

**AGREEMENT BETWEEN PLACER COUNTY WATER AGENCY
AND NORTHRIDGE WATER DISTRICT FOR A WATER SUPPLY
FOR GROUNDWATER STABILIZATION**

This Agreement is entered into as of the 1st day of June, 2000, and amends and supersedes in its entirety the agreement (as amended) entered into on August 21, 1995, by and between Placer County Water Agency, a public agency (the "Agency"), and Northridge Water District, a public agency ("Northridge") in the County of Sacramento, California.

Recitals

- A. The Agency is a public agency created and existing under the Placer County Water Agency Act (Statutes 1957, Chapter 1234, as amended), and is authorized to conserve and utilize, within and outside of the Agency, water for any purpose useful to the Agency.
- B. The Agency owns and operates the Middle Fork American River Project pursuant to water right permits 13855 through 13858 issued by the State of California ("Agency Water Rights").
- C. Northridge is a public agency located in northern Sacramento County, created and existing under the County Water District Law (Division 12 of the Water Code, commencing with section 30,000), and is authorized to acquire water rights and entitlements to provide water service within its service area.
- D. Northridge currently provides water for potable use within its service area primarily from groundwater. The groundwater aquifer utilized by Northridge (and other water purveyors) is located in both Placer and Sacramento Counties. This aquifer has experienced a steady decline for many years, and is expected to continue to decline in the future unless surface water is made

available as a supplemental water source to enable implementation of a conjunctive use program to stabilize the aquifer in Placer and Sacramento Counties.

E. San Juan Water District ("San Juan") diverts water from Folsom Reservoir (including water purchased from the Agency) for treatment and distribution within its service area, which is in both Placer and Sacramento Counties. San Juan has completed a project to increase the capacity of its water conveyance system from its treatment plant ("San Juan Pipeline"), and Northridge has purchased the right to use a portion of the capacity in the San Juan Pipeline for use within Northridge's service area. San Juan has also agreed to give Northridge first priority to use of surplus capacity in San Juan's water treatment facility. Northridge has installed a pipeline to convey treated surface water from the San Juan Pipeline to Northridge's service area to enable Northridge to better conserve and utilize its groundwater resources.

F. The Agency has determined that, subject to the terms and conditions set forth in this Agreement, there will be water available under the Agency's water rights for delivery to Northridge for the purpose of stabilizing the groundwater basin in Placer and Sacramento Counties as provided for in this Agreement.

G. The Agency is willing to deliver to, and Northridge is willing to pay for, water delivered by the Agency under the terms and conditions set forth in this Agreement.

H. The Agency (as lead agency) and Northridge (as a responsible agency) have prepared and approved a final environmental impact report ("EIR") under the California Environmental Quality Act for the sale of water under this agreement.

I. The State Water Resources Control Board ("SWRCB") issued orders on May 24,

2000 ("SWRCB Orders") that approve a change in the place of use of the Agency Water Rights to include the area served by Northridge, which is described in Article 19 of this Agreement.

J. The Agency and Northridge are signatories to the Water Forum Agreement, which sets forth provisions that are related to the diversion and use of water under this Agreement that are implemented by the EIR and SWRCB Orders.

K. Northridge and the U.S. Bureau of Reclamation ("Reclamation") have entered into an agreement that authorizes Northridge to use Reclamation facilities at Folsom Reservoir to convey water delivered by the Agency under this Agreement (the "Warren Act Contract", including any renewal, extensions or subsequent agreement for that purpose).

Now, therefore, in consideration of the mutual covenants contained, herein, the parties agree as follows:

1. Recitals Incorporated. The foregoing recitals are incorporated by reference.

2. Term of Agreement. This Agreement shall be effective as of June 1, 2000, and shall remain in effect through December 31, 2025, unless terminated earlier under the provisions of this Agreement.

3. Renewals of Term. Renewals of this Agreement may be made for successive periods not to exceed twenty-five years each. The terms and conditions of each renewal shall be agreed upon by the parties not later than one year before the expiration of the then current term of the Agreement.

4. Water to be Furnished to Northridge. Each year during the term of this Agreement the Agency

shall make available to Northridge, subject to the water shortage provisions set forth in this Agreement, and the operating criteria set forth in Exhibit A to this Agreement, the following amounts of untreated water ("Northridge Annual Entitlement"):

| <u>YEAR</u> | <u>NORTHRIDGE ANNUAL ENTITLEMENT</u> |
|----------------------------------|--------------------------------------|
| June 1 through December 31, 2000 | 7,000 acre-feet |
| 2001 | 11,000 acre-feet |
| 2002 | 12,000 acre-feet |
| 2003 | 14,000 acre-feet |
| 2004 | 16,000 acre-feet |
| 2005 | 18,000 acre-feet |
| 2006 | 20,000 acre-feet |
| 2007 | 22,000 acre-feet |
| 2008 | 23,000 acre-feet |
| 2009 | 24,000 acre-feet |
| 2010 | 25,000 acre-feet |
| 2011 | 26,000 acre-feet |
| 2012 | 27,000 acre-feet |
| 2013 | 28,000 acre-feet |
| 2014 and each year thereafter | 29,000 acre-feet |

Each year Northridge shall be required to pay for its Annual Entitlement or surrender its right to some of it so that the Agency will be free to put the water to use elsewhere. In order to do this, if Northridge does not take or pay for the Northridge Annual Entitlement for any year, the Northridge Annual Entitlement for each year thereafter shall be reduced by an amount equal to 50% of the amount which Northridge did not take or pay for during that year.

5. Water Shortage Provisions.

(a) The Northridge Annual Entitlement shall be subject to temporary or permanent reduction or elimination whenever the Agency notifies Northridge that the Agency has determined that it will not have sufficient water (1) to meet the needs of the Agency's then current customers within Placer County, (2) to meet the contractual entitlement of San Juan under its water supply contract with the Agency, or (3) to meet the Agency's obligations under its April 30, 1963 Middle Fork Project Power Purchase Contract with Pacific Gas and Electric Company ("the Power Purchase Contract"). Such notification shall be provided at the earliest date feasible. The Northridge Annual Entitlement shall not be subject to reduction or elimination because the Agency has insufficient water to meet the needs of other Agency contractors or users whose service areas are outside of Placer County, except for San Juan.

(b) The Agency may temporarily discontinue or reduce the amount of the Northridge Annual Entitlement for the purpose of maintaining, repairing, replacing, investigating or inspecting any of the facilities necessary for the storage or furnishing of water to Northridge. In so far as it is feasible, the Agency will give Northridge due notice in advance of such temporary discontinuances or reductions except in cases of emergency, in which case notice will be provided at the earliest date feasible. In the event of any such discontinuance or reduction, the Agency will, upon the resumption of service, attempt to approximate delivery of the quantity of Northridge Annual Entitlement that would have been furnished to Northridge in the absence of such event.

(c) The Northridge Annual Entitlement shall be subject to reduction in accordance with the provisions of Exhibit A.

(d) In the event of a water shortage as described in subparagraphs (a), (b) or (c) of this

article, Northridge shall be solely responsible for obtaining alternative supplies of water to meet its customers' needs, and no liability shall accrue against the Agency or any of its directors, officers, agents or employees for any damage, direct or indirect, arising from such shortages. In any year in which less than the Northridge Annual Entitlement from the schedule set forth in Article 4 is available to Northridge, a proportionate adjustment shall be made to the amounts to be paid by Northridge provided for in Article 12. To the extent that there is a deficiency in the availability of the Northridge Annual Entitlement not caused by wrongful conduct of the Agency, such adjustment shall constitute the sole remedy of Northridge or anyone having or claiming to have by, through or under Northridge the right to the use of any of the water supply provided for herein.

6. Delivery of Water. The Agency shall deliver the Northridge Annual Entitlement into Folsom Reservoir, and Northridge shall be responsible for diversion, treatment and conveyance of such water, including without limitation the payment of any charges to Reclamation concerning the diversion of such water from Folsom Reservoir and the cost of any facilities necessary to divert such water from Folsom Reservoir.

7. Commencement of Water Service. Water service to Northridge under this Agreement shall commence on June 1, 2000.

8. Delivery Schedule. Prior to commencement of water service, Northridge shall submit a written schedule to the Agency indicating the time and quantities of the Northridge Annual Entitlement to be diverted from Folsom Reservoir for delivery to Northridge pursuant to this Agreement during the remainder of the year. Thereafter, on or before December 1 of each year, Northridge shall submit a written schedule to the Agency indicating the times and quantities of the Northridge Annual Entitlement to be diverted from Folsom Reservoir for delivery to Northridge pursuant to this Agreement during the following year. The Agency shall, consistent with the Agency Water Rights,

the Power Purchase Contract and the provisions hereof, furnish the Northridge Annual Entitlement to the maximum extent feasible in accordance with the schedules submitted by Northridge or any revisions thereof that are satisfactory to the Agency. The Agency shall cooperate with Northridge in any revisions to the schedule for water deliveries as necessary to accommodate limitations in the available capacity of water diversion, treatment and conveyance facilities to be utilized by Northridge.

9. Measurement. Northridge shall measure or cause to be measured all water furnished pursuant to this Agreement at the point of diversion at Folsom Reservoir. Such measurement shall be with equipment satisfactory to the Agency and to Northridge, and Northridge shall furnish the Agency written reports quarterly showing the weekly diversions to Northridge. The Agency may inspect such measuring equipment for the purpose of determining the accuracy thereof at any time, and any errors therein will be adjusted.

10. Water Quality. The Agency assumes no responsibility with respect to the quality of the water to be furnished pursuant to this Agreement and does not warrant the quality of any such water.

