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 Rev. SCC 10/24-2001
 Rev. SCC 12/11-2001
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 Rev. SCC 02/26-2002
 Rev. SCC 04/25-2002
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 Rev. SCC 12/03-2002
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 Contract No.
 14-06-200-5222R

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

CONTRACT FOR THE TRANSFER
OF THE OPERATION AND MAINTENANCE
OF THE CACHUMA TRANSFERRED PROJECT WORKS

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3 UNITED STATES
4 DEPARTMENT OF THE INTERIOR
5 BUREAU OF RECLAMATION
6 Cachuma Project, California

7 CONTRACT FOR THE TRANSFER OF
8 THE OPERATION AND MAINTENANCE OF THE
9 CACHUMA TRANSFERRED PROJECT WORKS

10 THIS CONTRACT, made this 1st day of March, 2003, in

11 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereto,
12 including but not limited to Sections 5 and 7 of the Act of August 13, 1914 (38 Stat. 686), and
13 Subsection G of the Second Deficiency Appropriation Act for 1924, Fact Finders' Act, Act of
14 December 5, 1924, (43 Stat. 672), (collectively referred to as "the Federal Reclamation laws"),
between the UNITED STATES OF AMERICA, ("United States"), acting through the Regional
Director, Mid-Pacific Region, Bureau of Reclamation, ("Contracting Officer"), and the
17 CACHUMA OPERATION AND MAINTENANCE BOARD, ("Contractor") a California Joint
18 Powers Authority established by agreement of the Carpinteria Valley Water District, the
19 Montecito Water District, the Goleta Water District, the City of Santa Barbara, and the Santa
20 Ynez River Water Conservation District, Improvement District No. 1, ("Member Units"), duly
21 organized, existing, and acting under the laws of the State of California, with its principal place
22 of business in Santa Barbara, California.

23 EXPLANATORY RECITALS

24 A. The United States has constructed the Cachuma Project ("Project"), for diversion,
25 storage, carriage, and distribution of waters of the Santa Ynez River and its tributaries for
irrigation, municipal, industrial, domestic, and other beneficial uses.

28 B. On September 12, 1949, the United States executed Contract No. I75r-1802 with
29 the Santa Barbara County Water Agency, ("Agency"), for a water supply from the Cachuma
30 Project for the use and benefit of its Member Units then the City of Santa Barbara, the Goleta
31 Water District, the Montecito Water District, the Summerland Water District, the Carpinteria
32 County Water District, and the Santa Ynez River Water Conservation District (collectively, "the
Original Member Units"), with which the Agency entered into Member Unit Contracts.

33 C. Contract No. I75r-1802 contemplated that the United States would operate and
34 maintain the Project Works.

35 D. On February 24, 1956, the United States, the Original Member Units, and the
36 Agency entered into Contract No. 14-06-200-5222, ("O&M Contract"), which provides for the
transfer of Operation and Maintenance of Transferred Project Works to the Original Member
Units.

39 E. The O&M Contract has been amended by Amendatory Contracts dated
40 November 5, 1971, October 3, 1978, April 28, 1988, May 12, 1995, September 24, 2001,
41 January 1, 2002, July 1, 2002, and November 1, 2002.

42 F. On April 14, 1996, the United States and the Agency, for the benefit of the
43 Member Units, executed Contract No. I75r-1802R providing for long term renewal of the
44 contract for water supply from the Cachuma Project and for successive renewals.

45 G. The Agency has executed Member Unit renewal contracts with each Member
46 Unit.

H. To resolve a dispute between the parties regarding the term of the O&M
48 Agreement, as amended on May 12, 1995, on September 24, 2001, the United States and the
49 Contractor executed Contract No. 14-06-200-5222IR1, which provides for the Contractor to
50 continue the Operation and Maintenance of the Transferred Project Works, until December 31,
51 2001, Contract No. 14-06-200-5222IR2, which provides for a continuation of the Operation and
52 Maintenance of the Transferred Project Works by the Contractor until June 30, 2002, and
53 Contract No. 14-06-200-5222IR3, which provides for a continuation of the Operation and
54 Maintenance of the Transferred Project Works by the Contractor until October 31, 2002, and
55 Contract No. 14-06-200-5222IR4, which provides for a continuation of the Operation and
56 Maintenance of the Transferred Project Works by the Contractor until February 28, 2003.

I. The protocols for the Operation and Maintenance of the Transferred Project
Works are described in the "Standing Operating Procedures for the South Coast Conduit System
59 and Tecolote Tunnel, issued February 1981, as revised March, 2002," and the "Designer's
60 Operating Criteria South Coast Conduit and Appurtenance Control Stations and Reservoirs
61 issued August 1954," including but not limited to, any future revisions to these documents.

