the point(s) of introduction into the Lake and at the point(s) of delivery from the Lake as  
231 provided in this Article.

232 (b) The Non-Project Water introduced into the Lake shall be measured and  
233 recorded at the Santa Ynez Pumping Plant by the Contractor with devices approved by the  
234 Contracting Officer. The Contractor shall examine, test and service the measuring and recording  
235 devices. Upon the written request of either party or at least once a Calendar Year, the Contractor  
236 and the Contracting Officer shall investigate the accuracy of the measuring and recording  
237 devices required by this Contract and the Contractor shall promptly correct any errors in  
238 measurement or recording disclosed by such investigation. If such device is found to be  
239 defective or inaccurate, it shall be adjusted, repaired, or replaced without expense to the United  
240 States. In the event the Contractor neglects or fails to make such repairs or replacements within  
241 a reasonable time and to the reasonable satisfaction of the Contracting Officer, the Contracting  
242 Officer shall determine the appropriate measurements to be used to implement this Contract  
243 pending the Contractor's completion of the necessary repairs or replacements.

244 (c) The Contractor shall maintain accurate records of the quantity of Non-  
245 Project Water, expressed in acre-feet, introduced into and delivered from Project Facilities at  
246 said authorized point(s) of introduction and delivery and shall provide such records to the  
247 Contracting Officer and the Operating Non-Federal Entity at such times and in such manner as  
248 determined by the Contracting Officer.

249 (d) The Non-Project water delivered from the Lake to the South Coast  
250 Participants shall be measured and recorded at the Tunnel. The South Coast Participants  
251 currently provide for measurement and recordation of water delivered by or through a portion of  
252 the Project Facilities including the Tunnel, and are responsible for the accuracy and servicing of  
253 the measuring and recording devices at the Tunnel, which responsibilities are carried out through  
254 COMB. Therefore, the Contractor and/or the Contractor's South Coast Participants shall seek to  
255 engage the services of COMB or any successor entity thereof designated by the South Coast  
256 Member Units to measure and record the quantity of Non-Project Water at the Tunnel. If COMB  
257 or any successor entity declines or is unable to perform such service, the Contractor and/or the  
258 Contractor's South Coast Participants shall otherwise provide for measurement and recordation  
259 of Non-Project Water diverted from the Lake including the accuracy of measuring and recording  
260 devices in a manner similar to that described in paragraph 4(b) above.

261 (e) Upon the request of either party to this Contract, the Contracting Officer  
262 shall investigate, or cause to be investigated by the Operating Non-Federal Entity, the accuracy  
263 of all measurements of Non-Project Water required by this Contract. If the investigation  
264 discloses errors in the recorded measurements, such errors shall be promptly corrected. If the  
265 investigation discloses that measurement devices are defective or inoperative, the Contracting  
266 Officer shall take any necessary actions to ensure that the responsible party makes the

267 appropriate adjustments, repairs, or replacements to the measurement devices. In the event the  
 268 Contractor, as the responsible party, neglects or fails to make such adjustments, repairs, or  
 269 replacements to the measurement devices within a reasonable time and to the reasonable  
 270 satisfaction of the Contracting Officer, the Contracting Officer may cause such adjustments,  
 271 repairs, or replacements to be made and the costs thereof shall be charged to the Contractor and  
 272 the Contractor shall pay said charges to the United States immediately upon receipt of a detailed  
 273 billing. For any period of time during which accurate measurements of the Non-Project Water  
 274 have not been made, the Contracting Officer shall consult with the Contractor and the Operating  
 275 Non-Federal Entity prior to making a determination of the quantity of Non-Project Water  
 276 introduced, Stored and/or Conveyed and delivered for that period of time and such determination  
 277 by the Contracting Officer shall be final and binding on the Contractor.

278 OPERATION, MAINTENANCE, AND REPLACEMENT  
 279 BY OPERATING NON-FEDERAL ENTITY

280 5. (a) The operation, maintenance, and replacement (OM&R) of a portion of the  
 281 Project Facilities to be used to introduce, Store and/or Convey and deliver the Non-Project Water  
 282 to the Contractor’s South Coast Participants, and responsibility for funding a portion of the costs  
 283 of such OM&R, have been transferred from the United States to COMB, the designated  
 284 Operating Non-Federal Entity, pursuant to a separate agreement, identified as Contract No. 14-  
 285 06-200-5222RB, dated September 29, 2023. That separate agreement shall not interfere with or  
 286 affect the rights or obligations of the Contractor or the United States hereunder.

287 (b) The Contractor or the Contractor’s South Coast Participants may pay  
 288 directly to COMB, or to any successor approved by the Contracting Officer under the terms and  
 289 conditions of the separate agreement described in subdivision (a) of this Article 5, all rates,  
 290 charges, or assessments of any kind, including any assessment for reserve funds, that COMB or

291 such successor determines, sets, or establishes for the operation and maintenance of the portion  
292 of the Project Facilities operated and maintained by COMB or such successor used to Store  
293 and/or Convey and deliver the Non-Project Water to the Contractor's South Coast Participants.

294 (c) For so long as the OM&R of any portion of the Project Facilities used to  
295 Store and/or Convey and deliver the Non-Project Water to the Contractor's South Coast  
296 Participants is performed by COMB, or any successor thereto, the Contracting Officer shall  
297 adjust those components of the Rates for the Non-Project Water Stored and/or Conveyed under  
298 this Contract by deleting the costs associated with the activity being performed by COMB or its  
299 successor.

300 (d) In the event the United States reassumes OM&R of any portion of the  
301 Project Facilities from the Operating Non-Federal Entity, the Contracting Officer shall so notify  
302 the Contractor, in writing, and shall revise the Rates on Exhibit B to include the costs associated  
303 with the OM&R activities reassumed by the United States. The Contractor shall, thereafter, in  
304 the absence of written notification from the Contracting Officer to the contrary, pay the Rates,  
305 specified in the revised Exhibit B directly to the United States in compliance with Article 6 of  
306 this Contract.

307 PAYMENTS AND ADJUSTMENTS

308 6. (a) At the time the Contractor submits a schedule, or any revision(s) thereof  
309 pursuant to subdivision (d) of Article 3 of this Contract, the Contractor shall make an advance  
310 payment to the United States equal to the total amount payable pursuant to the applicable Rates  
311 shown on Exhibit B, revised each Year, for each acre-foot of Non-Project Water to be introduced  
312 into the Project Facilities. Non-Project Water shall not be introduced into Project Facilities by  
313 the Contractor prior to such payment being received by the United States.



314 (b) In the event the quantity of water delivered by the Operating Non-Federal  
315 Entity to the Contractor's South Coast Participants exceeds the quantity of Non-Project Water  
316 authorized pursuant to subdivision (a) of Article 3 of this Contract, that additional amount of  
317 water shall be deemed Project water delivered to the Contractor's South Coast Participants, and  
318 an equivalent quantity of water shall be deducted from the Contractor's South Coast Participants  
319 Project water supply available thereafter under that certain "Second Amendment to Contract  
320 Between the United States and Santa Barbara County Water Agency for Water Service from  
321 the Project," designated Contract No. I75r-1802RB, with an effective date of September 29,  
322 2023, as amended, and payment shall be made at the applicable rate identified on Exhibit A to  
323 said contract. The provisions of this subdivision are not exclusive and shall not prohibit the  
324 United States from exercising any other remedy, including the early termination of this Contract  
325 pursuant to Article 2 of this Contract.

326 (c) The amount of any overpayment by the Contractor by reason of the  
327 quantity of Non-Project Water introduced into the Project Facilities and Stored and/or Conveyed  
328 pursuant to this Contract, as conclusively determined by the Contracting Officer, having been  
329 less than the quantity which the Contractor otherwise under the provisions of this Contract would  
330 have been required to pay for, shall be applied first to any accrued indebtedness arising out of  
331 this Contract then due and owing to the United States by the Contractor. Any amount of such  
332 overpayment then remaining shall be refunded to the Contractor: Provided, however, That no  
333 refund shall be made by the United States to the Contractor for any quantity of Non-Project  
334 Water deemed to be unused water donated to the United States for Project purposes pursuant to  
335 subdivision (e) of Article 3 of this Contract.

336 (d) All payments made by the Contractor pursuant to subdivision (a) of this  
337 Article 6 shall be covered into the Reclamation Fund pursuant to Section 3 of the Act of  
338 February 21, 1911 (36 Stat. 925).

339 (e) The payment of the Rates set forth in this Article 6 for the use of Excess  
340 Capacity are exclusive of OM&R costs to be paid directly to the Operating Non-Federal Entity  
341 by the Contractor, and any additional charges that the Contractor may assess its water users. In  
342 accordance with the Act of February 21, 1911 (36 Stat. 925), the Contractor may not impose on  
343 its water users any charge for the use of Excess Capacity that exceeds the total amount paid to  
344 the United States and to the Operating Non-Federal Entity: Provided, That the Contractor may  
345 also charge its water users such additional amounts as are necessary to cover the Contractor's  
346 reasonable administrative costs in contracting with the United States for the use of Excess  
347 Capacity in the Project Facilities.

348 EXCESS CAPACITY

349 7. (a) The availability of Excess Capacity shall be determined solely by the  
350 Contracting Officer. Nothing contained in this Contract shall limit or preclude the United States  
351 from utilizing available capacity in the Project Facilities for the storage and conveyance of  
352 Project Water pursuant to Federal law, Reclamation law or policy, and existing contract(s); or for  
353 using Excess Capacity in the Project Facilities for the storage and conveyance of any other  
354 supplies of Non-Project Water.

355 (b) The Contracting Officer and the Operating Non-Federal Entity shall not be  
356 obligated to convey Non-Project Water during periods of maintenance or for other operating  
357 requirements.

358 (c) If at any time the Contracting Officer determines that there will not be  
359 Excess Capacity in the Project Facilities sufficient to allow the Non-Project Water to be  
360 introduced into, Stored and/or Conveyed, and delivered in accordance with an approved schedule  
361 submitted by the Contractor, the Contracting Officer shall so notify the Contractor in writing.  
362 Within 24 hours of said notice, the Contractor shall revise its schedule accordingly.

363 (d) No provision of this Contract shall be construed in any way as a basis for  
364 the Contractor to establish a priority to or a permanent right to the use of Excess Capacity in the  
365 Project Facilities nor to set a precedent to obligate the United States to enter into contracts with  
366 any other entities or individuals for the conveyance or storage of Non-Project Water.

367 RECEIPT AND DISTRIBUTION OF NON-PROJECT WATER SALE, TRANSFER, OR  
368 EXCHANGE OF NON-PROJECT WATER

369 8. (a) The parties hereto acknowledge that this Contract does not grant any  
370 permission or entitlement to the Contractor to extract and/or divert Non-Project Water from the  
371 source(s) described on Exhibit C or to change the nature or place of use of its rights to said Non-  
372 Project Water in any way. It is the responsibility of the Contractor to comply with all applicable  
373 Federal, State, and local laws, rules and regulations, including, but not limited to, State water law  
374 in relation to the Non-Project Water. It is expressly understood by the parties that the United  
375 States is only providing Storage and Conveyance capacity for the Non-Project Water and neither  
376 the Contracting Officer nor the ONFE claims any interest in the acquisition or use of the Non-  
377 Project Water beyond the terms specifically set forth in this Contract.

378 (b) Neither the Contracting Officer, nor the ONFE, makes any representations  
379 as to the accuracy of the description or of the validity of the Contractor's rights to the Non-  
380 Project Water described in Exhibit C.

381 (c) No sale, transfer, or exchange of Non-Project Water conveyed under this  
382 Contract may take place without the prior written approval of the Contracting Officer.

383 UNITED STATES NOT LIABLE

384 9. (a) The United States, its officers, agents and employees, including the  
385 Operating Non-Federal Entity, shall not be responsible for the control, care, or distribution of the  
386 Non-Project Water before it is introduced into or after it is delivered from the Project Facilities.  
387 It is specifically understood by the parties hereto that the United States is only providing Storage  
388 and/or Conveyance capacity for the Non-Project Water. The United States and the ONFE does  
389 not claim any interest in the Non-Project Water beyond the terms specifically set forth in this  
390 Contract.

391 (b) The Contractor shall indemnify and hold harmless the United States, its  
392 officers, agents and employees, and the Operating Non-Federal Entity, from any loss or damage  
393 and from any liability on account of personal injury, death, or property damage, or claims for  
394 personal injury, death, or property damage, of any nature whatsoever arising out of any actions  
395 or omissions of the Contractor, its directors, officers, agents, contractors, and employees, under  
396 this Contract, including the manner or method in which the Non-Project Water identified on  
397 Exhibit C is introduced into and delivered from the Project Facilities. The Contractor further  
398 releases the United States, its officers, agents and employees, and the Operating Non-Federal  
399 Entity, from every claim for injury to persons, death, or property damage, direct or indirect,  
400 resulting from the Contracting Officer's determination of the quantity of Excess Capacity  
401 available in the Project Facilities for the Storage and/or conveyance of the Contractor's Non-  
402 Project Water, the determination that the Non-Project Water introduced into Project Facilities  
403 must be terminated, and the elimination from Exhibit C of any source(s) of Non-Project Water.

404 Nothing contained in this Article shall be construed as an assumption of liability by the  
405 Contractor with respect to such matters.

406 CHARGES FOR DELINQUENT PAYMENTS

407 10. (a) The Contractor shall be subject to interest, administrative, and penalty  
408 charges on delinquent payments. If a payment is not received by the due date, the Contractor  
409 shall pay an interest charge on the delinquent payment for each day the payment is delinquent  
410 beyond the due date. If a payment becomes 60 days delinquent, the Contractor shall pay, in  
411 addition to the interest charge, an administrative charge to cover additional costs of billing and  
412 processing the delinquent payment. If a payment is delinquent 90 days or more, the Contractor  
413 shall pay, in addition to the interest and administrative charges, a penalty charge for each day the  
414 payment is delinquent beyond the due date, based on the remaining balance of the payment due  
415 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt  
416 collection services associated with a delinquent payment.

417 (b) The interest rate charged shall be the greater of either the rate prescribed  
418 quarterly in the Federal Register by the Department of the Treasury for application to overdue  
419 payments, or the interest rate of 0.5 percent per month. The interest rate charged will be  
420 determined as of the due date and remain fixed for the duration of the delinquent period.

421 (c) When a partial payment on a delinquent account is received, the amount  
422 received shall be applied first to the penalty charges, second to the administrative charges, third  
423 to the accrued interest, and finally to the overdue payment.

424 GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

425 11. (a) The obligation of the Contractor to pay the United States as provided in  
426 this Contract is a general obligation of the Contractor notwithstanding the manner in which the  
427 obligation may be distributed among the Contractor’s water users and notwithstanding the  
428 default of individual water users in their obligation to the Contractor.

429 (b) The payment of charges becoming due pursuant to this Contract is a  
430 condition precedent to receiving benefits under this Contract. The United States shall not make  
431 Non-Project Water available to the Contractor through “Cachuma” project facilities during any  
432 period in which the Contractor is in arrears in the advance payment of rates and charges due the  
433 United States. The Contractor shall not deliver Non-Project Water under the terms and  
434 conditions of this Contract for lands or parties that are in arrears in the advance payment of rates  
435 and charges as levied or established by the Contractor.

436 NOTICES

437 12. Any notice, demand, or request authorized or required by this Contract shall be  
438 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
439 delivered to Bureau of Reclamation, Area Manager, South-Central California Area Office, 1243  
440 N Street, Fresno, California 93721, and on behalf of the United States, when mailed, postage

441 prepaid, or delivered to General Manager of the Contractor, 255 Industrial Way, Buellton,  
442 California 93427. The designation of the addressee or the address may be changed by notice  
443 given in the same manner as provided in this Article for other notices.

444 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

445 13. The expenditure or advance of any money or the performance of any obligation of  
446 the United States under this Contract shall be contingent upon appropriation or allotment of  
447 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
448 obligations under this Contract. No liability shall accrue to the United States in case funds are  
449 not appropriated or allotted.

450 OFFICIALS NOT TO BENEFIT

451 14. No Member of or Delegate to the Congress, Resident Commissioner, or official of  
452 the Contractor shall benefit from this Contract other than as a water user or landowner in the  
453 same manner as other water users or landowners.

454 CHANGES IN CONTRACTOR'S ORGANIZATION

455 15. While this Contract is in effect, no change may be made in the Contractor's  
456 organization, by inclusion or exclusion of lands or by any other changes which may affect the  
457 respective rights, obligations, privileges, and duties of either the United States or the Contractor  
458 under this Contract including, but not limited to, dissolution, consolidation, or merger, except  
459 upon the Contracting Officer's written consent.

460 ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

461 16. The provisions of this Contract shall apply to and bind the successors and assigns  
462 of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein  
463 by either party shall be valid until approved in writing by the other party.

464 BOOKS, RECORDS, AND REPORTS

465 17. (a) The Contractor shall establish and maintain accounts and other books and  
466 records pertaining to administration of the terms and conditions of this Contract, including the  
467 Contractor's financial transactions; water supply data; Project operation, maintenance, and  
468 replacement logs; Project land and rights-of-way use agreements; the water users' land-use (crop  
469 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting  
470 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on  
471 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws  
472 and regulations, each party to this Contract shall have the right during office hours to examine  
473 and make copies of the other party's books and records relating to matters covered by this  
474 Contract.

475 RULES, REGULATIONS, AND DETERMINATIONS

476 18. (a) The parties agree that the delivery of water or the use of Federal facilities  
477 pursuant to this Contract is subject to Federal reclamation law, as amended and supplemented,

478 and the rules and regulations promulgated by the Secretary of the Interior under Federal  
479 reclamation law.

480 (b) The Contracting Officer shall have the right to make determinations  
481 necessary to administer this Contract that are consistent with its expressed and implied  
482 provisions, the laws of the United States and the State of California, and the rules and regulations  
483 promulgated by the Secretary of the Interior. Such determinations shall be made in consultation  
484 with the Contractor.

485 PROTECTION OF WATER AND AIR QUALITY

486 19. (a) The Contractor, without expense to the United States, will care for,  
487 operate and maintain the transferred works in a manner that preserves the quality of the water at  
488 the highest feasible level as determined by the Contracting Officer.

489 (b) The United States will care for, operate and maintain reserved works in a  
490 manner that preserves the quality of the water at the highest feasible level as determined by the  
491 Contracting Officer. The United States does not warrant the quality of the Non-Project Water  
492 delivered to the Contractor and is under no obligation to furnish or construct water treatment  
493 facilities to maintain or improve the quality of the Non-Project Water delivered to the  
494 Contractor.

495 (c) The Contractor will comply with all applicable water and air pollution  
496 laws and regulations of the United States and the State of California; and will obtain all required  
497 permits or licenses from the appropriate Federal, State, or local authorities necessary for the  
498 delivery of Non-Project Water by the Contractor; and will be responsible for compliance with all  
499 Federal, State, and local water quality standards applicable to surface and subsurface drainage  
500 and/or discharges generated through the use of Project Facilities or Contractor facilities or Non-  
501 Project Water provided by the Contractor within the Contractor's Boundaries.

502 (d) This Article 19 will not affect or alter any legal obligations of the  
503 Secretary to provide drainage or other discharge services.

504 (e) The Non-Project Water introduced into the Project Facilities shall be of  
505 such quality, as determined solely by the Contracting Officer, as to not significantly degrade the  
506 quality of the Project Water. If it is determined by the Contracting Officer that the quality of the  
507 Non-Project Water from any source(s) identified in Exhibit C will significantly degrade the  
508 quality of Project Water in or introduced into the Project Facilities, the Contractor shall, upon  
509 receipt of a written notice from the Contracting Officer, arrange for the immediate termination of

510 the introduction of Non-Project Water from such sources(s) into the Project Facilities, and  
511 Exhibit C shall be modified to delete such sources(s) of Non-Project Water.

512 (f) Exhibit D identifies the minimum water quality standards for monitoring  
513 the quality of Non-Project Water introduced by the Contractor into Project Facilities. Exhibit D  
514 identifies the laboratories approved by the Contracting Officer that are to be used for conducting  
515 water quality analyses. The Contractor is responsible for sampling and analytical costs  
516 associated with evaluating quality of the Non-Project Water. Non-Project Water introduced into  
517 Project Facilities for purposes of water quality testing is considered Project water.

518 (g) At all times during the term of this Contract, the Contractor shall be in  
519 compliance with the requirements of the then-current Quality Assurance Project Plan (Plan)  
520 approved by the Contracting Officer to monitor Non-Project Water introduced into and conveyed  
521 through the Project Facilities. The Plan describes the sample collection procedures, water testing  
522 methods, and data review process, including quality control/quality assurance protocols, to verify  
523 analytical results.

524 (h) The Contracting Officer reserves the right to require additional analyses to  
525 ensure the Non-Project Water meets the Bureau of Reclamation's water quality acceptance  
526 criteria.

