



IN REPLY  
REFER TO:

MP-440  
WTR-4.00

Mr. Lowell Jarvis  
President  
Placer County Water Agency  
P.O. Box 6570  
Auburn, CA 95604

# United States Department of the Interior

BUREAU OF RECLAMATION  
Mid-Pacific Regional Office  
2800 Cottage Way  
Sacramento, California 95825-1898

DEC 29 2011

TO	DATE	INFO	ACTION
Gnl. Mgr.	12-30	X	
Directors			
Attorney			
Brd. Clerk			
Dept. Heads			
Mgt. Team			
Admin. Serv. Dir.	12-30	X	
Cust. Serv. Dir.			
Field Serv. Dir.			
Finance Dir.			
Pwr. Sys. Mgr.			
Stg Aff Dir.	12-30		X
Tech. Serv. Dir.			

Subject: Interim Renewal Contract No. 14-06-200-5082A-IR1 Between the United States and Placer County Water Agency (Agency) Providing for Project Water Service – Central Valley Project, California

Dear Mr. Jarvis:

Enclosed is an executed original of the subject contract for your records. The Bureau of Reclamation appreciates the effort expended by the Agency and its representatives relative to this contract.

Consistent with the recent conversations between Einar Maisch of your staff and representatives from the Central California Area Office, there is agreement to schedule and conduct a meeting in January of 2012, to finalize how PCWA will satisfy payment of the existing Operation and Maintenance deficit that has accrued under the subject contract.

If there are any questions, please contact Mr. Michael LeBarre, Repayment Specialist, at 916-978-5557, or e-mail [mlebarre@usbr.gov](mailto:mlebarre@usbr.gov).

Sincerely,

**ACTING FOR**

Donald R. Glaser  
Regional Director

Enclosure

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
PLACER COUNTY WATER AGENCY  
PROVIDING FOR PROJECT WATER SERVICE  
FROM THE AMERICAN RIVER DIVISION

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1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
4 Central Valley Project, California

5 INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
6 AND  
7 PLACER COUNTY WATER AGENCY  
8 PROVIDING FOR PROJECT WATER SERVICE  
9 FROM THE AMERICAN RIVER DIVISION

10 THIS CONTRACT, made this 29<sup>th</sup> day of December, 20 11,

11 in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or  
12 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as  
13 amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,  
14 June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as  
15 amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively  
16 hereinafter referred to as Federal Reclamation law, between the UNITED STATES OF AMERICA,  
17 hereinafter referred to as the United States, and PLACER COUNTY WATER AGENCY, hereinafter  
18 referred to as the Contractor, a public agency of the State of California, duly organized, existing,  
19 and acting pursuant to the laws thereof;

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

22 [1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central  
23 Valley Project (Project), California, for diversion, storage, carriage, distribution and beneficial  
24 use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation,  
25 protection and restoration, generation and distribution of electric energy, salinity control,



26 navigation and other beneficial uses, of waters of the Sacramento River, the American River, the  
27 Trinity River, and the San Joaquin River and their tributaries; and

28 [2<sup>nd</sup>] WHEREAS, the United States constructed Folsom Dam and Reservoir,  
29 hereinafter collectively referred to as the American River Division, which will be used in part for  
30 the furnishing of water to the Contractor pursuant to the terms of this Contract; and

31 [3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by the United  
32 States pursuant to California law for operation of the Project; and

33 [4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract  
34 No. 14-06-200-5082A, dated September 18, 1970, as amended July 8, 1992, which established  
35 terms for the delivery to the Contractor of Project Water from the Auburn Reservoir or other  
36 mutually agreeable locations and also recognized the Contractor's right to certain flows of the  
37 American River authorized by permits issued by the California State Water Right Control Board  
38 which is now called the State Water Resources Control Board (SWRCB); and

39 [4.1] WHEREAS, Contract No. 14-06-200-5082A, as amended, was superseded  
40 by Amendatory Contract No. 14-06-200-5082A on February 26, 2002, to, among other things,  
41 re-designate points of diversion and eliminate the minimum payment provisions currently  
42 included in the contract and reduce the annual amount of Project Water to be made available  
43 from 117,000 acre-feet to 35,000 acre-feet; and

44 [4.2] WHEREAS, Amendatory Contract No. 14-06-200-5082A was further  
45 amended on August 27, 2002, to provide for a potential point of diversion on the Sacramento  
46 River, and to provide for a potential increase in the annual quantity provided under this contract  
47 to an amount in excess of 35,000 acre-feet, if and when a point of diversion for Project Water is  
48 established on the Sacramento River and if the proposed Auburn Dam and Reservoir are fully

49 Completed, and the United States obtains the necessary water rights for the Auburn Dam and  
50 Reservoir; and

51 [4.3] WHEREAS, Amendatory Contract No. 14-06-200-5082A, dated  
52 February 26, 2002, as amended on August 27, 2002, is hereinafter referred to as the Existing  
53 Contract; and

54 [4.4] WHEREAS, the SWRCB by Order WR 2008-0045 revoked  
55 Reclamation's right to appropriate water in connection with the Auburn-Folsom South Unit  
56 (Auburn Dam and Reservoir) of the Project; and

57 [5<sup>th</sup>] Omitted; and

58 [6<sup>th</sup>] WHEREAS, Section 3404(c) of the Central Valley Project Improvement  
59 Act (CVPIA) provides for long-term renewal of existing contracts following completion of  
60 appropriate environmental documentation, including the Programmatic Environmental Impact  
61 Statement (PEIS), which was required by Section 3409 of the CVPIA, pursuant to the National  
62 Environmental Policy Act (NEPA) analyzing the direct and indirect impacts and benefits of  
63 implementing the CVPIA and the potential renewal of all existing contracts for Project Water; and

64 [6.1 ] WHEREAS, the United States has completed the PEIS, but since all the  
65 environmental documentation necessary to execute a long-term renewal contract has not been  
66 completed, the Contractor has requested an interim renewal contract pursuant to  
67 Section 3404(c)(1) of the CVPIA; and

68 [7<sup>th</sup>] WHEREAS, the United States has determined that the Contractor has  
69 fulfilled all of its obligations under the Existing Contract; and

70 [8<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the  
71 Contracting Officer that the Contractor has projected future demand for water use such that the

Contractor has the capability and expects to utilize fully for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to this Contract; and

[9<sup>th</sup>] WHEREAS, water obtained from the Project has been relied upon by urban and agricultural areas within California for more than 50 years, and is considered by the Contractor as an essential portion of its water supply; and

[10<sup>th</sup>] WHEREAS, the economies of regions within the Project, including the Contractor's, depend upon the continued availability of water, including water service from the Project; and

[10.1] WHEREAS, in the California Bay-Delta Authority (CALFED) Programmatic Record of Decision, dated August 28, 2000, the United States and the State of California adopted a general target of continuously improving Delta water quality for all uses. The CALFED Agencies' target for providing safe, reliable, and affordable drinking water in a cost-effective way, is to achieve either: "(a) average concentrations at Clifton Court Forebay and other southern and central Delta drinking water intakes of 50 ug/L bromide and 3.0 mg/L total organic carbon, or (b) an equivalent level of public health protection using a cost-effective combination of alternative source waters, source control and treatment technologies"; and

[11<sup>th</sup>] WHEREAS, the Secretary intends through coordination, cooperation, and partnerships to pursue measures to improve water supply, water quality, and reliability of the Project for all Project purposes; and