J. The Operation and Maintenance of the Transferred Project Works by the
63 Contractor has been satisfactory, and it is anticipated that continued Operation and Maintenance
64 of the Transferred Project Works by the Contractor will be satisfactory.

K. It is deemed to be in the best interest of the United States and the Contractor that
66 Operation and Maintenance of the Transferred Project Works by the Contractor continue.

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

70 DEFINITIONS

71 1. When used herein, unless otherwise differently expressed, or manifestly
72 incompatible with the intent of the term:

73 (a) "Secretary" or "Contracting Officer" shall mean the Secretary of the
74 United States Department of the Interior or duly authorized representative;

75 (b) "Project Works" shall mean all Cachuma Project facilities, appurtenances,
76 and property;

77 (c) "Transferred Project Works" shall mean those facilities, appurtenances,
78 and property described in the attached Exhibit "A," consisting of the Tecolote Tunnel and the
79 South Coast Conduit System; related in-line control facilities, turnouts, and measuring devices;
80 equalizing reservoirs, associated water level control devices, and water level recording
81 instruments and appurtenant structures; except as otherwise provided within the Water
82 Improvement Agreement No. 1-07-20-X0200 entitled "Cooperative Agreement for Additions
83 and Alterations to the South Coast Conduit, Carpinteria Section," dated June 26, 1981, as
84 amended April 16, 2002;

85 (d) "Fiscal Year" shall mean the period from and including the first day of
86 July of each calendar year through the last day of June of the following calendar year;

87 (e) "Project Water Rights" shall mean the water right permits and licenses
88 issued for the Cachuma Project pursuant to State law together with all orders of the California

89 State Water Resources Control Board directed to, or binding upon, the permittee or licensee with
respect to the Cachuma Project;

90 (f) "Operation and Maintenance" shall mean the complete normal and
91 reasonable care, control, operation, repair, replacement, and maintenance, of the Transferred
92 Project Works, including items of work for disaster relief and assistance as described in Title 44
93 Code of Federal Regulations (CFR), Subpart H, commencing with Section 206.220.

94 TERM OF CONTRACT

95 2. This Contract shall be effective as of the date recited on page one of this Contract
96 and shall remain in effect through September 30, 2020, the date on which Contract
97 No. I75r-1802R expires.

98 OPERATION AND MAINTENANCE OF TRANSFERRED PROJECT WORKS--
99 PAYMENT OF MISCELLANEOUS COSTS

100 3, (a) Title to the Transferred Project Works shall remain with the United States
101 unless and until the Congress of the United States provides otherwise.

102 (b) The Contractor, without expense to the United States, shall care for,
103 operate, and maintain such Transferred Project Works in full compliance with the terms of this
104 Contract, and in such manner that said Transferred Project Works remain in good and efficient
105 condition.

106 (c) Necessary repairs of the Transferred Project Works shall be made
107 promptly by the Contractor. In case of unusual conditions or serious deficiencies in the care,
108 Operation, and Maintenance of the Transferred Project Works threatening or causing interruption
109 of water service, the Contracting Officer may issue to the Contractor a special written notice of
110 the necessary repairs. Within sixty (60) days of receipt of such notice, the Contractor shall either
111 make the necessary repairs or submit a plan acceptable to the Contracting Officer for
112 accomplishing said repairs. If the Contractor fails to do either within sixty (60) days of receipt of
113 said notice, the Contracting Officer may cause the repairs to be made, and the cost thereof shall
114 be paid by the Contractor as directed by the Contracting Officer.

116 (d) The Contractor shall not make any substantial changes in the Transferred Project Works without first obtaining written consent of the Contracting Officer.

117 (e) In the event the Contractor is found to be operating the Transferred Project
118 Works or any part thereof in violation of this Contract, then, upon the election of the Contracting
119 Officer, the United States may take over from the Contractor the care, Operation, and
120 Maintenance of the Transferred Project Works by giving written notice to the Contractor of such
121 election and the effective date thereof. Thereafter, during the period of operation by the United
122 States, upon notification by the Contracting Officer, the Contractor shall pay to the United States,
123 annually in advance, the cost of Operation and Maintenance of the works as determined by the
124 Contracting Officer. Following written notification from the Contracting Officer, the care,
125 Operation, and Maintenance of the Transferred Project Works may be retransferred to the
126 Contractor.

127 (f) In addition to all other payments to be made by the Contractor under this
128 Contract, the Contractor shall reimburse to the United States, following the receipt of a statement
129 from the Contracting Officer, all miscellaneous costs incurred by the United States for unusual
130 work involved in the administration and supervision of this Contract.

131 TRANSFER OF OPERATION AND MAINTENANCE

132 4. (a) Any future transfer of additional Project Works shall be done only at the
133 request of the Contractor pursuant to 43 U.S.C. Section 499a and such rules and regulations
134 promulgated under this Section.