527 WATER CONSERVATION

528 20. (a) Prior to the delivery of water provided from or conveyed through federally  
529 constructed or federally financed facilities pursuant to this Contract, the Contractor's South  
530 Coast Participants shall develop a water conservation plan, as required by subsection 210(b) of  
531 the Reclamation Reform Act of 1982 and 43 C.F.R. 427.1 (Water Conservation Rules and  
532 Regulations).

533 (b) The parties hereto acknowledge and agree that pursuant to Contract No.  
534 I75r-1802RB, "Second Amendment to Contract Between the United States and Santa  
535 Barbara County Water Agency for Water Service from the Project," with an effective date of



536 September 29, 2023, as amended, the Contractor's South Coast Participants have implemented  
537 an effective water conservation plan/program that has been approved by the Contracting Officer.  
538 Said water conservation plan/program shall be deemed to meet the requirements of subdivision  
539 (a) of this Article 21: Provided, That the Contractor, prior to execution of this Contract,  
540 documents to the satisfaction of the Contracting Officer that the quantity of Non-Project Water to  
541 be conveyed pursuant to this Contract has been included in its South Coast Participants approved  
542 water conservation plan(s)/program(s) and that all Non-Project Water conveyed pursuant to this  
543 Contract shall be subject to the same water conservation requirements as the Project Water under  
544 Contract No. I75r-1802RB.

545 EQUAL EMPLOYMENT OPPORTUNITY

546 The following language is required by Executive Order No. 11246 of September 24, 1965, in all  
547 government contracts unless and until it is superseded or amended.

548 21. During the performance of this Contract, the Contractor agrees as follows:

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

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

563 (c) The Contractor will not discharge or in any other manner discriminate  
564 against any employee or applicant for employment because such employee or applicant has  
565 inquired about, discussed, or disclosed the compensation of the employee or applicant or another  
566 employee or applicant. This provision shall not apply to instances in which an employee who has  
567 access to the compensation information of other employees or applicants as a part of such  
568 employee's essential job functions discloses the compensation of such other employees or

569 applicants to individuals who do not otherwise have access to such information, unless such  
570 disclosure is in response to a formal complaint or charge, in furtherance of an investigation,  
571 proceeding, hearing, or action, including an investigation conducted by the employer, or is  
572 consistent with the Contractor's legal duty to furnish information.

573 (d) The Contractor will send to each labor union or representative of workers  
574 with which it has a collective bargaining agreement or other contract or understanding, a notice,  
575 to be provided by the Contracting Officer, advising the labor union or workers' representative of  
576 the Contractor's commitments under Section 202 of Executive Order No. 11246 of September  
577 24, 1965, and shall post copies of the notice in conspicuous places available to employees and  
578 applicants for employment.

579 (e) The Contractor will comply with all provisions of Executive Order No.  
580 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of  
581 Labor.

582 (f) The Contractor will furnish all information and reports required by  
583 Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of  
584 the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and  
585 accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to  
586 ascertain compliance with such rules, regulations, and orders.

587 (g) In the event of the Contractor's noncompliance with the nondiscrimination  
588 clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be  
589 canceled, terminated or suspended in whole or in part and the Contractor may be declared  
590 ineligible for further Government contracts in accordance with procedures authorized in  
591 Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and  
592 remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule,  
593 regulation, or order of the Secretary of Labor, or as otherwise provided by law.

594 (h) The Contractor will include the provisions of paragraphs (a) through (h) in  
595 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the  
596 Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September  
597 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The  
598 Contractor will take such action with respect to any subcontract or purchase order as may be  
599 directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions  
600 for noncompliance: *Provided, however,* that in the event the Contractor becomes involved in, or  
601 is threatened with, litigation with a subcontractor or vendor as a result of such direction, the  
602 Contractor may request the United States to enter into such litigation to protect the interests of  
603 the United States.

604 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

605 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
606 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as  
607 amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135,  
608 Title III; 42 U.S.C. § 6101, et seq.), Title II of the Americans with Disabilities Act of 1990 (Pub.

609 L. 101-336; 42 U.S.C. § 12131, et seq.) and any other applicable civil rights laws, and with the  
610 applicable implementing regulations and any guidelines imposed by the U.S. Department of the  
611 Interior and/or Bureau of Reclamation.

612 (b) These statutes prohibit any person in the United States from being  
613 excluded from participation in, being denied the benefits of, or being otherwise subjected to  
614 discrimination under any program or activity receiving financial assistance from the Bureau of  
615 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this  
616 Contract, the Contractor agrees to immediately take any measures necessary to implement this  
617 obligation, including permitting officials of the United States to inspect premises, programs, and  
618 documents.

619 (c) The Contractor makes this agreement in consideration of and for the  
620 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other  
621 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of  
622 Reclamation, including installment payments after such date on account of arrangements for  
623 Federal financial assistance which were approved before such date. The Contractor recognizes  
624 and agrees that such Federal assistance will be extended in reliance on the representations and  
625 agreements made in this Article and that the United States reserves the right to seek judicial  
626 enforcement thereof.

627 (d) Complaints of discrimination against the Contractor shall be investigated  
628 by the Contracting Officer's Office of Civil Rights.

629 CERTIFICATION OF NONSEGREGATED FACILITIES

630 23. The Contractor hereby certifies that it does not maintain or provide for its  
631 employees any segregated facilities at any of its establishments and that it does not permit its  
632 employees to perform their services at any location under its control where segregated facilities  
633 are maintained. It certifies further that it will not maintain or provide for its employees any  
634 segregated facilities at any of its establishments and that it will not permit its employees to  
635 perform their services at any location under its control where segregated facilities are  
636 maintained. The Contractor agrees that a breach of this certification is a violation of the Equal  
637 Employment Opportunity clause in this Contract. As used in this certification, the term  
638 "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms,  
639 restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,  
640 parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing  
641 facilities provided for employees which are segregated by explicit directive or are in fact  
642 segregated on the basis of race, creed, color, or national origin, because of habit, local custom,  
643 disability, or otherwise. The Contractor further agrees that (except where it has obtained  
644 identical certifications from proposed subcontractors for specific time periods) it will obtain  
645 identical certifications from proposed subcontractors prior to the award of subcontracts  
646 exceeding \$10,000 which are not exempt from the provisions of the Equal Employment  
647 Opportunity clause; that it will retain such certifications in its files; and that it will forward the  
648 following notice to such proposed subcontractors (except where the proposed subcontractors  
649 have submitted identical certifications for specific time periods):

650 NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR  
651 CERTIFICATIONS OF NONSEGREGATED FACILITIES

652 A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract  
653 exceeding \$10,000 which is not exempt from the provisions of the Equal Employment  
654 Opportunity clause. The certification may be submitted either for each subcontract or for all  
655 subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The penalty for  
656 making false statements in offers is prescribed in 18 U.S.C. § 1001.

657 MEDIUM FOR TRANSMITTING PAYMENTS

658 24. (a) All payments from the Contractor to the United States under this Contract  
659 shall be by the medium requested by the United States on or before the date payment is due. The  
660 required method of payment may include checks, wire transfers, or other types of payment  
661 specified by the United States.

662 (b) Upon execution of this Contract, the Contractor shall furnish the  
663 Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose  
664 for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts arising  
665 out of the Contractor's relationship with the United States.

666 CONTRACT DRAFTING CONSIDERATIONS

667 25. This Contract has been negotiated and reviewed by the parties hereto, each of  
668 whom is sophisticated in the matters to which this Contract pertains. The double-spaced articles  
669 of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party  
670 shall be considered to have drafted the stated articles. Single-spaced articles are standard articles  
671 pursuant to Reclamation policy.

672 INCORPORATION OF EXHIBITS

673 26. Exhibits A through D are attached hereto and incorporated herein by reference.

674 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of  
675 the day and year first above written.

676 UNITED STATES OF AMERICA

677 By: \_\_\_\_\_  
678 Michael P. Jackson, Area Manager  
679 South-Central California Area Office  
680 California-Great Basin Region  
681 Bureau of Reclamation

682 CENTRAL COAST WATER AUTHORITY  
683 (SEAL)

684 By: \_\_\_\_\_  
685 President of the Board of Directors

686 Attest:

687 By: \_\_\_\_\_  
688 Secretary of the Board of Directors

**EXHIBIT A**

**CONTRACTOR'S BOUNDARY MAP**

This is a placeholder page. The Contractor's Boundary Map is to be designated as Exhibit A and appended to the contract.

DRAFT

**EXHIBIT B**  
**CENTRAL COAST WATER AUTHORITY**  
**WATER YEAR 2024**  
**STORAGE AND CONVEYANCE RATES**  
**(PER ACRE-FOOT)**

<b>O&amp;M Cost Component</b>	<b>Water</b>
Water Marketing	\$23.57
Storage	\$52.96
XO&M	\$0.00
Conveyance	\$0.00
<b>O&amp;M Sub-Total</b>	<b>\$76.53</b>
Capital Component	\$0.00
Deficit Rate	\$0.00
<b>Total Water Rate:</b>	<b>\$76.53</b>

**EXPLANATORY NOTES**

\*Used the original cost to develop Cachuma Warren Act Rate. XM/Replacement component on Storage Cost pool may be charged, if applicable.

\*\*For Conveyance, XM/Replacement costs would be recovered thru COMB.

## **EXHIBIT C**

### **SOURCE(S) OF CONTRACTOR’S NON-PROJECT WATER CENTRAL COAST WATER AUTHORITY**

**SOURCE:** “Non-Project Water” means water not appropriated by the United States for the Project which is acquired by or available to the Contractor from or through the State Water Project from the following sources:

State Water Project water acquired by or available to the Contractor from the State Water Project, including but not limited to State Water Project water previously stored in a surface water reservoir or groundwater bank; and water from sources other than the State Water Project, including but not limited to the Sacramento River watershed and the San Joaquin-Sacramento Delta, acquired by or available to the Contractor and conveyed to the Contractor through the State Water Project, which conveyance requires the approval of DWR pursuant to the Water Supply Contract.

**POINTS OF INTRODUCTION AND DELIVERY:** Non-Project water introduced into Lake Cachuma shall be measured and recorded at the Santa Ynez Pumping Plant. Non-Project water diverted from Lake Cachuma shall be measured and recorded at the Tecolote Tunnel and conveyed through the South Coast Conduit for delivery to the South Coast Member Units.



## **EXHIBIT D**

### **WATER QUALITY STANDARDS**

CCWA monitors water quality within its facilities. Prior to its introduction into Lake Cachuma, CCWA water is treated in CCWA's Polonio Pass Water Treatment Plant in San Luis Obispo County to applicable drinking water standards. This treatment process includes adding chloramine (a mix of chlorine and ammonia) to the water. From the Polonio Pass Water Treatment Plant, CCWA's water is conveyed to the Santa Ynez Pumping Facility where it is treated with sodium bisulfite to remove the chloramine before the water is conveyed to Bradbury Dam for introduction into Cachuma Project facilities.

Built-in safety systems at the Santa Ynez Pumping Facility automatically shut off the pumps if a chlorine concentration  $\geq 0.05$  mg/L is detected, or if residual sodium bisulfite concentrations drop to 0.1 mg/L or rise above 1 mg/L. Slightly more sodium bisulfite is added to the water than needed to completely neutralize the chlorine, which results in a small amount of unreacted sodium bisulfite left in the water (i.e.  $>0.1$  mg/L and  $\leq 1$ mg/L). Based on the chemistry of the chemical reaction between sodium bisulfite and chloramine, as long as there is a detectable sodium bisulfite concentration in the water there is no free chlorine left in the water (i.e., chlorine residual is 0 mg/L).



**CENTRAL COAST WATER AUTHORITY**

**MEMORANDUM**

June 20, 2024

**TO:** CCWA Board of Directors

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

**SUBJECT:** Ernst & Young Audit Report on the DWR Calendar Year 2024 Statement of Charges

---

**DISCUSSION**

Each year, CCWA contracts with the accounting firm, Ernst & Young, to audit the annual Statement of Charges from the Department of Water Resources (DWR) to CCWA. The Statement of Charges audit is an important exercise to ensure the charges allocated to CCWA from DWR are correct.

Ernst & Young completed their audit of the CCWA 2024 Statement of Charges from DWR and prepared the attached audit report and findings.

Ernst & Young representatives will provide an overview of the major findings in the annual audit to the CCWA Board of Directors at its meeting on June 27, 2024.

RAS

Attachment

SUMMARY OF PROCEDURES, FINDINGS,  
AND RECOMMENDATIONS RELATED TO THE 2024  
STATEMENT OF CHARGES

Central Coast Water Authority  
San Luis Obispo County Flood Control and Water Conservation District

Ernst & Young LLP





Ernst & Young LLP  
Suite 300  
731 K Street  
Sacramento, CA 95814

Tel: +1 916 218 1900  
ey.com

To the Representatives of Central Coast Water Authority and  
San Luis Obispo County Flood Control and Water Conservation District

We have completed our engagement to perform procedures at the California Department of Water Resources (DWR) on behalf of Central Coast Water Authority (CCWA) and San Luis Obispo County Flood Control (FC) and Water Conservation District (WCD) (SLO). Our engagement was performed in accordance with our Exhibit C-1 dated August 25, 2023 for CCWA and August 31, 2023 for SLO to the Statement of Work dated June 7, 2023, and our procedures were limited to those described in that Exhibit C-1 to the Statement of Work.

Our findings and recommendations resulting from our procedures are provided in the memoranda, summaries, and schedules included in the Summary of Procedures, Findings, and Recommendations Related to the 2024 Statement of Charges (Report). The procedures were performed based on information obtained principally by inquiries of officials and other personnel of the DWR and inspection of certain accounting related records and reports of the DWR. The specific sources of the various components of the information are indicated in the accompanying memoranda, summaries, and schedules. The information included in the Report, including the memoranda, summaries, and schedules, are solely those we received in response to our inquiries or obtained from documents furnished to us. Our work has been limited in scope and time, and we stress that more detailed procedures may reveal findings and recommendations that this engagement has not.

Except for ascertaining that certain information in tabulations and reports, received from the DWR, agreed with the accounting records (as specifically identified in the accompanying memoranda, summaries, and schedules), we were not requested to and did not perform procedures to evaluate the reliability or completeness of the information obtained. The procedures do not constitute an audit, a review or other form of assurance in accordance with any generally accepted auditing, review or other assurance standards, and accordingly we do not express any form of assurance. While the information obtained is substantially responsive to your request, we are not in a position to assess its sufficiency for your purposes.

#### Restrictions on the use of our work product

Consistent with our Exhibit C-1 to the Statement of Work, this Report is intended solely for the information and use of CCWA and SLO and is not intended to be and should not be used by anyone other than CCWA and SLO. Except where compelled by legal process (of which CCWA and SLO will immediately notify EY and tender to EY, if it so elects, the defense thereof), CCWA and SLO may not circulate, quote, disclose or distribute, the Report or any portion, abstract or summary thereof, or make any reference thereto or to EY in connection therewith, to any third party without obtaining the prior written consent of EY. To the extent CCWA and SLO are permitted to disclose the written Report as set forth herein, it shall disclose the Report only in the original, complete, and unaltered form provided by EY, with all restrictive legends and other agreements intact.

CCWA and SLO shall, among other responsibilities with respect to the Report, (i) make all management decisions and perform all management functions, including applying independent business judgment to the Report, making implementation decisions and determining further courses of action in connection with the Report; (ii) assign a competent employee within senior management to make all management decisions with respect to the Report, oversee the Report and evaluate the adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Report.

The ratings in our Report do not represent a conclusion on the assessment of the findings and recommendations resulting from our procedures. Rating definitions are as defined in our Statement of Work dated June 7, 2023.

*Ernst & Young LLP*

April 30, 2024

## TABLE OF CONTENTS

	PAGE NO.
Executive Summary of Procedures.....	1
Detailed Discussion of Procedures.....	4
Areas of Focus .....	4
Findings and Recommendations Summary Tables.....	4
Internal Control Impact Framework .....	5
Transportation Minimum.....	6
Procedures Performed.....	6
Findings and Recommendations .....	7
Rate Management Credit Allocation.....	15
Procedures Performed.....	15
Findings and Recommendations .....	15
Coastal Branch Extension Direct Debt Service .....	19
Procedures Performed.....	19
Findings and Recommendations .....	19
Cost/Debt Reconciliation .....	23
Procedures Performed.....	23
Findings and Recommendations .....	23
FAD890 Alpha Allocation Cycle Procedures .....	26
Procedures Performed.....	26
Findings and Recommendations .....	26
Update of Prior Year Findings .....	35
Appendix – Glossary .....	37

## Executive Summary of Procedures

The transportation minimum component for CCWA and SLO (collectively, the Central Coast Contractors) has seen volatility. The following tables show the change in the transportation minimum component for the 2022 calendar year related to the 2024, 2023, and 2022 Statement of Charges (SOC):

Contractor	Calendar Year	2024 SOC	2023 SOC	Difference	% Change
CCWA	2022	\$ 12,046,971	\$ 11,855,768	\$ 191,203	1.6%
SLO	2022	\$ 2,348,575	\$ 2,463,012	\$ (114,437)	(4.6)%

Contractor	Calendar Year	2023 SOC	2022 SOC	Difference	% Change
CCWA	2022	\$ 11,855,768	\$ 11,235,618	\$ 620,150	5.5%
SLO	2022	\$ 2,463,012	\$ 2,317,040	\$ 145,972	6.3%

This volatility is primarily caused by updates to the Central Coast Contractors' allocation percentages through alpha allocation cycles. For example, the SAA903 alpha allocation cycle increased from 1.64% used for calendar year 2022 in the 2023 SOC to 1.82% used for calendar year 2022 in the 2024 SOC. We performed procedures on the transportation minimum component by analyzing the costs charged to reach 33A, which had an allocation of 90% and 10% for CCWA and SLO, respectively. These procedures included testing direct costs charged to reach 33A related to invoices, labor costs, and indirect costs charged to reach 33A through the alpha allocation cycles. We performed an analysis of costs charged to reach 33A, comparing the calendar year 2021 costs to the calendar year 2022 costs for specific cost centers and projects. The following table summarizes changes in direct to reach 33A charges.

Reach	Cost Center	Project	Calendar Year 2022 Costs	Calendar Year 2021 Costs	Increase/ (Decrease) in Costs
33A	2280871502	System Study	\$ 1,866,098	\$ 203,805	\$ 1,662,293
33A	2280871503	Air Chamber Recoat	\$ 15,756	\$ 778,558	\$ (762,802)
33A	2280871503	System Study	\$ 563,666	\$ 79,914	\$ 483,752
33A	2280871504	System Study	\$ 213,956	\$ 68,226	\$ 145,730
33A	2300871502	Environment	\$ 184,082	\$ 370,696	\$ (186,614)
33A	2300871502	Repairs and Maintenance	\$ 814,001	\$ 640,041	\$ 173,960
33A	2300871502	Upgrades and Installations	\$ 27,872	\$ 256,050	\$ (228,178)
33A	2300871503	Repairs and Maintenance	\$ 625,639	\$ 1,266,249	\$ (640,610)
33A	2300871504	Environment	\$ 184,835	\$ 26,142	\$ 158,693
33A	2300871504	Repairs and Maintenance	\$ 768,945	\$ 708,095	\$ 60,850

The change in direct labor costs charged to reach 33A also impacts the indirect cost allocations for the transportation minimum component as these allocations are calculated based on direct labor hours. The following table summarizes these changes.

Alpha Allocation Cycle	Calendar Year 2022 Allocation	Calendar Year 2021 Allocation	Change
FDL907	52.89%	52.70%	0.19%
FFN907	9.55%	11.09%	(1.54)%
FAD908	2.44%	3.20%	(0.76)%
FAD909	2.44%	3.20%	(0.76)%
SAA913	1.82%	1.80%	0.02%
SAA923	1.82%	1.80%	0.02%

The current year procedures are performed on the 2024 SOC with a fiscal year end of June 30, 2023, which includes December 31, 2022 actual costs with projections thereafter. The procedures reference various periods that are defined, as follows:

- 2022 – Calendar year actual costs
- 2023 – Fiscal year ended June 30, 2023
- 2024 SOC – Includes actual costs through December 31, 2022 with projections thereafter

We selected a sample of direct labor hours charged to selected Internal Orders (IOs) and made inquiries to the Department to identify the nature of the work performed and the location the work pertained to. We then determined whether the direct labor costs were billed to the reach based on the responses obtained from the selected employees.

Our procedures related to analyzing invoices charged to specific IOs has led to specific findings. Such invoice-related findings pertained to costs being double billed to reach 33A. These findings include the following: (1) Johnson Controls Fire Protection LP and Quinn Rental Services invoices in the amount of \$12,249 (interest impact is \$2,115); (2) Safety Management Systems LLC invoice in the amount of \$26,080 (interest impact is \$3,749); (3) Patriot Environmental Services invoice in the amount of \$6,325; and (4) Barnard Construction Company Inc. invoice in the amount of \$33,195. Total invoice findings resulted in an overstatement of amounts billed of \$77,849 (interest impact is \$5,864) which includes \$46,893 (interest impact is \$2,444) to CCWA and \$5,486 (interest impact is \$290) to SLO.