11. Responsibilities for Delivery and Distribution of Water. Neither the Agency nor its directors, officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water furnished to Northridge hereunder outside of facilities then being operated or maintained by the Agency, nor for claims of damages of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond such facilities, and Northridge shall indemnify and hold harmless the Agency and its directors, officers, agents and employees from any such damages or claims of damages.

12. Rate and Method of Payment for Water.

(a) Rate of Payment for Water. Each year Northridge shall pay the Agency for each acre-foot of Northridge Annual Entitlement made available for use in Northridge's service area the highest of the following three rates: (1) Thirty-five dollars (\$35); (2) One hundred seventy-five percent (175%) of the acre-foot price the Agency charges the City of Roseville and San Juan that year for water made available to them in Folsom Reservoir for use within Placer County; or (3) One hundred fifty percent (150%) of the total amount, per acre-foot, including any restoration and other fees and charges, which the Agency is required to pay that year to Reclamation for water to be used within the Agency pursuant to the Agency's September 18, 1970 contract with Reclamation as amended and supplemented or pursuant to any renewals of that contract.

Each year, Northridge shall pay the Agency for each acre-foot of Northridge Annual Entitlement which is sold, leased, transferred or disposed of by Northridge for use outside the authorized service area for Agency water as described in Article 19, either: (1) the price provided for in the previous sentence; or (2) an amount equal to 95% of the value received by Northridge for such water, whichever is higher, and the first water sold, leased, transferred or disposed of by Northridge each year for use outside the authorized service area for Agency water shall be deemed to be the water made available to Northridge by the Agency pursuant to this Agreement. Prior to December 31 each year, the Agency shall confirm and document in writing to Northridge the applicable water rate for the next year.

(b) Time and Method of Payment. Payment shall be made quarterly in advance on or before January 1, April 1, July 1 and October 1 of each year. The amount of the payment shall be based upon the amount of water in the delivery schedule or amendments thereof furnished pursuant to Article 8. At the close of each year, the Agency shall recalculate the amount owing to it for the

previous year based upon the actual deliveries and amounts of water made available to Northridge, and shall thereupon bill Northridge for any underpayments or refund any overpayments. Any amounts due and owing from one party to the other as a result of such recalculation shall be paid within thirty days after the Agency renders a statement to Northridge for such payment.

13. Interest on Overdue Payments. Northridge shall pay the Agency interest at the legal rate for interest on State of California judgments on any charges that remain unpaid after they become due and payable.

14. Obligation of Northridge to Make Payments.

(a) Character of obligation.

The obligations of Northridge arising out of or pursuant or incidental to this Agreement shall constitute general obligations of Northridge, and Northridge shall use all the powers and resources available to it under the law to collect the funds necessary for and to pay its obligations to the Agency under this Agreement. Northridge as a whole is obligated to pay to the Agency the payments coming due under this Agreement, notwithstanding any individual default by its water users, constituents or others in the payment to Northridge of assessments, taxes, tolls or other charges levied by Northridge.

(b) Refusal of Water Does Not Affect Obligation.

Northridge's failure or refusal to accept delivery of any of the Northridge Annual Entitlement in any year shall in no way relieve it of its obligation to make payments to the Agency for that year's Annual Entitlement as provided for herein to the extent the Agency was ready, willing

and able to supply the Northridge Annual Entitlement that year.

15. Compliance with Provisions of EIR, SWRCB Orders and Warren Act Contract.

(a) The Agency shall not petition the SWRCB for a change in the place of use under the Agency Water Rights to eliminate any of Northridge's service area as of the date of this Agreement, or for any other change to the Agency Water Rights that would adversely affect Northridge's rights under this Agreement.

(b) The Agency and Northridge shall fully comply with (1) the provisions of the EIR that limit the diversion and use of water under this Agreement and (2) the provisions of the SWRCB Orders that limit the diversion and use of water under this Agreement, by complying with the operating criteria set forth in Exhibit A.

16. Remedies Not Exclusive. The use by either party of any remedy specified for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

17. Waiver of Rights. Any waiver at any time by either party of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

18. Assignment. The provisions of this Agreement shall apply to and bind the successors and assigns of the respective parties, but no assignment or transfer of this Agreement, or any part hereof or interest herein, shall be valid until and unless approved by the Agency.

19. **Areas Served by Northridge.** Water delivered to Northridge pursuant to this Agreement shall not be sold or otherwise disposed of by Northridge for use outside of the service area shown on the map marked Exhibit B, without the prior written consent of the Agency, which consent shall not unreasonably be withheld; provided, however, in no event shall any such water be used outside the place of use described in the Agency's water right permits.

20. **Opinions and Determinations.** Where the terms of this Agreement provide for action to be based upon judgment, approval, review or determination of either party, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

21. **Notices.** All notices that are required either expressly or by implication to be given by any party to the other under this Agreement shall be signed for the Agency and for Northridge by such officers as they may from time to time authorize to so act. Any notices to parties required by this Agreement shall be delivered or mailed, U.S. first-class postage prepaid, addressed as follows:

To Agency:

General Manager
Placer County Water Agency
P.O. Box 6570
Auburn, California 95604

To Northridge:

General Manager
Northridge Water District
P.O. Box 41258
5331 Walnut Avenue
Sacramento, California 95841

Either party may change its address for notice by sending notice of such change to the other party.

22. **Inspection of Books and Records.** The proper officers or agents of Northridge shall have full and free access at all reasonable times to the account books and official records of the Agency in so

far as the same pertain to the matters and things provided for in this Agreement, with the right at any time during office hours to make copies thereof at Northridge's expense, and the proper representative of the Agency shall have similar rights with respect to the account books and records of Northridge.

23. Integration. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

24. Construction and Interpretation. It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

25. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved by both parties.

26. Attorney's Fees. In any action brought by either party to enforce or construe this Agreement, the prevailing parties shall be entitled to an award of reasonable attorney's fees, expert witness and consulting fees, litigation costs and costs of suit.

27. Counterparts. This Agreement may be executed in counterparts. Northridge shall deliver its counterpart to the Agency, which shall deliver a fully-conformed counterpart to Northridge.

28. Obligations Prior to Termination. The obligations of the parties incurred pursuant to this

Agreement prior to the termination of this Agreement shall survive the termination.

29. Supporting Resolutions. Each party represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, and shall submit to the other party concurrent with execution of this Agreement a duly-authorized resolution or other document evidencing the authority and authorizing the person executing this Agreement to do so.

30. General Indemnity. Each party agrees to protect, defend, indemnify and hold harmless the other party, its directors, officers, agents, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any wise incident to, connected with, or arising directly or indirectly out of the negligence or willful misconduct of the indemnifying party hereunder.

31. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

32. No Third Party Beneficiaries. This Agreement shall not be construed to create any third party beneficiaries. This Agreement is for the sole benefit of the parties, their respective successors and permitted transferees and assigns, and no other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any of its terms.

33. Relationship of Parties. Nothing in this Agreement shall be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on or with regard to anyone or more of the parties.

34. **Additional Documents.** Each party agrees to make, execute, acknowledge and deliver any and all documents reasonably required to implement this Agreement.

35. **Supersedes prior Agreement.** This Agreement supersedes in its entirety the "Agreement between Placer County Water Agency and Northridge Water District for a water supply for groundwater stabilization", as amended, which was entered into as of August 21, 1995.

The foregoing is hereby agreed to by the parties.

PLACER COUNTY WATER AGENCY

By: _____

Attest:

NORTHRIDGE WATER DISTRICT

By: _____

Attest:

Exhibit A

Operating Criteria

The diversion and use of water under this Agreement shall be subject to the following operating criteria, in addition to the terms and conditions set forth in the Agreement:

1. The Northridge Annual Entitlement shall not exceed the annual amount of water that is available for diversion by Northridge in accordance with the terms and conditions of the SWRCB Orders, which are attached hereto. Northridge's obligation in Article 4 of the Agreement to take or pay for the Northridge Annual Entitlement shall be based on the Northridge Annual Entitlement as adjusted in this exhibit.
2. Northridge shall compensate the Agency at the rates provided for in Article 12 for water that the Agency would have appropriated to storage but could not (and which results in a net decrease in the amount of water in storage) as a result of application of Article 2.b. of the September 30, 1999 agreement between the Agency and the Department of Water Resources that is referred to in the SWRCB Orders and attached hereto.
3. To account for the conveyance losses provided for in Article 3(b) of the Warren Act Contract, the Agency shall release five percent more than the quantity of water requested for delivery by Northridge.

**STATE OF CALIFORNIA
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY
STATE WATER RESOURCES CONTROL BOARD**

DIVISION OF WATER RIGHTS

ORDER

Application 18085 Permit 13856

**ORDER APPROVING CHANGE IN THE PLACE OF USE,
AND AMENDING THE PERMIT**

WHEREAS:

1. Permit 13856 was issued to Placer County Water Agency on January 10, 1963, pursuant to Application 18085.
2. A petition to change the place of use of Permit 13856 was filed with the State Water Resources Control Board (SWRCB) on July 31, 1996 and the SWRCB has determined that good cause for such change has been shown. Public notice of the change was issued on October 18, 1996 and protest issues have been resolved. Resultant protest resolution agreements have been incorporated into this order.
3. The SWRCB has determined that the petition to change the place of use does not constitute the initiation of a new right nor operate to the injury of any other lawful user of water.
4. Fish, wildlife, and plant species have been or may be listed under the federal Endangered Species Act and/or the California Endangered Species Act. A paragraph should be placed in the permit making the permittee aware of possible obligations resulting from these acts.
5. The paragraph relating to the continuing authority of the SWRCB should be updated to conform to section 780(a), title 23 of the California Code of Regulations.