[11.1] WHEREAS, the Contractor and the water users in its Service Area have improved and will continue to improve water use efficiency through water conservation, water reclamation, and other Best Management Practices; however, implementing these measures have

94 reduced and continue to reduce the ability of the Contractor and the water users in its Service  
95 Area to withstand a Condition of Shortage; and

96 [12<sup>th</sup>] WHEREAS, the mutual goals of the United States and the Contractor  
97 include: to provide for reliable Project Water supplies; to control costs of those supplies; to  
98 achieve repayment of the Project as required by law; to guard reasonably against Project Water  
99 shortages; to achieve a reasonable balance among competing demands for use of Project Water;  
100 and to comply with all applicable environmental statutes, all consistent with the legal obligations  
101 of the United States relative to the Project; and

102 [13<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more  
103 cooperative relationship in order to achieve their mutual goals; and

104 [13.1] WHEREAS, the Contractor is a signatory to the Water Forum Agreement,  
105 dated April 2000, which has the co-equal objectives to: (1) provide a reliable and safe water  
106 supply for the Sacramento region's economic health and planned development through the  
107 year 2030, and (2) preserve the fishery, wildlife, recreational and aesthetic values of the lower  
108 American River; and

109 [13.2] WHEREAS, the Contracting Officer is in support of the co-equal  
110 objectives of the Water Forum Agreement and intends to work cooperatively with the Contractor  
111 to investigate actions that they could take to implement the objectives of the Water Forum  
112 Agreement, which, if agreed to, would be the subject of a separate agreement between them; and

113 [13.3] WHEREAS, in order to continue water service provided under Project  
114 water service contracts that expire prior to the completion of all appropriate environmental  
115 documentation, the United States intends to execute interim renewal contracts for M&I water for  
116 a period not to exceed 3 Years in length, and for successive interim periods of not more than

2 Years in length, until such appropriate environmental documentation is finally completed, at which time the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of 40 Years; and may thereafter renew such long-term renewal contracts for successive periods not to exceed 40 Years each; and

[14<sup>th</sup>] WHEREAS, the contract between the United States and the Contractor dated February 20, 1963, relating to the operation of the Contractor's Middle Fork American River Project Reservoirs is still in full force and effect and is not affected by the terms and conditions of this Contract; and

[15<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this interim renewal (hereinafter "Contract") consistent with the provisions of Section 3404(c) of the CVPIA and pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

#### DEFINITIONS

1. When used herein unless otherwise distinctly expressed, or manifestly incompatible with the intent of the parties as expressed in this Contract, the term:

(a) "Calendar Year" shall mean the period January 1 through December 31, both dates inclusive;

(b) "Charges" shall mean the payments required by Federal Reclamation law in addition to the Rates as determined annually by the Contracting Officer pursuant to this Contract;

(c) "Condition of Shortage" shall mean a condition respecting the Project during any Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract Total;

(d) "Contracting Officer" shall mean the Secretary of the Interior's duly authorized representative acting pursuant to this Contract or applicable Federal Reclamation law or regulation;

(e) "Contract Total" shall mean the maximum amount of water to which the Contractor is entitled under subdivision (a) of Article 3 of this Contract;

(f) "Contractor's Service Area" shall mean the area to which the Contractor is permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto, which may be modified from time to time in accordance with Article 35 of this Contract without amendment of this Contract;

(g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

(g.1) "Diversion Water" shall mean water to which the Contractor has acquired rights under Permit Nos. 13855, 13856, 13857, and 13858 issued by the California State Water Rights Board, now referred to as the State Water Resources Control Board;

(h-i) Omitted;

(j) "Full Cost Rate" shall mean an annual rate, as determined by the Contracting Officer that shall amortize the expenditures for construction properly allocable to the Project Irrigation or M&I functions, as appropriate, of facilities in service including all O&M deficits funded, less payments, over such periods as may be required under Federal Reclamation law, or applicable contract provisions. Interest will accrue on both the construction expenditures and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of

October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full-Cost Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and Regulations for the RRA;

(k-l) Omitted;

(m) "Irrigation Water" shall mean water made available from the Project that is used primarily in the production of agricultural crops or livestock, including domestic use incidental thereto, and watering of livestock;

(n) Omitted;

(o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other than Irrigation Water, made available to the Contractor. M&I Water shall include water used for human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment or water delivered to land holdings operated in units of less than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the use of water delivered to any such landholding is a use described in subdivision (m) of this Article;

(p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to the delivery of M&I Water;

(q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable care, control, operation, repair, replacement (other than capital replacement), and maintenance of Project facilities;

(r) Omitted;

(s) "Project" shall mean the Central Valley Project owned by the United States and managed by the Department of the Interior, Bureau of Reclamation;

186 (t) "Project Contractors" shall mean all parties who have water service  
187 contracts for Project Water from the Project with the United States pursuant to Federal  
188 Reclamation law;

189 (u) "Project Water" shall mean all water that is developed, diverted, stored, or  
190 delivered by the Secretary in accordance with the statutes authorizing the Project and in  
191 accordance with the terms and conditions of water rights acquired pursuant to California law;

192 (v) "Rates" shall mean the payments determined annually by the Contracting  
193 Officer in accordance with the then-current applicable water ratesetting policies for the Project,  
194 as described in subdivision (a) of Article 7 of this Contract;

195 (w) "Recent Historic Average" shall mean the most recent 5 year average of  
196 the final forecast of Water Made Available to the Contractor pursuant to this Contract or its  
197 preceding contract(s);

198 (x) "Secretary" shall mean the Secretary of the Interior, a duly appointed  
199 successor, or an authorized representative acting pursuant to any authority of the Secretary and  
200 through any agency of the Department of the Interior;

201 (y) Omitted;

202 (z) "Water Delivered" or "Delivered Water" shall mean Project Water  
203 diverted for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

204 (aa) "Water Made Available" shall mean the estimated amount of Project  
205 Water that can be delivered to the Contractor for the upcoming Year as declared by the  
206 Contracting Officer, pursuant to subdivision (a) of Article 4 of this Contract;



(bb) "Water Scheduled" shall mean Water Made Available to the Contractor for which times and quantities for delivery have been established by the Contractor and Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

(cc) "Year" shall mean the period from and including March 1 of each Calendar Year through the last day of February of the following Calendar Year.

#### TERM OF CONTRACT

2. (a) This Contract shall be effective from January 1, 2012 and shall remain in effect through February 28, 2014, and thereafter will be renewed as described in this Article. Except as provided in subdivision (b) of this Article, until completion of all appropriate environmental review, and provided that the Contractor has complied with all the terms and conditions of the interim renewal contract in effect for the period immediately preceding the requested successive interim renewal contract, this Contract will be renewed, upon request of the Contractor, for successive interim periods each of which shall be no more than 2 Years in length. Also, except as provided in subdivision (b) of this Article, in order to promote orderly and cost effective contract administration, the terms and conditions in subsequent interim renewal contracts shall be identical to the terms and conditions in the interim renewal contract immediately preceding the subsequent interim renewal contract: *Provided, however,* That each party preserves the right to propose modification(s) in any interim renewal contract other than those described in subdivision (b) of this Article, in which case the parties shall negotiate in good faith appropriate modification(s) to be included in any successive interim renewal contracts. Said modification(s) of each successive interim renewal contract shall be agreed upon within a reasonable time prior to the expiration of the then existing interim renewal contract. Nothing in this Article shall in any way alter the obligation that, upon final completion of any necessary

supplemental environmental documentation, the Secretary shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term renewal contract for a period of 40 Years and may thereafter renew such long-term renewal contracts for successive periods not to exceed 40 Years each.