We have performed procedures over the allocation of downstream costs to reach 33A. We determined whether the calculated downstream costs were properly allocated down to the reach level.

We have performed procedures over the rate management credit allocation used in the 2024 SOC and assessed whether the transportation capital component used in the calculation agreed to supporting documentation. We observed that the transportation capital component for CCWA and SLO agreed to the supporting documentation. Additionally, we performed a fluctuation analysis by Contractor to explain the change in rate management credit allocations.

We have performed procedures over Coastal Branch Extension (CBX) debt service to assess whether CCWA properly received credits for reduced debt service payments as a result of bond series Q and W refinancing. We observed that the Department bills debt service in the SOC in advance of bond refinancing, and then does not subsequently adjust the billings to reflect the impact of the refinanced debt for CCWA. From 1998 to 2024, \$1,219,322 has been overcharged to CCWA, plus interest impact. The interest impact using the project interest rate (PIR) is \$752,230, for a total of \$1,971,552. The interest impact using the surplus money investment fund (SMIF) is \$165,491, for a total of \$1,384,813. The actual interest impact will be determined at a later date.

We have performed procedures over the latest version of the Cost/Debt reconciliation project to assess whether the overcollection of capital construction costs related to bond series Q and W issued for CBX continues to be reflected as a reduction in debt service to CCWA in the amount of \$6,662,243. We observed the overcollection of \$6,662,243 was present in the spreadsheet, which represents a credit due to CCWA.

We have performed procedures over the alpha allocation cycle FAD890 corrections made by the Department to correct the historical misallocation of costs through this alpha allocation cycle. The Department has moved these costs to associated alpha allocation cycles to adjust these historical misallocations of costs. We observed a total cost movement in the amount of \$175,341,546.

The following tables show the estimated impact for CCWA and SLO for all findings quantified in the current year report.

Table 1 – Summary of Invoice Findings for CCWA and SLO

Contractor	Overstatement of Charges	Interest Impact	Overstatement of Charges with Interest Impact
CCWA	\$ 46,893	\$ 2,444	\$ 49,337
SLO	5,486	290	5,776
Total	\$ 52,379	\$ 2,734	\$ 55,113

Table 2 – Summary of CBX Debt Service Finding for CCWA

Contractor	Overstatement of Debt Service	Interest Impact (PIR)	Total Overstatement of Debt Service with Interest Impact
CCWA	\$ 1,219,322	\$ 752,230	\$ 1,971,552

Contractor	Overstatement of Debt Service	Interest Impact (SMIF)	Total Overstatement of Debt Service with Interest Impact
CCWA	\$ 1,219,322	\$ 165,491	\$ 1,384,813



## Detailed Discussion of Procedures

### Areas of Focus

- Transportation Minimum
- Rate Management Credit Allocation
- CBX Direct Debt Service
- Cost/Debt Reconciliation
- FAD890 Alpha Allocation Cycle Procedures

### Findings and Recommendations Summary Tables

Throughout the report, summary tables are categorized as findings or recommendations. Findings specifically relate to observations with a dollar impact to CCWA and SLO. Recommendations are process improvements observed for the Department, specifically identified through current year procedures for which no dollar impact to CCWA or SLO was determined.

The findings and recommendations summary tables throughout the report identify the risk of future occurrence. This risk rating provides CCWA and SLO with a meaningful measurement of the likelihood of similar findings in subsequent years if the finding is not addressed or corrected. CCWA and SLO have requested that we use the following risk rating definitions:

- High – it is highly likely (or probable) that the error or process failure will be repeated.
- Medium – it is more likely than not that the error or process failure will be repeated.
- Low – it is possible that the error or process failure will be repeated.

## Internal Control Impact Framework

The internal control categories presented in the findings and recommendation summary tables detail the root cause of the finding or recommendation. We have summarized all findings and recommendations into internal control categories, which are presented in the Internal Control Impact Framework. This framework that has been developed by CCWA and SLO is as follows:

### 1. Control Activities:

- a. Internal Controls on Reconciliations, Approvals, Assets, Segregation of Duties – Findings in this category are the result of errant internal control measures or practices. This includes approvals, verifications, reconciliations, and segregation of duties.
- b. Internal Controls on Data Environment for Data Integrity – Findings in this category are the result of errant data control measures or practices. This includes practices that result in altered, damaged, or errant data included in calculations or reporting.

### 2. Control Environment:

- a. Policy: Determination of Beneficiary – Findings in this category are the result of no policy or lack of compliance with policy regarding full reimbursement of cost and having a defined beneficiary prior to providing service.
- b. Policy: Determination of Cost Categorization – Findings in this category are the result of no policy or lack of compliance with policy regarding controls and approvals of cost classification/codification prior to posting into a system of record.
- c. Policy: Accounting Standards for Consistency – Findings in this category are the result of the DWR adopting an accounting principle, method or practice and not consistently following the principle, method or practice in future accounting periods.
- d. Policy: Accounting Standards for Timeliness – Findings in this category are the result of the DWR not following the accounting principle of timeliness or the need for accounting information to be presented to the users in time to fulfill their decision-making needs.
- e. Procedures: No Procedures – Findings in this category are the result of the DWR not having established standardized processes or procedures.
- f. Procedures: Errant Procedures – Findings in this category are the result of the DWR having errant standardized processes or procedures creating a weakness in internal control processes.
- g. Procedures: Procedures not Being Followed – Findings in this category are the result of the DWR staff not following standardized processes or procedures creating a weakness in internal control processes.

## Transportation Minimum

### *Procedures Performed*

We performed the following detailed procedures on the transportation minimum component for reach 33A:

- Transportation minimum direct allocation for reach 33A:
  - Obtained a listing of IOs associated with the costs of specific projects and performed a fluctuation analysis comparing 2021 to 2022.
  - Assessed a sample of IOs with the largest increase in costs and hours charged from specific projects resulting from the fluctuation analysis completed in the preceding procedure.
  - Assessed a sample from the largest groups and employees of similar IOs in 2022.
- Transportation minimum indirect allocation for reach 33A:
  - Selected the largest alpha allocation cycles causing the increase in indirect costs for the Statewide, San Joaquin Field Division, and Coastal Branch (CB) allocations:
    - Statewide: M-FAD908, M-FAD909, M-SAA913, M-SAA923
    - San Joaquin Field Division: M-FFN907
    - CB: M-FDL907
  - Obtained a listing of IOs associated with the costs for the alpha allocation cycles and the specific projects and performed a fluctuation analysis comparing 2021 to 2022.
  - Assessed a sample of IOs with the largest increase in costs and hours charged from specific projects resulting from the fluctuation analysis completed in the preceding procedure.
  - Assessed a sample from the largest groups and employees of similar IOs in 2022.
- Downstream allocation for reach 33A:
  - Investigated the change in downstream expenses.
  - Recalculated the allocation of downstream expenses.
- Investigated any variances identified.

## Findings and Recommendations

We performed a fluctuation analysis on transportation minimum direct allocation to reach 33A and the largest alpha allocation cycles causing significant changes (increases or decreases) in indirect costs for the Statewide, San Joaquin Field Division, and CB allocations from 2021 to 2022. The results of this analysis are as follows:

Cost Center	Project	Calendar Year 2022 Costs	Calendar Year 2021 Costs	Increase/ (Decrease)	Change Description
2280871502	System Study	\$ 1,866,098	\$ 203,805	\$ 1,662,293	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor and capital equipment costs. The labor hours changed from 1,153 in 2021 to 16,943 in 2022. The direct labor and capital equipment costs are related to the centralized control system migration phase 4 being performed at Devil's Den Pumping Plant to a greater extent in 2022 than 2021.
2280871503	Air Chamber Recoat	\$ 15,756	\$ 778,558	\$ (762,802)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor and capital equipment costs. The labor hours changed from 4,505 in 2021 to 63 in 2022. The direct labor and capital equipment costs are related to the air chamber recoat being performed at Bluestone Pumping Plant to a lesser extent in 2022 than 2021.
2280871503	System Study	\$ 563,666	\$ 79,914	\$ 483,752	The change in costs from 2021 to 2022 primarily relates to an increase in capital equipment costs. The capital equipment costs are related to the centralized control system migration phase 4 being performed at Bluestone Pumping Plant to a greater extent in 2022 than 2021.
2280871504	System Study	\$ 213,956	\$ 68,226	\$ 145,730	The change in costs from 2021 to 2022 primarily relates to an increase in capital equipment costs. The capital equipment costs are related to the centralized control system migration phase 4 being performed at Polonio Pass Pumping Plant to a greater extent in 2022 than 2021.
2300871502	Environment	\$ 184,082	\$ 370,696	\$ (186,614)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor costs. The labor hours changed from 2,270 in 2021 to 1,294 in 2022. The direct labor costs are related to various environmental projects (i.e., cleaning water tanks, cooling tower strainers, and cleaning and enlarging the sediment pond) being performed at Devil's Den Pumping Plant to a lesser extent in 2022 than 2021.
2300871502	Repairs and Maintenance	\$ 814,001	\$ 640,041	\$ 173,960	The change in costs from 2021 to 2022 primarily relates to an increase in capital equipment costs. The capital equipment costs are related to various repairs (i.e., plant battery replacements and building maintenance) being performed at Devil's Den Pumping Plant to a greater extent in 2022 than 2021.
2300871502	Upgrades and Installations	\$ 27,872	\$ 256,050	\$ (228,178)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor costs. The labor hours changed from 2,684 in 2021 to 145 in 2022. The direct labor costs are related to relay upgrades being performed to a lesser extent in 2022 than 2021.
2300871503	Repairs and Maintenance	\$ 625,639	\$ 1,266,249	\$ (640,610)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor and capital equipment costs. The labor hours changed from 9,389 in 2021 to 3,285 in 2022. The direct labor and capital equipment costs are related to various repairs (i.e., pump shaft repair, cleaning, and air chamber controller replacement) being performed at Bluestone Pumping Plant to a lesser extent in 2022 than 2021.
2300871504	Environment	\$ 184,835	\$ 26,142	\$ 158,693	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor costs. The labor hours changed from 40 in 2021 to 889 in 2022. The direct labor costs are related to quarterly pesticides and forebay cleanup being performed at Polonio Pass Pumping Plant to a greater extent in 2022 than 2021.
2300871504	Repairs and Maintenance	\$ 768,945	\$ 708,095	\$ 60,850	The change in costs from 2021 to 2022 primarily relates to an increase in capital equipment costs. The capital equipment costs are related to various repairs (i.e., trash rack replacements, hydraulic system repairs, and building maintenance) being performed at Polonio Pass Pumping Plant to a greater extent in 2022 than 2021.
2280FFN907	Environment	\$ 223,655	\$ 252,353	\$ (28,698)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor and external services costs. The direct labor and capital equipment costs are related to the San Joaquin Field Division Habitat Conservation Plan being performed to a lesser extent in 2022 than 2021.

Cost Center	Project	Calendar Year 2022 Costs	Calendar Year 2021 Costs	Increase/ (Decrease)	Change Description
2300FFN907	Inspections and Testing	\$ 230,837	\$ 89,783	\$ 141,054	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor costs. The labor hours changed from 7,218 in 2021 to 12,476 in 2022. The direct labor costs are related to operations work pertaining to inspections, troubleshooting, and testing being performed at the San Joaquin Field Division to a greater extent in 2022 than 2021.
2300FFN907	Repairs and Maintenance	\$ 132,508	\$ 358,029	\$ (225,521)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor costs. The labor hours changed from 21,731 in 2021 to 9,151 in 2022. The direct labor costs are related to operations work pertaining to plant maintenance and refurbishments being performed to a lesser extent in 2022 than 2021.
2300FDL907	Annual Order	\$ 503,781	\$ 232,354	\$ 271,427	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor costs. The labor hours changed from 3,956 in 2021 to 5,941 in 2022. The direct labor costs are related to annual orders and annual training and development being performed to a greater extent in 2022 than 2021.
2114FAD908	Water Supply	\$ 1,166	\$ 90,372	\$ (89,206)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor and miscellaneous costs. The labor hours changed from 10,948 in 2021 to 40 in 2022. The direct labor and miscellaneous costs are related to the Future Water Supply Program being performed to a lesser extent in 2022 than 2021.
2210FAD908	Labeling Contract	\$ 12,133	\$ -	\$ 12,133	The change in costs from 2021 to 2022 primarily relates to an increase in miscellaneous costs. The miscellaneous costs are related to the SAP Mobility Labeling Contract being performed in 2022.
2300FAD908	North American Electric Reliability Corporation	\$ 55,544	\$ 50,102	\$ 5,442	The change in costs from 2021 to 2022 primarily relates to an increase in external services costs. The external services costs are related to the Western Electricity Coordinating Council with services being performed to a greater extent in 2022 than 2021.
2301FAD908	Maintenance Management Systems	\$ 42,067	\$ 18,026	\$ 24,041	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor costs. The direct labor costs are related to the maintenance plan implementation.
2301FAD908	Operations Control Office	\$ 6,042	\$ 22,928	\$ (16,886)	The change in costs from 2021 to 2022 primarily relates to a decrease in external services costs. The external services costs are related to asset risk management work (i.e., facilitating a failure modes, effects, and criticality analysis, updating the operations and maintenance risk management framework document, and developing and implementing a risk management process) being performed to a lesser extent in 2022 than 2021.
2310FAD908	Operations Control Office	\$ 370,770	\$ 323,408	\$ 47,362	The change in costs from 2021 to 2022 primarily relates to an increase in asset purchases and direct labor costs. The labor hours changed from 40,966 in 2021 to 70,188 in 2022. The asset purchases and direct labor costs are related to branch orders being placed and infrastructure support being performed to a greater extent in 2022 than 2021.
2310FAD908	Project Operation Headquarters	\$ 3,554	\$ 99,916	\$ (96,362)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor costs. The labor hours changed from 24,085 in 2021 to 348 in 2022. The direct labor costs are related to emergency management services being performed to a lesser extent in 2022 than 2021.
2325FAD908	Administrative Work	\$ 57,753	\$ 69,348	\$ (11,595)	The change in costs from 2021 to 2022 primarily relates to a decrease in direct labor costs. The labor hours changed from 13,250 in 2021 to 10,366 in 2022. The direct labor costs are related to business services and scanning being performed to a lesser extent in 2022 than 2021.
2325FAD908	Training	\$ 109,966	\$ 93,982	\$ 15,984	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor and miscellaneous costs. The labor hours changed from 18,250 in 2021 to 23,295 in 2022. The direct labor and miscellaneous costs are related to non-project meetings being held to a greater extent in 2022 than 2021.
2330FAD908	Operation and Maintenance	\$ 36,413	\$ 18,225	\$ 18,188	The change in costs from 2021 to 2022 primarily relates to an increase in external services. The external services costs are related annual services and moving services for a new resources building being performed to a greater extent in 2022 than 2021.
2340FAD908	Operations	\$ 114,745	\$ 98,642	\$ 16,103	The change in costs from 2021 to 2022 primarily relates to an increase in direct labor costs. The labor hours changed from 23,370 in 2021 to 29,380 in 2022. The direct labor costs are related to various operations work being performed to a greater extent in 2022 than 2021.

Cost Center	Project	Calendar Year 2022 Costs	Calendar Year 2021 Costs	Increase/ (Decrease)	Change Description
2350FAD908	Operations Control Office	\$ 12,100	\$ 15,902	\$ (3,802)	The change in costs from 2021 to 2022 primarily relates to a decrease in line management and general management costs. The line management and general management costs are related to water transfer coordination work being performed to a lesser extent in 2022 than 2021.
2351FAD908	Airborne Snow Observatory	\$ 37,658	\$ -	\$ 37,658	The change in costs from 2021 to 2022 relates to an increase in external services costs. The external services costs are related to the Pilot Airborne Snow Observatory Program.
2380FAD908	Aquatic Weed	\$ 22,018	\$ 19,587	\$ 2,431	The change in costs from 2021 to 2022 relates to an increase in external services costs. The external services costs are related to aquatic weeds work being performed to a greater extent in 2022 than 2021.
2310FAD909	Operations Control Office	\$ 243,640	\$ 214,942	\$ 28,698	The change in costs from 2021 to 2022 primarily relates to an increase in line management costs. The increase in line management costs are related to real time dispatch being performed to a greater extent in 2022 than 2021.
2350FAD909	Operations Control Office	\$ 76,102	\$ 105,174	\$ (29,072)	The change in costs from 2021 to 2022 primarily relates to a decrease in line management costs. The line management costs are related to various export management work (i.e., short-term planning, compliance report, and short-term scheduling) being performed to a lesser extent in 2022 than 2021.
2300SAA913	Pro Rata	\$ 662,429	\$ 508,773	\$ 153,656	The change in costs from 2021 to 2022 primarily relates to an increase in pro rata charges assessed from the State of California for state services. These are costs pushed down to the Department of Water Resources from the State of California each year.
2503SAA913	Debt	\$ 18	\$ 484,242	\$ (484,224)	The change in costs from 2021 to 2022 primarily relates to a decrease in external services costs related to State Water Project debt issuances.
2503SAA923	Financial Reporting and Compliance Branch	\$ 499,987	\$ 81,591	\$ 418,396	The change in costs from 2021 to 2022 primarily relates to an increase in external services and miscellaneous costs. The external services and miscellaneous costs are related to various costs (i.e., loan principal payment, public employment, retirement establishment, and State Water Project debt issuance section) occurring to a greater extent in 2022 compared to 2021.
Total		\$ 8,719,736	\$ 7,645,455	\$ 1,074,281	

The total of direct and indirect allocations for the above fluctuation analysis are as follows:

Cost Allocation Type	Calendar Year 2022 Costs	Calendar Year 2021 Costs	Increase/ (Decrease)
Direct allocation to reach 33A	\$ 5,264,850	\$ 4,397,776	\$ 867,074
Indirect allocation to reach 33A	3,454,886	3,247,679	207,207
Total	\$ 8,719,736	\$ 7,645,455	\$ 1,074,281

We selected a sample of 111 invoices charged to reach 33A (29 charged direct to reach 33A and 82 charged indirect to reach 33A through an alpha allocation cycle) and assessed for the following attributes:

1. We assessed whether they were classified as direct or indirect (through an alpha allocation cycle) to reach.
2. For invoices charged direct to reach, we assessed how they were assigned to the reach.
3. For invoices charged to multiple reaches, we assessed whether they were allocated to a statewide or field division alpha allocation cycle.
4. We assessed whether the invoice amount charged in the Financial Accounting System (an SAP module) (PR5) reconciled to the Cost Allocation and Billing System (an SAP module) (CAB).
5. We assessed whether the invoice was recovered through the transportation minimum component.

Finding AUD-000651	
Finding:	Johnson Controls Fire Protection LP and Quinn Rental Services invoices related to claims 1405227, 1404075, and 1389664 were double billed to reach 33A.
Dollar Amount:	Overstatement of \$12,249 (interest impact is \$2,115) in the following years: 2019 – \$8,800 (interest impact is \$1,726) 2020 – \$1,317 (interest impact is \$189) 2021 – \$2,132 (interest impact is \$200) Total including interest impact is \$14,364
Type:	Overstatement of costs to the Contractors
Risk of Future Occurrence:	High
Internal Control Matter:	Internal Controls on Data Environment for Data Integrity
Contractors Affected:	CCWA and SLO
Recommendation:	The Department should book adjustments to correct the errors. The Division of Fiscal Services should put in place additional internal controls to prevent and detect double postings in the PR5 system to ensure the Contractors are not billed more than once for a respective purchase. The double postings originated in the PR5 system.
Department Response:	The Department will book an adjustment to correct the errors and is in process of implementing internal controls to prevent and detect double postings within the PR5 system.

When performing our procedures over invoice testing, we observed the Department double billed various Johnson Controls Fire Protection LP and Quinn Rental Services claims in the amount of \$12,249 (interest impact is \$2,115) for a total of \$14,364. These double billings were charged direct to reach 33A. The Department should reverse these charges. Additionally, the Division of Fiscal Services should put in place additional internal controls to prevent and detect double postings in the PR5 system to ensure the Contractors are not billed more than once for a respective purchase.

