

**SETTLEMENT AGREEMENT BETWEEN
CACHUMA CONSERVATION RELEASE BOARD,
SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,
SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
IMPROVEMENT DISTRICT NO. 1, AND THE CITY OF LOMPOC,
RELATING TO OPERATION OF THE CACHUMA PROJECT**

This Agreement is entered into this 17th day of December, 2002, by and between ,
CACHUMA CONSERVATION RELEASE BOARD ("CCRB"), a joint powers agency consisting
of the City of Santa Barbara, Montecito Water District, Goleta Water District and Carpinteria
Valley Water District ("**CCRB Members**"), **SANTA YNEZ RIVER WATER CONSERVATION
DISTRICT**, a California water conservation district ("**Santa Ynez**"), **SANTA YNEZ RIVER
WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT NO. 1**, an improvement
district of Santa Ynez ("**ID#1**"), and the **CITY OF LOMPOC**, a general law city ("**Lompoc**").

EXPLANATORY RECITALS:

A. The United States Bureau of Reclamation ("**USBR**") has constructed and is
operating the Cachuma Project as authorized by the Congress of the United States, including
Lake Cachuma impounded behind Bradbury Dam, and operates the Cachuma Project pursuant
to permits issued by the State Water Resources Control Board ("**State Board**") and, pursuant to
permits and orders of the State Board, is required to, among other things, collect certain data,
maintain essential records related to project operations, and to make releases below Bradbury
Dam for the protection of downstream water rights; and

B. CCRB Members and ID#1 have contracted with USBR through the Santa
Barbara County Water Agency for the yield from the Cachuma Project, and are collectively
referred to as "Cachuma Member Units". CCRB is established by that certain "Joint Powers

Agreement Creating Cachuma Conservation-Release Board" dated February 11, 1974, for specific purposes, including to represent the CCRB Members in promoting their common objective to maximize for beneficial use the water supply made available from the Cachuma Project; and

C. Santa Ynez, among other things, acts to represent and protect holders of water rights downstream of Bradbury Dam so that the Cachuma Project does not interfere with downstream water rights nor adversely affect water quality of the Santa Ynez River; and

D. ID#1, located downstream of Bradbury Dam and within Santa Ynez, among other things, acts to help ensure sufficient water is released so as to protect its downstream water rights, and as a Member Unit of the Cachuma Project, seeks to maximize the yield of the Cachuma Project for beneficial use within its boundaries; and

E. Lompoc, located downstream of Bradbury Dam and within Santa Ynez, acts to, among other things, help ensure that sufficient water is released so that the Cachuma Project does not interfere with its downstream water rights nor adversely affect the quality of water recharged from the Santa Ynez River; and

F. In furtherance of Order WR 94-5, by Notice dated September 25, 2000, the State Board noticed hearings concerning "Hearing to Review the US Bureau of Reclamation Water Right Permits 11308 and 11310 (Applications 11331 and 11332) to Determine Whether any Modifications in Permit Terms and Conditions are Necessary to Protect Public Trust Values and Downstream Water Rights on the Santa Ynez River below Bradbury Dam (Cachuma Reservoir) and to Consider Change Petitions for Water Rights Permits 11308 and 11310"; the first phase of which hearing concerning proposed Change in Place and Purpose of Use Petitions was conducted on November 6, 2000; and a second phase of said hearing is anticipated in the Spring of 2003 will consider whether changes in said Permit terms and conditions are necessary

to protect public trust resources and downstream water rights (said hearings herein being collectively referred to as "94-5 Hearings"); and