(b) The parties have engaged and if necessary will continue to engage in good faith negotiations intended to permit the execution of a 40 Year long-term renewal contract contemplated by Section 3404 (c) of the CVPIA, hereinafter referred to as a "long-term renewal contract." The parties recognize the possibility that this schedule may not be met without further negotiations. Accordingly: In the event (i) the Contractor and Contracting Officer have reached agreement on the terms of the Contractor's long-term renewal contract or (ii) the Contractor and Contracting Officer have not completed the negotiations on the Contractor's long-term renewal contract, believe that further negotiations on that contract would be beneficial, and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all environmental documentation required to allow execution of the Contractor's long-term renewal contract by both parties has not been completed in time to allow execution of the Contractor's long-term renewal contract by February 28, 2014, then (iv), the parties will expeditiously complete the environmental documentation required of each of them in order to execute the Contractor's long-term renewal contract at the earliest practicable date. In addition, the Contractor's then-current interim renewal contract will be renewed without change upon the request of either party through the agreed-upon effective date of the Contractor's long-term renewal contract or, in the absence of agreement on the terms of the Contractor's long-term renewal contract, through the succeeding February 28.

252 (c) The omission of language in this Contract providing for conversion of this  
 253 interim renewal contract or any subsequent renewals thereof to a repayment contract pursuant to  
 254 subsection (c)(1) of Section 9 of the Reclamation Projects Act of 1939 (53 Stat. 1187), shall not  
 255 prejudice the Contractor's right to assert a right to have such language included in subsequent  
 256 renewals of this Contract or to exercise such conversion, all as provided by law, or to negotiate  
 257 the language regarding such conversion to be included in subsequent renewal contracts.

258 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

259 3. (a) During each Year, consistent with all applicable State water rights,  
 260 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of  
 261 this Contract, the Contracting Officer shall make available for delivery to the Contractor up to  
 262 35,000 acre-feet of Project Water for M&I purposes. Provided, however, during the 2 month  
 263 period of January and February of 2012, the Contracting Officer shall make available for  
 264 delivery to the Contractor that portion of the 2011 allocation of Project Water unused by the  
 265 Contractor under the Existing Contract. Water Delivered to the Contractor in accordance with  
 266 this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of  
 267 this Contract.

268 (1) The Contracting Officer recognizes that the Contractor has a right  
 269 to Diversion Water from the American River in the amount of 120,000 acre-feet in any  
 270 Year said water is available. Said Diversion Water is in addition to the Project Water  
 271 made available pursuant to this Contract. The quantities of Diversion Water to which the  
 272 Contractor is entitled and which are not taken or otherwise disposed of by the Contractor  
 273 during that Year shall become the property of the United States.

(2) The quantity of Diversion Water specified in Article 3(a)(1) above, is contingent upon the right of the Contractor to continue to take said quantity of water annually pursuant to California law. In the event that under such law the Contractor's right to take Diversion Water is less than the amount specified in Article 3(a)(1) above, the amount of Diversion Water which the Contracting Officer will recognize under this Contract shall be reduced accordingly.

(b) Because the capacity of the Project to deliver Project Water has been constrained in recent years and may be constrained in the future due to many factors including hydrologic conditions and implementation of Federal and State laws, the likelihood of the Contractor actually receiving the amount of Project Water set out in subdivision (a) of this Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the PEIS projected that the Contract Total set forth in this Contract will not be available to the Contractor in many years. During the most recent five years, the Recent Historic Average of water made available to the Contractor was 32,000 acre-feet. Nothing in subdivision (b) of this Article shall affect the rights and obligations of the parties under any provision of this Contract.

(c) The Contractor shall utilize the Project Water in accordance with all applicable legal requirements.

(d) The Contractor shall make reasonable and beneficial use of all Project Water furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu), groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted within the Contractor's Service Area which are consistent with applicable State law and result in use consistent with Federal Reclamation law will be allowed; *Provided*, That any direct recharge

program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to Article 26 of this Contract; *Provided, further*, That such water conservation plan demonstrates sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with Federal Reclamation law. Groundwater recharge programs, groundwater banking programs, surface water storage programs, and other similar programs utilizing Project Water or other water furnished pursuant to this Contract conducted outside the Contractor's Service Area may be permitted upon written approval of the Contracting Officer, which approval will be based upon environmental documentation, Project Water rights, and Project operational concerns. The Contracting Officer will address such concerns in regulations, policies, or guidelines.

(e) The Contractor shall comply with requirements applicable to the Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as amended, that are within the Contractor's legal authority to implement. Nothing herein shall be construed to prevent the Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with respect to any biological opinion or other environmental documentation referred to in this Article.

(f) Following the declaration of Water Made Available under Article 4 of this Contract, the Contracting Officer will make a determination whether Project Water, or other water available to the Project, can be made available to the Contractor in addition to the Contract Total under Article 3 of this Contract during the Year without adversely impacting other Project Contractors. At the request of the Contractor, the Contracting Officer will consult with the Contractor prior to making such a determination. If the Contracting Officer determines that

320 Project Water, or other water available to the Project, can be made available to the Contractor,  
321 the Contracting Officer will announce the availability of such water and shall so notify the  
322 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor  
323 and other Project Contractors capable of taking such water to determine the most equitable and  
324 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such  
325 water, the Contracting Officer shall make such water available to the Contractor in accordance  
326 with applicable statutes, regulations, guidelines, and policies. Subject to existing long-term  
327 contractual commitments, water rights and operational constraints, long-term Project Contractors  
328 shall have a first right to acquire such water, including Project Water made available pursuant to  
329 Section 215 of the RRA.

330 (g) The Contractor may request permission to reschedule for use during the  
331 subsequent Year some or all of the Water Made Available to the Contractor during the current  
332 Year referred to as "carryover." The Contractor may request permission to use during the  
333 current Year a quantity of Project Water which may be made available by the United States to  
334 the Contractor during the subsequent Year referred to as "preuse." The Contracting Officer's  
335 written approval may permit such uses in accordance with applicable statutes, regulations,  
336 guidelines, and policies.

337 (h) The Contractor's right pursuant to Federal Reclamation law and  
338 applicable State law to the reasonable and beneficial use of Water Delivered pursuant to this  
339 Contract during the term thereof and any subsequent renewal contracts, as described in  
340 Article 2 of this Contract, during the terms thereof shall not be disturbed so long as the  
341 Contractor shall fulfill all of its obligations under this Contract and any renewals thereof.  
342 Nothing in the preceding sentence shall affect the Contracting Officer's ability to impose

shortages under Article 11 or subdivision (b) of Article 12 of this Contract or applicable provisions of any subsequent renewal contracts.

(i) Project Water furnished to the Contractor pursuant to this Contract may be delivered for purposes other than those described in subdivisions (m) and (o) of Article 1 of this Contract upon written approval by the Contracting Officer in accordance with the terms and conditions of such approval.