Table CC.1 – Impact of Finding AUD-000651

Contractor	Decrease in Charges	Interest Impact	Decrease in Charges with Interest Impact
Santa Barbara County FC and WCD	\$ 11,012	\$ 1,901	\$ 12,913
San Luis Obispo County FC and WCD	1,237	214	1,451
Total	\$ 12,249	\$ 2,115	\$ 14,364

Finding AUD-000652	
Finding:	Safety Management Systems LLC invoice related to claim 1397420 was double billed to alpha allocation cycles M-FFN907, M-FFE907, M-FFR928, and M-FFJ907 and double billed direct to reach 33A and Oroville Dam and Powerplant.
Dollar Amount:	Overstatement in 2020 of \$26,080 (interest impact is \$3,749) to the following: M-FFN907 – \$10,082 M-FFE907 – \$8,476 M-FFR928 – \$3,138 Reach 33A – \$2,910 M-FFJ907 – \$737 Oroville Dam and Powerplant – \$737
Type:	Overstatement of costs to the Contractors
Risk of Future Occurrence:	High
Internal Control Matter:	Internal Controls on Data Environment for Data Integrity
Contractors Affected:	All Contractors
Recommendation:	The Department should book adjustments to correct the errors. The Division of Fiscal Services should put in place additional internal controls to prevent and detect double postings in the PR5 system to ensure the Contractors are not billed more than once for a respective purchase. The double postings originated in the PR5 system.
Department Response:	The Department will book an adjustment to correct the errors and is in process of implementing internal controls to prevent and detect double postings within the PR5 system.

When performing our procedures over invoice testing, we observed the Department double billed claim 1397420 in the amount of \$26,080 (interest impact is \$3,749) for a total of \$29,829. This double billing was charged to alpha allocation cycles M-FFN907, M-FFE907, M-FFR928, and M-FFJ907 and double billed direct to reach 33A and Oroville Dam and Powerplant. The Department should reverse this charge.

Table CC.2 – Impact of Finding AUD-000652

Contractor	Decrease in Charges	Interest Impact	Decrease in Charges with Interest Impact
Alameda County Water District	\$ 300	\$ 43	\$ 343
Alameda County FC and WCD Zone 7	789	113	902
Antelope Valley-East Kern Water Agency	655	94	749
County of Butte	18	3	21
Coachella Valley Water District	928	133	1,061
Crestline-Lake Arrowhead Water Agency	36	5	41
Desert Water Agency	341	49	390
Dudley Ridge Water District	88	13	101
Empire West Side Irrigation District	6	1	7
Future San Joaquin	55	8	63
Kern County Water Agency – Agricultural	2,576	370	2,946
Kern County Water Agency – Municipal and Industrial	266	38	304
County of Kings	19	3	22
Littlerock Creek Irrigation District	11	2	13
Metropolitan Water District of Southern California	10,551	1,517	12,068



Table CC.2 – Impact of Finding AUD-000652 (continued)

Contractor	Decrease in Charges	Interest Impact	Decrease in Charges with Interest Impact
Mojave Water Agency	\$ 527	\$ 76	\$ 603
Napa County FC and WCD	377	54	431
Oak Flat Water District	10	1	11
Palmdale Water District	96	14	110
Plumas County FC and WCD	2	0	2
San Bernardino Valley Municipal Water District	824	118	942
San Gabriel Valley Municipal Water District	194	28	222
San Geronio Pass Water Agency	199	29	228
San Luis Obispo County FC and WCD	529	76	605
Santa Barbara County FC and WCD	3,777	543	4,320
Santa Clara Valley Water District	869	125	994
Santa Clarita Valley Water Agency	561	81	642
Solano County Water Agency	390	56	446
Tulare Lake Basin Water Storage District	170	24	194
Ventura County Watershed Protection District	98	14	112
City of Yuba City	6	1	7
Recreation	425	61	486
Federal Non-Billable	387	56	443
Total	\$ 26,080	\$ 3,749	\$ 29,829

Finding AUD-000653	
Finding:	Patriot Environmental Services invoice was double billed to CA-R14A, CA-R15A, CB-R31A, CB-R33A, M-FDF907 alpha allocation cycle, and M-FAD908 statewide alpha allocation cycle.
Dollar Amount:	Overstatement of \$6,325 to the following: CB-R33A – \$2,208 CA-R14A – \$1,474 CB-R31A – \$1,325 CA-R15A – \$638 M-FAD908 – \$566 M-FDF907 – \$114
Type:	Overstatement of costs to the Contractors
Risk of Future Occurrence:	High
Internal Control Matter:	Internal Controls on Data Environment for Data Integrity
Contractors Affected:	All Contractors
Recommendation:	The Department should book adjustments to correct the errors. The Division of Fiscal Services should put in place additional internal controls to prevent and detect double postings in the PR5 system to ensure the Contractors are not billed more than once for a respective purchase. The double postings originated in the PR5 system.
Department Response:	The Department will book an adjustment to correct the errors and is in process of implementing internal controls to prevent and detect double postings within the PR5 system.

When performing our procedures over invoice testing, we observed the Department double billed the Patriot Environmental Services invoice in the amount of \$6,325. This double billing was charged to alpha allocation cycles M-FDF907 and M-FAD908 and double billed direct to CA-R14A, CA-R15A, CB-R31A, and CB-R33A. The Department should reverse this charge.

Table CC.3 – Impact of Finding AUD-000653

Contractor	Decrease in Charges
Alameda County Water District	\$ 4
Alameda County FC and WCD Zone 7	45
Antelope Valley-East Kern Water Agency	119
County of Butte	1
Coachella Valley Water District	179
Crestline-Lake Arrowhead Water Agency	6
Desert Water Agency	73
Dudley Ridge Water District	2
Future San Joaquin	68
Kern County Water Agency – Agricultural	759
Kern County Water Agency – Municipal and Industrial	20
County of Kings	3
Littlerock Creek Irrigation District	2
Metropolitan Water District of Southern California	1,768
Mojave Water Agency	192
Napa County FC and WCD	12
Palmdale Water District	17
San Bernardino Valley Municipal Water District	111
San Gabriel Valley Municipal Water District	29
San Geronio Pass Water Agency	22
San Luis Obispo County FC and WCD	367
Santa Barbara County FC and WCD	2,262
Santa Clara Valley Water District	11
Santa Clarita Valley Water Agency	180
Solano County Water Agency	18
Tulare Lake Basin Water Storage District	4
Ventura County Watershed Protection District	17
Recreation	9
Federal Non-Billable	25
Total	\$ 6,325

Finding AUD-000654	
Finding:	Barnard Construction Company Inc. invoice was double billed to reach 33A.
Dollar Amount:	\$33,195
Type:	Overstatement of costs to the Contractors
Risk of Future Occurrence:	High
Internal Control Matter:	Internal Controls on Data Environment for Data Integrity
Contractors Affected:	CCWA and SLO
Recommendation:	The Department should book adjustments to correct the errors. The Division of Fiscal Services should put in place additional internal controls to prevent and detect double postings in the PR5 system to ensure the Contractors are not billed more than once for a respective purchase. The double postings originated in the PR5 system.
Department Response:	The Department will book an adjustment to correct the errors and is in process of implementing internal controls to prevent and detect double postings within the PR5 system.

When performing our procedures over invoice testing, we observed the Department double billed the Barnard Construction Company Inc. invoice in the amount of \$33,195. This double billing was charged direct to reach 33A. The Department should reverse this charge.

Table CC.4 – Impact of Finding AUD-000654

Contractor	Decrease in Charges
Santa Barbara County FC and WCD	\$ 29,842
San Luis Obispo County FC and WCD	3,353
Total	\$ 33,195

We investigated the change in downstream expenses from calendar year 2021 to calendar year 2022. The following table shows the costs for each year:

Table CC.5 – Change in Downstream Expenses

Calendar Year 2022 Costs	Calendar Year 2021 Costs	Change in Costs
\$ 477,845	\$ 273,756	\$ 204,089

We observed an increase in downstream costs from 2021 to 2022. We observed operational losses increased by 1,195 acre-feet (2,372 in 2022 compared with 1,177 in 2021) and water deliveries decreased by 2,754 acre-feet (11,518 in 2022 compared with 14,272 in 2021). Due to the change in operational losses and water deliveries, there was an increase in downstream costs for reach 33A for 2022. We reperformed the downstream calculation for the 2022 year and recalculated the balance of \$477,845.

## Rate Management Credit Allocation

### *Procedures Performed*

We performed the following procedures to assess the rate management credit allocation used for the 2024 SOC:

- Assessed the total transportation capital cost component used to supporting documentation.
- Investigated any changes in the rate management credit allocations for CCWA and SLO between the 2019 and 2024 SOC years. These are the years that the Bulletin 132 Appendix B was updated, which is performed every five years for the rate management credit allocation.
- Performed a fluctuation analysis by Contractor on the rate management credit received.

### *Findings and Recommendations*

The rate management credit calculation represents the refund to Contractors of amounts collected under the existing water contracts, but exceeding allowable expenditures as defined by the Monterey Amendment. The Monterey Amendment, Article 51(c), defines the calculation of available funds for the rate management credit calculation as the following:

Revenues (chargeable to Contractors under existing contracts)	–	Revenue Needs (limited to specified purposes)	=	Available Funds (i.e., Rate Management Credits)
---	---	---	---	---

Revenues in the above formula include all amounts collected from the Contractors under existing provisions of the water supply contracts.

The revenue needs in the formula above are limited to the following categories of expenses:

- (1) Amounts required to be collected with respect to revenue bonds issued by the State for project facilities.
- (2) Amounts required for payment of costs of maintenance and operation of the State Water Resources Development System (SWRDS), excluding Federal Central Valley Project Facilities acquired by the State after 1994, other than the State's share of joint use facilities, including San Luis Reservoir and Canal and related facilities.
- (3) Amounts required for payment of the principal and interest on bonds issued pursuant to the Burns-Porter Act.
- (4) Amounts required to be transferred to the California Water Fund in reimbursement for funds utilized for construction of the SWRDS.
- (5) Beginning in 1998, the amounts needed for deposit into the State Water Facilities Capital Account (limited to \$4.5 million per year for years 2001 and thereafter).

Available funds are the excess of amounts collected from Contractors over amounts needed for the purposes defined above. According to the Monterey Amendment, Section 51(d)(4), in 2001 and in each succeeding year, reductions of \$40.5 million are available for allocation among the Contractors. Beginning in the 2024 SOC year due to the execution of the Contract Extension Amendment, reductions of \$48 million are available for allocation amount the Contractors.

Per the Monterey Amendment Article 51(f)(2)(i), the apportionment of reductions among Urban Contractors 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 request in writing delivered to the Department by January 1 of the year in which the recalculation is to take place. Per review of the Department's calculation, we observed that the inputs used have been updated to reflect the inputs based on the Bulletin 132. The table below shows the Bulletin 132 used for the past four years:

Table CC.6 – Urban Rate Management Credit Update Calendar

SOC Year	Bulletin
2019	B132-14
2020	B132-19
2021	B132-19
2022	B132-19
2023	B132-19
2024	B132-19

The Monterey Amendment, Article 51(g) governs the allocation of reductions among Agricultural Contractors, and states that the allocation shall be based on each Contractor's proportion of all Agricultural Contractors' estimated capital and minimum components of the Delta Water Charge and the Transportation Charge, excluding Off-Aqueduct Power charges, and the Water System Revenue Bonds (WSRB), from 1997 to 2035. This allocation is to be recalculated 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. No requests have been made regarding a recalculation, so there have been no changes in the rate management credits for Agricultural Contractors.

As part of our procedures over the rate management credit allocations, we agreed the total transportation capital component used to Bulletin 132-19 Table B-15. We did not observe any differences as shown below:

Table CC.7 – Transportation Capital Component

Contractor	Per Calculation	Per B132-19 Table B-15	Difference
CCWA	\$ 988,708,000	\$ 988,708,000	\$ -
SLO	\$ 92,614,000	\$ 92,614,000	\$ -

We additionally performed a fluctuation analysis on the allocation of rate management credits by Urban Contractor for the SOC years of 2019 (the latest year that uses a different Bulletin 132) to 2024. Due to the execution of the Contract Extension Amendment, the total available rate management credit was increased in the 2024 SOC year from \$40.5 million to \$48 million. The available Urban Contractors rate management credit increased from \$30.5 million to \$36.144 million. The available Agricultural Contractors rate management credit increased from \$10 million to \$11.856 million. For purposes of our fluctuation analysis, we prorated the 2019 SOC Urban Contractors rate management credit by using the increased available Urban Contractors rate management credit as a basis.

We observed that Antelope Valley-East Kern Water Agency, Littlerock Creek Irrigation District, Palmdale Water District, San Bernardino Valley Municipal Water District, San Gorgonio Pass Water Agency, Santa Clarita Valley Water Agency, and Ventura County Watershed Protection District had increases in their rate management credit from 2019 to 2024. This is due to these Contractors having increased capital costs and an increased percentage of total transportation capital costs among the Urban Contractors when comparing B132-14 with B132-19. The Contractors receiving the largest increase in their rate management credit were San Bernardino Valley Municipal Water District and San Gorgonio Pass Water Agency. We observed an increase of rate management credits for San Bernardino Valley Municipal Water District of \$215,979 and for San Gorgonio Pass Water Agency of \$280,715. These increases are driven by increases in the East Branch Extension costs and the repayment of the associated debt.

All Contractors had an increase in their transportation capital costs when comparing 2019 with 2024, but not all Contractors had an increase in their percentage of the total transportation capital costs among the Urban Contractors. The Urban Contractors with increases in their rate management credit had an increase in their percentage of the total transportation capital costs among all Urban Contractors while the Urban Contractors with decreases in their rate management credit had a decrease in their percentage of the total transportation capital costs among all Urban Contractors.

When comparing 2019 with 2024, CCWA's credit decreased by \$271,172 and SLO's credit decreased by \$16,290. Despite CCWA and SLO having an increase in their transportation capital component from the B132-14 to the B132-19, these increases did not cause a corresponding increase in the rate management credit as other Urban Contractors had a larger percentage increase in their portion of the total transportation capital component. A summary of the fluctuation analysis by Urban Contractor is shown below:

Table CC.8 – Urban Contractors Rate Management Credit Fluctuation

Contractor	2019 SOC Rate Management Credit (Original)	2019 SOC Rate Management Credit (Prorated)	2024 SOC Rate Management Credit	(Decrease)/ Increase in Credit
Alameda County Water District	\$ 313,313	\$ 371,292	\$ 359,740	\$ (11,552)
Alameda County FC and WCD District Zone 7	312,388	370,194	370,123	(71)
Antelope Valley-East Kern Water Agency	835,510	990,121	992,202	2,081
County of Butte	84,013	99,559	99,559	–
Coachella Valley Water District	189,819	224,945	222,055	(2,890)
Crestline-Lake Arrowhead Water Agency	55,574	65,858	64,603	(1,255)
Desert Water Agency	312,970	370,885	366,129	(4,756)
Kern County Water Agency – Municipal and Industrial	484,550	574,215	569,241	(4,974)
Littlerock Creek Irrigation District	14,445	17,118	17,134	16
Metropolitan Water District of Southern California	18,521,653	21,949,070	21,870,027	(79,043)
Mojave Water Agency	389,737	461,857	456,619	(5,238)
Napa County FC and WCD	456,246	540,674	502,162	(38,512)
Palmdale Water District	107,208	127,047	127,221	174
Plumas County FC and WCD	10,851	12,859	12,563	(296)
San Bernardino Valley Municipal Water District	1,763,197	2,089,475	2,305,454	215,979
San Gabriel Valley Municipal Water District	295,294	349,938	343,098	(6,840)
San Gorgonio Pass Water Agency	951,872	1,128,015	1,408,730	280,715
San Luis Obispo County FC and WCD	340,928	404,016	387,726	(16,290)

Table CC.8 – Urban Contractors Rate Management Credit Fluctuation (continued)

Contractor	2019 SOC Rate Management Credit (Original)	2019 SOC Rate Management Credit (Prorated)	2024 SOC Rate Management Credit	(Decrease)/ Increase in Credit
Santa Barbara County FC and WCD	\$ 3,045,288	\$ 3,608,816	\$ 3,337,644	\$ (271,172)
Santa Clara Valley Water District	888,643	1,053,086	1,020,401	(32,685)
Santa Clarita Valley Water Agency	428,848	508,206	513,104	4,898
Solano County Water Agency	519,582	615,731	586,933	(28,798)
Ventura County Watershed Protection District	148,743	176,268	176,777	509
City of Yuba City	29,328	34,755	34,755	–
Total	\$ 30,500,000	\$ 36,144,000	\$ 36,144,000	\$ –

We additionally performed a fluctuation on the transportation capital component as it impacts the rate management credit that is ultimately given to each Contractor. A summary of the fluctuation analysis by Urban Contractor is shown below:

Table CC.9 – Increase in Transportation Capital Component from 2019 to 2024 SOC

Contractor	\$ Increase	% Increase
Alameda County Water District	\$ 2,960	4.79%
Alameda County FC and WCD Zone 7	6,071	10.58%
Antelope Valley-East Kern Water Agency	15,281	11.09%
County of Butte	–	0.00%
Coachella Valley Water District	3,327	8.36%
Crestline-Lake Arrowhead Water Agency	951	7.53%
Desert Water Agency	5,488	8.36%
Kern County Water Agency – Municipal and Industrial	2,675	6.73%
Littlerock Creek Irrigation District	268	10.82%
Metropolitan Water District of Southern California	414,199	10.03%
Mojave Water Agency	6,684	8.54%
Napa County FC and WCD	1,469	1.16%
Palmdale Water District	1,982	10.92%
Plumas County FC and WCD	–	0.00%
San Bernardino Valley Municipal Water District	118,703	24.53%
San Gabriel Valley Municipal Water District	5,219	7.54%
San Geronio Pass Water Agency	119,348	39.77%
San Luis Obispo County FC and WCD	4,304	4.87%
Santa Barbara County FC and WCD	18,550	1.91%
Santa Clara Valley Water District	10,492	5.39%
Santa Clarita Valley Water Agency	10,861	12.36%
Solano County Water Agency	4,900	3.75%
Ventura County Watershed Protection District	3,266	11.16%
City of Yuba City	–	0.00%
Total	\$ 756,998	210.19%

## Coastal Branch Extension Direct Debt Service

### *Procedures Performed*

Determined whether the refinanced bonds were credited to the direct billed debt service for the CBX.

### *Findings and Recommendations*

We determined whether the refinanced bonds were credited to the direct billed debt service for the CB construction. The direct billed debt service reflected in the SOC relates to the CBX, which appears as a separate line item. The CBX was originally funded by bond series Q and W. As interest rates have decreased over time, the Department has issued new debt and refinanced the older bonds to take advantage of the favorable interest rates. We observed that bond series Q and W were subsequently refinanced with several bond series and the CBX debt service schedule was adjusted for the new debt. Bond series Q and W were refinanced with bond series U, X, Z, AC, AD, AF, AH, AI, AJ, AK, AL, AN, AO, AS, AX, AY, AZ, BC, and BE. The Department bills debt service in the SOC in advance and did not subsequently adjust the billings to provide the benefit of the refinanced debt service to CCWA.

Finding AUD-000655	
Finding:	CBX direct billed debt service charged to CCWA is overstated as the amount charged in the SOC was not subsequently adjusted to provide the benefits of the refinanced debt service for bond series Q and W.
Dollar Amount:	Overstatement of debt service charges of \$1,219,322 from 1998 to 2024 Interest impact using the PIR - \$752,230 Interest impact using SMIF - \$165,491 Actual interest impact to be determined at a later date.
Type:	Overstatement of debt service charges to CCWA
Risk of Future Occurrence:	High
Internal Control Matter:	Policy: Determination of Beneficiary
Contractors Affected:	CCWA
Recommendation:	The Department should update the 2025 SOC to reflect the benefits of the refinanced debt service to CCWA.
Department Response:	The Department plans to develop a process for correcting these costs. Once determined, the process will be communicated to CCWA before implementation.

