

Appendix 1107

ALL-AMERICAN CANAL:

**AGREEMENT OF COMPROMISE, FEBRUARY 14,
1934, BETWEEN IMPERIAL IRRIGATION DIS-
TRICT AND COACHELLA VALLEY COUNTY
WATER DISTRICT**

AGREEMENT OF COMPROMISE

SECTION 1. THIS AGREEMENT, made the 14th day of February 1934, by and between IMPERIAL IRRIGATION DISTRICT, an irrigation district organized and existing under and by virtue of the California Irrigation District Act of the State of California and acts amendatory thereof or supplementary thereto, with its principal office at El Centro, Imperial County, California, said District being hereinafter sometimes styled "Imperial District," and COACHELLA VALLEY COUNTY WATER DISTRICT, a County Water District organized and existing under and by virtue of the County Water District Act of the State of California and acts amendatory thereof or supplementary thereto, and having its office at Coachella, Riverside County, California, said District being hereinafter sometimes styled "Coachella District,"

Witnesseth:

RECITALS

SEC. 2. That, whereas, pursuant to the terms of the Boulder Canyon Project Act, approved December 21, 1928 (45 Stat. 1057) the Secretary of the Interior is authorized to construct a main canal and appurtenant structures located entirely within the United States, connecting Laguna Dam or other suitable diversion dam, which said Secretary is authorized to construct, with Imperial and Coachella Valleys in California; and

SEC. 3. Whereas the Secretary of the Interior has determined upon engineering and economic considerations to construct a new diversion dam on the Colorado River approximately four and one-half miles above Laguna Dam, which new diversion dam has heretofore been and is designated Imperial Dam; and

SEC. 4. Whereas, pursuant to the Boulder Canyon Project Act, a contract, dated December 1, 1932, hereinafter styled "Imperial Contract," has heretofore been executed between the United States and

Imperial District for the construction of said Imperial Dam, main canal and appurtenant structures, which said main canal and appurtenant structures are hereinafter styled "All-American Canal," and for the repayment of the cost thereof as provided by law; and

SEC. 5. Whereas, by said Imperial Contract, certain lands in Coachella Valley, and within Coachella District and lands adjacent to said District may, by petition, be included within the boundaries of Imperial District, and if said lands are not so included, then the works and capacity to serve said lands shall not be constructed under said contract; and

SEC. 6. Whereas said Coachella District through its Board of Directors has determined that said lands will not become a part of Imperial District pursuant to said contract, and that Coachella District desires to obtain a contract, hereinafter styled "Coachella Contract," with the United States, separately from Imperial District, for capacity in said Imperial Dam and All-American Canal to be provided for the benefit of said Coachella District, in addition to the capacity therein provided for Imperial District, and to pay the proper cost of such capacity; and

SEC. 7. Whereas under date of August 18, 1931, an agreement was made between certain interested agencies in California, including the parties to this agreement, for the apportionment of the Colorado River water available for use within the State of California under the Colorado River Compact and the Boulder Canyon Project Act, a portion of which agreement is set out in Article 17 of said Imperial Contract as being a recommendation of the Chief of the Division of Water Resources of the State of California; and

SEC. 8. Whereas water for irrigation and domestic uses in the areas to be served under or from the All-American Canal in Imperial and Coachella Valleys will be supplied pursuant to the third and sixth priorities of said recommendation of the Chief of the Division of Water Resources of the State of California; and

SEC. 9. Whereas Imperial District has certain prior rights to the use of the waters of the Colorado River, and the extent of said rights is in dispute as between the parties hereto, and each of said parties makes certain claims as to the use of said waters; and

SEC. 10. Whereas the parties hereto, upon their respective contracts with the United States becoming effective and said All-American Canal being constructed, will respectively have certain power possibilities on the All-American Canal, which it is desired to have developed, operated and controlled as a unified project; and

SEC. 11. Whereas controversy has arisen and now exists between the parties hereto as to the extent and relation of their respective present and future rights to water and power on and from said All-

American Canal, which controversy it is desired to have compromised and settled by this agreement;

Now, therefore, in consideration of the premises and the mutual obligations and covenants of the parties hereto and as a compromise and settlement of their said respective rights, privileges and claims respecting the matters herein contained, it is agreed:

COACHELLA CONTRACT

SEC. 12. Coachella District will forthwith apply to the proper governmental authorities for a contract between itself and the United States for the construction by the United States of the portion of the Imperial Dam and All-American Canal which will serve said District, and for the payment of its proper proportion of construction and other costs and for delivery of water; said contract to be in harmony with the provisions of the Imperial Contract and this agreement. The draft of said proposed Coachella Contract attached hereto and marked "Annex A" has been examined by Imperial District and the substance of said draft is approved by the parties hereto. Imperial District agrees that said draft, or such other draft as may be acceptable to the United States and in harmony with the provisions of the Imperial Contract and of this agreement, may be executed between the Coachella District and the United States. Imperial District will actively assist Coachella District in obtaining execution of such contract by the United States.

VALIDATION ACTION

SEC. 13. That forthwith upon the execution of this agreement Coachella District will cause to be dismissed on behalf of itself and A.B. Cliff, John H. Colbert, R.C. Egnew, J.C. Jones, and Washington McIntyre, with the stipulation that remittitur issue forthwith and that each party pay his or its own costs their appeal now pending in the Supreme Court of California, in that certain action entitled: "In the Matter of the validation of a Contract Dated Dec. 1, 1932, Entitled 'Contract for Construction of Diversion Dam, Main Canal, and Appurtenant Structures, and for Delivery of Water,' between the United States of America and Imperial Irrigation District. *John L. Dubois et al., Plaintiffs and Respondents, vs. All Persons, Defendants; Coachella Valley County Water District et al., Defendants and Appellants,*" being L. A. No. 14487, and this agreement shall not become effective for any purpose unless and until said appeal is so dismissed on behalf of all of said parties within ten (10) days from the execution hereof. Coachella District will actively assist in bringing said action to an early and final conclusion to the end that the present judgment be sustained.

GENERAL PROVISIONS

SEC. 14. The provisions of this agreement hereinafter set forth shall be effective and binding upon the parties hereto only in the event that the Coachella Contract above-mentioned is executed by and between the United States and said Coachella District prior to the transfer of constructed works to Imperial District for operation and maintenance, as provided by said Imperial Contract, and such Coachella Contract prior to such transfer or thereafter becomes binding upon the parties thereto, pursuant to law. After this agreement becomes effective, it, together with the lease herein provided for, shall terminate in the event Coachella District shall be relieved of all obligations under the Coachella Contract, by reason of failure of the United States to complete the works to be constructed thereunder.

WATER

SEC. 15. As a full and complete compromise and settlement of the controversy existing between the parties hereto as to the extent and priority of their respective rights and claims to the use of the waters of the Colorado River, it is agreed, as between said parties, that—

Imperial Irrigation District shall have the prior right for irrigation and potable purposes only, and exclusively for use in the Imperial Service Area, as hereinafter defined, or hereunder modified, to all waters apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in Imperial and Coachella Valleys as provided in the third and sixth priorities set out in the recommendation of the Chief of the Division of Water Resources of the State of California, as contained in Article 17 of the Imperial Contract. Subject to said prior right of Imperial Irrigation District, Coachella Valley County Water District shall have the next right, for irrigation and potable purposes only and exclusively for use in the Coachella Service Area, as hereinafter defined, or hereunder modified, to all waters so apportioned to said Imperial Irrigation District and other lands under or that will be served from the All-American Canal in the Imperial and Coachella Valleys, as provided in said third and sixth priorities. The use of water for generation of electric energy shall be, in all respects, secondary and subservient to all requirements of said two districts for irrigation and potable purposes as above limited.

As hereinabove used the term "Imperial Service Area" shall comprise all lands within the boundaries of Imperial Irrigation District as said District was constituted on June 23, 1931, and all lands in Imperial and San Diego Counties, California, shown on map marked Exhibit "A," attached to said Imperial contract, and included within hatched border lines indicated on said map by legend as "Boundary

of Additional Areas in Proposed Enlarged Imperial Irrigation District," other than (a) such of said lands as are labeled "Dos Palmas Area" and (b) such of said lands as lie West of Salton Sea and North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line. The term "Coachella Service Area" shall comprise all lands described on statements hereto attached and marked "Exhibits" "B," "C," "D" and "E," respectively, being approximately, but not exactly, the lands within said hatched border lines shown on said Exhibit "A," other than those included in said Imperial Service Area. Upon application of either district and with the written consent of the Secretary of the Interior, the boundaries of the service area which such district is entitled hereunder to serve may at any time or from time to time be changed, but may not be so changed as, in the aggregate, to add more than 5,000 acres to, nor to subtract more than 5,000 acres from, such service area, as herein defined, without the written consent of the district entitled hereunder to serve the other service area. Coachella District shall not participate in any revenues received by Imperial District for diverting, carrying and delivering at or near Pilot Knob, water for irrigation or domestic use for any person or agency other than the parties hereto, and Coachella District shall perform no such service at or near Pilot Knob.