(j) The Contracting Officer shall make reasonable efforts to protect the water rights necessary for the Project and to provide the water available under this Contract. The Contracting Officer shall not object to participation by the Contractor, in the capacity and to the extent permitted by law, in administrative proceedings related to the Project Water rights; *Provided*, That the Contracting Officer retains the right to object to the substance of the Contractor's position in such a proceeding; *Provided further*, That in such proceedings the Contracting Officer shall recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

(k) In recognition of the prior historical contractual relationship between the Contractor and the United States, concerning the potential increase in water supply that could be made available from the Project if the Auburn Dam and Reservoir were to be completed, by entering into this Contract, the Contractor is not waiving any rights it may have, upon any renewal of the Contract and any subsequent renewals thereof, to assert a right to such an increase in water supply.

#### TIME FOR DELIVERY OF WATER

4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall announce the Contracting Officer's expected declaration of the Water Made Available.

Such declaration will be expressed in terms of Water Made Available and the Recent Historic Average and will be updated monthly, and more frequently if necessary, based on then-current operational and hydrologic conditions and a new declaration with changes, if any, to the Water Made Available will be made. The Contracting Officer shall provide forecasts of Project operations and the basis of the estimate, with relevant supporting information, upon the written request of the Contractor. Concurrently with the declaration of the Water Made Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic Average.

(b) On or before each March 1 and at such other times as necessary, the Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting Officer, showing the monthly quantities of Project Water to be delivered by the United States to the Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting Officer shall use all reasonable means to deliver Project Water according to the approved schedule for the Year commencing on such March 1.

(c) The Contractor shall not schedule Project Water in excess of the quantity of Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's Service Area or to sell, transfer, or exchange pursuant to Article 9 of this Contract during any Year.

(d) Subject to the conditions set forth in subdivision (a) of Article 3 of this Contract, the United States shall deliver Project Water to the Contractor in accordance with the initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to be implemented.



POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this Contract shall be delivered to the Contractor at Folsom Dam and any additional point or points of delivery either on Project facilities or another location or locations mutually agreed to in writing by the Contracting Officer and the Contractor, including a potential point of delivery on the Sacramento River north of the American River. The parties acknowledge that the potential Sacramento River point of delivery may be at a point that, as of the date of this Contract, is not included as an authorized point of delivery under the water right permits of the Project. Project Water will not be delivered to this point of delivery unless and until such point is added to the water right permits of the Project. Upon request of the Contractor, the Contracting Officer shall petition the California State Water Resources Control Board to include the necessary point of delivery to the water rights for the Project, and the Contractor shall cooperate with and assist the Contracting Officer in prosecuting such petition in a timely manner. The Contracting Officer shall bear neither responsibility nor liability for existing and/or future-constructed non-Federal diversion or delivery facilities or the use thereof.

(1) The parties hereby acknowledge execution of the Stipulated Agreement dated September 8, 1998, recognizing the agreement by the United States, Bureau of Reclamation, subject to certain conditions, to dismiss protests to the Contractor's petition to expand the place of use under the Contractor's water right permits.

(b) Omitted.

(c) The Contractor shall not deliver Project Water to land outside the Contractor's Service Area unless approved in advance by the Contracting Officer.

411 (d) All Water Delivered to the Contractor pursuant to this Contract shall be  
412 measured and recorded with equipment furnished, installed, operated, and maintained by the  
413 United States or other appropriate entity as designated by the Contracting Officer at the point or  
414 points of delivery established pursuant to subdivision (a) of this Article. Upon the request of  
415 either party to this Contract, the Contracting Officer shall investigate the accuracy, or cause to be  
416 investigated, of such measurements and shall take any necessary steps to adjust any errors  
417 appearing therein. For any period of time when accurate measurements have not been made, the  
418 Contracting Officer shall consult with the Contractor prior to making a final determination of the  
419 quantity delivered for that period of time.

420 (e) The Contracting Officer shall not be responsible for the control, carriage,  
421 handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this  
422 Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor  
423 shall indemnify the United States, its officers, employees, agents, and assigns on account of  
424 damage or claim of damage of any nature whatsoever for which there is legal responsibility,  
425 including property damage, personal injury, or death arising out of or connected with the control,  
426 carriage, handling, use, disposal, or distribution of such Water Delivered beyond such delivery  
427 points, except for any damage or claim arising out of: (i) acts or omissions of the Contracting  
428 Officer or any of its officers, employees, agents, or assigns with the intent of creating the  
429 situation resulting in any damage or claim; (ii) willful misconduct of the Contracting Officer or  
430 any of its officers, employees, agents, or assigns; (iii) negligence of the Contracting Officer or  
431 any of its officers, employees, agents, or assigns; or (iv) damage or claims resulting from a  
432 malfunction of facilities owned and/or operated by the United States.

433                    MEASUREMENT OF WATER WITHIN THE SERVICE AREA

434                    6.        (a)        The Contractor shall ensure that, unless the Contractor has established a  
435        measuring program satisfactory to the Contracting Officer, the Contractor shall ensure that all  
436        surface water delivered for M&I purposes is measured at each M&I service connection. The  
437        water measuring devices or water measuring methods of comparable effectiveness must be  
438        acceptable to the Contracting Officer. The Contractor shall be responsible for installing,  
439        operating, and maintaining and repairing all such measuring devices and implementing all such  
440        water measuring methods at no cost to the United States. The Contractor shall use the  
441        information obtained from such water measuring devices or water measuring methods to ensure  
442        its proper management of the water, to bill water users for water delivered by the Contractor;  
443        and, if applicable, to record water delivered for M&I purposes by customer class as defined in  
444        the Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing  
445        herein contained, however, shall preclude the Contractor from establishing and collecting any  
446        charges, assessments, or other revenues authorized by California law. The Contractor shall  
447        include a summary of all its annual surface water deliveries in the annual report described in  
448        subdivision (c) of Article 26.

449                    (b)        To the extent the information has not otherwise been provided, upon  
450        execution of this Contract, the Contractor shall provide to the Contracting Officer a written  
451        report describing the measurement devices or water measuring methods being used or to be used  
452        to implement subdivision (a) of this Article and identifying the M&I service connections or  
453        alternative measurement programs approved by the Contracting Officer, at which such  
454        measurement devices or water measuring methods are being used, and, if applicable, identifying  
455        the locations at which such devices and/or methods are not yet being used including a time

schedule for implementation at such locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the adequacy of, and necessary modifications, if any, of the measuring devices or water measuring methods identified in the Contractor's report and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or methods are inadequate, the parties shall within 60 days following the Contracting Officer's response, negotiate in good faith the earliest practicable date by which the Contractor shall modify said measuring devices and/or measuring methods as required by the Contracting Officer to ensure compliance with subdivision (a) of this Article.

(c) All new surface water delivery systems installed within the Contractor's Service Area after the effective date of this Contract shall also comply with the measurement provisions described in subdivision (a) of this Article.

(d) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(e) The Contractor shall inform the Contracting Officer on or before the 20<sup>th</sup> calendar day of each month of the quantity of M&I Water taken during the preceding month.

#### RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States as provided in this Article for all Delivered Water at Rates and Charges established in accordance with: (i) the Secretary's then-existing ratesetting policy for M&I Water, which ratesetting policies shall be amended, modified, or superseded only through a public notice and comment procedure;

(ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and  
(iii) other applicable provisions of this Contract. Payments shall be made by cash transaction, electronic funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The Rates and Charges, applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

(b) The Contracting Officer shall notify the Contractor of the Rates and Charges as follows:

(1) Prior to July 1 of each Calendar Year, the Contracting Officer shall provide the Contractor an estimate of the Charges for Project Water that will be applied to the period October 1, of the current Calendar Year, through September 30, of the following Calendar Year, and the basis for such estimate. The Contractor shall be allowed not less than two months to review and comment on such estimates. On or before September 15 of each Calendar Year, the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the period October 1 of the current Calendar Year, through September 30, of the following Calendar Year, and such notification shall revise Exhibit "B."