G. The parties to this Agreement along with others, including the California Department of Fish and Game and the United States Fish and Wildlife Service, have entered into a series of Memoranda of Understanding, the last effective December 1, 2000 ("Fish MOU"), in order to develop a consensus process to address public trust resource issues affected by the Cachuma Project. Further purposes of the Fish MOU are to implement the Lower Santa Ynez River Fish Management Plan ("FMP") and the Terms and Conditions of the United States National Marine Fisheries Service Biological Opinion ("NMFS BO") entitled "U. S. Bureau of Reclamation operation and maintenance of the Cachuma Project on the Santa Ynez River in Santa Barbara County, California", dated September 11, 2000 pursuant to Section 7 of the Endangered Species Act. Among other things, the parties to this Agreement intend by this Agreement to jointly advocate for the State Board to issue orders for the future operation of the Cachuma Project as provided at Paragraph 4 hereof; and

H. It is the desire of the parties to this Agreement to resolve actual and potential disputes which exist among them relative to the obligation of USBR to make releases from Bradbury Dam for protection of downstream water rights such that entering into Phase 2 of the 94-5 Hearings, the parties to this Agreement are in agreement that, subject to potential termination as provided at Paragraph 5 hereof, the downstream water rights holders are protected and that the State Board need not take any additional actions in protection of downstream water rights holders at this time; and

I. The parties to this Agreement, all of which have been involved in the consensus process leading to the Fish MOU to protect public trust resources, desire to coordinate the protection of public trust resources and downstream water right releases so as to provide for

protection of such public trust resources and maximize the beneficial use of water from the Santa Ynez River, all in a manner consistent with the FMP and the Terms and Conditions of the NMFS BO; and

J. In conjunction with the 94-5 Hearings, the State Board is expected to consider and certify an Environmental Impact Report which will consider the environmental effects of any changes in the terms and conditions of the Cachuma Project permits, including certain modified operations set forth in this Agreement.

EXECUTORY AGREEMENTS:

NOW, THEREFORE, in consideration of the above recitals and the mutual promises made herein, the parties to this Agreement agree as follows:

1. **Downstream Water Rights Releases**

1.1 **Support of WR 89-18.**

The parties to this Agreement agree that releases pursuant to State Board Order WR 73-37 as modified by WR 89-18 (herein collectively called "WR 89-18") and modified as provided in this Agreement will adequately protect downstream water rights and will not significantly adversely affect water quality otherwise available to downstream water right holders and collectively agree to support WR 89-18 and the modifications as provided in this Agreement before the State Board, as the appropriate mechanism for administering downstream water rights releases. The parties to this Agreement agree to advocate for, to be bound by, to comply with, and not to seek judicial challenge, of a State Board order to operate the Cachuma Project according to WR 89-18, modified as provided in this Agreement.

1.2 **Conjunctive Operation with Fish Releases.**

For purposes of operating downstream water rights releases in conjunction with releases required under the NMFS BO in a manner to reduce the impacts on

the Cachuma Project water supply, while meeting the target rearing flows required by the NMFS BO, which is an obligation of the Cachuma Project, Santa Ynez shall order downstream water rights releases pursuant to Condition 5 of WR 89-18 (modifying condition No. 5 of Permits 11308 and 11310) consistent with Exhibit "A" hereto.

1.3 Conjunctive Operation of Below Narrows Account.

In order to resolve a dispute which may exist between all or some of the parties to this Agreement as to whether and under what conditions "Curve B" may apply in lieu of "Curve A" insofar as determining Below Narrows Account ("BNA") credits as provided in Paragraph 2.2.1 of Condition 5 of WR 89-18, the parties to this Agreement agree that BNA credits shall be computed as set forth in Exhibit "B" hereto. This arrangement shall include, under circumstances described in Exhibit B, the availability of "Accumulated Drought Water Credits" from the BNA for the benefit of the Cachuma Member Units under conditions therein described.

1.4 Technical Amendments to WR 89-18.

In order to accommodate changed circumstances and in furtherance of implementation of paragraphs 1.2 and 1.3 of this Agreement, the parties to this Agreement shall jointly support the technical amendments set forth at Exhibit "C" hereto as modifications to be made to WR 89-18.