135 (b) If at any time the Contracting Officer determines that the Contractor
136 has failed to comply with any provisions of this Contract or any applicable directives issued by the
137 Contracting Officer, the Contracting Officer may, upon giving sixty (60) days advance written notice
138 provide the Contractor an opportunity to cure and to continue with the responsibility for Operation
139 and Maintenance of all or any part of the Transferred Project Works.

140 (c) The Contracting Officer, at the request of the Contractor, shall transfer
141 title to any and all tools, vehicles, supplies, and equipment owned by the United States and
142 historically used for the Operation and Maintenance of the Transferred Project Works as noted

on the property records maintained by the United States for the Transferred Project Works. Title shall be to transfer personal property only; no title to real property shall transfer to the Contractor under this Contract.

LIABILITY

5. (a) The Contractor shall hold harmless the United States, its officers, agents, and employees from legal liability for damages of any nature whatsoever arising out of any actions or omissions by the respective officers, agents, and employees of the Contractor related to the Operation and Maintenance of the Transferred Project Works since February 24, 1956, where such liability is caused by an error or omission of the respective officers, agents, or employees of the Contractor.

(b) Within thirty (30) days of receipt by either party of any claim for liability arising from actions within the scope of this Contract, the party receiving the claim shall notify the other party of such claim and provide a copy of the claim to the other party, if it is in written form. Nothing in this Article shall be construed to limit the right of either party to assert such affirmative defenses and file such cross complaints as may be appropriate in relation to any claim affecting the liability of such party.

ADMINISTRATION OF FEDERAL PROJECT LANDS

6. (a) The lands and rights-of-way acquired and needed by the United States for the purposes of care, Operation and Maintenance of Project Works may be used by the Contractor for such purposes. The Contractor shall ensure that no unauthorized encroachment occurs on Transferred Project Works. The Contractor shall not issue rights-of-way across Project land, issue land rights to Project lands, or issue leases, licenses, permits, or special use agreements involving Project lands, rights-of-way, or Transferred Project Works. All such land use instruments shall only be issued by the Contracting Officer.

(b) In the event the Contractor has exhausted its effort to remedy an

168 unauthorized encroachment, the Contracting Officer and the Contractor shall consult to develop
169 and implement an appropriate plan of action.

(c) Although the Contractor does not have the authority to issue any land use

170 instrument that conveys an interest in real property, nor to lease or dispose of any interest of the
171 United States, the Contractor may, subject to the written approval of the Contracting Officer,
172 issue permits, licenses, or similar land use instruments only to the extent they do not grant an
173 interest in the real property.
174

(d) Before issuance of any land use instrument or agreement, the Contracting

175 Officer shall consult with the Contractor and shall consider any reasonable provisions requested
176 by the Contractor for inclusion in such land use instrument or agreement.
177

OVERSIGHT AND PARTICIPATION

178 7. (a) Provided the Contractor has adequate notice thereof, the Contractor shall

181 review and where appropriate comment on preliminary and final development plans,
182 environmental documents, and other documents which affect the Transferred Project Works. A
183 copy of the Contractor's comments shall be provided to the Contracting Officer.

(b) When appropriate, the Contractor shall participate with city, county, state,

185 and Federal governments, or governmental groups and private concerns in meetings, hearings,
186 and other activities affecting the Transferred Project Works.

DELIVERY OF WATER BY THE CONTRACTOR

188 8. (a) The Contractor shall, when operating and maintaining the Transferred

189 Project Works or any part thereof, perform all valid obligations of the United States pertaining to

191 the transportation, storage, and delivery of water from, through, or by such Transferred Project
192 Works.

193 (b) Prior to the Contracting Officer entering into, renewing, amending, or
194 consenting to the assignment of any water service or conveyance contract, including contracts
195 granted under the Warren Act, but not including Contract No. I75r-1802R or any renewal
196 thereof, with any other contractor who is to receive water via the Transferred Project Works, the
197 Contracting Officer shall provide the Contractor the opportunity to review and comment upon
198 the draft of such contract, or consent to the assignment and shall include in any such contract or
199 consent to the assignment (and in accordance with Article 18) one or more provisions requiring
200 such other contractor to pay to the Contractor an appropriate share of the costs of Operation and
201 Maintenance of the Transferred Project Works pursuant to Article 3 above.