(2) Prior to October 1 of each Calendar Year, the Contracting Officer shall make available to the Contractor an estimate of the Rates for Project Water for the following Year and the computations and cost allocations upon which those Rates are based. The Contractor shall be allowed not less than two months to review and comment on such computations and cost allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall revise Exhibit "B".

502 (c) At the time the Contractor submits the initial schedule for the delivery of  
503 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the  
504 Contractor shall make an advance payment to the United States equal to the total amount payable  
505 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water  
506 scheduled to be delivered pursuant to this Contract during the first two calendar months of the  
507 Year. Before the end of the first month and before the end of each calendar month thereafter, the  
508 Contractor shall make an advance payment to the United States, at the Rate(s) set under  
509 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract  
510 during the second month immediately following. Adjustments between advance payments for  
511 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of  
512 the following month; *Provided*, That any revised schedule submitted by the Contractor pursuant  
513 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this  
514 Contract during any month shall be accompanied with appropriate advance payment, at the Rates  
515 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such  
516 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to  
517 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no  
518 additional Project Water shall be delivered to the Contractor unless and until an advance  
519 payment at the Rates then in effect for such additional Project Water is made. Final adjustment  
520 between the advance payments for the Water Scheduled and payments for the quantities of Water  
521 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no  
522 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried  
523 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last  
524 day of February.

(d) The Contractor shall also make a payment in addition to the Rate(s) in subdivision (c) of this Article to the United States for Water Delivered, at the Charges then in effect, before the end of the month following the month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered as shown in the water delivery report for the subject month prepared by the Contracting Officer. The water delivery report shall be deemed a bill for the payment of Charges for Water Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the adjustment of payments due to the United States for Charges for the next month. Any amount to be paid for past due payment of Charges shall be computed pursuant to Article 20 of this Contract.

(e) The Contractor shall pay for any Water Delivered under subdivision (a), (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies; *Provided*, That the Rate for Water Delivered under subdivision (f) of Article 3 of this Contract shall be no more than the otherwise applicable Rate for M&I Water under subdivision (a) of this Article.

(f) Payments to be made by the Contractor to the United States under this Contract may be paid from any revenues available to the Contractor.

(g) All revenues received by the United States from the Contractor relating to the delivery of Project Water or the delivery of non-Project water through Project facilities shall be allocated and applied in accordance with Federal Reclamation law and the associated rules or regulations, and the then-current Project ratesetting policies for M&I Water.

(h) The Contracting Officer shall keep its accounts pertaining to the administration of the financial terms and conditions of its long-term contracts, in accordance

548 with applicable Federal standards, so as to reflect the application of Project costs and revenues.

549 The Contracting Officer shall, each Year upon request of the Contractor, provide to the

550 Contractor a detailed accounting of all Project and Contractor expense allocations, the

551 disposition of all Project and Contractor revenues, and a summary of all water delivery

552 information. The Contracting Officer and the Contractor shall enter into good faith negotiations

553 to resolve any discrepancies or disputes relating to accountings, reports, or information.

554 (i) The parties acknowledge and agree that the efficient administration of this

555 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,

556 policies, and procedures used for establishing Rates and Charges and/or for making and

557 allocating payments, other than those set forth in this Article may be in the mutual best interest

558 of the parties, it is expressly agreed that the parties may enter into agreements to modify the

559 mechanisms, policies, and procedures for any of those purposes while this Contract is in effect

560 without amending this Contract.

561 (j) (1-3) Omitted.

562 (k) For the term of this Contract, Rates under the respective ratesetting

563 policies will be established to recover only reimbursable O&M (including any deficits) and

564 capital costs of the Project, as those terms are used in the then-current Project ratesetting

565 policies, and interest, where appropriate, except in instances where a minimum Rate is applicable

566 in accordance with the relevant Project ratesetting policy. Changes of significance in practices

567 which implement the Contracting Officer's ratesetting policies will not be implemented until the

568 Contracting Officer has provided the Contractor an opportunity to discuss the nature, need, and

569 impact of the proposed change.



(l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates, adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the delivery of the transferred Project Water to the transferee's point of delivery in accordance with the then-applicable Project ratesetting policy.

(m) Omitted.

(n) Omitted.

NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

8. Omitted.

SALES, TRANSFERS, OR EXCHANGES OF WATER

9. (a) The right to receive Project Water provided for in this Contract may be sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of California if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this Contract may take place without the prior written approval of the Contracting Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or exchanges shall be approved absent all appropriate environmental documentation, including but not limited to documents prepared pursuant to the NEPA and ESA. Such environmental documentation should include, as appropriate, an analysis of groundwater impacts and economic and social effects, including environmental justice, of the proposed water transfers on both the transferor and transferee.

(b) In order to facilitate efficient water management by means of water transfers of the type historically carried out among Project Contractors located within the same

geographical area and to allow the Contractor to participate in an accelerated water transfer program during the term of this Contract, the Contracting Officer shall prepare, as appropriate, all necessary environmental documentation including, but not limited to, documents prepared pursuant to the NEPA and ESA analyzing annual transfers within such geographical areas, and the Contracting Officer shall determine whether such transfers comply with applicable law. Following the completion of the environmental documentation, such transfers addressed in such documentation shall be conducted with advance notice to the Contracting Officer, but shall not require prior written approval by the Contracting Officer. Such environmental documentation and the Contracting Officer's compliance determination shall be reviewed every 5 years and updated, as necessary, prior to the expiration of the then-existing 5 year period. All subsequent environmental documentation shall include an alternative to evaluate not less than the quantity of Project Water historically transferred within the same geographical area.

(c) For a water transfer to qualify under subdivision (b) of this Article, such water transfer must: (i) be for irrigation purposes for lands irrigated within the previous 3 years, for M&I use, groundwater recharge, water banking or similar groundwater activities, surface water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to established cropland, wildlife refuges, groundwater basins or M&I use, or for fish and wildlife purposes; (ii) occur within a single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through existing facilities with no new construction or modifications to facilities and be between existing Project Contractors and/or the Contractor and the United States, Department of the Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and requirements imposed for protection of the environment and Indian Trust Assets, as defined under Federal law.

(d) Solely for the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer acknowledges that the Contractor is within a county, watershed or other area of origin, as those terms are utilized under California law, of water that constitutes the natural flow of the American River and its tributaries above the confluence of the American and Sacramento Rivers.

APPLICATION OF PAYMENTS AND ADJUSTMENTS

10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M, capital, interest and deficit (if any) obligations for the Year shall be applied first to any current liabilities of the Contractor arising out of this Contract then due and payable. Overpayments of more than \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such overpayment, at the option of the Contractor, may be credited against amounts to become due to the United States by the Contractor. With respect to overpayment, such refund or adjustment shall constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the use of any of the Project Water supply provided for herein. All credits and refunds of overpayments shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or refund such overpayment in response to the notice to the Contractor that it has finalized the accounts for the Year in which the overpayment was made.