1.5 Deliveries During Releases.

The parties to this Agreement will, as provided in Exhibit D, make best efforts to maximize the delivery by the Central Coast Water Authority ("CCWA") of State Water Project (SWP) water with lower concentrations of total dissolved solids ("TDS") into the outlet works at Bradbury Dam during WR 89-18 water rights releases consistent with the NMFS BO. This will be accomplished through the commingling of SWP water with WR 89-18 water rights releases in

the outlet works of Bradbury Dam when downstream water rights releases are being made. Generally, SWP deliveries by CCWA are of lower TDS concentrations compared to water released from Lake Cachuma under WR 89-18. The objective of such commingling operations is to maximize the delivery of SWP Water to lower the TDS in the lower Santa Ynez River and at the Narrows. Such coordinated program shall be carried out as set forth in Exhibit "D" hereto.

1.6 **Subsequent Review of Conjunctive Operations.**

The conjunctive operation provisions of Paragraph 1.2, 1.3 and 1.5 will be reviewed and evaluated at the end of a ten (10) year period following this Agreement becoming effective and may thereafter be revised upon mutual agreement of Santa Ynez, ID #1, Lompoc and CCRB, with the concurrence of USBR and State Board when applicable. If a party requests a revision of this Agreement following such review, and cannot reach agreement with the other parties within 180 days of the request, the matter will then be submitted to a mediator mutually agreeable to the parties to this Agreement. If after ninety (90) days the mediation effort is unsuccessful or the parties cannot agree on a mediator, any party may then request that the State Board review the matter in the manner provided by law. In order to seek a revision, a party must demonstrate by substantial evidence that the objectives of Paragraph 1.2, 1.3 or 1.5 are not being met.

2. **Modified Winter Storm Operations.**

The parties to this Agreement support USBR's adoption and continued use of "Modified Winter Storm Operations" as described in USBR Technical Memorandum No. WR-8130-RA-TM-00-2, entitled "Risk Based Evaluation, Modified Storm Operations-Bradbury Dam", dated February, 2000 and the Santa Barbara County Water Agency report entitled "Report of Modified Storm Operations, Bradbury Dam, Cachuma Project, Santa Barbara County, California", dated December 29, 1998.

3. **Resolution of Litigation and Claims by City of Lompoc.**

3.1 Lompoc hereby waives and forever discharges USBR and the parties to this Agreement from all of its existing financial damage claims relative to impacts of the operation of the Cachuma Project upon Lompoc water rights and upon TDS of water quality in the Lompoc groundwater basin based upon: (a) alleged injury prior to the date of this Agreement, and (b) alleged injury after the date of this Agreement during such times as this Agreement is in effect and during such time as a matter related to Paragraph 1.5 has not been referred to the State Board pursuant to Paragraph 1.6.

3.2 Lompoc hereby withdraws its protest to the Cachuma Project Change in Place and Purpose of Use presented in connection with Phase 1 of the 94-5 hearings.

4. **Protection of Public Trust Resources.**

The parties to this Agreement will mutually support before the State Board in Phase 2 of the 94-5 Hearings the Terms and Conditions of the NMFS BO and the FMP as the preferred operational program for the Cachuma Project in order to address public trust resource issues.

5. **Effective Date and Termination.**

5.1 This Agreement shall be deemed effective upon the date first stated above, provided that Paragraphs 1.2, 1.3 and 1.4 shall not become effective until the State Board issues an order or adopts a decision amending the terms and conditions of the USBR's water right permits confirming that downstream water rights releases will continue to be made consistent with WR 89-18, as modified by the technical changes enumerated at Exhibit "C" hereto, without any material change.

5.2 This Agreement shall terminate and shall be of no further force and effect if (i) the State Board, following the completion of the hearing required by Order WR 94-5,

issues an order that does not require that downstream water rights releases continue to be made consistent with WR 89-18, as modified by this Agreement, without any material change, and (ii) within 90 days of finalizing any State Board order under (i), any party provides written notice to the other parties of invoking this Paragraph 5.2.