202 EXAMINATION AND INSPECTION OF TRANSFERRED PROJECT WORKS FOR
203 DETERMINING ADEQUACY OF OPERATION AND MAINTENANCE

204 9. (a) The Contracting Officer may, from time to time, examine the Contractor's
205 books, records, and reports, and the Transferred Project Works being operated by the Contractor
206 to assist the Contractor in determining the condition of the Transferred Project Works, and the
207 adequacy of the operation, maintenance, and dam safety programs and the contingency's reserve
208 fund. The Contracting Officer may examine any or all of the Transferred Project Works which
209 were constructed by the United States and transferred to the Contractor, or Transferred Project
210 Works which were constructed by the Contractor with funds advanced or reimbursed by the
United States.

(b) The Contracting Officer may, or the Contractor may request the

212 Contracting Officer to, conduct special inspections of any Transferred Project Works being
213 operated by the Contractor and special audits of the Contractor's books and records to ascertain
214 the extent of any Operation and Maintenance deficiencies, to determine the remedial measures
215 required for their correction, and to assist the Contractor in solving specific problems. Except in
216 an emergency, any special inspection or audit shall be made only after written notice thereof has
217 been delivered to the Contractor by the Contracting Officer.

(c) The Contractor shall provide access to the Transferred Project Works,
218 operate any mechanical or electrical equipment, and be available to assist in the examination,
219 inspection, or audit.
220

(d) The Contracting Officer shall prepare reports based on the examinations,
221 inspections, or audits, and furnish copies of such reports and any recommendations to the
222 Contractor.
223

(e) The Contractor shall reimburse the actual cost incurred by the United
224 States in making Operation and Maintenance examinations, inspections, and audits, and
225 preparing associated reports and recommendations.
226

(f) The Contracting Officer may provide the State an opportunity to observe
227 and participate, at its own expense, in the examinations and inspections. The State may be
228 provided copies of reports and any recommendations relating to such examinations and
229 inspections.
230

232 (g) The Contracting Officer shall provide to the Contractor copies of reports
and recommendations relating to such examinations and inspections provided by the State.

233 RECORDS

234 10. (a) The Contracting Officer and the Contractor shall each set up and maintain
235 separate, adequate, and appropriate financial records and books of account in accordance with
236 generally accepted accounting principles for their respective expenditures related to the Project.
237 The records and books of account shall be subject at all reasonable times to inspection,
238 examination, copying, or audit by the Contracting Officer and by authorized representatives of
239 the Contractor. The Contracting Officer and the Contractor shall preserve and make available
240 their respective financial records and books of account relating to the Project until the later of
241 either (i) the final disposition of any litigation or settlement of claims arising out of performance
under this Contract, or (ii) the expiration of any retention period agreed upon by the parties.

243 (b) The Contracting Officer and the Contractor shall each maintain records of
244 Operation and Maintenance activities with regard to the Transferred Project Works under their
245 respective control. Such records shall be made available to the Contracting Officer and the
246 Contractor. The Contracting Officer shall make available to the Contractor, without charge,
247 copies of those Operation and Maintenance records in the possession of the United States at the
248 time this agreement is executed, and any revisions or modifications to those records subsequent
249 to such execution. The Contracting Officer shall also make available to the Contractor, without
250 charge, any plans, drawings, photographs, records, or other documents relating to the Project,
251 which the Contracting Officer determines will no longer be maintained by the United States.

RULES AND REGULATIONS

253 11. The Contracting Officer, after providing the Contractor an opportunity for review
254 and comment, may promulgate rules and regulations to implement this Contract. Such rules and
255 regulations shall be consistent with the laws of the United States and the applicable laws of the
256 State of California. The Contractor shall observe such rules and regulations.

OTHER AGREEMENTS

258 12. (a) The Contractor shall deliver water through the Transferred Project Works
259 for the benefit of the Carpinteria Valley Water District, Montecito Water District, Goleta Water
260 District, City of Santa Barbara, and the Santa Ynez River Water Conservation District,
261 Improvement District No. 1, in accordance with the agreements listed in Exhibit "B" as such
262 agreements currently exist and as they may be amended in the future.

(b) The Contracting Officer shall consult with the Contractor and the
264 Contractor shall be given a reasonable opportunity to review and comment on contracts affecting
265 the operation or condition of the Project Works which have a term of one (1) year or more or
266 which otherwise require Solicitor review.

CERTIFICATION OF NONSEGREGATED FACILITIES

268 13. The Contractor hereby certifies that it does not maintain or provide for its
269 employees any segregated facilities at any of its establishments, and that it does not permit its
270 employees to perform their services at any location, under its control, where segregated facilities
271 are maintained. It certifies further that it will not maintain or provide for its employees any
272 segregated facilities at any of its establishments, and that it will not permit its employees to
273 perform their services at any location, under its control, where segregated facilities are
274 maintained. The Contractor agrees that a breach of this certification is a violation of the Equal
275 Opportunity clause in this Contract. As used in this certification, the term "segregated facilities"
276 means any waiting rooms, work areas, restrooms, and washrooms, restaurants and other eating

277 areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking
278 fountains, recreation or entertainment areas, transportation, and housing facilities provided for
279 employees which are segregated by explicit directive or are in fact segregated on the basis of
280 race, creed, color, or national origin, because of habit, local custom, or otherwise. The
281 Contractor further agrees that (except where it has obtained identical certifications from proposed
282 subcontractors for specific time periods) it will obtain identical certifications from proposed
283 subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from
284 the provisions of the Equal Opportunity clause; that it will retain such certifications in its files;
285 and that it will forward the following notice to such proposed subcontractors (except where the
286 proposed subcontractors have submitted identical certifications for specific periods).