NOW, THEREFORE, IT IS ORDERED THAT:

1. The place of use under Permit 13856 shall be amended as follows:

The place of use is situated in portions of Placer and Sacramento counties as shown on the Placer County Water Agency map set dated July 31, 1996, on file with the SWRCB.

Application 18085

Permit 13856

2. Paragraph 8, the continuing authority condition, shall be updated to read as follows:

Pursuant to California Water Code sections 100 and 275 and the common law public trust doctrine, all rights and privileges under this permit, including method of diversion, method of use, and quantity of water diverted, are subject to the continuing authority of the SWRCB in accordance with law and in the interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of said water.

The continuing authority of the SWRCB may be exercised by imposing specific requirements over and above those contained in this permit with a view to eliminating waste of water and to meeting the reasonable water requirements of licensee without unreasonable draft on the source. Permittee may be required to implement a water conservation plan, features of which may include but not necessarily be limited to: (1) reusing or reclaiming the water allocated; (2) using water reclaimed by another entity instead of all or part of the water allocated; (3) restricting diversions so as to eliminate agricultural tailwater or to reduce return flow; (4) suppressing evaporation losses from water surfaces; (5) controlling phreatophytic growth; and (6) installing, maintaining, and operating efficient water measuring devices to assure compliance with the quantity limitations of this permit and to determine accurately water use as against reasonable water requirement for the authorized project. No action will be taken pursuant to this paragraph unless the SWRCB determines, after notice to affected parties and opportunity for hearing, that such specific requirements are physically and financially feasible and are appropriate to the particular situation.

The continuing authority of the SWRCB also may be exercised by imposing further limitations on the diversion and use of water by the permittee in order to protect public trust uses. No action will be taken pursuant to this paragraph unless the SWRCB determines, after notice to affected parties and opportunity for hearing, that such action is consistent with California Constitution article X, section 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust. (0000012)

3. An Endangered Species term shall be added to Permit 13856 to read as follows:

This permit does not authorize any act which results in the taking of a threatened or endangered species or any act which is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. sections 1531 to 1544). If a "take" will result from any act authorized under this water right, the permittee shall obtain authorization for an incidental take prior to construction or operation of the project. Permittee shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this permit. (0000014)

Application 18085

Permit 13856

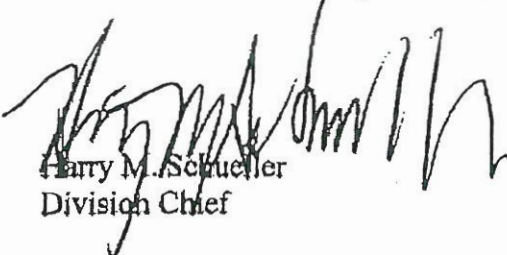
3. The following term shall be added to Permit 13856 to read as follows:

Permittee shall comply with provisions of the following settlement agreements on file with the SWRCB:

- (a) *Agreement for Dismissal of Protest by California Department of Water Resources to Placer County Water Agency's Petition before State Water Resources Control SWRCB for Change in Place of Use under Permits Nos. 13856 (App. No. 18085) and 13858 (App. No. 18087) executed on September 30, 1999;*
- (b) *Stipulated Agreement for Dismissal of Bureau of Reclamation's Protest to Placer County Water Agency's Petition to Expand the Place of Use Under Application 18085 (Permit 13856) and Application 18087 (Permit 13858) executed on September 8, 1998;*
- (c) *SETTLEMENT AGREEMENT CONCERNING PLACER COUNTY WATER AGENCY'S PETITION TO EXPAND ITS PLACE OF USE UNDER WATER RIGHT PERMITS 13856 AND 13858 executed between Placer County Water Agency and the County of Sacramento (on March 23, 1999); as well as the City of Sacramento (on April 13, 1999); and*
- (d) *Stipulated Agreement for Dismissal of Protest to Placer County Water Agency's Petition to Expand the Place of Use Under Application 18085 (Permit 13856) and Application 18087 (Permit 13858) executed between the Placer County Water Agency and the Friends of the River, Save the American River Association, and the Sierra Club, Mother Lode Chapter (on September 16, 1999); as well as Mr. William Berry (on November 20, 1999).*

Inclusion in this permit of provisions of the referenced agreements shall not be construed as affecting the enforceability, as between the parties, of such provisions insofar as they are not inconsistent with the terms of this permit.

(0000024)



Harry M. Schueller
Division Chief

Dated:

MAY 24 2000

Application 18087

Permit 13858

2. Paragraph 8, the continuing authority condition, shall be updated to read as follows:

Pursuant to California Water Code sections 100 and 275 and the common law public trust doctrine, all rights and privileges under this permit, including method of diversion, method of use, and quantity of water diverted, are subject to the continuing authority of the SWRCB in accordance with law and in the interest of the public welfare to protect public trust uses and to prevent waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of said water.

The continuing authority of the SWRCB may be exercised by imposing specific requirements over and above those contained in this permit with a view to eliminating waste of water and to meeting the reasonable water requirements of licensee without unreasonable draft on the source. Permittee may be required to implement a water conservation plan, features of which may include but not necessarily be limited to: (1) reusing or reclaiming the water allocated; (2) using water reclaimed by another entity instead of all or part of the water allocated; (3) restricting diversions so as to eliminate agricultural tailwater or to reduce return flow; (4) suppressing evaporation losses from water surfaces; (5) controlling phreatophytic growth; and (6) installing, maintaining, and operating efficient water measuring devices to assure compliance with the quantity limitations of this permit and to determine accurately water use as against reasonable water requirement for the authorized project. No action will be taken pursuant to this paragraph unless the SWRCB determines, after notice to affected parties and opportunity for hearing, that such specific requirements are physically and financially feasible and are appropriate to the particular situation.

The continuing authority of the SWRCB also may be exercised by imposing further limitations on the diversion and use of water by the permittee in order to protect public trust uses. No action will be taken pursuant to this paragraph unless the SWRCB determines, after notice to affected parties and opportunity for hearing, that such action is consistent with California Constitution article X, section 2; is consistent with the public interest and is necessary to preserve or restore the uses protected by the public trust.

(0000012)

3. An Endangered Species term shall be added to Permit 13858 to read as follows:

This permit does not authorize any act which results in the taking of a threatened or endangered species or any act which is now prohibited, or becomes prohibited in the future, under either the California Endangered Species Act (Fish and Game Code sections 2050 to 2097) or the federal Endangered Species Act (16 U.S.C.A. sections 1531 to 1544). If a "take" will result from any act authorized under this water right, the permittee shall obtain authorization for an incidental take prior to construction or operation of the project. Permittee shall be responsible for meeting all requirements of the applicable Endangered Species Act for the project authorized under this permit.

(0000014)

Application 18087

Permit 13858

3. The following term shall be added to Permit 13858 to read as follows:

Permittee shall comply with provisions of the following settlement agreements on file with the SWRCB:

- (a) *Agreement for Dismissal of Protest by California Department of Water Resources to Placer County Water Agency's Petition before State Water Resources Control SWRCB for Change in Place of Use under Permits Nos. 13856 (App. No. 18085) and 13858 (App. No. 18087) executed on September 30, 1999;*
- (b) *Stipulated Agreement for Dismissal of Bureau of Reclamation's Protest to Placer County Water Agency's Petition to Expand the Place of Use Under Application 18085 (Permit 13856) and Application 18087 (Permit 13858) executed on September 8, 1998;*
- (c) *SETTLEMENT AGREEMENT CONCERNING PLACER COUNTY WATER AGENCY'S PETITION TO EXPAND ITS PLACE OF USE UNDER WATER RIGHT PERMITS 13856 AND 13858 executed between Placer County Water Agency and the County of Sacramento (on March 23, 1999); as well as the City of Sacramento (on April 13, 1999); and*
- (d) *Stipulated Agreement for Dismissal of Protest to Placer County Water Agency's Petition to Expand the Place of Use Under Application 18085 (Permit 13856) and Application 18087 (Permit 13858) executed between the Placer County Water Agency and the Friends of the River, Save the American River Association, and the Sierra Club, Mother Lode Chapter (on September 16, 1999); as well as Mr. William Berry (on November 20, 1999).*

Inclusion in this permit of provisions of the referenced agreements shall not be construed as affecting the enforceability, as between the parties, of such provisions insofar as they are not inconsistent with the terms of this permit. (0000024)



Harry M. Schueller
Division Chief

Dated: MAY 24 2000

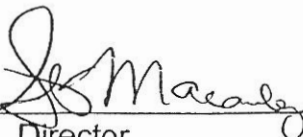
Therefore, the Parties Agree as Follows;

1. "Term 91 is in effect" means State Board Standard Permit Term 91 as described in State Board Decision 1594 is in effect as to those water right holders whose permits or licenses contain Term 91.
2. If the State Board grants Agency's petition to expand its place of use,
 - a. When Term 91 is in effect, Agency shall deliver to the Northridge Water District service area only water previously appropriated to storage; and
 - b. When Term 91 is in effect, Agency shall not appropriate water to storage to refill any storage in its Middle Fork reservoirs vacated on account of a previous use of stored water in the Northridge Water District service area.
 - c. DWR agrees that, upon request by the Agency, it will consider in good faith an appropriate modification to subsection (b) to provide protection for the SWP alone. The parties understand that, because of the obligations under the Coordinated Operating Agreement (COA) between DWR and USBR to provide storage releases for in-basin uses, DWR will need to first secure the agreement of USBR to keep DWR whole under the COA on account of the modification.
3. Upon DWR's request, Agency shall provide DWR all information relevant to the operation of its Middle Fork reservoirs or to any other aspect of its operations as necessary for DWR to monitor Agency's compliance with the provisions of this Agreement.
4. Upon execution of this agreement, DWR shall withdraw its protest to Agency's petition for change in place of use pending with the State Board.
5. In the event that the State Board shall, in the course of the current Bay-Delta water rights proceedings, enter a final order which expressly addresses and determines Agency's obligations to implement the provisions of the 1995 Water Quality Control Plan for the Bay-Delta Estuary, and for so long as that order is in effect, that order shall supersede the provisions of Section 2 of this agreement.
6. Neither party shall use or submit this agreement for any purpose in any proceeding before the State Water Resources Control Board, the Federal Energy Regulatory Commission, or any other regulatory or adjudicatory body, except in

an action to defend its validity or to enforce its terms.