6. **Standard Provisions.**

6.1 **Notices.**

Notices may be given to the parties to this Agreement and interested entities by mailing written notice, with first class postage prepaid, as follows (except as a party may provide written notice to all of the parties to this Agreement of a change of address):

To: United States Bureau of Reclamation
Attention: Regional Water Rights Officer
2800 Cottage Way, Room E-2903, MP440
Sacramento, CA 95825

Cachuma Conservation Release Board
Attention: Manager
3301 Laurel Canyon Road
Santa Barbara, CA 93105

Santa Ynez River Water Conservation District
Attention: General Manager
P. O. Box 719
Santa Ynez, CA 93460-0719

Santa Ynez River Water Conservation District,
Improvement District No. 1
Attention: District Manager
P. O. Box 157
Santa Ynez, CA 93460

City of Lompoc
Attention: City Administrator
City Hall, 100 Civic Center Plaza
Lompoc, CA 93436

6.2 **Headings.**

The titles and headings of this Agreement are for purposes of convenience only, and shall be given no substantive meaning in interpreting this Agreement.

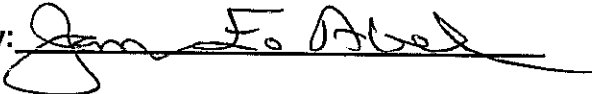
6.3 **Counterparts.**

This Agreement may be executed in counterparts and as so executed shall constitute one agreement which shall be binding on all parties to this Agreement notwithstanding that all parties to this Agreement are not signatory to the original or the same counterpart.

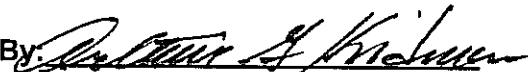
6.4 **California Law Applies.**

This Agreement shall be construed pursuant to the laws of the State of California.

CACHUMA CONSERVATION RELEASE BOARD

By: 

APPROVED AS TO FORM

By: 

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

By: _____

APPROVED AS TO FORM

By: _____

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT NO. 1

By: _____

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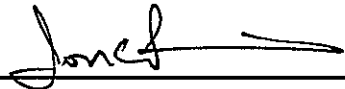
CACHUMA CONSERVATION RELEASE BOARD

By: _____


APPROVED AS TO FORM

By: _____

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

By: 

APPROVED AS TO FORM

By: 

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The titles and headings of this Agreement are for purposes of convenience only, and shall be given no substantive meaning in interpreting this Agreement.

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CACHUMA CONSERVATION RELEASE BOARD

By: _____

APPROVED AS TO FORM

By: _____

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

By: _____

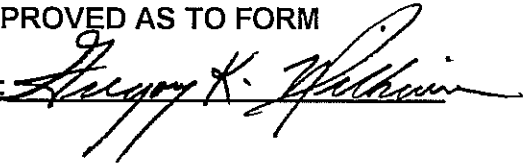
APPROVED AS TO FORM

By: _____

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT, IMPROVEMENT DISTRICT NO. 1

By: Harlan J. Benham

APPROVED AS TO FORM

By: 

CITY OF LOMPOC

By: _____


APPROVED AS TO FORM

By: _____

APPROVED AS TO FORM

By: _____

CITY OF LOMPOC

By:  _____

APPROVED AS TO FORM

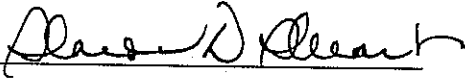
By:  _____

Exhibit A

PROCEDURES FOR CONJUNCTIVE OPERATION WITH FISH RELEASES

The purpose of operating the downstream water right releases in conjunction with the fish water releases is to reduce the impacts on the Cachuma Project water supply while meeting the target rearing flows described by the United States National Marine Fisheries Service Biological Opinion ("NMFS BO").