287 CHANGES IN CONTRACTOR'S ORGANIZATION

288 14. While this Contract is in effect, no change may be made in the Contractor's
289 organization, by inclusion or exclusion of lands, dissolution, consolidation, merger, or otherwise,
290 except upon the Contracting Officer's written consent.

291 CLEAN AIR AND WATER

292 15. (a) Consistent with Article 16, the Contractor agrees as follows:

293 (1) To comply with all the requirements of Section 114 of the Clean
294 Air Act, as amended (42 U.S.C., 1857 et seq., as amended by Public Law 91-604) and Section
295 308 of the Federal Water Pollution Control Act (33 U.S.C., 1251 et seq., as amended by Public
296 Law 92-500), respectively, relating to inspection, monitoring, entry, reports, and information, as
297 well as other requirements specified in Section 114 and Section 308 of the Air Act and the Water
298 Act, respectively, and all regulations and guidelines issued thereunder before the execution of
299 this Contract.

300 (2) That no portion of the work required by this Contract will be
301 performed in a facility listed on the Environmental Protection Agency List of Violating Facilities
302 on the date when this Contract was executed unless and until the EPA eliminates the name of
303 such facility or facilities from such listing.

304 (3) To use its best efforts to comply with clean air standards and clean
305 water standards at the facility where the contract work is being performed.

306 (4) To insert the substance of the provisions of this Article into any
307 nonexempt subcontract, including this paragraph (a)(4).

(b) The terms used in this Article have the following meanings:

309 (1) The term "Air Act" means the Clean Air Act, as amended (42
310 U.S.C. 1857 et seq., as amended by Public Law 91-604).

311 (2) The term "Water Act" means Federal Water Pollution Control Act,
312 as amended (33 U.S.C. 1251 et seq., as amended by Public Law 92-500).

313 (3) The term "clean air standards" means any enforceable rules,
314 regulations, guidelines, standards, limitations, orders, controls, prohibitions, or other
315 requirements which are contained in, issued under, or otherwise adopted pursuant to the Air Act
316 or Executive Order 11738, an applicable implementation plan as described in Section 110(d) of
317 the Clean Air Act [42 U.S.C. 1857c-5(d)], an approved implementation procedure or plan under
318 Section 111(c) or Section 111(d), respectively, of the Air Act [42 U.S.C. 1857c-6(c) or (d)], or an
319 approved implementation procedure under Section 112(d) of the Air Act [42 U.S.C. 1857c-7(d)].

320 (4) The term "clean water standards" means any enforceable
321 limitation, control, condition, prohibition, standard, or other requirement which is promulgated
322 pursuant to the Water Act or contained in a permit issued to a discharger by the Environmental
323 Protection Agency or by a State under an approved program, as authorized by Section 402 of the
324 Water Act (33 U.S.C. 1342), or by local government to ensure compliance with pretreatment
325 regulations as required by Section 307 of the Water Act (33 U.S.C. 1317).

326 (5) The term "comply" means compliance with clean air or water
327 standards. Comply shall also mean compliance with a schedule or plan ordered or approved by a
328 court of competent jurisdiction, the Environmental Protection Agency or an air or water pollution
329 control agency in accordance with the requirements of the Air Act or Water Act and regulations
330 issued pursuant thereto.

331 (6) The term "facility" means any building, plant, installation,
332 structure, mine, vessel, or other floating craft, location or site of operations, owned, leased, or
333 supervised by a contractor or subcontractor, to be utilized in the performance of a contract or
334 subcontract. Where a location or site of operations contains or includes more than one building,
335 plant, installation, or structure, the entire location or site shall be deemed to be a facility except
336 where the Director, Office of Federal Activities, Environmental Protection Agency, determines
337 that independent facilities are collocated in one geographical area.

QUALITY OF WATER

339 16. The Operation and Maintenance of the Transferred Project Works shall be
340 performed in such manner as is practicable to maintain the quality of raw water made available
341 through such facilities at the highest level reasonably attainable as determined by the Contracting
342 Officer. The United States does not warrant the quality of water and is under no obligation to
343 construct or furnish water treatment facilities to maintain or better the quality of water.