In Witness Whereof, the parties hereto have executed this Agreement for Dismissal of Protest as of the day and year first above written.

CALIFORNIA DEPARTMENT OF WATER RESOURCES

By:  or Tom Hamigan
Director

(SEAL)

PLACER COUNTY WATER AGENCY

By: 
Chair

Attest:

Secretary 

Stipulated Agreement for Dismissal of Bureau of Reclamation's Protest to Placer County Water Agency's Petition to Expand the Place of Use Under Application 18085 (Permit 13856) and Application 18087 (Permit 13858)

The United States Bureau of Reclamation (Reclamation) agrees that its protest to Placer County Water Agency's (PCWA) petition for change in place of use may be dismissed if the conditions set forth in paragraph 1 are included in the Board's Order approving the change. These conditions reflect a compromise among the parties to the Water Forum¹ in order to settle disputes among them concerning use of American River water and are not to be construed as evidence that the change in place of use under Permittee's permit will impact prior rights or the environment.

1. Permittee's deliveries of water from the American River to Northridge Water District (Northridge) under the August 21, 1995, PCWA-Northridge Agreement, and any amendments thereto, will be subject to the following restrictions:

a. Permittee shall not deliver any water within the expanded place of use in Sacramento County until the recipient of such water has entered into such contracts with Reclamation as may be necessary for access to and use of Federal facilities needed for redirection of such water.

b. During the 10-year period following the date when water is first available to Northridge under the Northridge Agreement (the 10-year period):

(1) Water shall be delivered to Northridge only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre-feet.

(2) Notwithstanding subparagraph (1) above, in December, January, and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre-feet, water may be delivered to Northridge when and after water is being released from Folsom Reservoir for flood protection.

¹The Water Forum is a regional group of water purveyors, environmental organizations and business interests interested in the economic and environmental future of the American River watershed as affected by the diversion of water from the American River. Its members include Sacramento County; the cities of Sacramento, Roseville, and Folsom; Sacramento County Water Agency; El Dorado County Water Agency; Placer County Water Agency; San Juan Water District; Northridge Water District; Save the American River Association; the Sierra Club; Friends of the River; and others.

(3) PCWA's deliveries of American River water to Northridge in each of these years will be limited to the amounts of water provided in the water use schedule in the Northridge Agreement, which allows annually increasing diversions to a maximum total of 29,000 acre-feet per year under that agreement.

c. After the 10-year period, Permittee may deliver American River water to Northridge only:

(1) In years when the projected March to November unimpaired inflow to Folsom Reservoir is greater than 1,600,000 acre-feet, or

(2) Notwithstanding subparagraph (1) above, in a December, January, and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 1,600,000 acre-feet, when and after water is being released from Folsom Reservoir for flood protection, or

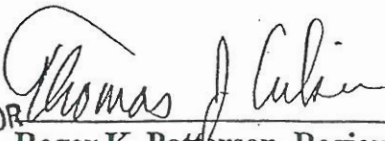
(3) As otherwise permitted by the Board pursuant to an Order releasing or modifying the provisions of c(1) and c(2): Provided, That such Order is issued after a hearing before the SWRCB in which Reclamation is afforded the opportunity to participate; and Provided further, That this subparagraph is not interpreted as constituting a waiver by Reclamation of any rights it may have to contest the subject Board Order in a court of competent jurisdiction.

2. Nothing in this stipulation shall affect the right of Permittee to terminate the Northridge agreement if Permittee reasonably determines that any term of the Board Order resulting from the hearing is unacceptable.

3. Nothing in this stipulation is intended to restrict deliveries of water from Folsom Reservoir for use by Northridge under a Section 215 (surplus water) contract with Reclamation, whenever such water may be available.

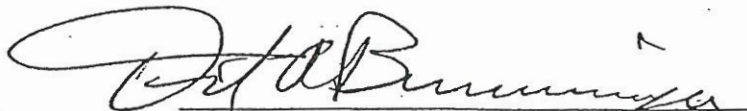
Date: 9/8/98

ACTING FOR



Roger K. Patterson, Regional Director
UNITED STATES
BUREAU OF RECLAMATION

Date: 8/24/98



David Breninger, General Manager
PLACER COUNTY WATER AGENCY

SETTLEMENT AGREEMENT CONCERNING
PLACER COUNTY WATER AGENCY'S
PETITION TO EXPAND ITS PLACE OF USE
UNDER WATER RIGHTS PERMITS 13856 AND 13858

This Settlement Agreement is executed on 23, March, 1999, by and between the Placer County Water Agency (hereafter referred to as "PCWA") and the County of Sacramento and Sacramento County Water Agency (Collectively referred to as "County").

RECITALS

- A. On July 31, 1996, PCWA filed a petition with the State Water Resources Control Board ("SWRCB") to change the place of use ("POU") authorized under PCWA's water right Application 18085 (Permit 13856) and Application 18087 (Permit 13858). This petition is referred to hereafter as the "POU Petition."
- B. The purpose of the POU Petition is to expand the POU to include a portion of Sacramento County that currently is almost entirely dependent on groundwater for its water supply, to allow surface water that is diverted by PCWA under Permits 13856 and 13858 to be used in lieu of groundwater in the expanded POU. PCWA intends to deliver water to the expanded POU pursuant to agreements with water purveyors whose service areas include portions of the expanded POU, including existing agreements with San Juan Water District ("San Juan") and Northridge Water District ("Northridge").
- C. On December 12, 1996, the County filed a protest based on environmental considerations to the POU Petition ("County Protest").
- D. PCWA and the County are members of the ongoing Water Forum, a regional group of water purveyors, environmental organizations, public and business interests interested in the economic and environmental future of the American River watershed as affected by the diversion of water from the American River. Other Water Forum members include the cities of Sacramento, Roseville and Folsom, El Dorado County Water Agency, San Juan Water

District, Northridge Water District, Save the American River Association, the Sierra Club, Friends of the River, and others.

- E. The provisions of this Settlement Agreement that pertain to the use of PCWA water in the expanded POU under the Northridge-PCWA Agreement are based on conditions that were negotiated in the Water Forum process.
- F. The County and PCWA now desire to resolve their differences regarding the proposed POU expansion, and therefore agree as follows:

Agreement

NOW, THEREFORE, in consideration of the mutual obligations and commitments set forth herein, the parties agree as follows:

- I. **Withdrawal of County's Protest.** Immediately upon execution of this Settlement Agreement by both parties, the County shall withdraw the County's Protest, and the County will support the POU Petition.
- II. **Use or Delivery of Water in Expanded POU by Northridge.**
 - A. The County and PCWA agree that diversions or rediversions of PCWA water for use or delivery in the expanded POU by Northridge Pursuant to the PCWA-Northridge Agreement shall be subject to compliance with the following conditions:
 - 1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995, Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever

occurs first,¹ diversions of PCWA water under the Northridge-PCWA Agreement, for Northridge's own use or delivery to other purveyors, will be subject to the following restrictions:

- a. PCWA water can be diverted only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.
 - b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, PCWA water cannot be diverted until such time as or after water is being released from Folsom Reservoir for flood protection.
 - c. In addition to the foregoing, diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.
 - d. Nothing set forth herein is intended to restrict Northridge's ability to take delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.
2. If Northridge is able to take delivery of Sacramento river water through the Sacramento River Pipeline (a pipeline that would connect the Sacramento River to the Northridge pipeline), PCWA water will thereafter be diverted under the Northridge-PCWA Agreement for Northridge's own use or delivery to other

¹This time period is hereafter referred as the "ten-year period", and it may be extended for a period of up to two additional years by agreement of the parties to the Water Forum Agreement.

purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").

3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing "(SWRCB Hearing)" if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club or Save the American River Association. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City's Rights. Nothing set forth in this section II determines the relative priority of the water rights of the City of Sacramento and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, PCWA water will thereafter be diverted under the Northridge-PCWA Agreement for Northridge's own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. above, unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in Section 1.d. above.

The diversion restrictions set forth above reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing set forth herein shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA

reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

- B. The restrictions on diversions of PCWA water pursuant to the Northridge-PCWA Agreement, set forth in subsection A, above, also shall apply to diversions or rediversions of PCWA water for use or delivery in the expanded POU by Northridge pursuant to any other agreement or other arrangement.
- C. The diversion restrictions set forth above apply only to the use or delivery of PCWA water in the expanded POU.

III. Use of PCWA Water in Expanded POU By Other Purveyors. The County and PCWA agree to the following condition governing the use of PCWA water in the expanded POU by other purveyors:

The diversion of American River water under Permit 13856 or Permit 13858 for use or delivery in the expanded POU by any purveyor other than Northridge shall be permitted only if either of the following occur: (1) the purveyor has signed and is in compliance with the Purveyor Specific Agreement set forth for the purveyor in the Water Forum Agreement; or (2) there is no Purveyor Specific Agreement for the purveyor in the Water Forum Agreement or the Water Forum Agreement has not been finalized, but (a) the purveyor has formally adopted and is in compliance with a water conservation plan applicable to the area to receive water within the expanded POU that achieves a level of water conservation equal or greater to the level achieved by the water conservation measures included in the Water Forum Action Plan, and (b) the purveyor publicly supports and is participating in, consistent with the purveyor commitments set forth in the Water Forum Action Plan, the implementation of (i) an updated lower American River flow standard and improved pattern of fishery flow releases from Folsom reservoir, (ii) a habitat mitigation program for the lower American River, and (iii) the installation of a temperature control device on the urban water intake at Folsom Dam.