The downstream water right releases contributing to the conjunctive use operations consist of either releases from the Above Narrows Account or combined releases from the Above and Below Narrows Accounts. To assure that the downstream water right releases in the future (including with the Lake Cachuma surcharge) are similar to the historical practices, the following criteria are adopted:

1. Santa Ynez will cause downstream water right releases to be made that will also meet the target rearing flows in the mainstream of Santa Ynez River as required by the NMFS BO for an average of 65 days per year in years which are Designated for Water Right Releases, as described below in Paragraph 3.
2. The ten-year moving average of 65 days shall be the average of the most recent 10 years Designated for Water Right Releases. For the purpose of calculating the ten-year moving average, the initial year shall start in 1985.
3. For the purpose of the above calculations, all years are "Designated for Water Right Releases" except: (a) a year with a spill from Lake Cachuma exceeding 20,000 acre-feet; (b) a year immediately following the spill year with the spill amount exceeding 100,000 acre-feet; and (c) a year when there is less than 30,000 acre-feet of storage in Lake Cachuma.

4. To the extent water right releases are made in those years that are not Designated for Water Right Releases, then the number of days with water right releases shall be added to the next designated year.
5. In the event the ten-year moving average is calculated to be less than 65 days in a year when the storage in the Lake is less than 100,000 acre-feet (elevation 714.00 feet¹ m.s.l.), additional releases from the Above Narrows Account shall be made to meet the target rearing flows at the Hwy. 154 Bridge for the number of days necessary to raise the calculated ten-year average to 65 days. Such releases shall not be required when the storage in the Lake is more than 100,000 acre-feet (elevation 714.00 feet m.s.l.).
6. In a month when Lake Cachuma inflow is calculated by the USBR to be less than 25 acre-feet and no downstream water right releases are made in that month, releases up to 25 acre-feet from the Above Narrows Account shall be made in the following month to meet the target rearing flows required by the NMFS BO at the Hwy. 154 Bridge or Alisal Bridge, whichever is in effect. Such releases are included in the calculation of the ten-year moving average. Provisions of this paragraph do not apply when the storage in the Lake is less than 30,000 acre-feet.
7. Nothing in this Settlement Agreement or this Exhibit affects or diminishes the provision of Paragraph 1.6 of Condition 5 of SWRCB Order WR 73-37.

¹ Lake Cachuma bathymetric survey of year 2000

Exhibit B

PROCEDURES FOR CONJUNCTIVE OPERATION OF BELOW NARROWS

ACCOUNT

1. With respect to calculation of Below Narrows Account (BNA) credits as provided at Paragraph 2.2 of Condition 5 in WR 89-18, BNA credits shall be computed using the Upper Curve (Curve A) at all times and the credits are accrued to the BNA. (Curve A (Upper Curve) and Curve B (Lower Curve) herein referred to are depicted in USBR Exhibit 1, Attachment E, dated December 1, 1988, referenced in said Paragraph 2.2.)
2. When the accumulated flow at the Narrows at the beginning of a month exceeds 50,000 acre-feet for that Water Year (October 1 through September 30), the use of the Lower Curve (Curve B) is triggered for the purpose herein provided. The difference in the credit amount between the Upper and Lower Curves will be calculated in that month and each subsequent month in that Water Year and is referred to as the "Upper Curve Water" ("UCW").
3. Cachuma Member Units shall accumulate a drought water credit equal to one-half of the UCW, except as provided in Paragraph 6. Such accumulated credits shall be called the Accumulated Drought Water Credit (ADWC) and shall not exceed a total of 3,200 acre-feet.
4. The ADWC shall be reduced proportionately when there is a spill reduction in the Below Narrows Account as provided in Paragraph 2.7 of Condition 5 in WR 89-18.
5. When the storage level in Lake Cachuma is less than 100,000 acre-feet (elevation 714.00 feet¹ m.s.l.), any BNA water in Lake Cachuma up to the ADWC shall be

held and made available to the Cachuma Member Units if and when they so notify USBR while the reservoir remains below the 100,000 acre-feet (elevation 714.00 feet m.s.l.) level for the purpose of reducing Project shortages. To the extent such BNA water is used to reduce Project shortages, the ADWC shall be reduced .