CHARGES FOR DELINQUENT PAYMENTS

345 17. (a) The Contractor shall be subject to interest, administrative, and penalty
346 charges on delinquent installments or payments. When a payment is not received by the due
347 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
348 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
349 administrative charge to cover additional costs of billing and processing the delinquent payment.
350 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
351 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the
352 due date. Further, the Contractor shall pay any fees incurred for debt collections services
353 associated with a delinquent payment.

354 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
355 in the Federal Register by the Department of the Treasury for application to overdue payments,
356 or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project
357 Action of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due
358 date and remain fixed for the duration of the delinquent period.

359 (c) When a partial payment on a delinquent account is received, the amount
360 received shall be applied first, to the penalty, secondly to the administrative charges, third to the
361 accrued interest, and finally to the overdue payment.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

363 18. The provisions of this Contract shall apply to and bind the successors and assigns
364 of the respective parties, but assignment or transfer of this Contract by the Contractor, or any part
365 thereof, or interest therein, shall not be valid unless and until approved by the Contracting
366 Officer in writing. Any waiver at any time by any party to this Contract of its rights with respect

to a default, or any other matter arising in connection with this Contract, shall not be deemed to be a waiver with respect to any subsequent default or matter.

369 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

370 19. The expenditure or advance of any money or the performance of any obligation of
371 the United States under this Contract shall be contingent upon appropriation or allotment of
372 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
373 obligations under this Contract. No liability shall accrue to the United States in case funds are
374 not appropriated or allotted.

375 OFFICIALS NOT TO BENEFIT

376 20. No Member of or Delegate to Congress, Resident Commissioner, or official of the
377 Contractor shall benefit from this Contract other than as a water user or landowner in the same
378 manner as other water users or landowners.

379 WATER AND AIR POLLUTION CONTROL

380 21. The Contractor, in carrying out this Contract, shall comply with all applicable
? water and air pollution laws and regulations of the United States and the State of California, and
shall obtain all required permits or licenses from the appropriate Federal, State, or local
authorities.

384 ✓
385 ✓ COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

386 22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
387 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
388 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.), American Disabilities Act (P.L. 101-
389 336), and any other applicable civil rights laws, as well as with their respective implementing
390 regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of
391 Reclamation.

392 (b) These statutes require that no person in the United States shall, on the
393 grounds of race, color, national origin, handicap, age, sex, or religion, be excluded from
394 participation in, be denied the benefits of, or be otherwise subjected to discrimination under any
395 program or activity receiving financial assistance from the Bureau of Reclamation. By executing
396 this Contract, the Contractor agrees to immediately take any measures necessary to implement
397 this obligation, including permitting officials of the United States to inspect premises, programs,
398 and documents.

35
400 (c) The Contractor makes this agreement in consideration of and for the
401 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
402 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
403 Reclamation, including financial assistance, which was approved before such date. The
404 Contractor recognizes and agrees that such Federal assistance will be extended in reliance on the
405 representations and agreements made in this Article, and that the United States reserves the right
406 to seek judicial enforcement thereof.

EQUAL OPPORTUNITY

408 23. During the performance of this Contract, the Contractor agree as follows:

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

419 (2) The Contractor will, in all solicitations or advertisements for employees
420 placed by or on behalf of the Contractor state that all qualified applicants will receive
421 consideration for employment without discrimination because of race, color, religion, sex, age,
422 handicap, or national origin.

423 (3) The Contractor will send to each labor union or representative of workers
424 with which they have a collective bargaining agreement or other contract or understanding, a
425 notice, to be provided by the Contracting Officer, advising the said labor union or workers'
426 representative of the Contractor' commitments under Section 202 of Executive Order 11246 of
427 September 24, 1965, and shall post copies of the notice in conspicuous places available to
428 employees and applicants for employment.

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

432 (5) The Contractor will furnish all information and reports required by said
433 amended Executive Order and by the rules, regulations, and relevant orders of the Secretary of

437 Labor, or pursuant thereto, and will permit access to its books, records, and account by the
438 Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain
439 compliance with such rules, regulations, and orders.

443 (6) In the event of the Contractor's noncompliance with the nondiscrimination
444 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be
445 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared
446 ineligible for further Government contracts in accordance with procedures authorized in said
447 amended Executive Order, and such other sanctions may be imposed and remedies invoked as
448 provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as
449 otherwise provided by law.

450 (7) The Contractor will include the provisions of paragraphs (1) through (7) in
451 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
452 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
453 provisions will be binding upon each subcontractor or vendor. The Contractor will take such
454 action with respect to any subcontract or purchase order as may be directed by the Secretary of
455 Labor as a means of enforcing such provisions, including sanctions for noncompliance:
456 Provided, however, That in the event the Contractor becomes involved in, or is threatened with
457 litigation with a subcontractor or vendor as a result of such direction, the Contractor may request
458 the United States to enter into such litigation to protect the interests of the United States.

