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A G R E E M E N T

THIS AGREEMENT, entered into this 26th day of March, 1968, by and between COUNTY OF SANTA CRUZ, hereinafter called "County", and BOULDER CREEK GOLF AND COUNTRY CLUB, a California corporation, hereinafter called "Corporation", and BIG BASIN SANITATION COMPANY, a general partnership, hereinafter called "Big Basin", and ROBERT CORVIN, hereinafter called "Corvin";

W I T N E S S E T H:

WHEREAS, CORPORATION is the owner of certain properties which it proposes to develop for residential units, to be known as "Country Club Villas"; and

WHEREAS, COUNTY requires a sewage treatment plant as a necessary part of said development; and

WHEREAS, CORVIN has subdivided an area commonly known as "Big Basin Woods", and installed a treatment plant and leaching field for said subdivision which said treatment plant and leaching field were financed by special assessments against said Big Basin Woods and which plant and leaching field are not being used at the present; and

WHEREAS, the ownership of said treatment plant and leaching field has been transferred to BIG BASIN, who have agreed to operate said facilities; and

WHEREAS, BIG BASIN desires to and intends to continue in the sewage treatment business, and desires to service the CORPORATION'S new development; and

WHEREAS, BIG BASIN and CORVIN are willing to permit the CORPORATION to use said treatment plant until certain events have occurred; and

1 the events in Paragraph III (b) shall not have occurred.

2 2) A deed to COUNTY with instructions that said deed
3 shall be recorded upon the events in Paragraph III (b) occurring.

4 3) A deed from BIG BASIN to COUNTY with instructions
5 that said deed shall be recorded upon the events in Paragraph III
6 (b) occurring, should they occur after the recording of the deed
7 in number 1) above.

8 CORPORATION may exchange said land if it is later
9 deemed that other property is more suitable and deeds to said
10 other property are substituted for those above. The decision of
11 the Director of Environmental Health shall be conclusive as to the
12 substitution of property.

13 (b) Upon execution of this agreement, place or cause to be
14 placed in an irrevocable escrow a deed for a leaching area satis-
15 factory to COUNTY, from BIG BASIN to COUNTY, with instructions that
16 said deed shall be recorded upon the events in Paragraph III (b)
17 occurring.

18 CORPORATION may exchange or cause to be exchanged said
19 land if it is later deemed that other property is more suitable
20 and deeds to said other property are substituted for those above.
21 The decision of the Director of Environmental Health shall be con-
22 clusive as to the substitution of property.

23 (c) Upon execution of this agreement, provide COUNTY with
24 a complete set of plans and specifications for the construction of
25 a new treatment plant and leaching area.

26 (d) Within thirty (30) days of the happening of any one of
27 the four events hereinafter in this subparagraph set forth, com-
28 mence construction or cause construction to be commenced of a new
29 treatment plant and leaching area, with a treatment capacity of
30 35,000 gallons per day, pursuant to the plans and specifications
31 deposited with the COUNTY as required in subparagraph (c) and as
32 such plans and specifications may be modified by the standards of

1 that time, and complete or cause the completion thereof within one
2 hundred (100) calendar days of such commencement. The events any
3 one of which will give rise to the foregoing obligations are:

4 (1) The expiration of three (3) years from the date
5 of the approval of this contract by the Board of Supervisors of
6 Santa Cruz County.

7 (2) When eighty (80) single-family units, the equiv-
8 alent thereof, or twenty-eight thousand (28,000) gallons per day
9 computed on a monthly average of daily flow, are connected to or
10 flow to the existing treatment plant at Big Basin Woods;

11 (3) Upon the failure of BIG BASIN to operate and
12 maintain said treatment plant as described in paragraph III, Sub-
13 paragraph (b); or

14 (4) Upon CORVIN'S application to COUNTY to subdivide
15 additional acreage and the COUNTY'S refusal to approve said appli-
16 cation on the basis that the present treatment plant does not have
17 sufficient capacity to serve such additional territory.

18 (e) Upon execution of this agreement, deposit with the
19 COUNTY a "Letter of Credit" from the Bank of America National Trust
20 and Savings Association, as surety, in the penal amount of \$100,000.00
21 to guarantee the faithful performance of all obligations contained
22 in this agreement, to be performed by CORPORATION. Said "Letter
23 of Credit" shall expressly inure to the benefit of and be enforceable
24 by COUNTY and CORVIN. If CORPORATION and/or the Bank of America
25 National Trust and Savings Association should fail to develop and
26 build the new sewage treatment plant and leaching area within the
27 times as above required, COUNTY and/or CORVIN shall have the power
28 and authority as agent for CORPORATION, to construct and install
29 the above-mentioned sewage treatment plant and leaching area at the
30 expense and for the account of CORPORATION and Bank of America
31 National Trust and Savings Association shall pay over to COUNTY

1 and/or CORVIN the full amount of said "Letter of Credit" subject to
2 return of any excess of said amount over the engineering and con-
3 struction costs after construction is completed; or, in the altern-
4 ative, the Bank of America National Trust and Savings Association
5 under the above "Letter of Credit" shall within thirty (30) days
6 after notification from COUNTY and/or CORVIN of CORPORATION'S
7 default, begin construction of said sewage treatment facility,
8 pursuant to the plans on file with COUNTY. This agreement and
9 said "Letter of Credit" shall run with the land and inure to the
10 benefit of COUNTY and CORVIN in the event CORPORATION should sell
11 or otherwise dispose of said Villas.