IV. Protest Dismissal Conditions. Immediately upon execution of this Settlement Agreement

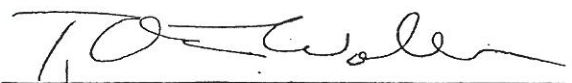
by both parties, the County and PCWA both shall provide written requests to the SWRCB to include all of the conditions set forth in Section II, Section III and Section IV of this Settlement Agreement in the SWRCB's order approving the POU Petition, and both parties shall fully and unconditionally support implementation of those requests. Regardless of whether the SWRCB does or does not comply with these requests, this Settlement Agreement and all of the terms and conditions hereof shall remain in full force and effect between the parties.

V. **Future Actions; Binding on Successors.** The parties agree to take all actions necessary or convenient to carry out the purposes and intent of this Settlement Agreement. This Settlement Agreement shall inure to the benefit of and be binding upon successors and assigns of the parties.

VI. **Miscellaneous.** This Settlement Agreement and each provision hereof shall be interpreted as if drafted equally by all parties. Any of the terms or conditions of this Settlement Agreement may be waived at any time by the party entitled to the benefits thereof, but no such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or of any other term or condition hereof. This document constitutes the entire agreement between the parties concerning the POU Petition, and may only be amended in a writing signed by authorized representatives of both parties. Each representative signing below warrants and represents that he or she has the full legal authority to bind his or her respective party to all of the provisions of this Settlement Agreement, and that no further approvals or consents are necessary from his or her respective party in connection therewith.

PLACER COUNTY WATER AGENCY

Date: 3-19-99

By: 

APPROVED AS TO FORM:


General Counsel

COUNTY OF SACRAMENTO

Date: 23rd, March, 1999

By: Muriel P. Johnson
Chairperson

SACRAMENTO COUNTY WATER AGENCY

By: Muriel P. Johnson
Chairperson

APPROVED AS TO FORM:

John F. Whinnit
Assistant County Counsel
ATTEST:
Cindy H. Turner
Clerk
CALIFORNIA

FILED

MAR 23 1999

BOARD OF SUPERVISORS
By Cindy H. Turner
Clerk of the Board

FILED

MAR 23 1999

BOARD OF DIRECTORS
By Cindy H. Turner
Clerk of the Board

In accordance with Section 25103 of the Government Code of the State of California a copy of this document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento on

MAR 23 1999

By D.P. Latt
Deputy Clerk, Board of Supervisors

**SETTLEMENT AGREEMENT CONCERNING
PLACER COUNTY WATER AGENCY'S
PETITION TO EXPAND ITS PLACE OF USE
UNDER WATER RIGHTS PERMITS 13856 AND 13858**

This Settlement Agreement is executed on March ____, 1999, by and between the Placer County Water Agency (hereafter referred to as "PCWA") and the City of Sacramento ("City").

RECITALS

- A. On July 31, 1996, PCWA filed a petition with the State Water Resources Control Board ("SWRCB") to change the place of use ("POU") authorized under PCWA's water right Application 18085 (Permit 13856) and Application 18087 (Permit 13858). This petition is referred to hereafter as the "POU Petition."
- B. The purpose of the POU Petition is to expand the POU to include a portion of Sacramento County that currently is almost entirely dependent on groundwater for its water supply, to allow surface water that is diverted by PCWA under Permits 13856 and 13858 to be used in lieu of groundwater in the expanded POU. PCWA intends to deliver water to the expanded POU pursuant to agreements with water purveyors whose service areas include portions of the expanded POU, including existing agreements with San Juan Water District ("San Juan") and Northridge Water District ("Northridge").
- C. City has four water right Permits (nos. 11358, 11359, 11360 and 11361) that authorize diversions of American River water, and one water right Permit (no. 992) and pre-1914 rights that authorize diversions of Sacramento River water, in addition of the City's 1957 water rights settlement contract with the U.S. Bureau of Reclamation (hereafter all collectively referred to as the "City's Rights"). Pursuant to a May 21, 1962 agreement between City and PCWA, PCWA's rights to divert from the American River and any of its tributaries, including its rights pursuant to Permit 13856 and Permit 13858, are and shall be subordinate to the City's prior rights. A copy of the May 21, 1962 agreement is attached hereto as Exhibit A, and incorporated herein.

- D. On December 18, 1996, City filed a protest based on environmental considerations and a protest based on injury to the City's Rights against the POU Petition, which protests are collectively referred to hereafter as the "City's Protest."
- E. PCWA and City are members of the ongoing Water Forum, a regional group of water purveyors, environmental organizations, public and business interests interested in the economic and environmental future of the American River watershed as affected by the diversion of water from the American River. Other Water Forum members include Sacramento County, the cities of Roseville and Folsom, Sacramento County Water Agency, El Dorado County Water Agency, San Juan Water District, Northridge Water District, Save the American River Association, the Sierra Club, Friends of the River, and others.
- F. The provisions of this Settlement Agreement that pertain to the use of PCWA water in the expanded POU under the Northridge-PCWA Agreement are based on conditions that were negotiated in the Water Forum process.
- G. City and PCWA now desire to resolve their differences regarding the proposed POU expansion, and therefore agree as follows:

Agreement

NOW, THEREFORE, in consideration of the mutual obligations and commitments set forth herein, the parties agree as follows:

- I. **Withdrawal of City's Protest.** Immediately upon execution of this Settlement Agreement by both parties, the City shall withdraw the City's Protest, and the City will support the POU Petition.
- II. **Use or Delivery of Water in Expanded POU by Northridge.**

A. The City and PCWA agree that diversions or rediversions of PCWA water for use or delivery in the expanded POU by Northridge Pursuant to the PCWA-Northridge Agreement shall be subject to compliance with the following conditions:

1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995, Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever occurs first,¹ diversions of PCWA water under the Northridge-PCWA Agreement, for Northridge's own use or delivery to other purveyors, will be subject to the following restrictions:
 - a. PCWA water can be diverted only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.
 - b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, PCWA water cannot be diverted until such time as or after water is being released from Folsom Reservoir for flood protection.
 - c. In addition to the foregoing, diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.

¹This time period is hereafter referred as the "ten-year period", and it may be extended for a period of up to two additional years by agreement of the parties to the Water Forum Agreement.

- d. Nothing set forth herein is intended to restrict Northridge's ability to take delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.
2. If Northridge is able to take delivery of Sacramento river water through the Sacramento River Pipeline (a pipeline that would connect the Sacramento River to the Northridge pipeline), PCWA water will thereafter be diverted under the Northridge-PCWA Agreement for Northridge's own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").
3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing "(SWRCB Hearing") if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club or Save the American River Association. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City's Rights. Nothing set forth in this section II determines the relative priority of the water rights of the City of Sacramento and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, PCWA water will thereafter be diverted under the Northridge-PCWA Agreement for Northridge's own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. above, unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in Section 1.d. above.

The diversion restrictions set forth above reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing set forth herein shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

- B. The restrictions on diversions of PCWA water pursuant to the Northridge-PCWA Agreement, set forth in subsection A, above, also shall apply to diversions or rediversions of PCWA water for use or delivery in the expanded POU by Northridge pursuant to any other agreement or other arrangement.
- C. The diversion restrictions set forth above apply only to the use or delivery of PCWA water in the expanded POU.

III. Use of PCWA Water in Expanded POU By Other Purveyors. The City and PCWA agree to the following condition governing the use of PCWA water in the expanded POU by other purveyors:

The diversion of American River water under Permit 13856 or Permit 13858 for use or delivery in the expanded POU by any purveyor other than Northridge shall be permitted only if either of the following occur: (1) the purveyor has signed and is in compliance with the Purveyor Specific Agreement set forth for the purveyor in the Water Forum Agreement; or (2) there is no Purveyor Specific Agreement for the purveyor in the Water Forum Agreement or the Water Forum Agreement has not been finalized, but (a) the purveyor has formally adopted and is in compliance with a water conservation plan applicable to the area to receive water within the expanded POU that achieves a level of water conservation equal or greater to the level achieved by the water conservation measures included in the Water Forum

Action Plan, and (b) the purveyor publicly supports and is participating in, consistent with the purveyor commitments set forth in the Water Forum Action Plan, the implementation of (i) an updated lower American River flow standard and improved pattern of fishery flow releases from Folsom reservoir, (ii) a habitat mitigation program for the lower American River, and (iii) the installation of a temperature control device on the urban water intake at Folsom Dam.

IV. City's Rights. Notwithstanding any other provision hereof, and in accordance with the May 12, 1962, agreement between City and PCWA, PCWA will not divert or divert water originating in the American River or in any of its tributaries for use in any portion of the POU, including the expanded POU, whenever diversions or diversions for such purpose, alone or in conjunction with other diversions, would limit or impair surface water diversions or diversions by the City of Sacramento under the City's Rights.

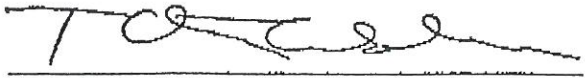
V. Protest Dismissal Conditions. Immediately upon execution of this Settlement Agreement by both parties, City and PCWA both shall provide written requests to the SWRCB to include all of the conditions set forth in Section II, Section III and Section IV of this Settlement Agreement in the SWRCB's order approving the POU Petition, and both parties shall fully and unconditionally support implementation of those requests. Regardless of whether the SWRCB does or does not comply with these requests, this Settlement Agreement and all of the terms and conditions hereof shall remain in full force and effect between the parties.