We compared the debt service charged in the SOC from 1998 to 2024 with the CBX debt service schedule that reflects the refinanced debt service and observed overstatement of costs to CCWA. The total overstatement for CCWA is \$1,219,322. Interest impact using the PIR is \$752,230. Interest impact using SMIF is \$165,491. The actual interest impact will be determined at a later date. The impact by year is as follows:



Table CC.10 – CBX Refinanced Debt Service Compared to SOC

Year	CBX Refinanced Debt Service	SOC	(Decrease)/ Increase in Charges
1998	\$ 1,828,740	\$ 1,828,740	\$ –
1999	1,807,850	1,828,740	(20,890)
2000	1,807,850	1,807,850	–
2001	1,807,850	1,807,850	–
2002	2,646,399	2,607,592	38,807
2003	2,555,425	2,609,090	(53,665)
2004	2,518,350	2,534,743	(16,393)
2005	2,467,603	2,535,393	(67,790)
2006	2,475,389	2,475,189	200
2007	3,240,774	3,240,775	(1)
2008	2,346,621	2,348,278	(1,657)
2009	2,142,563	2,344,563	(202,000)
2010	2,254,171	1,911,435	342,736
2011	3,039,251	3,209,705	(170,454)
2012	2,777,523	3,083,159	(305,636)
2013	2,863,014	3,197,652	(334,638)
2014	3,323,429	3,412,192	(88,763)
2015	3,685,786	3,683,977	1,809
2016	3,676,929	3,675,120	1,809
2017	3,479,106	3,477,297	1,809
2018	2,508,605	2,677,872	(169,267)
2019	2,072,080	1,946,110	125,970
2020	2,665,034	2,787,448	(122,414)
2021	2,682,790	2,790,710	(107,920)
2022	3,301,657	3,372,631	(70,974)
2023	2,454,054	2,454,054	–
2024	2,452,302	2,452,302	–
Total	\$ 70,881,145	\$ 72,100,467	\$ (1,219,322)

Table CC.11 – CBX Interest Impact Using PIR

Year	(Decrease)/ Increase in Charges	Interest Impact using PIR	(Decrease)/Increase in Charges with Interest Impact (PIR)
1998	\$ -	\$ -	\$ -
1999	(20,890)	(43,106)	(63,996)
2000	-	-	-
2001	-	-	-
2002	38,807	65,132	103,939
2003	(53,665)	(83,775)	(137,440)
2004	(16,393)	(23,752)	(40,145)
2005	(67,790)	(90,951)	(158,741)
2006	200	248	448
2007	(1)	(1)	(2)
2008	(1,657)	(1,736)	(3,393)
2009	(202,000)	(193,440)	(395,440)
2010	342,736	298,829	641,565
2011	(170,454)	(134,644)	(305,098)
2012	(305,636)	(217,468)	(523,104)
2013	(334,638)	(213,021)	(547,659)
2014	(88,763)	(50,142)	(138,905)
2015	1,809	898	2,707
2016	1,809	779	2,588
2017	1,809	666	2,475
2018	(169,267)	(52,177)	(221,444)
2019	125,970	31,613	157,583
2020	(122,414)	(24,014)	(146,428)
2021	(107,920)	(15,518)	(123,438)
2022	(70,974)	(6,650)	(77,624)
2023	-	-	-
2024	-	-	-
Total	\$ (1,219,322)	\$ (752,230)	\$ (1,971,552)

Table CC.12 – CBX Interest Impact Using SMIF

Year	(Decrease)/ Increase in Charges	Interest Impact using SMIF	(Decrease)/Increase in Charges with Interest Impact (SMIF)
1998	\$ –	\$ –	\$ –
1999	(20,890)	(53,984)	(74,874)
2000	–	–	–
2001	–	–	–
2002	38,807	30,319	69,126
2003	(53,665)	(23,271)	(76,936)
2004	(16,393)	(6,312)	(22,705)
2005	(67,790)	(51,234)	(119,024)
2006	200	254	454
2007	(1)	(1)	(2)
2008	(1,657)	(1,063)	(2,720)
2009	(202,000)	(40,458)	(242,458)
2010	342,736	25,671	368,407
2011	(170,454)	(9,912)	(180,366)
2012	(305,636)	(13,087)	(318,723)
2013	(334,638)	(9,488)	(344,126)
2014	(88,763)	(2,092)	(90,855)
2015	1,809	50	1,859
2016	1,809	84	1,893
2017	1,809	127	1,936
2018	(169,267)	(17,103)	(186,370)
2019	125,970	13,340	139,310
2020	(122,414)	(5,074)	(127,488)
2021	(107,920)	(822)	(108,742)
2022	(70,974)	(1,435)	(72,409)
2023	–	–	–
2024	–	–	–
Total	\$ (1,219,322)	\$ (165,491)	\$ (1,384,813)

## Cost/Debt Reconciliation

### *Procedures Performed*

We performed procedures over the combined 2014 and 2021 cost/debt reconciliation file, as follows:

- Assessed whether the overcollection of capital construction costs related to bond series Q and W issued for CBX continues to be reflected as a reduction in debt service to CCWA in the amount of \$6,662,243.

### *Findings and Recommendations*

The cost/debt reconciliation project has been in process for approximately ten years. In 2014, the Department recognized that the debt service charges to the Contractors did not equal the capital costs charged to each project. The amount of debt service allocated to a project should only be the amount of capital costs incurred. Any over/under of debt service should be re-allocated to Water Systems to be used for general capital projects that benefit the entire project. The Department consulted a third-party consultant to perform a reconciliation (2014 cost/debt reconciliation file) of capital costs and debt service up to May 31, 2014. In 2021, the third-party consultant performed a second reconciliation (2021 cost/debt reconciliation file) for dates between June 1, 2014 to May 31, 2021. In addition, updates were made to the original 2014 cost/debt reconciliation file after its completion date. We received a new version of the file that combined the 2014 and 2021 cost/debt reconciliation files from the Department during this year's procedures.

The process performed by the third-party consultant on the separate 2014 and 2021 cost/debt reconciliation files included:

1. Capital Cost Data – Data from SAP was downloaded through May 31, 2021. The Department had to decide on a cut-off date for this project based on the fact the project would extend for more than five years. Therefore, no data subsequent to May 31, 2021 was factored into the calculation. In order to validate the data from SAP, the information was reconciled to Bulletin 132-13 and Bulletin 132-21 Table B-10, *Capital Costs of Each Aqueduct Reach to be Reimbursed through Capital Cost Component of Transportation Charge*; Table B-13, *Capital and Operating Costs of Project Conservation Facilities to be Reimbursed through Delta Water Charge*; and Table B-26, *Capital Costs of Each Aqueduct Reach to be Reimbursed through the Capital Cost Component of the East Branch Enlargement Transportation Charge Phase 1 and Phase 2*.
2. Debt Data – Debt data was accumulated for each bond series by year and by project. The debt data was obtained from the Department's bond pricing reports and Principal and Interest (P&I) schedules, which are the original source documents for debt data. Only the construction debt was taken from the P&I schedules that represent the capital-related debt service. In order to validate the debt data from the bond pricing reports and P&I schedules, the information was reconciled to the WSRB schedules.
3. Cost/Debt Mapping – A summary schedule was created, based on the information accumulated from the capital cost data and debt data as described above. When comparing the cost and debt data, there were specific "judgment calls" and reconciling items made in order to reallocate the debt to the appropriate projects (CB Extension, South Bay Enlargement and Improvement, Tehachapi East Afterbay, East Branch Extension, East Branch Enlargement, and WSRB). These judgment calls were primarily determined by Pedro Villalobos, former Chief of Project Cost Branch, through discussions with the third-party consultant.

Following the completion of the cost/debt reconciliation project, the next steps will consist of pricing report development, recalculation of the WSRB surcharge calculation from 1988 to present, direct debt service reconciliations, rate management credit 51(e) recalculation, debt service reserve fund recalculation, protest item resolutions, and payments/refunds to/from the Contractors. Once the final cost/debt mapping has been agreed upon by the Contractors, the first step will be adjusting all pricing reports to reflect the final debt to be allocated to each respective project. This part of the process, as well as the remaining steps, will be performed in a future SOC. At the time of the procedures, the cost/debt reconciliation project has not been completed. The following table shows the results of the cost/debt reconciliation for the CBX:

Table CC.13 – CBX Cost/Debt Reconciliation Results

Year	Capital Costs	Debt Service	Debt Reclasses to WSRB
1991	\$ 320	\$ -	
1992	176,213	-	
1993	626,447	-	
1994	1,993,680	-	
1995	14,142,416	-	
1996	13,830,132	28,796,318	
1997	1,343,984	-	
1998	473,345	-	
1999	88,467	-	
2000	256	-	
2001	1,981	10,550,362	
2002	1,782	-	
2003	3,961	-	
2004	1,432	-	
2005	26	-	
2006	(5)	-	
Total	\$ 32,684,437	\$ 39,346,680	\$ 6,662,243

As part of the rebill issued in November 2010, the Department issued a credit toward Series X 2010 principal in the amount of \$2,595,000. The cost/debt reconciliation results table above does not include the impact of the credit toward Series X 2010 principal. The Department has noted that as part of the cost/debt reconciliation project, a complete true-up of the cost per year per project will be realigned with debt service issued.

The following table shows a comparison of the debt service included in the cost/debt reconciliation for the CBX to the construction debt for bond series Q and W:

Table CC.14 – CBX Debt Service to Bond Series Construction Debt

Bond Series	Debt Service	Construction Debt	Variance
Q		\$ 28,796,318	
W		\$ 10,550,362	
Total	\$ 39,346,680	\$ 39,346,680	\$ –

Recommendation AUD-000650	
Background:	Related to the completion of the cost/debt reconciliation project, there will be decisions made during the pricing report development, recalculation of the WSRB surcharge calculation from 1988 to present, direct debt service reconciliations, rate management credit 51(e) recalculation, debt service reserve fund recalculation, protest item resolutions, and payments/refunds to/from the Contractors. For example, the WSRB surcharge calculation will be recalculated from 1988 to present based on the data finalized as part of the cost/debt reconciliation project and it is important that all the steps and decisions made up to the final output (impact by Contractor) are properly documented.
Internal Control Matter:	Policy: Determination of Beneficiary
Contractors Affected:	All Contractors
Recommendation:	We recommend the Department work with the Contractors to ensure proper documentation is developed regarding the steps taken to resolve the allocation of costs and debt as a result of certain protest items.

As a result of various protest items, the Department and Contractors will make certain decisions to resolve the allocation of debt. For example, the WSRB surcharge calculation will be recalculated from 1988 to present based on the data finalized as part of the cost/debt reconciliation project. The Department should work with the Contractors to ensure all the steps and decisions made to resolve the allocation of debt are properly documented.

## FAD890 Alpha Allocation Cycle Procedures

### *Procedures Performed*

We performed procedures over the reallocation of FAD890 costs as follows:

- Assessed the amount reallocated by the Department through FAD890.
- Held meetings with the Department to understand the methodology and reasoning behind the reallocations.

### *Findings and Recommendations*

Alpha allocation cycles are used to distribute costs across multiple reaches. The Department is currently in the process of standardizing and updating the alpha allocation cycles. This process is intended to be completed, as follows:

- Recalculate the basis of allocation for all direct labor-related alpha allocation cycles (F-series) for 2007–2022 and salaries and wages-related (S-series) alpha allocation cycles for 2007–2022. This process updated the alpha allocation cycle percentages with actual data for each related year (i.e., the reaches to which alpha allocation cycles allocate costs were not changed; however, the percentages attributable to each reach were updated to reflect actual costs of the basis used), since many of these had not been updated for several years. All alpha allocation cycles with a basis of minimum operations and maintenance direct labor (F-series alpha allocation cycles) and salaries and wages (S-series alpha allocation cycles) were updated. This process has been completed and is represented in the 2024 SOC.
- Analyze the validity of remaining alpha allocation cycles. This process is intended to analyze the reaches that are allocated costs in order to determine if the allocation is appropriate based on the costs incurred. The process for completing this process will include an analysis of the costs within the alpha cost centers, and discussions with project managers and Department personnel charging time to these alpha cost centers. The Department has instructed project managers not to charge costs to any alpha allocation cycles that are found to be inappropriate. The Department is in process of correcting the historical costs charged to these inappropriate alpha allocation cycles.

As part of the Department's analysis of the alpha allocation cycles, they reallocated costs included in alpha allocation cycle FAD890 given the allocation did not allocate costs to the East Branch Extension and CB-R33A (Devil's Den Pumping Plant) reaches. The costs included in FAD890 represent non-specific costs to be allocated statewide (allocated to all reaches across all Contractors).

We performed procedures to assess the amount reallocated by the Department through FAD890. The following tables show the movement of costs and the justification from the Department for the alpha allocation cycles chosen:

Table CC.15 – FAD890 Cost Movement Summary Table

Original Cost Center	Costs	New Cost Center	Costs	Variance	Department Justification
2154FAD890 (Delta Water Charge)	\$ 41,940,472	2114FAD908	\$ 41,940,472	–	Cost center 2154FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. The underlying costs are transportation related and should be allocated statewide through the transportation component. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2111FAD890	16,474,316	2121FAD908	16,474,316	–	Costs should be allocated statewide. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2118FAD890 (Delta Water Charge)	2,271,455	2108250000 (Delta Water Charge)	2,271,455	–	Cost center 2118FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 2108250000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.
2118FAD890 (Delta Water Charge)	11,189,977	2108300000 (Delta Water Charge)	11,189,977	–	Cost center 2118FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 2108300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.
2118FAD890 (Delta Water Charge)	16,359,318	2108295000 (Delta Water Charge)	16,359,318	–	Cost center 2118FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 2108295000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.



Table CC.15 – FAD890 Cost Movement Summary Table (continued)

Original Cost Center	Costs	New Cost Center	Costs	Variance	Department Justification
1111FAD890	\$ 7,927,220	1121FAD908	\$ 7,927,220	–	Costs should be allocated statewide. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2118FAD890 (Delta Water Charge)	141,523	1121FAD908	141,523	–	Cost center 2118FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. The underlying costs are transportation related and should be allocated statewide through the transportation component. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2300FAD890	102,444	2320FAD908	102,444	–	Costs should be allocated statewide. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
1101FAD890 (Delta Water Charge)	4,522,357	1102300000 (Delta Water Charge)	4,522,357	–	Cost center 1101FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 1102300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.
2121FAD890 (Delta Water Charge)	14,518,951	2160300000 (Delta Water Charge)	14,518,951	–	Cost center 2121FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 2160300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.

Table CC.15 – FAD890 Cost Movement Summary Table (continued)

Original Cost Center	Costs	New Cost Center	Costs	Variance	Department Justification
2131FAD890 (Delta Water Charge)	\$ 20,925,754	21D1300000 (Delta Water Charge)	\$ 20,925,754	–	Cost center 2131FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 21D1300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.
2171FAD890 (Delta Water Charge)	2,453,098	21H1300000 (Delta Water Charge)	2,453,098	–	Cost center 2171FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost center 21H1300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA and SLO.
2501FAD890	9,562,620	2501FAD908	9,562,620	–	Costs should be allocated statewide. Alpha allocation cycle FAD908 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2330FAD890	1,967,116	2343SAA903	1,967,116	–	Costs should be allocated statewide through alpha allocation cycle SAA903 as the underlying costs are related to salaries and wages of individuals working at administration facilities. Alpha allocation cycle SAA903 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2330FAD890	840,748	2345SAA903	840,748	–	Costs should be allocated statewide through alpha allocation cycle SAA903 as the underlying costs are related to salaries and wages of individuals working at administration facilities. Alpha allocation cycle SAA903 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).

Table CC.15 – FAD890 Cost Movement Summary Table (continued)

Original Cost Center	Costs	New Cost Center	Costs	Variance	Department Justification
2330FAD890	\$ 35,921	2344SAA903	\$ 35,921	–	Costs should be allocated statewide through alpha allocation cycle SAA903 as the underlying costs are related to salaries and wages of individuals working at administration facilities. Alpha allocation cycle SAA903 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2340FAD890	32,911	2344SAA903	32,911	–	Costs should be allocated statewide through alpha allocation cycle SAA903 as the underlying costs are related to salaries and wages of individuals working at administration facilities. Alpha allocation cycle SAA903 allocates statewide to include the East Branch Extension and CB-R33A (Devil's Den Pumping Plant).
2103FAD890 (Delta Water Charge)	24,075,345	2133300000 (Delta Water Charge)	24,075,345	–	Cost Center 2103FAD890 has been identified as a cost center that bypasses the alpha allocation cycle and is included directly in the Delta Water Charge. Cost Center 2133300000 allocated costs directly to the Delta Water Charge. The net impact of this cost movement would result in zero change in allocation to CCWA.
	\$ 175,341,546		\$ 175,341,546		

Table CC.16 – 2114FAD908 Allocation to Reach 33A

	2114FAD908	Reach 33A Allocation	EY Calculation	Per CAB	Variance
2006	\$ 1,436,963	0.01188	\$ 17,070	\$ 17,070	\$ -
2007	3,276,500	0.01372	44,951	44,951	-
2008	2,918,340	0.01757	51,274	51,274	-
2009	2,894,558	0.01626	47,057	47,057	-
2010	3,021,906	0.02541	76,776	76,776	-
2011	2,610,169	0.02410	62,915	62,915	-
2012	2,559,649	0.02407	61,604	61,604	-
2013	2,608,346	0.02542	66,298	66,298	-
2014	2,552,767	0.00869	22,195	22,195	-
2015	3,090,259	0.01458	45,060	45,060	-
2016	2,829,255	0.02668	75,487	75,487	-
2017	2,856,529	0.03794	108,388	108,388	-
2018	2,406,648	0.03542	85,251	85,251	-
2019	2,989,428	0.02704	80,842	80,842	-
2020	2,593,857	0.02923	75,828	75,828	-
2021	1,295,298	0.03200	41,455	41,455	-
Total	\$ 41,940,472		\$ 962,451	\$ 962,451	\$ -

Table CC.16a – 2154FAD890 (Delta Water Charge) to 2114FAD908 Impact to Reach 33A

	Delta Water Charge	Water Supply Percentage	Water Supply	Present Value Factor	Present Value Dollars	CCWA and SLO Minimum Entitlements	Total Entitlements	CCWA and SLO Allocation	Total Delta Water Charge Costs
2006	\$ 1,436,963	0.86	\$1,235,788	2.05	\$2,530,010	70,486	4,172,786	1.69%	\$ 42,737
2007	3,276,500	0.86	\$2,817,790	1.96	\$5,516,177	70,486	4,172,786	1.69%	93,178
2008	2,918,340	0.86	\$2,509,772	1.87	\$4,698,024	70,486	4,172,786	1.69%	79,358
2009	2,894,558	0.86	\$2,489,320	1.79	\$4,455,670	70,486	4,172,786	1.69%	75,264
2010	3,021,906	0.86	\$2,598,839	1.71	\$4,447,982	70,486	4,172,786	1.69%	75,135
2011	2,610,169	0.86	\$2,244,745	1.64	\$3,673,686	70,486	4,172,786	1.69%	62,055
2012	2,559,649	0.86	\$2,201,298	1.56	\$3,444,810	70,486	4,172,786	1.69%	58,189
2013	2,608,346	0.86	\$2,243,178	1.50	\$3,356,614	70,486	4,172,786	1.69%	56,699
2014	2,552,767	0.86	\$2,195,380	1.43	\$3,141,223	70,486	4,172,786	1.69%	53,061
2015	3,090,259	0.86	\$2,657,623	1.37	\$3,636,083	70,486	4,172,786	1.69%	61,420
2016	2,829,255	0.86	\$2,433,159	1.31	\$3,183,189	70,486	4,172,786	1.69%	53,770
2017	2,856,529	0.86	\$2,456,615	1.25	\$3,073,125	70,486	4,172,786	1.69%	51,911
2018	2,406,648	0.86	\$2,069,717	1.20	\$2,475,743	70,486	4,172,786	1.69%	41,820
2019	2,989,428	0.86	\$2,570,908	1.14	\$2,940,576	70,486	4,172,786	1.69%	49,672
2020	2,593,857	0.86	\$2,230,717	1.09	\$2,439,730	70,486	4,172,786	1.69%	41,212
2021	1,295,298	0.86	\$1,113,956	1.05	\$1,164,975	70,486	4,172,786	1.69%	19,679
Total	\$41,940,472								\$ 915,160
2114FAD908 Allocation									\$ 962,451
Increase in costs to CCWA and SLO									\$ 47,291

Table CC.17 – 2121FAD908 Allocation to Reach 33A

	2121FAD908	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2006	\$ 521,768	0.01188	\$ 6,199	\$ 6,199	\$ -
2007	894,478	0.01372	12,271	12,271	-
2008	846,311	0.01757	14,869	14,869	-
2009	626,538	0.01626	10,186	10,186	-
2010	1,023,288	0.02541	25,998	25,998	-
2011	870,935	0.02410	20,993	20,993	-
2012	954,115	0.02407	22,963	22,963	-
2013	911,441	0.02542	23,167	23,167	-
2014	1,035,177	0.00869	9,000	9,000	-
2015	1,181,057	0.01458	17,221	17,221	-
2016	1,423,402	0.02668	37,977	37,977	-
2017	978,275	0.03794	37,120	37,120	-
2018	1,097,327	0.03542	38,871	38,871	-
2019	1,679,941	0.02704	45,430	45,430	-
2020	1,616,239	0.02923	47,249	47,249	-
2021	813,576	0.03200	26,038	26,038	-
2022	448	0.02438	11	11	-
Total	\$ 16,474,316		\$ 395,563	\$ 395,563	\$ -

Table CC.18 – 1121FAD908 Allocation to Reach 33A

	1121FAD908	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2006	\$ 182,006	0.01188	\$ 2,162	\$ 2,162	\$ -
2007	487,997	0.01372	6,695	6,695	-
2008	467,750	0.01757	8,218	8,218	-
2009	400,052	0.01626	6,504	6,504	-
2010	402,304	0.02541	10,221	10,221	-
2011	386,416	0.02410	9,314	9,314	-
2012	482,797	0.02407	11,620	11,620	-
2013	566,855	0.02542	14,408	14,408	-
2014	517,902	0.00869	4,503	4,503	-
2015	581,076	0.01458	8,473	8,473	-
2016	659,070	0.02668	17,584	17,584	-
2017	609,468	0.03794	23,126	23,126	-
2018	653,801	0.03542	23,160	23,160	-
2019	640,481	0.02704	17,320	17,320	-
2020	685,669	0.02923	20,045	20,045	-
2021	345,099	0.03200	11,045	11,045	-
Total	\$ 8,068,743		\$ 194,398	\$ 194,398	\$ -