APPLICATIONS TO APPROPRIATE WATER

SEC. 16. The parties hereto agree that their respective applications to appropriate water from the Colorado River for irrigation and domestic purposes heretofore filed with the Division of Water Resources of the State of California be deemed amended to conform with the foregoing provisions of this agreement and stipulate that permits be issued to them, respectively, in accordance herewith and agree to file with said Division all necessary papers and stipulations to that end. Except as between the parties hereto the provisions of this agreement shall not affect nor impair any rights of either party to the waters of the Colorado River.

LEASE OF POWER RIGHTS

SEC. 17. As a compromise and settlement of the controversy existing between the parties hereto as to all power possibilities, power rights, power resources and power privileges upon the whole of said All-American Canal in both Imperial and Riverside Counties, now or hereafter held, owned, or possessed by said parties, or either of them, including all those at or near Pilot Knob, which said power possibilities, power rights, power resources and power privileges are hereinafter styled "power rights," and to combine and coordinate all of said power rights as a unified project so as to produce the maximum

benefits to the parties hereto and to the United States, it is agreed that the parties hereto will, within a reasonable time after the execution of said Coachella Contract, execute a good and sufficient lease agreement, wherein Coachella District shall demise to Imperial District all of said power rights which the Coachella District may now have or hereafter obtain. Said lease, among other reasonable provisions, shall provide:

(a) That the term of said lease shall commence with the date thereof and terminate on January 1, 2033; provided, that should the term herein or in said lease fixed exceed that permitted by law at the date of said lease, then said term shall be deemed reduced to the longest period permitted by law;

(b) That said lease shall vest in Imperial District the entire and exclusive operation, management, development and control of all said power rights and the use, sale and control of power produced therefrom;

(c) That subject to the conditions hereinafter contained, Imperial District shall pay, on March first of each year, as rental for said demised power rights, eight per cent of the net proceeds, as defined in subsection (f) hereof, received by Imperial District during the preceding calendar year from all said power rights held, owned or possessed by both parties hereto and from all power works and power facilities by or in connection with which Imperial District utilizes said power rights;

(d) That said rentals shall be paid by Imperial District to the United States and credited on the Coachella Contract until Coachella District's obligations to the United States under said contract are fully paid, and thereafter Imperial District shall pay said rentals to Coachella District;

(e) That no rentals shall be due or payable unless and until capacity in the All-American Canal shall have been provided for Coachella District down to Pilot Knob;

(f) That in determining said net proceeds, as between the parties hereto, there shall be taken into consideration all items of cost of production and disposal of power, including, but not necessarily limited to amortization of and interest on capital investment for power purposes, improvements, operation and maintenance, and depreciation, and any other proper factor of cost not herein expressly enumerated;

(g) That the determination of said net proceeds for the purpose of ascertaining rentals payable under said lease shall be made without reference to the fact that as to Imperial District said rentals will constitute a part of the cost of doing business;

(h) That on March first of each year Imperial District shall furnish to Coachella District a statement of account showing the computation of said rental;

(i) That Coachella District shall not be required to contribute in any manner to the cost of construction, operation or maintenance of any power works or facilities on or in connection with the All-American Canal, except indirectly, as said items may be taken into consideration in determining rentals to be paid under said lease;

(j) That said lease shall terminate upon Coachella District being relieved of obligations as provided in Section 14 hereof and/or at the option of Coachella District, in the event of default in any payment of rentals by Imperial District for a period of two years;

(k) That any overdue rental shall bear interest at the rate of one-half of one per cent per month until paid;

(l) That when Imperial District is ready to undertake construction of facilities to serve electrical energy (herein designed "power") in Coachella Valley, Coachella District shall obtain for Imperial District signed contracts or applications for power as provided in Section 18 hereof, and be otherwise subject to the provisions of said Section 18;