6. If the BNA water in the Lake is less than the ADWC when the storage level in Lake Cachuma is less than 100,000 acre-feet (elevation 714.00 feet m.s.l.), one-half of BNA credits created while the Lake remains below the 100,000 acre-feet (elevation 714.00¹ feet m.s.l.) level shall be held and made available to the Cachuma Member Units up to the ADWC and consistent with the provisions of Paragraph 5.
7. Upon the effective date of Paragraph 1.3 of the Settlement Agreement, an amount equal to 1,500 acre-feet of the BNA water shall be credited to the Cachuma Member Units as the initial ADWC. After the effective date of Paragraph 1.3 of the Settlement Agreement, and prior to the occurrence of the first spill from Lake Cachuma the initial ADWC shall be reduced to the extent UCW is accumulated in the ADWC pursuant to Paragraph 3. In any event, with the occurrence of such first spill after the effective date of Paragraph 1.3 of the Settlement Agreement, the amount remaining in the initial ADWC shall be reduced to zero.
8. The amount of deduction from the BNA for the last five years as set forth in Paragraph 2.2.1 of Condition 5 of WR 89-18 and Attachment F of USBR Exhibit 1 referenced in Paragraph 2.2.1 is deemed to be zero.

¹ Lake Cachuma bathymetric survey of year 2000.

Exhibit C

TECHNICAL AMENDMENTS TO WR 89-18

Explanation of Technical Amendment No. 1

Since 1993, water has been released from Lake Cachuma for the purpose of studying and maintaining fish habitat in the upper part of the Santa Ynez River downstream of Bradbury Dam. As a result of such releases, a flow condition has been created in the Santa Ynez River at the San Lucas Bridge (Highway 154 bridge) and at other downstream locations. In consideration of Paragraph 1.4 of Condition 5 of SWRCB Order WR 89-18 and in consultation with Santa Ynez, the USBR moved the livestream observation in the Santa Ynez River at the San Lucas Bridge (Hwy. 154) to near the Hwy 154 crossing of San Lucas Creek (near Hwy. 154 crossing of the Santa Ynez River) in 1993. San Lucas Creek is the main tributary to the Santa Ynez River immediately upstream of the San Lucas Bridge.

As a result of fish water releases under the United States National Marine Fisheries Service Biological Opinion ("NMFS BO"), the parties have considered the proper application of Paragraph 1.4 of Condition 5 of SWRCB Order WR 89-18. The parties have agreed to the following amendments to WR 89-18:

Technical Amendment No. 1

(1.) Insert the following at the bottom of Paragraph 1.4 of Condition 5 of WR 89-18:

"In addition, fish water released for maintenance of habitat, adaptive management and passage flows in the Santa Ynez River which is in transit between Bradbury Dam and the Narrows shall not be considered to be surface flow of the Santa Ynez River. When such fish water

releases are made and flow measured in San Lucas Creek at the Highway 154 crossing is less than 0.3 cfs, the livestream in the Santa Ynez River at the San Lucas Bridge (river mile 45.7) is deemed to be non-existent."

"When fish water releases are made and there is a visible stream of water flowing on the surface of the Santa Ynez River bed at the San Lucas Bridge (river mile 45.7), at the Mission Bridge near Solvang (river mile 38), at U.S. Highway 101 Bridge near Buellton (river mile 34.31), at the Santa Rosa damsite (river mile 25.3) and at Robinson Bridge near Lompoc (river mile 12.9), the flow measured at the Narrows Gage is adjusted as provided in Attachment H to USBR Exhibit 1, dated December 1, 1988, entitled "Correlation of Flow at Narrows to Live Stream Conditions Between the Narrows and Floradale Avenue" to meet the criteria for a livestream condition.