Table CC.19 – 2320FAD908 Allocation to Reach 33A

	2320FAD908	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2007	\$ 50,779	0.01372	\$ 697	\$ 697	\$ -
2008	3,606	0.01757	63	63	-
2009	18,164	0.01626	295	295	-
2010	10,931	0.02541	278	278	-
2011	3,271	0.02410	79	79	-
2012	15,693	0.02407	378	378	-
Total	\$ 102,444		\$ 1,790	\$ 1,790	\$ -

Table CC.20 – 2501FAD908 Allocation to Reach 33A

	2501FAD908	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2009	\$ 646,415	0.01626	\$ 10,509	\$ 10,509	\$ -
2010	334,429	0.02541	8,497	8,497	-
2011	1,228,890	0.02410	29,621	29,621	-
2012	552,973	0.02407	13,309	13,309	-
2013	5,800,886	0.02542	147,445	147,445	-
2014	999,027	0.00869	8,686	8,686	-
Total	\$ 9,562,620		\$ 218,067	\$ 218,067	\$ -

Table CC.21 – 2343SAA903 Allocation to Reach 33A

	2343SAA903	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2006	\$ 134,929.07	0.01086	\$ 1,465	\$ 1,465	\$ -
2007	191,049.07	0.00955	1,825	1,825	-
2008	393,387.79	0.01295	5,095	5,095	-
2009	201,656.19	0.01143	2,305	2,305	-
2010	176,430.08	0.01619	2,857	2,857	-
2011	194,638.42	0.01580	3,075	3,075	-
2012	374,634.14	0.01692	6,340	6,340	-
2013	201,602.65	0.02171	4,376	4,376	-
2014	98,788.27	0.00850	840	840	-
Total	\$ 1,967,116		\$ 28,178	\$ 28,178	\$ -

Table CC.22 – 2344SAA903 Allocation to Reach 33A

	2344SAA903	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2006	\$ 8,490	0.01086	\$ 92	\$ 92	\$ -
2007	11,569	0.00955	111	111	-
2008	11,874	0.01295	154	154	-
2009	12,251	0.01143	140	140	-
2010	14,956	0.01619	242	242	-
2011	10,850	0.01580	171	171	-
2012	(1,158)	0.01692	(20)	(20)	-
Total	\$ 68,832		\$ 890	\$ 890	\$ -

Table CC.23 – 2345SAA903 Allocation to Reach 33A

	2345SAA903	Reach 33A Allocation	EY Calculation	Per CAB	Difference
2006	\$ 93,896.01	0.01086	\$ 1,020	\$ 1,020	\$ –
2007	150,016.76	0.00955	1,433	1,433	–
2008	147,440.51	0.01295	1,910	1,910	–
2009	126,968.33	0.01143	1,451	1,451	–
2010	48,074.10	0.01619	778	778	–
2011	32,047.70	0.01580	506	506	–
2012	72,133.71	0.01692	1,221	1,221	–
2013	30,108.44	0.02171	654	654	–
2014	140,061.99	0.00850	1,190	1,190	–
Total	\$ 840,748		\$ 10,163	\$ 10,163	\$ –

Recommendation AUD-000656	
Background:	When determining that reallocations were properly made within the system, we observed double posted journal voucher (JV) entries made related to the reallocations from FAD890. These duplicate JV entries were subsequently corrected in the system by the Department, however, there was often a lag in the posting of the correction.
Internal Control Matter:	Internal Controls on Data Environment for Data Integrity
Contractors Affected:	All Contractors
Recommendation:	The Department should implement additional controls over the posting of JV entries to prevent double postings from occurring.

While performing our procedures over the reallocations from FAD890, we observed double posted journal voucher (JV) entries within the system. These duplicate JV entries were subsequently corrected in the system by the Department; however, there were often a lag in the posting of the correction. Due to our observation of these double postings, we recommend the Department implement additional controls over the posting of JV entries to prevent double postings from occurring.

## Update of Prior Year Findings

This section contains an update of prior year findings as described in the 2018, 2019, 2020, 2021, and 2022 reports to CCWA and SLO. A summary of the findings resolved from the prior year report is included in the table below:

Table 1 – Rollforward of Update of Prior Year Findings

Prior Year Open Finding Count	Findings Resolved	Current Year Open Findings Count
14	8	6

Table 2 – Unresolved Prior Year Findings Dollar Impact

Control Number	CCWA Decrease in Costs	SLO Decrease in Costs
AUD-000387, AUD-000449, AUD-000482, AUD-000530, AUD-000607	\$ (1,971,552)	\$ –
AUD-000605	(26,223)	(2,663)
Total	\$ (1,997,775)	\$ (2,663)

Control Number	Finding Description	Resolved	Additional Comments/Updates
Finding AUD-000379	Claim numbers 1352119, 1348033, 1343291, 1343290, 1338376, and 1344922 include work related to extraordinary minimum costs but had costs incorrectly charged through annual facilities operations and maintenance minimum cost centers. Total dollar amount is \$156,225 and \$233,964 in direct labor charges for 2017 and 2016, respectively.	Yes	These claims were determined to be allocated in line with the Department's policy over extraordinary costs.
Finding AUD-000387 Finding AUD-000449 Finding AUD-000482 Finding AUD-000530 Finding AUD-000607	CBX direct billed debt service charged to CCWA is overstated as the amount charged in the SOC was not subsequently adjusted to provide the benefits of the refinanced debt service for bond series Q and W. This results in an overstatement of costs of \$1,167,334 from 1998 to 2019 (amount does not reflect interest credits due to CCWA related to the overstatement).	No	The debt service amounts continue to be overcharged.
Finding AUD-000443	Claim numbers 1361042, 1363709, 1359922, 1368419, and 1355267 include work related to extraordinary minimum costs but had costs incorrectly charged through annual facilities operations and maintenance minimum cost centers. Total dollar amount is \$526,774 in direct labor charges.	Yes	These claims were determined to be allocated in line with the Department's policy over extraordinary costs.



Control Number	Finding Description	Resolved	Additional Comments/Updates
Finding AUD-000481	The 2019 F-series and S-series alpha allocation cycle percentages were not subsequently updated from estimates to actuals for all months for the 2021 SOC. The months not receiving an adjustment to actuals were January, February, March, April, May, July, August, and October. This results in the 2019 F-series and S-series allocation percentages using the estimated allocation percentages to allocate costs to the Contractors.	Yes	The 2019 F-series and S-series alpha allocation cycle percentages are now updated properly within CABS.
Finding AUD-000527	Commercial Door Company Inc. invoices related to claim numbers 1341055, 1346694, 1356131, and 1357872 include costs related to work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), and Badger Hill Pumping Plant (CB1-R31A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.	Yes	These claims have now been adjusted.
Finding AUD-000528	Barc Industries and Development invoices related to 66 claim numbers include costs related to work performed at Lost Hills (CA-R10A) and the Edmonston Pumping Plant (CA-R17E), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.	Yes	These claims have now been adjusted.
Finding AUD-000529	Industrial Waste Utilization, Inc. invoices related to 45 claim numbers include costs related to work performed at the Buena Vista Pumping Plant (CA-R14A), Chrisman Pumping Plant (CA-R16A), Edmonston Pumping Plant (CA-R17E), Lost Hills (CA-R10A), and Teerink Pumping Plant (CA-R15A), but had costs allocated to the San Joaquin Field Division through alpha cost center 2300FFN907.	Yes	These claims have now been adjusted.
Finding AUD-000605	Pacific Industry Supply invoice #102079 related to claim 1409708 included costs related to alpha allocation cycle M-FFN907, but had costs charged directly to reach 33A.	No	These claims continue to have costs incorrectly allocated.
Finding AUD-000606	Downstream costs for reach 33A and reach 31A were not fully allocated down to the reach level.	Yes	Downstream costs from 2021 for reach 33A and reach 31A are fully allocated down to the reach level.
Finding AUD-000608	JVSWP2109049 in the amount of \$636,249 was double recorded when performing the reallocation between alpha cost center 2103FAD890 (Delta Water Charge) to cost center 2133300000 (Delta Water Charge).	Yes	This double posting has been adjusted and corrected in the system.

## Appendix – Glossary

CA	California Aqueduct
CAB	Cost Allocation and Billing System (an SAP module)
CB	Coastal Branch
CBX	Coastal Branch Extension
CCWA	Central Coast Water Authority
DWR or Department	California Department of Water Resources
EY	Ernst & Young LLP
FC	Flood Control
IO	Internal Order
P&I	Principal and Interest
PIR	Project Interest Rate
PR5	Financial Accounting System (an SAP module)
R	Reach
Report	Summary of Procedures, Findings, and Recommendations Related to the 2024 Statement of Charges
SAP	Department's Accounting Software
SLO	San Luis Obispo County Flood Control and Water Conservation District
SMIF	Surplus Money Investment Fund
SOC	Statement of Charges
SWRDS	State Water Resources Development System
WCD	Water Conservation District
WSRB	Water System Revenue Bonds

## EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.  
All Rights Reserved.

2212-4148423  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com](https://ey.com)

# State Water Contractors - Priority 1 6/14/2024

Agenda Item VII.H.  
Board of Directors  
June 27, 2024

**[AB 277](#)**

**(Rodriguez D) Extreme Weather Forecast and Threat Intelligence Integration Center.**

**Current Text:** Amended: 7/3/2023 [html](#) [pdf](#)

**Introduced:** 1/23/2023

**Last Amend:** 7/3/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Current law establishes the Atmospheric Rivers: Research, Mitigation, and Climate Forecasting Program within the department to, upon appropriation of special fund moneys, research climate forecasting and the causes and impacts that climate change has on atmospheric rivers, to operate reservoirs in a manner that improves flood protection in the state, and to reoperate flood control and water storage facilities to capture water generated by atmospheric rivers. This bill would establish the State-Federal Flood Operations Center within the Department of Water Resources and would authorize the department to administer the center in the department’s divisions, offices, or programs. The bill would provide that the purpose of the center is to function as the focal point for gathering, analyzing, and disseminating flood and water-related information to stakeholders and would authorize the center to take specified actions for that purpose, including to function during emergency situations to enable the department to centrally coordinate statewide emergency responses.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F	CMUA - W

**[AB 305](#)**

**(Villapudua D) California Flood Protection Bond Act of 2024.**

**Current Text:** Amended: 4/25/2023 [html](#) [pdf](#)

**Introduced:** 1/26/2023

**Last Amend:** 4/25/2023

**Status:** 5/22/2024-Re-referred to Com. on N.R. & W.

**Location:** 5/22/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would enact the California Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$4,500,000,000 pursuant to the State General Obligation Bond Law for flood protection projects, as specified. The bill would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F/A	

**[AB 408](#)**

**(Wilson D) Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024.**

**Current Text:** Amended: 8/14/2023 [html](#) [pdf](#)

**Introduced:** 2/2/2023

**Last Amend:** 8/14/2023

**Status:** 9/1/2023-In committee: Held under submission.

**Location:** 8/21/2023-S. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would enact the Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$3,650,000,000 pursuant to the State General Obligation Bond Law, to finance programs related to, among other things, agricultural lands, food and fiber infrastructure, climate resilience, agricultural professionals, including farmers, ranchers, and farmworkers, workforce development and training, air quality, tribes, disadvantaged communities, nutrition, food aid, meat processing facilities, and fishing facilities.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 460 (Bauer-Kahan D) State Water Resources Control Board: water rights and usage: civil penalties.**

**Current Text:** Amended: 6/12/2024 [html](#) [pdf](#)

**Introduced:** 2/6/2023

**Last Amend:** 6/12/2024

**Status:** 6/12/2024-Read second time and amended. Re-referred to Com. on JUD.

**Location:** 6/11/2024-S. JUD.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Under current law, the diversion or use of water other than as authorized by specified provisions of law is a trespass, subject to specified civil liability. This bill would require the State Water Resources Control Board to adjust for inflation, by January 1 of each year, beginning in 2025, the amounts of civil and administrative liabilities or penalties imposed by the board in water right actions, as specified.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S	Priority 1		
			ACWA - W	CMUA - S

**AB 560 (Bennett D) Sustainable Groundwater Management Act: groundwater adjudication.**

**Current Text:** Amended: 6/26/2023 [html](#) [pdf](#)

**Introduced:** 2/8/2023

**Last Amend:** 6/26/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/14/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law prohibits a court from approving entry of judgment in certain adjudication actions for a basin required to have a groundwater sustainability plan under the Sustainable Groundwater Management Act, unless the court finds that the judgment would not substantially impair the ability of a groundwater sustainability agency, the State Water Resources Control Board, or the Department of Water Resources to comply with the act and to achieve sustainable groundwater management. This bill would require the parties to an adjudication action to submit a proposed settlement agreement determining rights to water to the board for a nonbinding advisory determination as to whether the proposed settlement agreement will substantially impair the ability of a groundwater sustainability agency, the board, or the department to achieve sustainable groundwater management before filing the proposed settlement agreement with the court. The bill would require the board to provide its nonbinding advisory determination to the parties no later than 120 days after the proposed settlement agreement was submitted, and would require the parties to include the board's nonbinding advisory determination in the court filing, as provided.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		
			ACWA - NF	

**AB 754 (Papan D) Water management planning: water shortages.**

**Current Text:** Amended: 8/14/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 8/14/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires an urban water management plan to quantify past, current, and

projected water use, identifying the uses among water use sectors, including, among others, commercial, agricultural, and industrial. Current law requires every urban water supplier to prepare and adopt a water shortage contingency plan as part of its urban water management plan. Current law requires the water shortage contingency plan to include the procedures used in conducting an annual water supply and demand assessment, including the key data inputs and assessment methodology used to evaluate the urban water supplier's water supply reliability for the current year and one dry year. Current law requires the key data inputs and assessment methodology to include specified information, including, among other things, a description and quantification of each source of water supply. This bill would require a water shortage contingency plan to include, if, based on a description and quantification of each source of water supply, a single reservoir constitutes at least 50% of the total water supply, an identification of the dam and description of existing reservoir management operations, as specified, and if the reservoir is owned and operated by the urban water supplier, a description of operational practices and approaches, as specified.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - O	CMUA - O

**AB 830 (Soria D) Lake and streambed alteration agreements: exemptions.**

**Current Text:** Amended: 6/27/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 6/27/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law prohibits a person, a state or local governmental agency, or a public utility from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or depositing or disposing of debris, waste, or other material containing crumbled, flaked, or ground pavement where it may pass into any river, stream, or lake, unless prescribed requirements are met, including written notification to the Department of Fish and Wildlife regarding the activity. Current law prescribes various requirements for lake and streambed alteration agreements. Current law also establishes various exemptions from these provisions, including exemptions for specified emergency work. This bill would additionally exempt from these provisions the temporary operation of existing infrastructure or temporary pumps being used to divert flood stage flows, as identified by the California Nevada River Forecast Center or the State Water Resources Control Board, or near-flood stage flows, as defined, to groundwater recharge as long as certain conditions are met.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F	CMUA - F

**AB 914 (Friedman D) Electrical infrastructure: California Environmental Quality Act: review time period.**

**Current Text:** Amended: 7/13/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 7/13/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/21/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires each state agency to establish, by resolution or order, time limits for completing the environmental review of a project where the state agency is the lead agency for the project, as specified. This bill, until January 1, 2031, would require a state agency, acting as the lead agency, to complete its environmental review for an electrical infrastructure project and to approve or deny the project within 2 years of the submission and acceptance of a complete application for the issuance of a lease, permit, license, certificate, or other entitlement for use for electrical infrastructure to the state agency. If the state agency fails to meet this deadline, the bill would require the state agency to submit to the Legislature a report setting forth the reasons that the review could not be completed within the time period and identifying potential impacts to the electrical system that could result from the delay.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**AB 923 (Bauer-Kahan D) Flood plain restoration projects: Central Valley: study.**

**Current Text:** Amended: 7/12/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 7/12/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/14/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Central Valley Flood Protection Act of 2008 requires the Department of Water Resources to prepare, and the Central Valley Flood Protection Board, a state agency, to adopt, a plan identified as the Central Valley Flood Protection Plan. This bill would require the board, in coordination with the department, to identify priority flood plain restoration or floodway expansion projects where increased flows due to climate change are likely to overwhelm existing flood protection infrastructure, as specified. The bill would require the department and the board to conduct broad stakeholder outreach to identify priority projects and would require that those projects provide at least 2 of 4 specified public benefits. The bill would require the board, upon the appropriation of funds for this purpose, to begin preconstruction activities, including acquisition of land, easements, or rights of way, to expedite the priority projects identified.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		ACWA - W

**AB 1205 (Bauer-Kahan D) Water rights: sale, transfer, or lease: agricultural lands.**

**Current Text:** Amended: 7/13/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 7/13/2023

**Status:** 9/14/2023-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/11/2023)(May be acted upon Jan 2024)

**Location:** 9/14/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	2 year	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law declares that, because of the conditions prevailing in this state, the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of the water is to be exercised with a view to the reasonable and beneficial use of the water in the interest of the people and for the public welfare. This bill would require the State Water Resources Control Board to, on or before January 1, 2027, conduct a study and report to the Legislature and appropriate policy committees on the existence of speculation or profiteering by an investment fund in the sale, transfer, or lease of an interest in any surface water right or groundwater right previously put to beneficial use on agricultural lands, as specified. The bill would repeal this provision on January 1, 2031.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		ACWA - NF

**AB 1272 (Wood D) State Water Resources Control Board: drought planning.**

**Current Text:** Enrollment: 9/12/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 9/1/2023

**Status:** 9/14/2023-Withdrawn from Engrossing and Enrolling. Ordered to the Senate. In Senate. Held at Desk.

**Location:** 9/14/2023-S. DESK

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the State Water Resources Control Board, in consultation with the Department of Fish and Wildlife, to adopt principles and guidelines for diversion and use of water in coastal watersheds, as specified, during times of water shortage for drought preparedness and climate resiliency. The bill would require that the principles and guidelines allow for the development of locally generated watershed-level plans to support public trust uses, public health and safety, and the human right to water in times of water shortage, among other things. The bill also would require the state board, prior to adopting those principles and guidelines, to allow for public comment and hearing, as provided. The bill would make the implementation of these provisions contingent upon an appropriation of funds by the Legislature for this purpose.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**[AB 1337](#) (Wicks D) State Water Resources Control Board: water diversion curtailment.**

**Current Text:** Amended: 5/18/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 5/18/2023

**Status:** 7/14/2023-Failed Deadline pursuant to Rule 61(a)(10). (Last location was N.R. & W. on 6/7/2023)(May be acted upon Jan 2024)

**Location:** 7/14/2023-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Under existing law, the diversion or use of water other than as authorized by specified provisions of law is a trespass, subject to specified civil liability. This bill would expand the instances when the diversion or use of water is considered a trespass. This bill contains other related provisions and other existing laws.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - O	Priority 1	ACWA - O	CMUA - O

**[AB 1563](#) (Bennett D) Groundwater sustainability agency: groundwater extraction permit: verification.**

**Current Text:** Amended: 6/28/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 6/28/2023

**Status:** 5/22/2024-Re-referred to Com. on L. GOV.

**Location:** 5/22/2024-S. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin and imposes specified duties upon that agency or combination of agencies, as provided. Current law authorizes a groundwater sustainability agency to request of the county, and requires a county to consider, that the county forward permit requests for the construction of new groundwater wells, the enlarging of existing groundwater wells, and the reactivation of abandoned groundwater wells to the agency before permit approval. This bill would instead require a county to forward permit requests for the construction of new groundwater wells, the enlarging of existing groundwater wells, and the reactivation of abandoned groundwater wells to the groundwater sustainability agency before permit approval.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - O	CMUA - W

**[AB 1567](#) (Garcia D) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.**

**Current Text:** Amended: 5/26/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023



**Last Amend:** 5/26/2023

**Status:** 5/22/2024-Re-referred to Com. on N.R. & W.

**Location:** 5/22/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,995,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S/A	Priority 1	ACWA - S/A	CMUA - S&A

**AB 1798 (Papan D) Department of Transportation: contaminated stormwater runoff: salmon and steelhead trout bearing surface waters.**

**Current Text:** Amended: 4/3/2024 [html](#) [pdf](#)

**Introduced:** 1/8/2024

**Last Amend:** 4/3/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/24/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would require the Department of Transportation, in conjunction with the State Water Resources Control Board, to develop a programmatic environmental review process to prevent 6PPD and 6PPD-quinone from entering salmon and steelhead trout bearing surface waters of the state. The bill would require the state board to establish the parameters of the department’s programmatic environmental review process, as specified, and, to the extent practical, with the department, consult with the States of Washington and Oregon in the development of the programmatic environmental review process. The bill would require the department’s 6PPD and 6PPD-quinone programmatic environmental review process to include specified components, including 5 pilot projects at specified locations to study the effectiveness and cost effectiveness of installing and maintaining bioretention and biofiltration comparatively along department rights-of-way to eliminate the discharge of 6PPD and 6PPD-quinone into surface waters of the state, as specified. The bill would require all information provided by the department to the state board pursuant to these provisions be made publicly available through the state board’s stormwater data collection system.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S	Priority 1		