(b) All advances for miscellaneous costs incurred for work requested by the Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when the work has been completed. If the advances exceed the actual costs incurred, the

difference will be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be billed for the additional costs pursuant to Article 25.

TEMPORARY REDUCTIONS – RETURN FLOWS

11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the requirements of Federal law; and (ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this Contract.

(b) The Contracting Officer may temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given; *Provided*, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water which would have been delivered hereunder in the absence of such discontinuance or reduction.

(c) The United States reserves the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; *Provided*, That this shall not be construed as claiming for the United States any right to seepage or return flow being put to reasonable and beneficial use

pursuant to this Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor.

CONSTRAINTS ON THE AVAILABILITY OF WATER

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a Condition of Shortage in the quantity of water to be made available to the Contractor pursuant to this Contract. In the event the Contracting Officer determines that a Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said determination as soon as practicable.

(b) If there is a Condition of Shortage because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision (a) of Article 18 of this Contract, no liability shall accrue against the United States or any of its officers, agents, or employees for any damage, direct or indirect, arising therefrom.

(c) Omitted.

(d) Project Water furnished under this Contract will be allocated in accordance with the then-existing Project M&I Water Shortage Policy. Such policy shall be amended, modified, or superseded only through a public notice and comment procedure.

(e) By entering into this Contract, the Contractor does not waive any legal rights or remedies it may have to file or participate in any administrative or judicial proceeding contesting: (i) the sufficiency of the manner in which any Project M&I Water Shortage Policy adopted after the effective date of this Contract was promulgated; (ii) the substance of such a policy; or (iii) the applicability of such a policy. By agreeing to the foregoing, the Contracting Officer does not waive any legal defenses or remedies that it may then have to assert in such a proceeding.

UNAVOIDABLE GROUNDWATER PERCOLATION

13. Omitted.

RULES, REGULATIONS AND DETERMINATIONS

14. The parties agree that the delivery of M&I Water or use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law and the applicable rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

WATER AND AIR POLLUTION CONTROL

15. 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.

QUALITY OF WATER

16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this Contract shall be operated and maintained to enable the United States to deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050), or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

(b) The O&M of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Service Area.

WATER ACQUIRED BY THE CONTRACTOR  
OTHER THAN FROM THE UNITED STATES

17. (a) Omitted.

(b) Water or water rights now owned or hereafter acquired by the Contractor, other than from the United States, may be stored, conveyed, and/or diverted through Project facilities, subject to the completion of appropriate environmental documentation, with the approval of the Contracting Officer and the execution of any contract determined by the Contracting Officer to be necessary, consistent with the following provisions:

(1) The Contractor may introduce non-Project water into Project facilities and deliver said water to lands within the Contractor's Service Area, subject to payment to the United States of an appropriate rate as determined by the applicable Project ratesetting policy and the Project use power policy, if such Project use power policy is applicable, each as amended, modified, or superseded from time to time. In addition, if electrical power is required to pump non-Project water through the facilities, the Contractor shall be responsible for obtaining the necessary power and paying the necessary charges therefore.

(2) Delivery of such non-Project water in and through Project facilities shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to other Project contractors; (iii) interfere with the delivery of contractual water entitlements to any other Project water service contractors; or (iv) interfere with the physical maintenance of the Project facilities; *Provided*, That nothing in this Article is intended to limit the United States' obligation to pass the Contractor's Diversion Water

734 through Project storage facilities to the extent required under the applicable provisions of  
735 California law.

736 (3) The United States shall not be responsible for control, care, or  
737 distribution of the non-Project water before it is introduced into or after it is delivered  
738 from the Project facilities. The Contractor hereby releases and agrees to defend and  
739 indemnify the United States and their respective officers, agents, and employees, from  
740 any claim for damage to persons or property, direct or indirect, resulting from the acts  
741 of the Contractor or its officers, employees, agents or assigns, in (i) extracting or  
742 diverting non-Project water from any source, or (ii) diverting such non-Project water  
743 into Project facilities.

744 (4) Diversion of such non-Project water into Project facilities shall be  
745 consistent with all applicable laws, and if involving groundwater, consistent with any  
746 applicable groundwater management plan for the area from which it was extracted.

747 (5) After Project purposes are met, as determined by the Contracting  
748 Officer, the United States and the Contractor shall share priority to utilize the remaining  
749 capacity of the facilities declared to be available by the Contracting Officer for  
750 conveyance and transportation of non-Project water prior to any such remaining capacity  
751 being made available to non-Project contractors.

752 OPINIONS AND DETERMINATIONS

753 18. (a) Where the terms of this Contract provide for actions to be based upon the  
754 opinion or determination of either party to this Contract, said terms shall not be construed as  
755 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or  
756 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly



reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or unreasonable opinion or determination. Each opinion or determination by either party shall be provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or determination implementing a specific provision of Federal law embodied in statute or regulation.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with the provisions of this Contract, the laws of the United States and of the State of California, and the rules and regulations promulgated by the Secretary. Such determinations shall be made in consultation with the Contractor to the extent reasonably practicable.

#### COORDINATION AND COOPERATION

19. (a) In order to further their mutual goals and objectives, the Contracting Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and with other affected Project Contractors, in order to improve the operation and management of the Project. The communication, coordination, and cooperation regarding operations and management shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.

(b) Within 120 days following the effective date of this Contract, the Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet with interested Project Contractors to develop a mutually agreeable, written Project-wide process, which may be amended as necessary separate and apart from this Contract. The goal of this process shall be to provide, to the extent practicable, the means of mutual communication and interaction regarding significant decisions concerning Project operation and management on a real-time basis.

(c) In light of the factors referred to in subdivision (b) of Article 3 of this Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this intent:

(1) The Contracting Officer will, at the request of the Contractor, assist in the development of integrated resource management plans for the Contractor. Further, the Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to improve water supply, water quality, and reliability.

(2) The Secretary will, as appropriate, pursue program and project implementation and authorization in coordination with Project Contractors to improve the water supply, water quality, and reliability of the Project for all Project purposes.

(3) The Secretary will coordinate with Project Contractors and the State of California to seek improved water resource management.

(4) The Secretary will coordinate actions of agencies within the Department of the Interior that may impact the availability of water for Project purposes.

(5) The Contracting Officer shall periodically, but not less than annually, hold division level meetings to discuss Project operations, division level water management activities, and other issues as appropriate.

(d) Without limiting the contractual obligations of the Contracting Officer under the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to protect health, safety, or the physical integrity of structures or facilities.

#### CHARGES FOR DELINQUENT PAYMENTS

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

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

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

#### EQUAL OPPORTUNITY

21. During the performance of this Contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action

shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

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

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

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

(e) The Contractor will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

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

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

GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

22. (a) The obligation of the Contractor to pay the United States as provided in this Contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this Contract. The United States shall not make water available to the Contractor through Project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this Contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

(c) With respect to subdivision (b) of this Article, the Contractor shall have no obligation to require advance payment for water rates which it levies.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

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

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

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

PRIVACY ACT COMPLIANCE

24. Omitted.

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

25. In addition to all other payments to be made by the Contractor pursuant to this Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and detailed statement submitted by the Contracting Officer to the Contractor for such specific items of direct cost incurred by the United States for work requested by the Contractor associated with this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in writing in advance by the Contractor. This Article shall not apply to costs for routine contract administration.