12 (f) Perform and cause to be performed any acts necessary
13 over and above those provided for in subparagraphs (a) and (b)
14 above to escrow title to all of the facilities to be constructed by
15 CORPORATION under the terms of subparagraphs (c) and (d) above, to
16 be conveyed as follows:

17 1) To BIG BASIN upon CORPORATION having fully de-
18 preciated for tax purposes the value of the facilities constructed
19 and provided that the events in Paragraph III (b) shall not have
20 occurred.

21 2) To COUNTY upon the events in Paragraph III (b)
22 occurring.

23 (g) Deposit with COUNTY, in fulfillment of Paragraph III,
24 subparagraph (c), a corporate surety bond in the sum of Five Thou-
25 sand Dollars (\$5,000.00), to be used by the COUNTY, pursuant to the
26 conditions of said Paragraph III, subparagraph (c). Any portion
27 of said sum not so used shall be refunded by the COUNTY to CORPORA-
28 TION upon the County Service Area receiving tax funds and
29 commencing operation of the facilities pursuant to Paragraph III,
30 subparagraph (c). Upon the events in Paragraph III, subparagraph
31 (c) happening, CORPORATION shall upon request of COUNTY deposit
32 \$5,000.00 cash with COUNTY and COUNTY shall release said bond.

1 (h) Provide at CORPORATION'S expense the necessary pump-
2 ing facilities, transmission mains, sewer laterals and connectors
3 or any other facilities required to connect the proposed Villas to
4 the existing treatment plant, and thereafter to the proposed new
5 treatment plant and leaching area when constructed pursuant to
6 subparagraphs (c) and (d).

7 (i) Provide at CORPORATION'S expense any relocation of
8 transmission lines or any other facilities to or from or at the
9 site of the existing treatment plant and leaching field or the
10 future treatment plant and leaching field to permit future develop-
11 ment and expansion of the Big Basin Woods Subdivision. The neces-
12 sity for such relocation shall be determined by CORVIN and his
13 determination shall be conclusive.

14 III

15 BIG BASIN SANITATION COMPANY shall:

16 (a) Place in an irrevocable escrow a deed to COUNTY for a
17 leaching area satisfactory to COUNTY with instructions that said Deed
18 shall be recorded upon the events in Paragraph III (b) occurring.

19 CORPORATION may exchange or cause to be exchanged
20 said land if it is later deemed that other property is more suitable
21 and deeds to said other property are substituted for those above.
22 The decision of the Director of Environmental Health shall be con-
23 clusive as to the substitution of property.

24 (b) Operate and maintain that certain sewage treatment
25 plant commonly known as "The Big Basin Woods Sewage Treatment Plant"
26 and leaching area for the benefit of CORPORATION and CORVIN until
27 such time as CORPORATION builds its own treatment plant and leach-
28 ing area as provided in Paragraph II, subparagraph (c), and there-
29 after to operate and maintain both the Big Basin Woods plant and
30 leaching area and CORPORATION'S plants and leaching area.

1 Said operation and maintenance to be in accordance
2 with the presently established standards, or as said standards
3 shall henceforth be modified, of the County Health Department and
4 the Regional Water Quality Control Board.

5 In the event BIG BASIN does not comply with said
6 standards, the COUNTY shall give BIG BASIN written notice by certi-
7 fied mail, and BIG BASIN shall comply within ten (10) days. This
8 paragraph shall in no way restrain the COUNTY from availing itself
9 of the procedures set forth in Section 5460 of the Health and Safety
10 Code.

11 In the event BIG BASIN does not comply within said
12 time period, then and in that event the properties and facilities
13 escrowed under Paragraph II, subparagraphs (a), (b) and (f) shall
14 be conveyed to the County Service Area.

15 (c) Cause to be deposited with COUNTY a corporate surety
16 bond in the sum of Five Thousand Dollars (\$5,000.00), to be used by
17 the COUNTY for the operation and maintenance of The Big Basin Woods
18 Sewage Treatment Plant and leaching field upon BIG BASIN'S failure
19 to operate said facility in accordance with the standards of the
20 County Health Department and the Regional Water Quality Control
21 Board, and during the time the CORPORATION is using said facility.