459 NOTICES

460 24. (a) Any notice, demand, or request authorized or required by this Contract shall
461 be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
462 delivered to the Area Manager, South-Central California Area Office, Bureau of Reclamation,
463 1243 N Street, Fresno, California 93721, and on behalf of the United States, when mailed,
464 postage prepaid, or delivered to the General Manager, Cachuma Operation and Maintenance
465 Board, 3301 Laurel Canyon Road, Santa Barbara, California 93105-2017. The designation of
466 the addressee or the address may be changed by notice given in the same manner as provided in
467 this Article for other notices.

462 With a copy to:

463 Carpinteria Valley Water District
464 P.O. Box 578 (93013-0578)
465 1301 Santa Ynez Avenue
466 Carpinteria, California 93014
467 - Facsimile No.: (805) 684-3170

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467
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471
Goleta Water District
4699 Hollister Avenue
Goleta, California 93110-1999
- Facsimile No.: (805) 964-7002

472
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476
Montecito Water District
P.O. Box 5037
583 San Ysidro Road (93108)
Montecito, California 93150-5037
- Facsimile No.: (805) 969-7261

477
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481
City of Santa Barbara
630 Garden Street (93101)
P.O. Box 1990
Santa Barbara, California 93102-1990
- Facsimile No.: (805) 564-5467

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Santa Ynez River Water Conservation District
Improvement District No. 1
P.O. Box 157
3622 Sagunto Street
Santa Ynez, California 93460-0157
- Facsimile No.: (805) 688-3078

488
489
COUNTERPARTS

489 25. This Contract may be executed in separate counterparts, each of which when so
490 executed and delivered shall be an original, but all such counterparts shall together constitute but
491 one and the same instrument.

492
CONTINGENCY RESERVE FUND

493 26. The Contractor shall provide to Reclamation on or before December 31 of
494 each year, an annual statement of each Member Unit's contingency reserve fund that would be
495 available to meet costs incurred during periods of special stress caused by damaging droughts,
496 storms, earthquakes, floods, or other emergencies threatening or causing interruption of water

497 service. Each Member Unit's contingency reserve fund shall be deposited in a Federally insured
498 interest or dividend bearing account, in securities guaranteed by the Federal Government, or in
499 the local agency investment fund of the State of California or a similar account approved by the
500 Contracting Officer. When combined, the total of the Member Unit's contingency reserve fund
501 accounts shall be no less than \$100,000. If in any year the combined total falls below \$100,000,
502 as shown on the December 31 accounting, the difference must be made up by December 31 of
503 the following year.

504 CONTAMINATION OR POLLUTION OF FEDERAL PROPERTY

505 27. (a) The Contractor shall not allow contamination or pollution of Federal
506 project lands, project waters, or project works of the United States or administered by the United
507 States and for which the Contractor has the responsibility for care, operation, and maintenance by
508 its employees or agents. The Contractor shall also take reasonable precautions to prevent such
509 contamination or pollution by third parties.

510 (b) The Contractor shall comply with all applicable Federal, State, and local
511 laws and regulations and Reclamation policies and instructions existing, or hereafter enacted or
512 promulgated, concerning any hazardous material that will be used, produced, transported, stored,
513 or disposed of on or in said Federal project lands, project waters, or project works.

514 (c) "Hazardous material" means any substance, pollutant, or contaminant
515 listed as hazardous under the Comprehensive Environmental Response, Compensation, and
516 Liability Act of 1980, as amended, 42 U.S.C. § 9601, *et seq.*, and the regulations promulgated
517 pursuant to that Act. In addition, hazardous material shall include thermal pollution, refuse,
518 garbage, sewage effluent, industrial waste, petroleum products, mine tailings, mineral salts,
519 misused pesticides, pesticide containers, or any other pollutants.

520 (d) Upon discovery of any event which may or does result in contamination or
521 pollution of said Federal project lands, water, or project works, the Contractor shall initiate
522 emergency measures to protect health and safety and the environment if necessary and shall
523 report such discovery with full details of the actions taken to the Contracting Officer. Reporting
524 shall be within a reasonable time period but shall not exceed 24 hours from the time of discovery
525 if it is an emergency and the first working day if it is a non-emergency.
526

527 (e) If violation of the provisions of this Article occurs and the Contractor does
528 not take immediate corrective action as determined by the Contracting Officer, the Contractor
529 may be subject to remedies imposed by the Contracting Officer, which may include termination
530 of this Contract.