(2.) Add a third paragraph on Page 1 of said Attachment H to Exhibit 1 of the USBR to provide as follows:

"When fish water releases are made and there is a visible stream of water flowing on the surface of the Santa Ynez River bed at the San Lucas Bridge (river mile 45.7), at the Mission Bridge near Solvang (river mile 38), at U. S. Highway 101 Bridge near Buellton (river mile 34.31), at the Santa Rosa damsite (river mile 25.3) and at Robinson Bridge near Lompoc (river mile 12.9), the flow measured at the Narrows for the current day is reduced by: (i) an amount equal to one half of fish water released from Lake Cachuma during the same day or (ii) the amount of flow measured near the Mission

Bridge (Solvang) during the same day, whichever is less. If the adjusted measured flow at the Narrows for the current day is less than zero, it is deemed to be zero. The adjusted daily flow measured at the Narrows is used as the measured flow at the Narrows for the current day in the attached tabulation. The accumulated daily flows from October 1 through the preceding day measured at the Narrows and the accumulated daily flows for the preceding ten (10) days measured at the Narrows are not adjusted for the fish releases and they are based on measured flows at the Narrows. The adjustment for the fish releases provided in this paragraph is not applicable if there is a spill from Lake Cachuma during the current day."

(3.) Amend first sentence of item (p) under Condition 6 of WR 89-18 as follows:

"(p) A record of all daily flows and quality (as measured in EC/TDS) passing the Narrows as provided by the United States Geological Survey."

(4.) Establish a measuring station on San Lucas Creek by adding the following item under Condition 6 of WR 89-18:

"(q) A record of flow in San Lucas Creek at the Highway 154 crossing."

(5.) Provide daily flows of Santa Ynez River measured near the Mission Bridge (Solvang) by adding the following item under Condition 6 of WR 89-18:

"(r) A record of all daily flows and quality (as measured in EC/TDS) measured near the Mission Bridge (Solvang) as provided by United States Geological Survey."

Explanation For Technical Amendment No. 2

As described in Paragraph 1.3 of the Settlement Agreement and its Exhibit B, the Conjunctive Operation with the Below Narrows Account is intended to resolve any issue relating to when Curve A or B as described in Paragraph 2.2.1 of Condition 5 in WR 89-18 and Attachment F of USBR Exhibit 1 should be used and the quantity of BNA water to be credited to the Project once a "trigger" for the Lower Curve is established. It is noted that this compromise continues the use of the Upper Curve for purposes of establishing BNA credits, but under certain conditions sets aside a portion of the BNA credits for the Cachuma Member Units to utilize when most needed, that is during dry conditions.

Technical Amendment No. 2

(1) Delete Paragraph 2.2.1 of Condition 5 set forth in WR 89-18 and Attachment F of USBR Exhibit 1 and modify the second paragraph in Attachment E of said USBR Exhibit 1 to provide as follows: "Curve B will not be used for the purpose of calculating the BNA credits".

(2) Add as Paragraph 2.5.1 of Condition 5

"(2.5.1) Notwithstanding Paragraph 2.5, BNA water in Lake Cachuma up to the Accumulated Drought Water Credit (ADWC) shall be made available to the Cachuma Member Units when and so long as the Lake Cachuma storage level remains below 100,000 acre-feet in accordance with the "Procedures for Conjunctive Operation of Below Narrows Account" depicted on USBR Exhibit _____, dated _____, 2003."

Explanation of Technical Amendment No. 3.

CCWA delivers SWP water to the South Coast through Lake Cachuma and Tecolote Tunnel.

Consistent with the measurements performed for the SWP deliveries, the following amendments are provided under Condition 6 of WR 89-18.