WATER CONSERVATION

26. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan that has been determined by the Contracting Officer to meet the conservation and efficiency criteria for evaluating water conservation plans established under Federal law. The water conservation and efficiency program shall contain definite water conservation objectives, appropriate economically feasible water conservation measures, and time schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract shall be contingent upon the Contractor's continued implementation of such water conservation program. In the event the Contractor's water conservation plan or any revised water conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been determined by the Contracting Officer to meet such criteria, due to circumstances which the Contracting Officer determines are beyond the control of the Contractor, water

deliveries shall be made under this Contract so long as the Contractor diligently works with the Contracting Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor immediately begins implementing its water conservation and efficiency program in accordance with the time schedules therein.

(b) Should the amount of M&I Water delivered pursuant to subdivision (a) of Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement the Best Management Practices identified by the time frames issued by the California Urban Water Conservation Council for such M&I Water unless any such practice is determined by the Contracting Officer to be inappropriate for the Contractor.

(c) The Contractor shall submit to the Contracting Officer a report on the status of its implementation of the water conservation plan on the reporting dates specified in the then existing conservation and efficiency criteria established under Federal law.

(d) At five-year intervals, the Contractor shall revise its water conservation plan to reflect the then-current conservation and efficiency criteria for evaluating water conservation plans established under Federal law and submit such revised water management plan to the Contracting Officer for review and evaluation. The Contracting Officer will then determine if the water conservation plan meets Reclamation's then-current conservation and efficiency criteria for evaluating water conservation plans established under Federal law.

(e) If the Contractor is engaged in direct ground-water recharge, such activity shall be described in the Contractor's water conservation plan.

#### EXISTING OR ACQUIRED WATER OR WATER RIGHTS

27. Except as specifically provided in Article 17 of this Contract, the provisions of this Contract shall not be applicable to or affect non-Project water or water rights now owned or



hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area. Any such water shall not be considered Project Water under this Contract. In addition, this Contract shall not be construed as limiting or curtailing any rights which the Contractor or any water user within the Contractor's Service Area acquires or has available under any other contract pursuant to Federal Reclamation law.

OPERATION AND MAINTENANCE BY THE OPERATING NON-FEDERAL ENTITY

28. Omitted.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

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

BOOKS, RECORDS, AND REPORTS

30. (a) The Contractor shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this Contract, including: the Contractor's financial transactions, water supply data, and Project land and right-of-way agreements; the water users' land-use (crop census), land ownership, land-leasing and water use data; and other matters that the Contracting Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this Contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this Contract.

(b) Notwithstanding the provisions of subdivision (a) of this Article, no books, records, or other information shall be requested from the Contractor by the Contracting Officer unless such books, records, or information are reasonably related to the administration or performance of this Contract. Any such request shall allow the Contractor a reasonable period of time within which to provide the requested books, records, or information.

(c) Omitted.



ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

31. (a) The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

(b) The assignment of any right or interest in this Contract by either party shall not interfere with the rights or obligations of the other party to this Contract absent the written concurrence of said other party.

(c) The Contracting Officer shall not unreasonably condition or withhold his approval of any proposed assignment.

SEVERABILITY

32. In the event that a person or entity who is neither: (i) a party to a Project contract, nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii) an association or other form of organization whose primary function is to represent parties to Project contracts, brings an action in a court of competent jurisdiction challenging the legality or enforceability of a provision included in this Contract and said person, entity, association, or organization obtains a final court decision holding that such provision is legally invalid or unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s), the parties to this Contract shall use their best efforts to: (i) within 30 days of the date of such final court decision identify by mutual agreement the provisions in this Contract which must be revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).

The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent it can do so without violating any applicable provisions of law, the United States shall continue to make the quantities of Project

1005 Water specified in this Contract available to the Contractor pursuant to the provisions of this  
1006 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1007 RESOLUTION OF DISPUTES

1008 33. Should any dispute arise concerning any provisions of this Contract, or the  
1009 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to  
1010 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting  
1011 Officer referring any matter to Department of Justice, the party shall provide to the other party  
1012 30 days written notice of the intent to take such action; *Provided*, That such notice shall not be  
1013 required where a delay in commencing an action would prejudice the interests of the party that  
1014 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer  
1015 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,  
1016 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the  
1017 United States may have.

1018 OFFICIALS NOT TO BENEFIT

1019 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1020 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
1021 manner as other water users or landowners.

1022 CHANGES IN CONTRACTOR'S SERVICE AREA

1023 35. (a) While this Contract is in effect, no change may be made in the  
1024 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,  
1025 or otherwise, except upon the Contracting Officer's written consent.

1026 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1027 Officer will notify the Contractor of any additional information required by the Contracting  
1028 Officer for processing said request, and both parties will meet to establish a mutually agreeable  
1029 schedule for timely completion of the process. Such process will analyze whether the proposed

change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract; (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition, the Contracting Officer shall comply with the NEPA and ESA. The Contractor will be responsible for all costs incurred by the Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of this Contract.

#### FEDERAL LAWS

36. By entering into this Contract, the Contractor does not waive its rights to contest the validity or application in connection with the performance of the terms and conditions of this Contract of any Federal law or regulation; *Provided*, That the Contractor agrees to comply with the terms and conditions of this Contract unless and until relief from application of such Federal law or regulation to the implementing provision of the Contract is granted by a court of competent jurisdiction.

#### NOTICES

37. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area Manager, Bureau of Reclamation, 7794 Folsom Dam Road, Folsom, California 95630-1777, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors of the Placer County Water Agency, P. O. Box 6570, Auburn, California 95604. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

#### CONFIRMATION OF CONTRACT

38. The Contractor, after the execution of this Contract, shall furnish to the Contracting Officer evidence that pursuant to the laws of the State of California, the Contractor is a legally constituted entity and the Contract is lawful, valid, and binding on the Contractor. This Contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer's satisfaction.

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CONTRACT DRAFTING CONSIDERATIONS

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39. This Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. Articles 1 through 39 of the Contract have been drafted, negotiated, and reviewed by the parties, and no one party shall be considered to have drafted the stated articles.

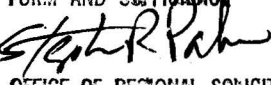
1063

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of

1064

the day and year first above written.

1065


APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY  
  
OFFICE OF REGIONAL SOLICITOR  
BUREAU OF RECLAMATION  
DEPARTMENT OF THE INTERIOR

UNITED STATES OF AMERICA

1066

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1068

By:   
**ACTING FOR** Regional Director, Mid-Pacific Region  
Bureau of Reclamation

1069

(SEAL)

1070

PLACER COUNTY WATER AGENCY

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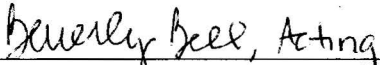
By:   
Chair of the Board of Directors