VI. Future Actions; Binding on Successors. The parties agree to take all actions necessary or convenient to carry out the purposes and intent of this Settlement Agreement. This Settlement Agreement shall inure to the benefit of and be binding upon successors and assigns of the parties.

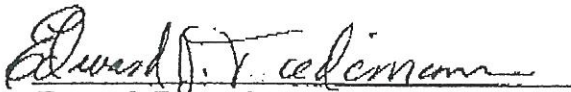
VII. Miscellaneous. This Settlement Agreement and each provision hereof shall be interpreted as if drafted equally by all parties. Any of the terms or conditions of this Settlement Agreement may be waived at any time by the party entitled to the benefits thereof, but no such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or of any other term or condition hereof. This document constitutes the entire agreement between the parties concerning the POU Petition,

and may only be amended in a writing signed by authorized representatives of both parties. Each representative signing below warrants and represents that he or she has the full legal authority to bind his or her respective party to all of the provisions of this Settlement Agreement, and that no further approvals or consents are necessary from his or her respective party in connection therewith.

PLACER COUNTY WATER AGENCY

Date: 3/19/99By: 

APPROVED AS TO FORM:

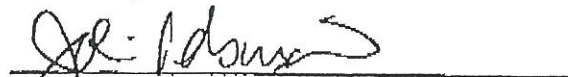

General Counsel

CITY OF SACRAMENTO

Date: _____

By: _____

APPROVED AS TO FORM:


Deputy City Attorney

ATTEST:

City Clerk

AGREEMENT

CITY OF SACRAMENTO, a municipal corporation, hereinafter referred to as "CITY", and PLACER COUNTY WATER AGENCY, a political subdivision of the State of California, hereinafter referred to as "AGENCY", hereby agree as follows:

Recitals

1. AGENCY has filed with the State Water Rights Board of the State of California Applications 18084, 18085, 18086, and 18087 to appropriate unappropriated water from North Fork and Middle Fork American River and from various tributaries thereto for power, irrigation, incidental domestic, municipal, industrial and recreational purposes.

2. CITY diverts water from the Sacramento River below its confluence with the American River, at the intake of its existing Filtration Plant, pursuant to appropriative rights dating from 1849 or 1850, and Permit 992 on Application 1743. CITY will also soon divert or redirect water from the American River at a point near the new Filtration Plant now under construction, pursuant to Permit No. 11358 on Application 12140, Permit No. 11361 on Application 16060, Permit 11359 on Application 12321, and Permit 11360 on Application 12622, under agreements with the U. S. Bureau of Reclamation, and with Sacramento Municipal Utility District, both dated June 28, 1957. All of such diversions are for municipal use of the City of Sacramento and the areas adjacent to said CITY.

3. CITY has filed with the aforesaid State Water Rights Board a protest against the applications filed by AGENCY and referred to in Paragraph 1 hereinabove on the ground that AGENCY's proposed diversions would interfere with CITY's diversions under prior right.

4. AGENCY has filed with said State Water Rights Board an answer to the aforesaid protest stating, inter alia, that water is available at AGENCY's proposed points of diversion for the uses proposed under its applications without interfering with the reasonable needs of protestant CITY under any prior downstream vested rights.

Agreements

5. CITY and AGENCY hereby agree (a) that the rights of AGENCY to divert water originating in the American River or in any of its tributaries are and shall be subordinate to CITY's rights under the appropriations, permits, and agreements referred to in Paragraph 2 hereinabove, and (b) that this agreement may be incorporated into and made a condition of any permit or permits issued to AGENCY by the aforesaid State Water Rights Board on the applications referred to in Paragraph 1 hereinabove.

6. CITY agrees that the protest referred to in Paragraph 3 hereinabove may be disregarded and dismissed if

this agreement is incorporated into and made a condition
of said permit or permits issued to AGENCY.

Dated: May 21, 1962.

CITY OF SACRAMENTO

By E. A. Fairbairn

PLACER COUNTY WATER AGENCY

By SI Thomas E. Doyle
Acting Chairman

**Stipulated Agreement for Dismissal of Protest to Placer County
Water Agency's Petition to Expand the Place of Use Under Application
18085 (Permit 13856) and Application 18087 (Permit 13858)**

Friends of the River agrees that its protest to Placer County Water Agency's ("PCWA") petition for change in place of use may be dismissed if the conditions set forth below are included in the State Board's order approving the petition:

1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995 Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever occurs first,¹ Northridge's diversions under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, will be subject to the following restrictions:

a. Northridge will be able to divert PCWA water only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.

b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, Northridge will not divert PCWA water until such time as or after water is being released from Folsom Reservoir for flood protection.

c. In addition to the foregoing, Northridge's diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.

d. Nothing in this Agreement is intended to restrict Northridge's ability to take

¹ This time period is hereafter referred to as the "ten-year period," and it may be extended for a period of up to two additional years by agreement of the parties to this Agreement.

delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.

2. If Northridge is able to take delivery of Sacramento River water through the Sacramento River Pipeline (a pipeline that would connect to the Northridge pipeline), Northridge will thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").

3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing ("SWRCB Hearing") if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club or Save the American River Association. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City of Sacramento's prior water rights. Nothing in this Agreement determines the relative priority of the water rights of the City of Sacramento and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, Northridge would thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. of this Agreement unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in section 1.d. of this Agreement.

The diversion restrictions set forth in this Agreement reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that

the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing in this Agreement shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

4. Northridge will neither divert nor accept diversions of PCWA water from Folsom Reservoir or the American River under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, whenever such diversions alone or in conjunction with other diversions would limit or impair diversions from the American River by the City of Sacramento under its prior water rights.

Northridge's delivery to other purveyors of water diverted from the American River under the Northridge-PCWA Agreement is subject to those purveyors signing and implementing their commitments under the Water Forum Agreement.

The foregoing is hereby approved by the parties hereto.

Date: September 1, 1999

Ronald W. State
Friends of the River

Date: 09/16/99

T. C. Fugler
Placer County Water Agency

**Stipulated Agreement for Dismissal of Protest to Placer County
Water Agency's Petition to Expand the Place of Use Under Application
18085 (Permit 13856) and Application 18087 (Permit 13858)**

Save the American River Association agrees that its protest to Placer County Water Agency's ("PCWA") petition for change in place of use may be dismissed if the conditions set forth below are included in the State Board's order approving the petition:

1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995 Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever occurs first,¹ Northridge's diversions under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, will be subject to the following restrictions:

a.. Northridge will be able to divert PCWA water only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.

b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, Northridge will not divert PCWA water until such time as or after water is being released from Folsom Reservoir for flood protection.

c. In addition to the foregoing, Northridge's diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.

d. Nothing in this Agreement is intended to restrict Northridge's ability to take

¹ This time period is hereafter referred to as the "ten-year period," and it may be extended for a period of up to two additional years by agreement of the parties to this Agreement.

delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.

2. If Northridge is able to take delivery of Sacramento River water through the Sacramento River Pipeline (a pipeline that would connect to the Northridge pipeline), Northridge will thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").

3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing ("SWRCB Hearing") if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club or Save the American River Association. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City of Sacramento's prior water rights. Nothing in this Agreement determines the relative priority of the water rights of the City of Sacramento and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, Northridge would thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. of this Agreement unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in section 1.d. of this Agreement. || ||

The diversion restrictions set forth in this Agreement reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that

the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing in this Agreement shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

4. Northridge will neither divert nor accept diversions of PCWA water from Folsom Reservoir or the American River under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, whenever such diversions alone or in conjunction with other diversions would limit or impair diversions from the American River by the City of Sacramento under its prior water rights.

Northridge's delivery to other purveyors of water diverted from the American River under the Northridge-PCWA Agreement is subject to those purveyors signing and implementing their commitments under the Water Forum Agreement.

The foregoing is hereby approved by the parties hereto.

Date: 9-1-99

Alan H. Wade
Save the American River Association, Inc.

Date: 09/16/99

T. [Signature]
Placer County Water Agency

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**Stipulated Agreement for Dismissal of Protest to Placer County
Water Agency's Petition to Expand the Place of Use Under Application
18085 (Permit 13856) and Application 18087 (Permit 13858)**

The Sierra Club, Sacramento agrees that its protest to Placer County Water Agency's ("PCWA") petition for change in place of use may be dismissed if the conditions set forth below are included in the State Board's order approving the petition:

1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995 Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever occurs first,¹ Northridge's diversions under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, will be subject to the following restrictions:

a. Northridge will be able to divert PCWA water only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.

b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, Northridge will not divert PCWA water until such time as or after water is being released from Folsom Reservoir for flood protection.

c. In addition to the foregoing, Northridge's diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.

d. Nothing in this Agreement is intended to restrict Northridge's ability to take

¹ This time period is hereafter referred to as the "ten-year period," and it may be extended for a period of up to two additional years by agreement of the parties to this Agreement.

delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.

2. If Northridge is able to take delivery of Sacramento River water through the Sacramento River Pipeline (a pipeline that would connect to the Northridge pipeline), Northridge will thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").

3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing ("SWRCB Hearing") if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club or Save the American River Association. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City of Sacramento's prior water rights. Nothing in this Agreement determines the relative priority of the water rights of the City of Sacramento and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, Northridge would thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. of this Agreement unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in section 1.d. of this Agreement.

The diversion restrictions set forth in this Agreement reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that

the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing in this Agreement shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

4. Northridge will neither divert nor accept diversions of PCWA water from Folsom Reservoir or the American River under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, whenever such diversions alone or in conjunction with other diversions would limit or impair diversions from the American River by the City of Sacramento under its prior water rights.