Technical Amendment No. 3

(1) Amend item (d) under Condition 6 of WR 89-18 as follows:

"(d) Daily inflow to Lake Cachuma, including underground flows, by proper computations of tunnel diversions, reservoir releases, spills, Central Coast Water Authority (CCWA) deliveries into Lake Cachuma, and change in storage."

(2) Add item under Condition 6 of WR 89-18:

"(s) Continuous records of CCWA deliveries into Lake Cachuma."

Exhibit D

PROCEDURES FOR MAXIMIZING DELIVERIES OF CCWA WATER TO LAKE CACHUMA DURING DOWNSTREAM WATER RIGHTS RELEASES

The following procedures will be undertaken:

1. On or about April 10 of each year, Santa Ynez shall provide to the USBR, CCRB, Lompoc and ID#1 a preliminary schedule estimating the number and duration of WR 89-18 water rights releases during the next twelve (12) months and indicating in which months anticipated releases will be made.
2. It is noted that SWP water is delivered to Lake Cachuma from the forebay of the Central Coast Water Authority (CCWA) Santa Ynez Pumping Plant. The pumping plant is equipped with five pumping units; only four units are required to pump the design flow of 22 cfs (5.5 cfs per pump) to Lake Cachuma and one unit is reserved as a standby pump. The present performance of the pumping units (about 7.5 cfs per pump) exceeds the design flow. Variations in the discharge rate from the pumping plant are accommodated through varying the number of pumps in operation.

CCRB Members shall request deliveries through the CCWA to maximize their deliveries of SWP water into Lake Cachuma during those months when water rights releases are scheduled as provided in Paragraph 1 above. This will be accomplished in the following manner: During the periods when downstream water rights releases are made: (i) CCRB Members through CCWA shall request deliveries of an amount of SWP water to the forebay of the Santa Ynez Pumping Plant at flow rates sufficient to ensure that at least two pumping units at the Santa

Ynez Pumping Plant are capable of delivering water to Lake Cachuma; and (ii) ID #1 shall coordinate with CCWA while preserving its scheduled deliveries of SWP water and Cachuma exchange water so as to facilitate the operation of at least two pumping units at the Santa Ynez Pumping Plant, as provided at Subparagraph (i) above.

3. The delivery of CCWA water to Lake Cachuma during downstream water rights releases, as provided for in Paragraphs 1 and 2 above, shall be subject to the following conditions:
 - A. In coordinating deliveries and water rights releases as provided for herein, CCRB Members and ID #1 shall not be required to take actions which are inconsistent with the annual quantities of SWP water and Cachuma exchange water which they otherwise would have ordered.
 - B. To the extent there is a failure in the CCWA delivery system, including the SWP facility, which prevents delivery of SWP water to Lake Cachuma, the coordination of deliveries shall not occur during the affected period and will not be made up in later periods.
 - C. The parties recognize that there is a limitation in the capacity of the CCWA pipeline to deliver SWP water to Lake Cachuma. To the extent the delivery capacity is increased in the future, such increase will enhance the deliveries of SWP water to the South Coast and at the same time should increase the amount of SWP water available for commingling when downstream water rights releases are made. In this regard, if the delivery capacity of the CCWA pipeline to the Santa Ynez Pumping Plant is

increased in the future, more than two pumping units should be available to be utilized during the WR 89-18 releases.

- D. Nothing in this Settlement Agreement or this Exhibit is intended to be inconsistent with the CCWA Water Supply Agreements.
 - E. The parties recognize that blending restrictions imposed by the NMFS BO may limit the ability to commingle SWP water with downstream water rights releases.
4. The parties agree to periodically review operations under this Exhibit D and, if necessary, CCRB Members and ID#1 will make good faith operational adjustments to maximize SWP water deliveries to Lake Cachuma during WR 89-18 releases, consistent with the purposes of Section 1.5 of the Settlement Agreement and this Exhibit "D."