22 Upon CORPORATION ceasing to use The Big Basin Woods
23 Sewage Treatment Plant and leaching field, the funds so deposited
24 in escrow shall nevertheless continue to be held in escrow for the
25 operation and maintenance of CORPORATION'S treatment plant and
26 leaching area constructed in accordance with Paragraph II, sub-
27 paragraphs (c) and (d) should BIG BASIN fail to operate said
28 facilities in accordance with the standards of the County Health
29 Department and the Regional Water Quality Control Board.

30 Upon the County Service Area commencing operation ar
31 having available the funds for the maintenance and operation of
32

1 CORPORATION'S treatment plant and leaching area, any unused portion
2 of the monies remaining shall be refunded to CORPORATION in accord-
3 ance with paragraph II, subparagraph (g);

4 (d) and does hereby agree that in the event it fails to
5 operate said treatment facility in accordance with subparagraphs
6 (b) and (c) above, the COUNTY is hereby licensed to operate said
7 facilities until such time as CORPORATION'S new facility is oper-
8 ational. Said license shall expire when CORPORATION'S new facility
9 is operational, and the COUNTY shall have no further rights to
10 operate said treatment facility.

11 (e) and agrees to do the following:

12 Maintain records:

- 13 a) of sewage flow (daily);
14 b) of breakdown or by-pass of treatment units or
15 disposal system, including record of action taken for correction;
16 c) of special odor control measures taken.

17 Collection and analysis of samples as follows:

- 18 a) Settleable solids determination shall be made on
19 "grab" sample of raw sewage and final effluent (semi-monthly);
20 b) A sample of effluent from the treatment plant
21 shall be analyzed for B.O.D., suspended solids and grease (annually).

22 Shall submit the reports to the Health Department as
23 follows:

24 a) Reports shall be made to the Health Department on
25 an annual basis not later than January 20th each year. Health
26 Department may request monthly reports should they deem them
27 necessary.

28 b) Reports shall include monthly average of daily
29 flow, monthly average of settleable solids tests, results of B.O.D.
30 suspended solids and grease tests.

31 IV

32 ROBERT CORVIN shall:

- (a) And does hereby consent to the use of the sewage

1 treatment plant and leaching area by CORPORATION in accordance with
2 the provisions of Paragraph II, subparagraph (c), and Paragraph III
3 subparagraph (b).

4 (b) And does hereby consent to the operation of the treat-
5 ment plant by COUNTY in accordance with the provisions of Para-
6 graph III, subparagraph (c) and (d).

7 V

8 GENERAL PROVISIONS.

9 (a) For the purposes of this agreement the events in
10 Paragraph III (b) shall be deemed to have occurred upon the Board
11 of Supervisors of Santa Cruz County determining in resolution
12 form that such events have in fact occurred.

13 (b) Nothing in this agreement is intended to abrogate or
14 affect the rights and liabilities of the parties to that certain
15 agreement of April 28, 1965 by and between Big Basin Water Company
16 and ROBERT CORVIN.

17 (c) All of the parties hereto acknowledge that it is the
18 intent of this agreement to provide CORPORATION with a treatment
19 plant and leaching field on an interim basis, pending CORPORA-
20 TION'S need for such facilities of its own, and that there is no
21 intention to change rights and properties of CORVIN and BIG BASIN,
22 and further, that the use of the present facilities by CORPORA-
23 TION shall be without expense to CORVIN or BIG BASIN.

24 (d) BOULDER CREEK GOLF AND COUNTRY CLUB agrees that the
25 property owners of the Big Basin Woods Subdivision shall have the
26 same playing and membership privileges at the Golf Course and
27 Swimming pool as the property owners of CORPORATION'S developments.

28 (e) In the event of litigation regarding the terms of this
29 agreement, the prevailing party shall have as an item of costs,
30 reasonable attorneys' fees; provided, however, that in any event
31 the COUNTY and CORVIN shall have costs of suit, including reason-
32 able value of attorneys' fees. Further provided, that in no case

1 shall attorneys' fees or costs be recoverable from COUNTY, or
2 CORVIN.

3 (f) This agreement shall be binding upon the heirs,
4 executors, administrators, assigns and successors in interest
5 of the parties hereto.

6 IN WITNESS WHEREOF, the parties hereto have executed this
7 Agreement the day and year first above written.

8
9
10 COUNTY OF SANTA CRUZ

11
12 By *Kenn McCallie*
13 CHAIRMAN, BOARD OF SUPERVISORS

14
15 BOULDER CREEK GOLF AND COUNTRY CLUB,
16 a California corporation

17
18 By *Thomas J. Calligan III*

19
20 BIG BASIN SANITATION COMPANY,
21 a general partnership

22 By *[Signature]*
23

24
25 *Robert Corvin*
26 Robert Corvin

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