**AB 1857 (Jackson D) State Air Resources Board: air quality regulation: valleys.**

**Current Text:** Introduced: 1/18/2024 [html](#) [pdf](#)

**Introduced:** 1/18/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/10/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would require the State Air Resources Board to adopt regulations to improve air quality in population centers located in valleys and would require each local air district to implement those regulations with regard to stationary sources located within its jurisdiction. The bill would make those requirements inoperative on January 1, 2029, and would require the state board, on or before January 1, 2030, to submit a report to the Legislature and specified committees of the Legislature describing any air quality improvements resulting from those regulations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 1921 (Papan D) Energy: renewable electrical generation facilities: definition.**

**Current Text:** Amended: 5/16/2024 [html](#) [pdf](#)

**Introduced:** 1/25/2024

**Last Amend:** 5/16/2024

**Status:** 5/29/2024-Referred to Coms. on E., U. & C. and E.Q.

**Location:** 5/29/2024-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law defines a "renewable electrical generation facility" as a facility that uses biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and that meets other specified requirements. Current law incorporates that definition into various programs, including the California Renewables Portfolio Standard Program, which requires the Public Utilities Commission to establish a renewables portfolio standard requiring all retail sellers, as defined, to procure a minimum quantity of electricity products from electrical generating facilities that meet the definition of "renewable electrical generation facility," and the net energy metering program, in which residential customers, small commercial customers, and commercial, industrial, or agricultural customers of an electrical utility, who use a renewable electrical generation facility, are eligible to participate, as specified. This bill would revise the definition of "renewable electrical generation facility" to include a facility that uses fuel cells or linear generators that use specified fuels.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**AB 1998 (Mathis R) California Environmental Quality Act: Department of Fish and Wildlife: review of environmental documents: revenue and cost tracking and accounting.**

**Current Text:** Introduced: 1/30/2024 [html](#) [pdf](#)

**Introduced:** 1/30/2024

**Status:** 4/25/2024-Failed Deadline pursuant to Rule 61(b)(5). (Last location was W.,P. & W. on 2/12/2024)

**Location:** 4/25/2024-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA requires the lead agency to consult with a public agency that is a responsible agency or a trustee agency during the environmental review process. Current law authorizes the Department of Fish and Wildlife to impose and collect filing fees in specified amounts to defray the costs of managing and protecting fish and wildlife trust resources, including, but not limited to, consulting with other public agencies, reviewing environmental documents, recommending mitigation measures, developing monitoring requirements for purposes of CEQA, and other activities protecting those trust resources identified in a review pursuant to CEQA. This bill would require the department to separately track and account for all revenues collected under the above filing fee provision and all costs incurred in its role as a responsible agency or trustee agency under CEQA.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2000 (Mathis R) State Water Project: permit and license conditions.**

**Current Text:** Introduced: 1/30/2024 [html](#) [pdf](#)

**Introduced:** 1/30/2024

**Status:** 5/2/2024-Failed Deadline pursuant to Rule 61(b)(6). (Last location was PRINT on 1/30/2024)

**Location:** 5/2/2024-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Under current law, the State Water Resources Control Board administers a water rights

program pursuant to which the State Water Resources Control Board grants permits and licenses to appropriate water. Current law requires the director of the department, in collaboration with the Secretary of the Interior, to prepare a plan, on or before January 1, 2006, to meet the existing permit and license conditions for which the department has an obligation, and to submit copies of the plan to the state board and the California Bay-Delta Authority prior to increasing the existing permitted diversion rate at the State Water Project's Harvey O. Banks Pumping Plant. This bill would make a nonsubstantive change to the latter provision.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2060 (Soria D) Lake and streambed alteration agreements: exemptions.**

**Current Text:** Amended: 5/16/2024 [html](#) [pdf](#)

**Introduced:** 2/1/2024

**Last Amend:** 5/16/2024

**Status:** 5/29/2024-Referred to Com. on N.R. & W.

**Location:** 5/29/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law prohibits a person, a state or local governmental agency, or a public utility from substantially diverting or obstructing the natural flow of, or substantially changing or using any material from the bed, channel, or bank of, any river, stream, or lake, or depositing or disposing of debris, waste, or other material containing crumbled, flaked, or ground pavement where it may pass into any river, stream, or lake, unless prescribed requirements are met, including written notification to the Department of Fish and Wildlife regarding the activity. Current law requires the department to determine whether the activity may substantially adversely affect an existing fish and wildlife resource and, if so, to provide a draft lake or streambed alteration agreement to the person, agency, or utility. Current law prescribes various requirements for lake and streambed alteration agreements. Current law also establishes various exemptions from these provisions, including, until January 1, 2029, an exemption for the diversion of floodflows for groundwater recharge, as provided. This bill would, until January 1, 2029, exempt from these provisions the temporary operation of existing infrastructure or temporary pumps being used to divert water to underground storage as long as certain conditions are met, including the use of protective screens on temporary pump intakes, as provided, for diversions directly from rivers or streams.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F	CMUA - S&A

**AB 2079 (Bennett D) Groundwater extraction: large-diameter, high-capacity water wells: permits.**

**Current Text:** Amended: 6/3/2024 [html](#) [pdf](#)

**Introduced:** 2/5/2024

**Last Amend:** 6/3/2024

**Status:** 6/11/2024-In committee: Set, first hearing. Failed passage.

**Location:** 5/29/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin and imposes specified duties upon that agency or combination of agencies, as provided. Current law requires the State Water Resources Control Board to adopt a model water well, cathodic protection well, and monitoring well drilling and abandonment ordinance implementing certain standards for water well construction, maintenance, and abandonment and requires each county, city, or water agency, where appropriate, to adopt a water well, cathodic protection well, and monitoring well drilling and abandonment ordinance that meets or exceeds certain standards. Under current law, if a county, city, or water agency, where appropriate, fails to adopt an ordinance establishing water well, cathodic protection well, and monitoring well drilling and abandonment standards, the model ordinance adopted by the state board is required to take effect, and is required to be enforced by the county or city and have the same force and effect as if adopted as a county or city ordinance. This bill would require a local enforcement agency, as defined, to perform specified activities at least 30 days before determining

whether to approve a permit for a new large-diameter, high-capacity well, as defined. By imposing additional requirements on a local enforcement agency, the bill would impose a state-mandated local program.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - O/A	CMUA - O/A

**AB 2204 (Bennett D) Green hydrogen.**

**Current Text:** Amended: 3/21/2024 [html](#) [pdf](#)

**Introduced:** 2/7/2024

**Last Amend:** 3/21/2024

**Status:** 5/2/2024-Failed Deadline pursuant to Rule 61(b)(6). (Last location was NAT. RES. on 4/15/2024)

**Location:** 5/2/2024-A. DEAD

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require, on and after an unspecified date, all hydrogen produced or used in California to be green hydrogen that excludes the use of any fossil fuel as a feedstock or as an energy source in the production process and that complies with any applicable requirements to show the use of new and incremental renewable generation resources, temporal matching of renewable generation resources, and geographic deliverability of renewable energy resources.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - O

**AB 2285 (Rendon D) Natural resources: equitable outdoor access: 30x30 goal: urban nature-based projects.**

**Current Text:** Amended: 6/12/2024 [html](#) [pdf](#)

**Introduced:** 2/8/2024

**Last Amend:** 6/12/2024

**Status:** 6/12/2024-Read second time and amended. Re-referred to Com. on APPR.

**Location:** 6/11/2024-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** By Executive Order No. N-82-20, Governor Gavin Newsom directed the Natural Resources Agency to combat the biodiversity and climate crises by, among other things, establishing the California Biodiversity Collaborative and conserving at least 30% of the state's lands and coastal waters by 2030. Current law requires the Secretary of the Natural Resources Agency to prepare and submit, on or before March 31, 2024, and annually thereafter, a report to the Legislature on the progress made in the prior calendar year toward achieving the goal to conserve 30% of California's lands and coastal waters by 2030. Current law provides that it is the goal of the state to conserve at least 30% of California's lands and coastal waters by 2030, known as the 30x30 goal. This bill would provide that, to advance and promote environmental, conservation, and public access policies and budget actions, the Governor's office, state agencies, and the Legislature, when distributing resources, shall aspire to recognize the coequal goals and benefits of the 30x30 goal and Outdoors for All, and, to the extent practical, maximize investment in historically underserved urban communities consistent with those initiatives. The bill would encourage decisionmakers, when distributing resources to achieve the goals and benefits of the 30x30 goal and Outdoors for All, to consider factors that are unique to urban settings, including, among other things, higher land value acquisition and development costs per acre, the acute health needs of a local population due to historic lack of greenspace access and development externalities, local park needs assessment plans, current or impending loss of parks or greenspace as a result of state or federal infrastructure projects, and the availability of mobility options near a proposed land conservation site.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2409 (Papan D) Office of Planning and Research: permitting accountability transparency dashboard.**

**Current Text:** Amended: 4/11/2024 [html](#) [pdf](#)

**Introduced:** 2/12/2024

**Last Amend:** 4/11/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/1/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	<b>Dead</b>	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Would require the Office of Planning and Research, on or before January 1, 2026, to create and maintain, as specified, a permitting accountability transparency internet website (dashboard). The bill would require the dashboard to include a display for each permit to be issued by specified state agencies for all covered projects. The bill would define various terms for these purposes. The bill would also require the dashboard to include, but not be limited to, information for each permit to be issued by a state agency that is required for the completion of the project, including, among other requirements, the permit application submission date. The bill would require each state agency with a responsibility for issuing a permit for a covered project to provide information in the appropriate time and manner as determined by the office. The bill would also make related findings and declarations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S	Priority 1	ACWA - F	CMUA - Sponsor

**AB 2439 (Quirk-Silva D) Public works: prevailing wages: access to records.**

**Current Text:** Amended: 4/1/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2024

**Last Amend:** 4/1/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. on 4/18/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	<b>Dead</b>	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Existing law defines "public works," for the purposes of regulating public works contracts, as, among other things, construction, alteration, demolition, installation, or repair work done under contract and paid for, in whole or in part, out of public funds. Existing law requires each contractor and subcontractor on a public works project to keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the contractor or subcontractor in connection with the public work. Existing law requires any copy of records made available for inspection as copies and furnished upon request to the public or any public agency to be marked or obliterated to prevent disclosure of an individual's name, address, and social security number but specifies that any copy of records made available to a Taft-Hartley trust fund for the purposes of allocating contributions to participants be marked or obliterated only to prevent disclosure of an individual's full social security number, as specified. This bill would require an owner, a developer, or the agent of an owner or developer, that, among other things, receives public funds from a public agency to perform specified public works projects, to make available upon written request from a joint labor-management committee, a multiemployer Taft-Hartley trust fund, or a specified tax-exempt organization specified public works records in their possession, including requests for bids and submitted bid documents, inspection and work logs, and funding documentation.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2450 (Aguir-Curry D) Flood control: City of Woodland: Lower Cache Creek.**

**Current Text:** Amended: 4/11/2024 [html](#) [pdf](#)

**Introduced:** 2/13/2024

**Last Amend:** 4/11/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/24/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	<b>Dead</b>	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

**Summary:** Current law provides for state cooperation with the federal government in the construction of specified flood control projects. For certain flood control projects authorized on or after January 1,

2002, or for small flood management projects for which specified findings have been made on or after that date, existing law requires the state to pay 50% of specified nonfederal costs. Current law authorizes the state to pay up to 70% of those nonfederal costs upon the recommendation of the Department of Water Resources or the Central Valley Flood Protection Board if either entity determines that the project will advance one of several specified objectives. Current law authorizes a plan of improvement for flood control and water conservation on Cache Creek, including Clear Lake, in the Counties of Yolo and Lake. This bill would specifically adopt and approve the Lower Cache Creek Flood Risk Management Project, as provided. The bill would also authorize the state to provide funds, up to 99% of the costs, as specified, for the project for flood control on the Lower Cache Creek in the County of Yolo, and would authorize the City of Woodland to receive funds for these purposes under specified conditions.

<b>Organization</b>	<b>Position</b>	<b>Priority</b>	<b>Misc1</b>	<b>Misc2</b>
State Water Contractors	SWC - W	Priority 1		

**AB 2614 (Ramos D) Water policy: California tribal communities.**

**Current Text:** Amended: 3/21/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Last Amend:** 3/21/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/15/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Porter-Cologne Water Quality Control Act establishes a statewide program for the control of the quality of all the waters in the state and makes certain legislative findings and declarations. Existing law defines the term "beneficial uses" for the purposes of water quality as certain waters of the state that may be protected against quality degradation, to include, among others, domestic, municipal, agricultural, and industrial supplies. This bill would add findings and declarations related to California tribal communities and the importance of protecting tribal water use, as those terms are defined. The bill would add tribal water uses as waters of the state that may be protected against quality degradation for purposes of the defined term "beneficial uses."

<b>Organization</b>	<b>Position</b>	<b>Priority</b>	<b>Misc1</b>	<b>Misc2</b>
State Water Contractors	SWC - W	Priority 1		
			ACWA - O/A	CMUA - O/A

**AB 2661 (Soria D) Electricity: Westlands Water District.**

**Current Text:** Amended: 5/16/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Last Amend:** 5/16/2024

**Status:** 6/11/2024-From committee: Do pass and re-refer to Com. on E., U. & C. (Ayes 7. Noes 0.) (June 11). Re-referred to Com. on E., U. & C.

**Location:** 6/11/2024-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize the Westlands Water District to provide, generate, and deliver solar photovoltaic or hydroelectric electricity and to construct, operate, and maintain works, facilities, improvements, and property necessary or convenient for generating and delivering that electricity. The bill would require the district to use the electricity for the district's own purposes, and the bill would authorize the district to sell surplus electricity to a public or private entity engaged in the distribution or sale of electricity. The bill would also authorize the district to construct, operate, and maintain energy storage systems and electric transmission lines, and to construct, operate, and maintain works, facilities, improvements, and property necessary or convenient for the operation of the energy storage system and electric transmission lines, within the boundaries of the district, as specified. The bill would require the district to report the amount of income, and the purposes for expenditure of that income, from these electricity facilities in a specified report.

<b>Organization</b>	<b>Position</b>	<b>Priority</b>	<b>Misc1</b>	<b>Misc2</b>
State Water Contractors	SWC - W	Priority 1		
			ACWA - F&A	CMUA - W

**AB 2827 (Reyes D) Invasive species: prevention.**

**Current Text:** Amended: 6/11/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Last Amend:** 6/11/2024

**Status:** 6/11/2024-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on AGRI.

**Location:** 6/5/2024-S. AGRI.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

**Summary:** Would find and declare that it is a primary goal of the state to prevent the introduction, and suppress the spread, of invasive species within its borders. The bill would require, in carrying out this goal, the Department of Food and Agriculture, in collaboration with relevant state agencies and stakeholders, to develop and implement strategies to detect, control, monitor, and eradicate invasive species to protect the state's agriculture, environment, and natural resources. The bill would require the department, in consultation with other relevant state agencies, to allocate funds, if available, to implement and enforce these provisions.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2875 (Friedman D) Wetlands: state policy.**

**Current Text:** Introduced: 2/15/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Status:** 6/5/2024-Referred to Com. on N.R. & W.

**Location:** 6/5/2024-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

**Summary:** Existing law, the Keene-Nejedly California Wetlands Preservation Act, requires the Natural Resources Agency to prepare a plan for the acquisition, protection, preservation, restoration, and enhancement of wetlands, including funding requirements and the priority status of specific proposed wetlands projects. By Executive Order No. W-59-93, former Governor Pete Wilson declared it to be the policy of the state that its Comprehensive Wetlands Policy rests on three primary objectives, including the objective of ensuring no overall net loss and long-term net gain in the quantity, quality, and permanence of wetlands acreage and values, as provided. This bill would declare that it is the policy of the state to ensure no net loss and long-term gain in the quantity, quality, and permanence of wetlands acreage and values in California. The bill would make related legislative findings and declarations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**AB 2916 (Friedman D) Environmental health: floating devices: expanded polystyrene.**

**Current Text:** Amended: 4/15/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Last Amend:** 4/15/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/8/2024)

**Location:** 5/16/2024-A. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

**Summary:** Would, on and after January 1, 2026, prohibit the sale, distribution, installation, or arrangement of the installation of an overwater structure, excluding a floating home, that contains expanded polystyrene, as defined, or other plastic foam that is not fully enclosed and contained in a shell made of aluminum, concrete, steel or plastic with a minimum thickness of 0.15 inches. The bill would, on and after January 1, 2026, prohibit the sale, distribution, installation, or arrangement of the installation of a block or float that contains, or is comprised of, expanded polystyrene or other plastic foam that is not fully enclosed and contained in a shell made of aluminum, concrete, steel or plastic with a minimum thickness of 0.15 inches. The bill would authorize the State Water Resources Control Board to adopt rules to implement, administer, and enforce these provisions and to maintain and revise a list of materials that are approved to fully enclose and contain expanded polystyrene or other

plastic foam used in an overwater structure, block, or float, as specified. The bill would authorize the state board to revise or disqualify a material if the state board determines the material is not sufficient to prevent the release of expanded polystyrene or other plastic foam into the environment. The bill would also authorize the state board to approve a new material for use if the state board determines that the material is sufficient to prevent the release of expanded polystyrene or other plastic foam into the environment and is safe for use in the aquatic environment. The bill would require that, beginning January 1, 2026, an overwater structure that contains, or a block or float that contains or is comprised of, expanded polystyrene or other plastic foam, sold or installed before January 1, 2026, and that is repaired or maintained on or after that date, be fitted with a shell made of aluminum, concrete, steel or plastic with a minimum thickness of 0.15 inches, or other material as the state board may approve, that fully encloses and contains all expanded polystyrene or other plastic foam.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**[AB 3084](#) (Soria D) Groundwater basin management.**

**Current Text:** Introduced: 2/16/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Status:** 5/2/2024-Failed Deadline pursuant to Rule 61(b)(6). (Last location was PRINT on 2/16/2024)

**Location:** 5/2/2024-A. DEAD

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Sustainable Groundwater Management Act states the intent of the Legislature to provide for the sustainable management of groundwater basins and to provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater, among other purposes of the act. This bill would express the intent of the Legislature to enact future legislation to improve groundwater basin management.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**[AB 3238](#) (Garcia D) California Environmental Quality Act: electrical infrastructure projects.**

**Current Text:** Amended: 6/12/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Last Amend:** 6/12/2024

**Status:** 6/12/2024-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on E., U. & C.

**Location:** 6/5/2024-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) exempts certain projects from its requirements, including actions necessary to prevent or mitigate an emergency. This bill would, until January 1, 2030, exempt from CEQA projects for the expansion of an existing public right-of-way across state-owned land to accommodate the construction, expansion, modification, or update of electrical infrastructure, as defined, meeting certain requirements, including the requirement that the lead agency for the project is either the Public Utilities Commission or a state agency owning or managing the state-owned land.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**[ACA 2](#) (Alanis R) Water Resiliency Act of 2024.**

**Current Text:** Amended: 3/6/2024 [html](#) [pdf](#)

**Introduced:** 12/5/2022

**Last Amend:** 3/6/2024

**Status:** 3/19/2024-In committee: Set, first hearing. Hearing canceled at the request of author.

**Location:** 4/20/2023-A. W.,P. & W.



Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Constitution declares that the general welfare requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable, and that the right to the use of water does not extend to the waste or unreasonable use, method of use, or method of diversion of water. This measure would require the Treasurer to annually transfer an amount equal to 1.5% of all state revenues from the General Fund to the California Water Resiliency Trust Fund, which the measure would create. The measure would continuously appropriate moneys in the fund to the California Water Commission for its actual costs of implementing these provisions and for specified water infrastructure projects.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**ACA 16**

**(Bryan D) Environmental rights.**

**Current Text:** Amended: 6/6/2024 [html](#) [pdf](#)

**Introduced:** 1/25/2024

**Last Amend:** 6/6/2024

**Status:** 6/6/2024-Read third time and amended. Ordered to third reading.

**Location:** 5/20/2024-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would amend the California Constitution to declare that the people have a right to clean air and water and a healthy environment considering the general well-being and other needs of the people. The measure would specify that the principles inherent in these rights shall serve as a guide to all branches of government in the performance of their official duties and that these rights shall inure to all people in equal measure and shall not be construed or applied in a manner inconsistent with duly enacted laws of the state or other rights set forth in the California Constitution.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		
				CMUA - W