Northridge's delivery to other purveyors of water diverted from the American River under the Northridge-PCWA Agreement is subject to those purveyors signing and implementing their commitments under the Water Forum Agreement.

The foregoing is hereby approved by the parties hereto.

Date: 9/1/99

Vicki Lee
The Sierra Club, Sacramento

Date: 09/16/99

[Signature]
Placer County Water Agency

**Stipulated Agreement for Dismissal of Protest to Placer County
Water Agency's Petition to Expand the Place of Use Under Application
18085 (Permit 13856) and Application 18087 (Permit 13858)**

William L. Berry, Jr. agrees that his protest to Placer County Water Agency's ("PCWA") petition for change in place of use may be dismissed if the conditions set forth below are included in the State Board's order approving the petition:

1. For the first ten years that water is available for diversion by Northridge Water District ("Northridge") from Folsom Reservoir under the August 21, 1995 Northridge-PCWA Agreement ("Northridge-PCWA Agreement"), but not more than twelve years from the effective date of the Water Forum Agreement, whichever occurs first,¹ Northridge's diversions under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, will be subject to the following restrictions:

a. Northridge will be able to divert PCWA water only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet.

b. In December, January and February following a March through November period when the unimpaired inflow into Folsom Reservoir was less than 950,000 acre feet, Northridge will not divert PCWA water until such time as or after water is being released from Folsom Reservoir for flood protection.

c. In addition to the foregoing, Northridge's diversions of PCWA water will be limited during the ten-year period pursuant to the water use schedule in the Northridge-PCWA Agreement, which allows annually-increasing diversions of up to 24,000 acre feet per year during the first ten years of water deliveries under that agreement.

d. Nothing in this Agreement is intended to restrict Northridge's ability to take

¹ This time period is hereafter referred to as the "ten-year period," and it may be extended for a period of up to two additional years by agreement of the parties to this Agreement.

delivery of Section 215 water from Folsom Reservoir from the Bureau of Reclamation whenever it may be available.

2. If Northridge is able to take delivery of Sacramento River water through the Sacramento River Pipeline (a pipeline that would connect to the Northridge pipeline), Northridge will thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above-Hodge").

3. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, the SWRCB would hold a hearing ("SWRCB Hearing") if requested by Northridge, the City of Sacramento, County of Sacramento, Friends of the River, Sierra Club, Save the American River Association or William L. Berry, Jr. The purpose of the SWRCB Hearing will be to determine whether to add or revise conditions to PCWA's water rights for diversion of water from Folsom Reservoir under the Northridge-PCWA Agreement that are necessary to mitigate impacts from such diversions and/or prevent such diversions from adversely impacting diversion of American River water under the City of Sacramento's and Carmichael Water District's ("Carmichael") prior water rights. Nothing in this Agreement determines the relative priority of the water rights of the City of Sacramento, Carmichael and PCWA. If Northridge is not able to take delivery of Sacramento River water through the Sacramento River Pipeline within the ten-year period, Northridge would thereafter divert water from Folsom Reservoir under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, only in years when the projected March through November unimpaired inflow into Folsom Reservoir was greater than 1,600,000 acre feet (i.e., "above-Hodge") and under the conditions referred to in Section 1.b. of this Agreement unless these conditions are revised by a SWRCB order issued following the SWRCB Hearing. In addition, Northridge could divert water under the conditions referred to in section 1.d. of this Agreement.

The diversion restrictions set forth in this Agreement reflect a compromise by the Water Forum parties in order to settle a dispute among them. If there is a SWRCB Hearing, the parties do not intend that the SWRCB consider the existence of this compromise as evidence of appropriate

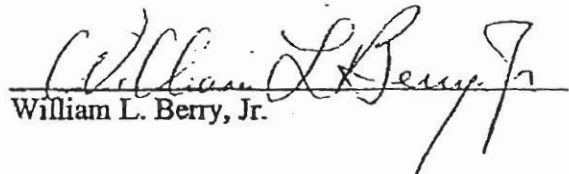
diversion conditions after the conclusion of the ten-year period. It is the intention of the parties that the SWRCB's determination following the SWRCB Hearing be based upon the best available scientific and other evidence available at the time of the SWRCB Hearing. Nothing in this Agreement shall affect the right of PCWA to terminate the Northridge-PCWA Agreement if PCWA reasonably determines that any term of the SWRCB order resulting from the SWRCB Hearing is unacceptable.

4. Northridge will neither divert nor accept diversions of PCWA water from Folsom Reservoir or the American River under the Northridge-PCWA Agreement, for its own use or delivery to other purveyors, whenever such diversions alone or in conjunction with other diversions would limit or impair diversions from the American River by the City of Sacramento or Carmichael under their prior water rights.

Northridge's delivery to other purveyors of water diverted from the American River under the Northridge-PCWA Agreement is subject to those purveyors signing and implementing their commitments under the Water Forum Agreement.

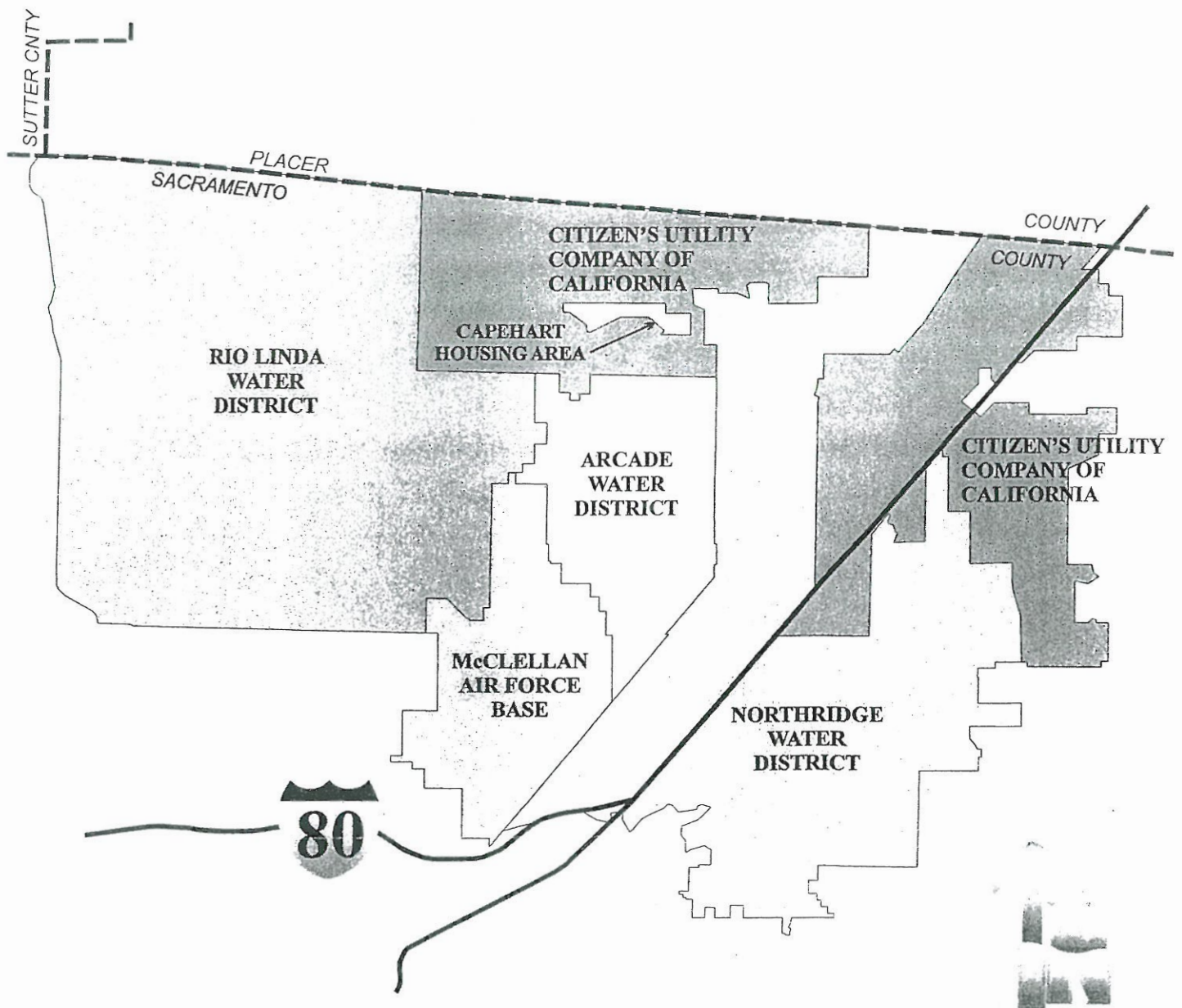
The foregoing is hereby approved by the parties hereto.

Date: November 10, 1999


William L. Berry, Jr.

Date: _____

Placer County Water Agency



Authorized Service Area For PCWA Water (Exhibit "B")

NOT TO SCALE

AGREEMENT BETWEEN PLACER COUNTY WATER AGENCY
AND NORTHRIDGE WATER DISTRICT FOR A WATER SUPPLY

This Agreement is made this 21st day of August,
1995, by and between Placer County Water Agency, a public agency
(the "Agency"), and Northridge Water District, a public agency
("Northridge") in the County of Sacramento, California.

Recitals

1. The Agency is a public agency created and existing
under the Placer County Water Agency Act (Statutes 1957, Chapter
1234, as amended), and is authorized to sell water for use outside
its boundaries to the extent the Agency's Board of Directors
determines that such water will not be needed for use within its
boundaries.