(m) That when Imperial District is ready to serve power from the All-American Canal in Coachella Valley, then, if and while said lease is in effect, Imperial District will furnish such power in Coachella District at the rates and upon the conditions provided in Section 19 hereof;

(n) That Coachella District shall, by its officials or designated representatives, have the right of ingress to and egress from all power works and facilities of Imperial District for the purpose of inspection thereof, and full and free access to and the right during office hours to inspect and copy all books and records of Imperial District relating to its power operations;

(o) That the interest of Imperial District under said lease shall not, nor shall any part thereof nor interest therein, be assigned, nor shall Imperial District sublet any part of nor interest in said demised power rights without the written consent of Coachella District;

(p) That at the termination of said lease the rights and privileges of the parties thereto shall be segregated and/or adjusted as may be equitable and just, having in view the business, interests and investments of the parties and their respective legal and equitable rights in said power rights, works and facilities on or in connection with the All-American Canal;

(q) That in the event the parties cannot agree upon such segregation or adjustment, then the same shall be made by a board of arbitration, consisting of five persons, one to be selected by Imperial District, one by Coachella District, and three by the Secretary of the Interior and the decision of said board of arbitration shall be final and binding upon the parties to said lease;

(r) That nothing contained in said lease shall be construed as in any manner abridging, limiting, or depriving either of the parties thereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions of said lease which it would otherwise have;

(s) That the waiver of a breach of any of the provisions of said lease shall not be deemed to be a waiver of any other provision thereof or of a subsequent breach of such provision.

POWER CONTRACTS

SEC. 18. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to undertake construction of facilities to serve electrical energy (herein styled "power") in Coachella Valley it shall notify Coachella District of said fact in writing and it shall thereupon be the duty of Coachella District to obtain for Imperial District, within six months after service of such notice, contracts or applications for power signed by consumers using at the time of service of such notice not less than eighty percent of the power load then being consumed in the Coachella Service Area. Such contracts or applications shall be in such form and substance as reasonably required by Imperial District and shall among other things bind the consumer to take from Imperial District all power that he may require in Coachella District for a period of three years. In the event of disagreement between the parties as to whether or not Coachella District has complied with the foregoing provisions of this section on its part to be complied with, then the Secretary of the Interior may, at the written request of either party, determine said fact and notify the parties hereto of such determination in writing, and such determination shall be final and binding upon the parties hereto. Notwithstanding anything herein or in said lease contained, there shall be no obligation on the part of the Imperial District for rentals under said lease during the time, if any, after said six months period that said signed contracts or applications for said eighty percent of power load have not been so delivered.

POWER RATES

SEC. 19. When the lease provided for in Section 17 hereof has been executed and Imperial District is ready to serve power from the All-American Canal in Coachella Valley then, and while said lease remains in effect, Imperial District will furnish such power in Coachella District upon the following terms:

A. To Coachella District, for use by itself for project purposes within said Coachella Service Area as such project purposes are

hereinafter defined, at rates in no case exceeding the cost of power delivered in Coachella Valley, plus fifteen percent, and in no event at rates higher than are charged by Imperial District to itself for like uses with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. Subject to the foregoing provisions, Coachella District agrees that, for a period of five years from and after the service of the notice provided for in Section 18 hereof said Coachella District will purchase from Imperial District and pay for all power Coachella District may require for project purposes within the Coachella Service Area, and for which Imperial District has sufficient facilities and is prepared to serve. Imperial District shall not be required to furnish power to Coachella District for project purposes at points where Imperial District does not then have sufficient facilities for such power service.

"Project Purposes" as used in this section shall be understood to mean construction, operation, and maintenance of Coachella District's irrigation and drainage system within the Coachella Service Area, where such construction, operation, or maintenance is of a general public nature and not individual or private in character.

B. To all consumers within Coachella District, other than to Coachella District for project purposes, at no higher rates than those charged, and under the same conditions and regulations as those prescribed, by Imperial District for like service to consumers within Imperial District with such additional charges as may be necessary to offset difference in costs of transmitting power as between Imperial and Coachella Valleys. In no event shall such rates to such consumers exceed seventy-five percent of the rates paid for like service by individual consumers in Coachella District on January 1, 1934, based upon the purchasing power of the dollar on said date. Imperial District shall make such further reduction in rates to such consumers as may be necessary to meet competitive rates for like service of any public utility, at the time authorized by the Railroad Commission of the State of California, or other authority succeeding to its functions, and able to serve such consumers, but in no event shall Imperial District be required to charge rates that will return less than the cost of service.