**SB 231**

**(Hurtado D) Department of Water Resources: water supply forecasting.**

**Current Text:** Amended: 7/12/2023 [html](#) [pdf](#)

**Introduced:** 1/23/2023

**Last Amend:** 7/12/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/23/2023)(May be acted upon Jan 2024)

**Location:** 9/1/2023-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the Department of Water Resources, on or before December 31, 2025, to establish a formal process for annually evaluating and improving the accuracy of its water supply forecasts, adopt a new water supply forecasting model that better addresses the effects of climate change, and implement a formal policy and procedures for documenting its operational plans for the state's water supply and its rationale for its operating procedures. The bill would require the department, by December 1, 2024, to prepare, and submit to the Legislature, a report on its progress toward meeting these requirements.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 265**

**(Hurtado D) Cybersecurity preparedness: critical infrastructure sectors.**

**Current Text:** Amended: 6/19/2023 [html](#) [pdf](#)

**Introduced:** 1/31/2023

**Last Amend:** 6/19/2023

**Status:** 9/1/2023-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 7/10/2023) (May be acted upon Jan 2024)

**Location:** 9/1/2023-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Emergency Services Act, among other things, creates the Office of Emergency Services (Cal OES), which is responsible for the state's emergency and disaster response services, as specified. Current law requires Cal OES to establish the California Cybersecurity Integration Center (Cal-CSIC) with the primary mission of reducing the likelihood and severity of cyber incidents that could damage California's economy, its critical infrastructure, or public and private sector computer networks in the state. This bill would require Cal OES to direct Cal-CSIC to prepare, and Cal OES to submit to the Legislature on or before January 1, 2025, a strategic, multiyear outreach plan to assist critical infrastructure sectors, as defined, in their efforts to improve cybersecurity and an evaluation of options for providing grants or alternative forms of funding to, and potential voluntary actions that do not require funding and that assist, that sector in their efforts to improve cybersecurity preparedness.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**SB 308 (Becker D) Net zero greenhouse gas emissions goal: carbon dioxide removal: regulations.**

**Current Text:** Amended: 6/5/2024 [html](#) [pdf](#)

**Introduced:** 2/2/2023

**Last Amend:** 6/5/2024

**Status:** 6/5/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on NAT. RES.

**Location:** 6/5/2024-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Global Warming Solutions Act of 2006 authorizes the State Air Resources Board to adopt a regulation that establishes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases, applicable from January 1, 2012, to December 31, 2030, inclusive, as specified. The act authorizes the state board to include in its regulation of those emissions the use of market-based compliance mechanisms. The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions and to update the scoping plan at least once every 5 years. Existing law requires the state board, as part of its scoping plan, to establish specified carbon dioxide removal targets for 2030 and beyond. The act also declares the policy of the state both to achieve net zero greenhouse gas emissions as soon as possible, but no later than 2045, and achieve and maintain net negative greenhouse gas emissions thereafter, and to ensure that by 2045, statewide anthropogenic greenhouse gas emissions are reduced to at least 85% below the 1990 levels. This bill would require the state board to develop and adopt regulations, or utilize existing programs and regulations, to ensure the state achieves carbon dioxide removals equivalent to at least 100% of statewide greenhouse gas emissions in calendar year 2045, and all subsequent years, in order to achieve the net zero and net negative greenhouse gas emissions goals. As part of those efforts, the bill would require the state board to establish separate interim targets for greenhouse gas emissions reductions and carbon dioxide removals, to be applicable beginning no later than calendar year 2030, and to report on progress toward achieving those targets. The bill would provide that only carbon dioxide removed by processes certified by the state board as satisfying certain requirements shall be eligible to be counted for the purpose of counterbalancing statewide greenhouse gas emissions when determining the state's progress toward achieving net zero and net negative greenhouse gas emissions.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**SB 366 (Caballero D) The California Water Plan: long-term supply targets.**

**Current Text:** Amended: 6/13/2024 [html](#) [pdf](#)

**Introduced:** 2/8/2023

**Last Amend:** 6/13/2024

**Status:** 6/13/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on W., P., & W.

**Location:** 6/8/2023-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as "The California Water Plan." Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state's water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all designated beneficial uses.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S	Priority 1	ACWA - S	CMUA - Sponsor

**[SB 422](#) ([Portantino D](#)) California Environmental Quality Act: expedited environmental review: climate change regulations.**

**Current Text:** Amended: 3/20/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 3/20/2023

**Status:** 9/14/2023-Failed Deadline pursuant to Rule 61(a)(14). (Last location was INACTIVE FILE on 9/12/2023)(May be acted upon Jan 2024)

**Location:** 9/14/2023-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	2 year	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA requires specified public agencies, including air pollution control districts and air quality management districts, to perform, at the time of adoption of a rule or regulation requiring the installation of pollution control equipment or a performance standard or treatment requirement, an environmental analysis of the reasonably foreseeable methods of compliance. This bill would also require those specified public agencies, at the time of adoption of a rule or regulation requiring the reduction in emissions of greenhouse gases, criteria air pollutants, or toxic air contaminants, to perform an environmental analysis of the reasonably foreseeable methods of compliance.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**[SB 638](#) ([Eggman D](#)) Climate Resiliency and Flood Protection Bond Act of 2024.**

**Current Text:** Amended: 6/28/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 6/28/2023

**Status:** 7/6/2023-July 11 hearing postponed by committee.

**Location:** 6/15/2023-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would enact the Climate Resiliency and Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6,000,000,000

pursuant to the State General Obligation Bond Law, for flood protection and climate resiliency projects.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F/A	CMUA - F/A

**SB 651 (Grove R) California Environmental Quality Act: groundwater recharge projects: Judicial Council rules of court.**

**Current Text:** Amended: 6/22/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 6/22/2023

**Status:** 7/14/2023-Failed Deadline pursuant to Rule 61(a)(10). (Last location was NAT. RES. on 6/20/2023)(May be acted upon Jan 2024)

**Location:** 7/14/2023-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the Judicial Council to adopt a rule of court to establish procedures requiring actions or proceedings brought to attack, review, set aside, void, or annul the certification of an environmental impact report, or the granting of any project approvals, for groundwater recharge projects, as described, except as provided, that implement a groundwater sustainability plan or an interim groundwater sustainability plan, as described, that would require the actions or proceedings, including any appeals, to be resolved within 270 days of the filing of the certified record of proceedings with the court. The bill would also include a related statement of legislative intent.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 867 (Allen D) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.**

**Current Text:** Amended: 6/22/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 6/22/2023

**Status:** 7/6/2023-July 10 hearing postponed by committee.

**Location:** 6/20/2023-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15,500,000,000 pursuant to the State General Obligation Bond Law to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - S/A	Priority 1	ACWA - S/A	CMUA - S&A

**SB 955 (Sevarto R) Office of Planning and Research: Infrastructure Gap-Fund Program.**

**Current Text:** Amended: 4/4/2024 [html](#) [pdf](#)

**Introduced:** 1/22/2024

**Last Amend:** 4/4/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/15/2024)

**Location:** 5/16/2024-S. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require the Office of Planning and Research, upon appropriation by the Legislature,

to establish the Infrastructure Gap-Fund Program to provide grants to local agencies to develop and construct infrastructure projects, as defined. The bill would authorize the office to provide funding for up to 20% of a project's total cost, subject to specified requirements, including, among other things, that the office is prohibited from awarding a grant to a local agency unless the local agency provides funding that has been raised through local taxes for at least 10% of the infrastructure project's total cost. The bill would require the office to develop guidelines to implement the program that establish the criteria by which grant applications will be evaluated and funded. The bill would make these provisions operative January 1, 2027.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 984 (Wahab D) Public agencies: project labor agreements.**

**Current Text:** Amended: 5/16/2024 [html](#) [pdf](#)

**Introduced:** 1/29/2024

**Last Amend:** 5/16/2024

**Status:** 6/3/2024-Referred to Coms. on L. & E. and G.O.

**Location:** 6/3/2024-A. L. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law authorizes a public entity to use, enter into, or require contractors to enter into, a project labor agreement, as defined, for a construction project, if the agreement includes specified taxpayer protection provisions. This bill would require a state agency, by January 1, 2027, to identify and select a minimum of 3 major state construction projects that are required to be governed by a project labor agreement, as specified, and would define various terms for these purposes. The bill would require the Department of General Services, commencing January 1, 2029, to report to the Legislature about the use of project labor agreements, the advancement of community benefit goals, and apprenticeships, as specified. The bill would also make a related statement of legislative findings and declarations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 1073 (Skinner D) State acquisition of goods and services: low-carbon cement or concrete products.**

**Current Text:** Amended: 4/29/2024 [html](#) [pdf](#)

**Introduced:** 2/12/2024

**Last Amend:** 4/29/2024

**Status:** 6/3/2024-Referred to Com. on NAT. RES.

**Location:** 6/3/2024-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the State Air Resources Board (board) to develop a comprehensive strategy for the state's cement sector to achieve net-zero emissions of greenhouse gases associated with cement used within the state, as specified. Current law also requires the board to develop a framework for measuring the average carbon intensity of the materials used in the construction of new buildings and a comprehensive strategy for the state's building sector to achieve a 40% net reduction in greenhouse gas emissions of building materials, as specified. The California Climate Crisis Act sets forth the policy of the state, including, among other things, to achieve net zero greenhouse gas emissions, as soon as possible, but no later than 2045, and to achieve and maintain net negative greenhouse gas emissions thereafter. This bill would authorize a state agency to enter into forward contracts to purchase low-carbon cement or concrete products up to 10 years in advance to facilitate the commercialization of concrete, cement, and supplementary cementitious materials and in furtherance of the policy, comprehensive strategy, or framework relating to greenhouse gas emissions, as described above.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 1088 (Alvarado-Gil D) Office of Emergency Services: state matching funds: water system**

**infrastructure improvements.**

**Current Text:** Amended: 3/18/2024 [html](#) [pdf](#)

**Introduced:** 2/12/2024

**Last Amend:** 3/18/2024

**Status:** 6/3/2024-Referred to Com. on E.M.

**Location:** 6/3/2024-A. EMERGENCY MANAGEMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would, contingent on funding being appropriated pursuant to a bond act, as specified, establish the Rural and Small Community Fire Resilience Program within the OES for the distribution of state matching funds to communities within the Wildland Urban Interface to improve water system infrastructure, as prescribed. The bill would require the OES to work in coordination with the Department of Water Resources, the State Water Resources Control Board, the Office of the State Fire Marshal, and other state entities as the office determines to be appropriate, to achieve the purposes of the program.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**[SB 1156](#) (Hurtado D) Groundwater sustainability agencies: conflicts of interest: financial interest disclosures.**

**Current Text:** Amended: 4/29/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Last Amend:** 4/29/2024

**Status:** 6/3/2024-Referred to Com. on ELECTIONS.

**Location:** 6/3/2024-A. ELECTIONS

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires a groundwater sustainability plan to be developed and implemented for each medium- or high-priority basin by a groundwater sustainability agency. Current law authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as provided. The Political Reform Act of 1974 prohibits a public official from making, participating in making, or attempting to use their official position to influence a governmental decision in which they know or have reason to know that they have a financial interest, as defined. The act requires specified public officials, including elected state officers, judges and court commissioners, members of certain boards and commissions, other state and local public officials, and candidates for these positions to file statements of economic interests, annually and at other specified times, that disclose their investments, interests in real property, income, and business positions. The Fair Political Practices Commission is the filing officer for such statements filed by statewide elected officers and candidates and other specified public officials. This bill would require members of the executive team, board of directors, and other groundwater management decision makers of groundwater sustainability agencies to file statements of economic interests according to the filing requirements described above. The bill would require that these statements be filed with the Fair Political Practices Commission, and would require the commission to establish guidelines and procedures for the submission and review of the statements.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		
			ACWA - W&A	CMUA - W

**[SB 1162](#) (Cortese D) Public contracts: employment compliance reports and payroll records: workers' dates of birth.**

**Current Text:** Amended: 6/10/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Last Amend:** 6/10/2024

**Status:** 6/10/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on L. & E.

**Location:** 6/3/2024-A. L. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law establishes requirements that apply when a public entity is required by statute

or regulation to obtain an enforceable commitment that a bidder, contractor, or other entity will use a skilled and trained workforce to complete a contract or project. Current law requires the enforceable commitment to provide that the contractor, bidder, or other entity will provide to the public entity or other awarding body a report on a monthly basis demonstrating its compliance with these requirements. This bill would additionally require the enforceable commitment to provide that the above-described report will include the date of birth of each worker.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 1165 (Padilla D) State Energy Resources Conservation and Development Commission: certification of facilities: electrical transmission facilities or projects.**

**Current Text:** Amended: 4/29/2024 [html](#) [pdf](#)

**Introduced:** 2/14/2024

**Last Amend:** 4/29/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/13/2024)

**Location:** 5/16/2024-S. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law authorizes a person proposing an eligible facility, including an electrical transmission line carrying electricity from certain other facilities that are located in the state to a point of junction with any interconnected electrical transmission system, to file an application, on or before June 30, 2029, with the State Energy Resources Conservation and Development Commission (Energy Commission) to certify a site and related facility for purposes of specified environmental review procedures. This bill would expand the facilities eligible to be certified pursuant to the provisions described above by the Energy Commission and deemed environmental leadership development projects to include electrical transmission projects. The bill would require an applicant applying for certification of an electrical transmission project to take certain actions, including, among other actions, to avoid or minimize significant environmental impacts in any disadvantaged community.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**SB 1218 (Newman D) Water: emergency water supplies.**

**Current Text:** Amended: 5/16/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Last Amend:** 5/16/2024

**Status:** 6/3/2024-Referred to Com. on W., P., & W.

**Location:** 6/3/2024-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Urban Water Management Planning Act requires every public and private urban water supplier that directly or indirectly provides water for municipal purposes to prepare and adopt an urban water management plan. The act requires an urban water management plan to include a water shortage contingency plan, as provided. This bill would declare that it is the established policy of the state to encourage, but not mandate, the development of emergency water supplies, and to support their use during times of water shortage.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - F	CMUA - F

**SB 1255 (Durazo D) Public water systems: needs analysis: water rate assistance program.**

**Current Text:** Amended: 6/3/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Last Amend:** 6/3/2024

**Status:** 6/3/2024-Referred to Com. on E.S. & T.M. From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.S. & T.M.

**Location:** 6/3/2024-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law establishes the Safe and Affordable Drinking Water Fund in the State Treasury to help water systems provide an adequate and affordable supply of safe drinking water in both the near and long terms. Current law requires the State Water Resources Control Board to annually adopt a fund expenditure plan, as provided, and requires expenditures from the fund to be consistent with the fund expenditure plan. Current law requires the state board to base the fund expenditure plan on data and analysis drawn from a specified drinking water needs assessment. This bill would require the state board to update a needs analysis of the state’s public water systems to include an assessment, as specified, of the funds necessary to provide a 20% bill credit for low-income households served by community water systems with fewer than 3,300 service connections and for community water systems with fewer than 3,300 service connections to meet a specified affordability threshold on or before July 1, 2026, and on or before July 1 of every 3 years thereafter.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1	ACWA - O/A	CMUA - O/A

**SB 1303 (Caballero D) Public works.**

**Current Text:** Amended: 4/25/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Last Amend:** 4/25/2024

**Status:** 6/3/2024-Referred to Coms. on L. & E. and JUD.

**Location:** 6/3/2024-A. L. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law defines the term “public works” for purposes of requirements regarding the payment of prevailing wages to include construction, alteration, demolition, installation, or repair work done under contract and paid for using public funds, except as specified. Current law requires an awarding body, as part of a labor compliance program, to withhold contract payments when, among other things, payroll records are delinquent or inadequate. Current law requires an awarding body, as specified, to provide notice of withholding of contract payments to the contractor or subcontractor. Current law requires the notice to be in writing, and describe the nature of the violation and the amount of wages, penalties, and forfeitures withheld. This bill would require an awarding body, prior to withholding funds for an alleged violation, to, among other things, notify the Division of Labor Standards Enforcement and confer with the negotiating parties to review relevant public works law. The bill would require the awarding body to participate in a revised process authorizing the contractor or subcontractor to review and respond to the alleged violations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**SB 1311 (Stern D) Energy: reliability planning assessment: integrated energy policy report.**

**Current Text:** Introduced: 2/15/2024 [html](#) [pdf](#)

**Introduced:** 2/15/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 4/29/2024)

**Location:** 5/16/2024-S. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the State Energy Resources Conservation and Development Commission (Energy Commission) and the Public Utilities Commission (PUC), on or before December 15, 2022, and quarterly thereafter, to submit to the Legislature a joint Reliability Planning Assessment that, among other things, includes prospective information on existing and expected resources, including updates on the interconnection status for renewable projects and any delays in interconnection, and expected retirements for both system and local resources. Existing law requires the Energy Commission to report in the energy almanac on California energy resources that serve load in California. This bill would require that the assessment also include the status of utility transmission upgrades and electrical grid infrastructure capacity, PUC approvals of applications for certificates of public convenience and necessity and permits to construct utility and independent projects, and applications for permits for projects from the Energy Commission and the queue of projects from the



Independent System Operator, include the expected completion dates for both system and local resources, and report on the use of fossil fuel by certain facilities constructed by, purchased by, or under contract with the Department of Water Resources, as specified. This bill contains other related provisions and other existing laws.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 1373 (Cortese D) Water data dashboard.**

**Current Text:** Amended: 4/11/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Last Amend:** 4/11/2024

**Status:** 5/16/2024-Failed Deadline pursuant to Rule 61(b)(8). (Last location was APPR. SUSPENSE FILE on 5/6/2024)

**Location:** 5/16/2024-S. DEAD

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Open and Transparent Water Data Act requires the Department of Water Resources, in consultation with the California Water Quality Monitoring Council, the State Water Resources Control Board, and the Department of Fish and Wildlife, to create, operate, and maintain a statewide integrated water data platform that, among other things, integrates existing water and ecological data information from multiple databases and provides data on completed water transfers and exchanges. This bill would require the department, while seeking input from the California Water Data Consortium, as defined, to create a water data dashboard that is accessible through its internet website, as specified. The bill would include related findings and declarations.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		CMUA - W

**SB 1390 (Caballero D) Groundwater recharge: floodflows: diversion.**

**Current Text:** Amended: 4/24/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Last Amend:** 4/24/2024

**Status:** 6/3/2024-Referred to Com. on W., P., & W.

**Location:** 6/3/2024-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law declares that all water within the state is the property of the people of the state, but the right to the use of the water may be acquired by appropriation in the manner provided by law. Current law requires the appropriation to be for some useful or beneficial purpose. Current law provides, however, that the diversion of floodflows for groundwater recharge does not require an appropriative water right if certain conditions are met, including that a local or regional agency that has adopted a local plan of flood control or has considered flood risks as part of its most recently adopted general plan has given notice, as provided, of imminent risk of flooding and inundation of lands, roads, or structures. Current law also requires the person or entity making the diversion for groundwater recharge purposes to file with the State Water Resources Control Board a final report 15 days after the diversions cease. These requirements apply to diversions commenced before January 1, 2029. This bill would extend the operation of these requirements to diversions commenced before June 1, 2032. The bill would revise, recast, and expand the conditions that are required to be met for the diversion of floodwaters for groundwater recharge that do not require an appropriative water right. The bill would require that a local or regional agency take specified actions, including making a declaration that diversion of floodflows for groundwater recharge from a delineated stretch of waterway within its jurisdiction is in accordance with one of certain enumerated plans relating to flood control or flood risk, as specified, or a county emergency operations plan. The bill would require diversions to cease no later than 90 days after commencing, unless they are renewed, and would authorize a local or regional agency to renew a diversion for an additional 30 days by notifying the board of its intention to continue diverting 15 days before its expiration.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		

**SB 1402 (Min D) 30x30 goal: state agencies: adoption, revision, or establishment of plans, policies, and regulations.**

**Current Text:** Amended: 6/11/2024 [html](#) [pdf](#)

**Introduced:** 2/16/2024

**Last Amend:** 6/11/2024

**Status:** 6/11/2024-From committee with author's amendments. Read second time and amended. Re-referred to Com. on NAT. RES.

**Location:** 6/3/2024-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the Secretary of the Natural Resources Agency to prepare and submit, on or before March 31, 2024, and annually thereafter, a report to the Legislature on the progress made in the prior calendar year toward achieving the goal to conserve 30% of California’s lands and coastal waters by 2030. Existing law provides that it is the goal of the state to conserve at least 30% of California’s lands and coastal waters by 2030, known as the 30x30 goal. This bill would require all state agencies, departments, boards, offices, commissions, and conservancies to consider the 30x30 goal when adopting, revising, or establishing plans, policies, and regulations that directly affect land use, management of natural resources, or biodiversity conservation.

Organization	Position	Priority	Misc1	Misc2
State Water Contractors	SWC - W	Priority 1		
			ACWA - W&A	

**Total Measures: 57**

**Total Tracking Forms: 57**