1073

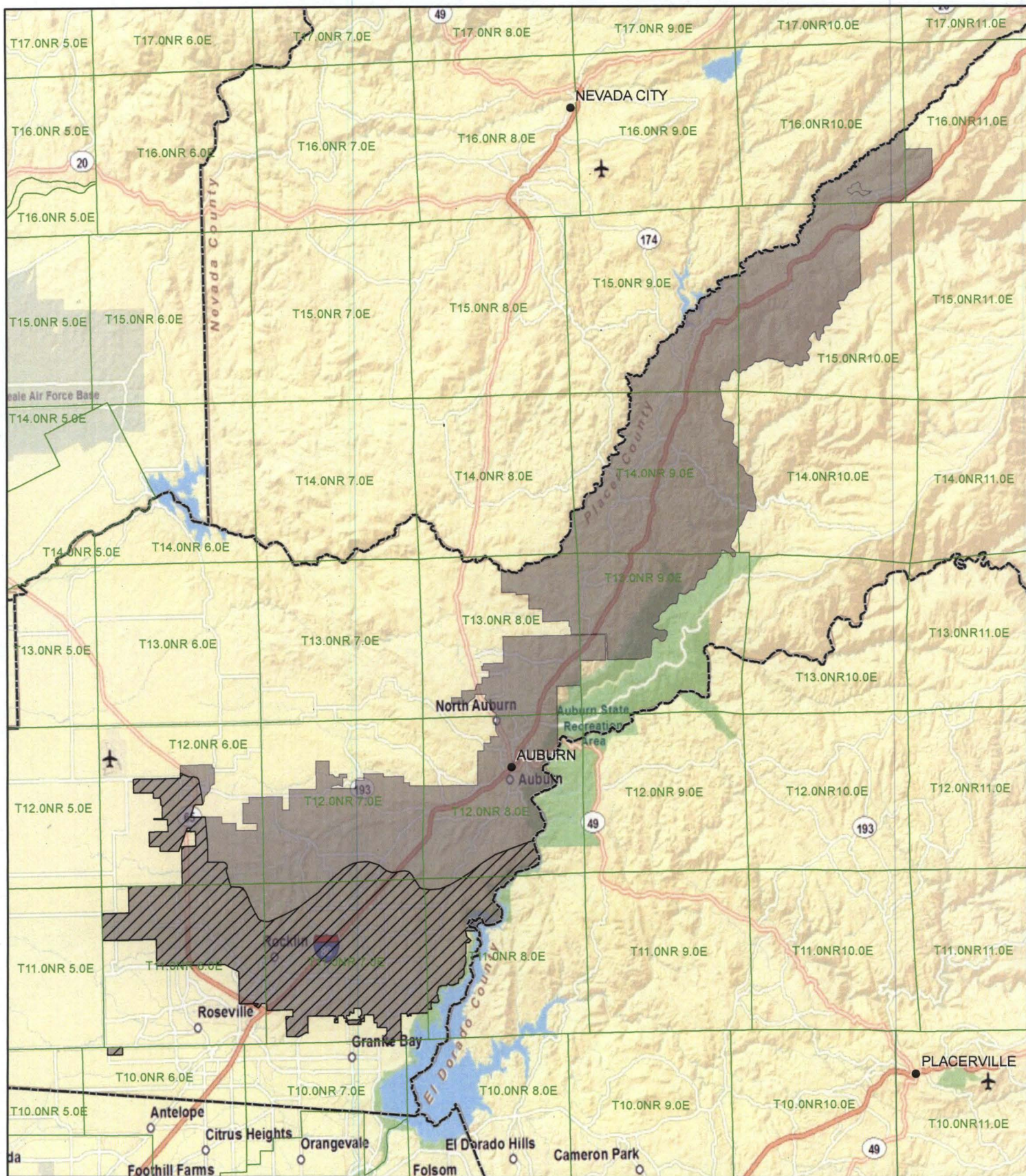
Attest:

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By:   
Secretary of the Board of Directors





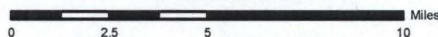
# Placer County Water Agency

Contract No. 14-06-200-5082A-IR1

Exhibit A



Date: October 13, 2010  
File Name: N:\Districts\Contracts\placer\_county\_wa\placer\_co\_wa\_IR.mxd



353-202-18

PCWA-038



EXHIBIT B

RATES AND CHARGES  
(PLACEHOLDER)

1                                   **RESOLUTION NO. 11- 44 OF THE BOARD OF**  
2                                   **DIRECTORS OF THE PLACER COUNTY WATER AGENCY**  
3                                   **APPROVING AN INTERIM RENEWAL CONTRACT WITH**  
4                                   **UNITED STATES FOR WATER SERVICE AND AUTHORIZING**  
5                                   **ITS EXECUTION**

6                   WHEREAS, in 2001, the Agency entered into an Amendatory water service contract with  
7                   the United States for water from the federal Central Valley Project ("CVP") that provided for  
8                   deliveries of CVP water until December 31, 2011, with option for renewal for an additional 25  
9                   years; and

10                  WHEREAS, in August 2002, the Agency and United States executed an Amendment to  
11                  the Amendatory Contract that did not change the term of that Contract; and

12                  WHEREAS, the term of the Amendatory Contract as amended ends on December 31,  
13                  2011; and

14                  WHEREAS, the United States is precluded from entering into a Long-Term Renewal  
15                  Contract with the Agency at this time due to challenges to the environmental documentation  
16                  necessary to execute such a Contract; and

17                  WHEREAS, the Agency has requested an Interim Renewal Contract pursuant to Section  
18                  3404(c)(1) of the CVPIA and;

19                  WHEREAS, the terms of the Interim Renewal Contract do not provide for any change in  
20                  the terms and conditions of the Amendatory Contract as amended, but provide a contractual basis  
21                  for continued deliveries of Central Valley Project water through February 28, 2014; and

22                  WHEREAS, PCWA's only diversion of CVP water has been from Folsom Reservoir and  
23                  such diversions will not change within the term of the Interim Contract;

24                                   **NOW THEREFORE BE IT RESOLVED:**

25                                   The Board hereby finds and determines that the foregoing recitals are true and  
26                                   correct.

27                                   1.       The Board hereby finds that the Agency's diversions under the Interim Contract  
28                                   will have no potential for any significant adverse effect on the physical environment

1           2.       The Board hereby directs the Agency staff to prepare and file a Notice of  
2       Exemption and file it in the prescribed form in compliance with the California Environmental  
3       Quality Act.

4           3.       The Board of Directors of the Placer County Water Agency approves the proposed  
5       Interim Renewal Contract Between the United States and Placer County Water Agency Providing  
6       for Project Water Service From the American River Division, Contract No. 14-06-200-5082(A)-  
7       IR1, attached to this Resolution as Exhibit A; and

8           **BE IT FURTHER RESOLVED**, that the Chair of the Board of Directors is hereby  
9       authorized to execute the Interim Renewal Contract.

10          The foregoing resolution was duly passed at an adjourned meeting of the Board of  
11       Directors of the Placer County Water Agency held on the 5<sup>th</sup> day of December, 2011, by the  
12       following vote on roll call:

13           AYES DIRECTORS: Gray Allen, Alex Ferreira, Lowell Jarvis,  
14                                   Ben Mavy, Chairman Mike Lee

15           NOES DIRECTORS: None

16           ABSENT: None

17           Signed and approved by me after its passage this 5<sup>th</sup> day of December, 2011.

18           ATTEST:

19  
20       *Beverly Bell, Acting*  
21       Clerk, Board of Directors  
22       Placer County Water Agency

23       *Mike Lee*  
24       Chair, Board of Directors  
25       Placer County Water Agency

26           CERTIFICATION

27       The foregoing instrument is  
28       a correct copy of the original  
      on file at the Placer County  
      Water Agency, Auburn, California.

29       ATTEST: *Beverly Bell*  
30               Beverly Bell  
31               Acting Clerk to the Board

32       Dated: December 20, 2011

33       986334.1 80.1