POWER PERMITS

SEC. 20. The parties hereto agree to cooperate to the end that all necessary and proper permits and licenses to appropriate water for power purposes and construct power facilities may be obtained from the Division of Water Resources of the State of California and/or Federal Power Commission as may be authorized by law and hereby

stipulate that such permits and licenses issue to the parties hereto, as follows, to wit:

1. To Imperial District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Imperial Valley" lying west of the southerly end of the "Main (All American) Canal to Coachella Valley" as same is shown on said Exhibit "A";
2. To Coachella District, as to all such permits and licenses on the portion of the All-American Canal shown on said Exhibit "A" and marked "Main (All American) Canal to Coachella Valley" lying North of the Northerly boundary line of Township 11, South of the San Bernardino Base Line;
3. To Imperial District and Coachella District, as their respective privileges to utilize power possibilities may appear from their said contracts with the United States, as to all such privileges on all portions of the Imperial Dam and All-American Canal, including Pilot Knob, not hereinabove specified.

AGREEMENT VOID IF CERTAIN LANDS INCLUDED IN IMPERIAL
DISTRICT

SEC. 21. In the event lawful petition or petitions sufficient in all respects for inclusion within Imperial District of ninety percent (90%) of the lands shown on said Exhibit "A" lying north of the northerly boundary line of Township Eleven (11), South of the San Bernardino Base Line and bounded by the lines indicated on said Exhibit "A" as "Boundary of Additional Areas in Proposed Enlarged Imperial Irrigation District," exclusive of the Dos Palmas Area and exclusive of Indian lands and public lands of the United States, shall be filed pursuant to and within the time limited by said Imperial Contract, and said lands shall be thereafter included within said Imperial District pursuant to such petition or petitions, then, as of the date of such inclusion, this agreement shall terminate and be at an end.

REMEDIES UNDER AGREEMENT NOT EXCLUSIVE

SEC. 22. Nothing contained in this agreement shall be construed as in any manner abridging, limiting, or depriving either of the parties hereto of any means of enforcing any remedy, either at law or in equity, for the breach of any of the provisions hereof which it would otherwise have. The waiver of a breach of any of the provisions of this agreement shall not be deemed to be a waiver of any other provision hereof or of a subsequent breach of such provision.

SEC. 23. This agreement shall not be interpreted nor construed so as to amend, modify, or change said Imperial Contract in any particular, and no provision hereof in conflict with said Imperial Con-

tract shall be of any force or effect. As to any provisions hereof in which the United States is interested this agreement shall be deemed to be made expressly for the benefit of the United States, as well as of the parties hereto.

SEC. 24. This agreement shall inure to and be binding upon the parties hereto, their and each of their respective successors and assigns.

In witness whereof said parties have executed this agreement in triplicate original by their respective officers, thereunto duly authorized by resolutions of their respective Boards of Directors, the day and year first above written.

[SEAL] IMPERIAL IRRIGATION DISTRICT,
By (Signed) EVAN T. HEWES, *Its President.*

Attest:

(Signed) W. W. GOODSON,
Its Secretary.

[SEAL] COACHELLA VALLEY COUNTY WATER DISTRICT,
By (Signed) HARRY W. FORBES, *Its President.*

Attest:

(Signed) HELEN F. RUNYEN,
Its Secretary.

(The following exhibits, annexed to the foregoing "Agreement of Compromise," are omitted here because of limitations of space:

Annex A: Draft of proposed "Contract for Construction of Capacity in Diversion Dam, Main Canal, and Appurtenant Structures and for Delivery of Water" between the United States and Coachella Valley County Water District.

Exhibit B: "Description of lands within Coachella Valley County Water District and its improvement district No. 1 and within the Coachella service area."

Exhibit C: "Description of lands outside Coachella Valley County Water District and within the Coachella service area, designated the Salton area."

Exhibit D: "Description of lands outside Coachella Valley County Water District and within the Coachella service area, designated the Dos Palmas area."

Exhibit E: "Description of lands outside Coachella Valley County Water District and within the Coachella service area, designated the Fish Springs area.")