

MEMBER UNITS EXHIBIT NUMBER 51

**CONTRACT TO ESTABLISH NEGOTIATION PROCESS
BETWEEN CITY OF LOMPOC AND CACHUMA PROJECT AUTHORITY**

This Contract is made and entered into as of 9-30, 1993 ("Effective Date"), by and among the following parties:

1. City of Lompoc ("City"); and
2. Cachuma Project Authority ("Authority"), created as of March 1, 1993, pursuant to a joint exercise of powers agreement among the Santa Ynez River Water Conservation District, Improvement District No. 1, the Carpinteria County Water District, the Goleta Water District, the Summerland County Water District, the Montecito Water District, and the City of Santa Barbara, which entities are the Members of the Authority ("CPA Members").

R E C I T A L S:

A. On September 12, 1949, the United States and the Santa Barbara County Water Agency ("Agency") executed a contract for the furnishing of water to the Member Units, No. 175r-1802 ("Master Contract"), as amended, under which Cachuma Project water is delivered by the United States to the Santa Ynez River Water Conservation District, Carpinteria County Water District, Goleta Water District, Summerland County Water District, Montecito Water District, and the City of Santa Barbara; which entities are the Member Units of the Agency ("Member Units").

B. The Authority was created for the purpose, among others, of assuming the rights and obligations of the Agency, if any, under the Master Contract.

C. The Master Contract terminates in May 1995 and therefore it must be renewed or extended prior to that date.

D. City contends that its water supply is affected by the operation of the Cachuma Project and, as a consequence, may be affected by the renewal of the Master Contract; that the Master Contract renewal process should consider the interests of downstream entities, including the City; and that the associated environmental review should fully analyze and address environmental impacts downstream of the Cachuma Project that may be caused by the Cachuma Project.

E. Authority and Agency have entered into an agreement (the "Cooperative Agreement"), concurred in by City, which provides a process for negotiation of renewal of the Master Contract.

F. City and Authority desire to establish a process for negotiations to address water quantity and water quality concerns of the City, in the context of the overall water supply needs of City and the CPA Members.

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is hereby agreed by the parties hereto as follows:

AGREEMENT

1. Purpose and Scope of Negotiations.

(a) The parties agree to negotiate in good faith toward an agreement which addresses and resolves the City's water quantity and water quality concerns

associated with the Cachuma Project's impacts, if any, on the Santa Ynez River, in the context of the overall water supply needs of City and the CPA Members. In addressing these concerns, the parties will consider the impact that agricultural water use is having on the City's water quantity and water quality, as well as the water quantity and water quality concerns associated with Cachuma Project impacts, if any, on agricultural lands in the Lompoc Plain. The negotiations shall include consideration of "physical solutions," as that term is used in California law, that would maximize mutual benefits and minimize the adverse impacts on any individual party.

(b) For purposes of this Agreement, the phrase "negotiate in good faith" shall mean a willingness to engage in open and frank discussions concerning the substantive issues identified in paragraph 1(a) of this Agreement, in an attempt to resolve them, in accordance with the procedural framework set forth herein. In no event shall failure of City and Authority to reach agreement on any issue be evidence of failure to negotiate in good faith.

(c) The obligations of Authority and City to negotiate in good faith pursuant to this Agreement shall not include any duty to fund any technical studies or analyses, it being understood by the parties that the funding and definition of the scope of technical studies, if any, would be the responsibility of the party proposing such study, unless otherwise provided by separate agreement between the parties.

2. Appointment of Technical and Policy Committees.

Concurrent with the approval of this Agreement, City and Authority shall each appoint (i) a Technical Committee of no more than 5 members for each party to undertake the negotiations contemplated in this Agreement; and (ii) a Policy

Committee consisting of no more than 2 elected officials for each party which shall meet from time to time as agreed by the parties.

3. Initial Meeting.

The initial meeting of the Technical Committees representing City and Authority shall be held within 60 days of the date of this Agreement. At the initial meeting, City's Technical Committee shall be prepared to describe, in detail, the City's water quantity and water quality concerns associated with the Cachuma Project's impacts, if any, on the Santa Ynez River and on agricultural lands in the Lompoc plain. To the maximum degree feasible, City shall include in this initial meeting a quantification of the amount of supplemental water supplies which City believes it needs.

4. Subsequent Meetings.

The Technical Committees shall meet at least once per month. The Policy Committees shall meet on a schedule to be adopted by mutual agreement of the parties.

5. Deadline.

The parties will attempt to reach agreement by February 7, 1994; provided that the parties may extend this deadline by written agreement signed by the parties.

6. Reservation of Rights.

Nothing in this Agreement shall be construed as an admission or waiver, express or implied, or shall otherwise result in prejudice to either party with respect to any issue addressed herein including, but not limited to, all issues relating to the right to negotiate an extension or renewal of the Master Contract and the right to act

as lead agency in connection with such actions. City reserves its right, absent a final agreement with CPA, to challenge any and all actions associated with the assignment and Master Contract renewal.

7. Environmental Review.

Any environmental review associated with any agreement reached pursuant to the negotiations contemplated herein will, to the maximum degree possible, incorporate the environmental review being undertaken with respect to the Master Contract renewal; and the parties will attempt to avoid delay in the completion of the environmental review being undertaken with respect to the Master Contract renewal.

8. Arbitration.

If there is a dispute as to whether either party has "negotiated in good faith" as defined in this Agreement, the dispute may, at the request of either party, be submitted to a panel of three (3) arbitrators, whose determination on the issue of good faith shall be advisory only. The panel of arbitrators shall be selected as follows: Authority and City shall each select one arbitrator and the two arbitrators so selected shall mutually agree upon and appoint a third arbitrator. This arbitration provision is intended to apply only to the issue of whether a party has "negotiated in good faith." All costs associated with the arbitration, other than the cost of legal and technical consultants, shall be borne equally by the parties.

9. Conditions Precedent.

The rights and obligations of Authority and City under this Agreement shall be subject to Agency execution of the Cooperative Agreement in the form

proposed by Authority, which action shall be an express condition precedent to the effectiveness of this Agreement.

10. Action by CPA Members.

At the sole election of Authority, the obligations to negotiate with City specified in this Agreement may be undertaken and discharged by each of the CPA Members rather than by the Authority.

CITY OF LOMPOC

Attest:

[Handwritten Signature]

By: *[Handwritten Signature]*

Title: *Mayor*

CACHUMA PROJECT AUTHORITY

Attest:

[Handwritten Signature]

By: *[Handwritten Signature]*

Title: *Chair*