531 (f) The Contractor shall be liable for the cost of full and complete remediation
532 and/or restoration of any of said Federal project lands, project waters, or project works that are
533 adversely affected as a result of such violation, and/or termination of this Contract, unless
534 otherwise agreed to by the Contracting Officer.

535 (g) Reclamation agrees to provide information necessary for the Contractor,
536 using reasonable diligence, to comply with the provisions of this Article.

537 EMERGENCY ACTION PLANS AND NOTIFICATIONS

538 28. (a) The Contractor shall prepare emergency action plans for the Transferred
539 Project Works if and to the extent required by the Contracting Officer and shall furnish copies of
540 such plans to the Contracting Officer.

541 (b) The Contractor shall notify the Contracting Officer as soon as reasonably
542 practicable after initial observation by the Contractor of any event or situation which threatens
543 (1) the safety or integrity of the Transferred Project Works or (2) the well being of humans or
544 property located adjacent to the Transferred Project Works. Notwithstanding Article 24, such
545 notification shall be made telephonically or by facsimile transmission rather than by mail.

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

548

THE UNITED STATES OF AMERICA

549

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

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James E. Turner
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

By: *Art...*

Regional Director, Mid-Pacific Region
Bureau of Reclamation

CACHUMA OPERATION AND
MAINTENANCE BOARD

557

(SEAL)

558

559

By: *Jan Abel*

Jan Abel
President, Board of Directors

561

Attest:

562

563

564

By: *Robert E. Wignot*

Robert E. Wignot
Secretary of the Board

565

Approved as to Form

566

567

568

By: *William H. Hair*

William H. Hair
General Counsel

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By: *Clyde E. Wullbrandt*

Clyde E. Wullbrandt
Special Counsel

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(I:\1-13-03-achumao&m.wpd)

EXHIBIT A
CONTRACT NO. 14-06-200-5222R
TRANSFERRED PROJECT WORKS

TECOLOTE TUNNEL

Tecolote Tunnel¹
Appurtenant Tunnel Structures
Intake Tower
Control Station (North Portal)
Gate Chamber
Outlet Structure (South Portal)

SOUTH COAST CONDUIT SYSTEM

South Coast Conduit
Goleta Section
Carpinteria Section

Sheffield Tunnel
Glen Anne Dam and Reservoir
Lauro Dam and Reservoir
Ortega Dam and Reservoir Excluding Cover
Carpinteria Dam and Reservoir Excluding Cover

Chlorinating Works²
System Appurtenances
 Dam Outlet Works
 Control Stations, Offices and Outbuildings
 Turnouts and Wasteways
 Vent, Section Valve, Air Valve and Blowoff Structures

¹ Including all water situated within a 1,500-foot radius of the intake of the Tecolote Tunnel, together with those lands situated north of relocated State Highway No. 150, now identified as Highway No. 154, and within 1,000 feet on either side of the center line of the Tecolote Tunnel. Recreational activities are prohibited in this area per Article 3 of Contract No. 14-06-200-600 Agreement to Administer Recreational Area, dated January 12, 1953, between the United States and Santa Barbara County.

² The Chlorinating Works were retransferred by the United States and the Cachuma Operation and Maintenance Board to Carpinteria County Water District, Goleta Water District and Montecito Water District by Contract No. 14-06-200-6649 dated September 19, 1957, and remain the responsibility of these Districts in accordance with said Contract.

EXHIBIT B

1. On May 15, 1995, Contract No. I75r-1802R, entitled Contract Between the United States and Santa Barbara County Water Agency Providing for Water Service from the Project on Behalf of the Member Units was executed on April 14, 1996. The Contract is effective May 15, 1995, through September 30, 2020.
2. On July 25, 1995, the United States entered into a Contract for the Storage and Conveyance of Non-Project Water Between the United States and the Central Coast Water Authority for the use of the Bradbury Dam, Lake Cachuma, Tecolote Tunnel, Lauro Reservoir, and the South Coast Conduit facilities
3. On June 26, 1981, as amended, the United States and the Carpinteria County Water District entered into Cooperative Agreement No. 1-07-20-X0200, which provides for the additions and alterations to the South Coast Conduit, Carpinteria Section.
4. On August 15, 1973, a Joint Powers Agreement was entered into between the Carpinteria County Water District ("Carpinteria Valley Water District"), Montecito County Water District ("Montecito Water District"), and the Summerland County Water District to Treat Water.
5. On April 18, 1957, as amended March 6, 1958, July 3, 1967, and July 1, 1970, the parties to the Joint Powers Agreement dated August 1973 entered into an agreement between the Goleta County Water District and the City of Santa Barbara entitled Agreement for the Installation, Construction and Operation and Maintenance of Facilities to Control the Taste and Odor of the Cachuma Lake Water and to Pump Cachuma Lake Water into the North Portal of the Tecolote Tunnel.