2. The Agency owns and operates the Middle Fork
American River Project pursuant to water right permits 13855
through 13858 issued by the State of California ("Agency Water
Rights"). The authorized place of use of the Agency Water Rights
does not currently include any portion of Sacramento County.

3. Northridge is a public agency located in northern
Sacramento County, created and existing under the County Water
District Law (Division 12 of the Water Code, commencing with

section 30,000), and is authorized to acquire water rights and entitlements to provide water service within its service area.

4. Northridge currently provides water for potable use within its service area primarily from groundwater. The groundwater aquifer utilized by Northridge (and other water purveyors) is located in both Placer and Sacramento Counties. This aquifer has experienced a steady decline for many years, and is expected to continue to decline in the future unless surface water is made available as a supplemental water source to enable implementation of a conjunctive use program in the area currently served from the aquifer.

5. San Juan Water District ("San Juan") diverts water from Folsom Reservoir (including water purchased from the Agency) for treatment and distribution within its service area which is in both Placer and Sacramento Counties. San Juan is currently undertaking a project to increase the capacity of its water conveyance system from its treatment plant ("San Juan Pipeline"), and Northridge has purchased the right to use a portion of the capacity in the San Juan Pipeline for use within Northridge's service area. San Juan has also agreed to give Northridge first priority to use of surplus capacity in San Juan's water treatment facility. Northridge is currently undertaking installation of a pipeline to convey treated surface water from the San Juan Pipeline to Northridge's service area.

6. The Agency has determined that, subject to the terms and conditions set forth in this Agreement, there will be surplus water under the Agency Water Rights available for sale to Northridge as provided for in this Agreement.

7. The Agency is willing to sell, and Northridge is willing to purchase, water from the Agency under the terms and conditions set forth in this Agreement.

Now, therefore, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals Incorporated. The foregoing recitals are incorporated by reference.
2. Term of Agreement. This Agreement shall be effective as of the date first above written, and shall remain in effect through December 31 of the twenty-fifth year after the year in which water is first available for delivery under article 7 of this Agreement, unless terminated earlier under the provisions of this Agreement.
3. Renewals of Term. Renewals of this Agreement may be made for successive periods not to exceed twenty-five years each. The terms and conditions of each renewal shall be agreed upon by the parties not later than one year before the expiration of the then current term of the Agreement.

4. Water to be Furnished to Northridge. Each year during the term of this Agreement the Agency shall make available to Northridge, subject to the water shortage provision set forth in this Agreement, the following amounts of untreated water ("Northridge Annual Entitlement"):

| YEAR | NORTHRIDGE ANNUAL ENTITLEMENT |
|-------------------------------|-------------------------------|
| 1 (prorated for partial year) | 12,000 acre-feet |
| 2 | 13,000 acre-feet |
| 3 | 14,000 acre-feet |
| 4 | 16,000 acre-feet |
| 5 | 18,000 acre-feet |
| 6 | 20,000 acre-feet |
| 7 | 21,000 acre-feet |
| 8 | 22,000 acre-feet |
| 9 | 23,000 acre-feet |
| 10 | 24,000 acre-feet |
| 11 | 25,000 acre-feet |
| 12 | 26,000 acre-feet |
| 13 | 27,000 acre-feet |
| 14 | 28,000 acre-feet |
| 15 | 29,000 acre-feet |

Each year Northridge shall be required to purchase its Annual Entitlement or surrender its right to some of it so that the Agency will be free to put the water to use elsewhere. In order to do this, if Northridge does not take or pay for its Northridge Annual Entitlement for any year, the Northridge Annual Entitlement for each year thereafter shall be reduced by an amount equal to 50% of the amount which Northridge did not take or pay for during that year.

5. Water Shortage Provisions.

(a) The Northridge Annual Entitlement shall be subject to temporary or permanent reduction or elimination whenever the Agency notifies Northridge that the Agency has determined that it will not have sufficient water (1) to meet the needs of the Agency's then current customers within Placer County, (2) to meet the contractual entitlement of San Juan under its water supply contract with the Agency, or (3) to meet the Agency's obligations under its April 30, 1963 Middle Fork Project Power Purchase Contract with Pacific Gas and Electric Company ("the Power Purchase Contract"). Such notification shall be provided at the earliest date feasible. The Northridge Annual Entitlement shall not be subject to reduction or elimination because the Agency has insufficient water to meet the needs of other Agency contractors or users whose service areas are outside of Placer County, except for San Juan.

(b) The Agency may temporarily discontinue or reduce the amount of the Northridge Annual Entitlement for the purpose of maintaining, repairing, replacing, investigating or inspecting any of the facilities necessary for the storage or furnishing of water to Northridge. In so far as it is feasible, the Agency will give Northridge due notice in advance of such temporary discontinuances or reductions except in cases of emergency, in which case notice will be provided at the earliest date feasible. In the event of any such discontinuance or reduction, the Agency will, upon the resumption of service, attempt to approximate delivery of the quantity of Northridge Annual Entitlement that would have been furnished to Northridge in the absence of such event.

(c) In the event of a water shortage as described in subparagraphs (a) and (b) of this article, Northridge shall be solely responsible for obtaining alternative supplies of water to meet its customers' needs, and no liability shall accrue against the Agency or any of its directors, officers, agents or employees for any damage, direct or indirect, arising from such shortages. In any year in which the Agency makes less than the Northridge Annual Entitlement available to Northridge, a proportionate adjustment shall be made to the amounts to be paid by Northridge provided for in Article 12. To the extent that there is a deficiency in the availability of the Northridge Annual Entitlement not caused by wrongful conduct of the Agency, such adjustment shall constitute the sole remedy of Northridge or anyone having or

claiming to have by, through or under Northridge the right to the use of any of the water supply provided for herein.

6. Delivery of Water. The Agency shall deliver the Northridge Annual Entitlement into Folsom Reservoir, and Northridge shall be responsible for diversion, treatment and conveyance of such water, including without limitation the payment of any charges to the U.S. Bureau of Reclamation ("Reclamation") concerning the diversion of such water from Folsom Reservoir and the cost of any facilities necessary to divert such water from Folsom Reservoir.

7. Commencement of Water Service. Water service to Northridge under this Agreement shall commence on a date mutually-acceptable to the parties (but within six months unless the parties agree to the contrary) following completion of each of the conditions precedent set forth in Article 15 of this Agreement.

8. Delivery Schedule. Prior to commencement of water service, Northridge shall submit a written schedule to the Agency indicating the time and quantities of the Northridge Annual Entitlement to be diverted from Folsom Reservoir by or for the benefit of Northridge pursuant to this Agreement during the remainder of the year. Thereafter, on or before December 1 of each year, Northridge shall submit a written schedule to the Agency indicating the times and quantities of the Northridge Annual Entitlement to be diverted from Folsom Reservoir by or for the benefit of Northridge pursuant to

this Agreement during the following year. The Agency shall, consistent with the Agency Water Rights, the Power Purchase Contract and the provisions hereof, furnish the Northridge Annual Entitlement to the maximum extent feasible in accordance with the schedules submitted by Northridge or any revisions thereof that are satisfactory to the Agency. The Agency shall cooperate with Northridge in any revisions to the schedule for water deliveries as necessary to accommodate limitations in the available capacity of water diversion, treatment and conveyance facilities to be utilized by Northridge.

9. Measurement. Northridge shall measure or cause to be measured all water furnished pursuant to this Agreement at the point of diversion at Folsom Reservoir. Such measurement shall be with equipment satisfactory to the Agency and to Northridge, and Northridge shall furnish the Agency written reports quarterly showing the daily diversions to Northridge. The Agency may inspect such measuring equipment for the purpose of determining the accuracy thereof at any time, and any errors therein will be adjusted.

10. Water Quality. The Agency assumes no responsibility with respect to the quality of the water to be furnished pursuant to this Agreement and does not warrant the quality of any such water.

11. Responsibilities for Delivery and Distribution of Water.

Neither the Agency nor its directors, officers, agents or employees shall be liable for the control, carriage, handling, use, disposal or distribution of water furnished to Northridge hereunder outside of facilities then being operated or maintained by the Agency, nor for claims of damages of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond such facilities, and Northridge shall indemnify and hold harmless the Agency and its directors, officers, agents and employees from any such damages or claims of damages.

12. Rate and Method of Payment for Water.

(a) Rate of Payment for Water. Each year Northridge shall pay the Agency for each acre-foot of Northridge Annual Entitlement made available for use in Northridge's service area the highest of the following three rates: (1) Thirty-five dollars (\$35); (2) One hundred seventy-five percent (175%) of the acre-foot price the Agency charges the City of Roseville and San Juan that year for water made available to them in Folsom Reservoir for use within Placer County; or (3) One hundred fifty percent (150%) of the total amount, per acre-foot, including any restoration and other fees and charges, which the Agency is required to pay that year to Reclamation for water to be used within the Agency pursuant to the

Agency's September 18, 1970 contract with Reclamation as amended and supplemented or pursuant to any renewals of that contract.

Each year Northridge shall pay the Agency for each acre-foot of Northridge Annual Entitlement which is sold, leased, transferred or disposed of by Northridge for use outside its service area, either: (1) the price provided for in the previous sentence; or (2) an amount equal to 95% of the value received by Northridge for such water, whichever is higher, and the first water sold, leased, transferred or disposed of by Northridge each year for use outside its service area shall be deemed to be the water made available to Northridge by the Agency pursuant to this Agreement.

(b) Time and Method of Payment. Payment shall be made quarterly in advance on or before January 1, April 1, July 1 and October 1 of each year. The amount of the payment shall be based upon the amount of water in the delivery schedule or amendments thereof furnished pursuant to paragraph 8. At the close of each year the Agency shall recalculate the amount owing to it for the previous year based upon the actual deliveries and amounts of water made available to Northridge and shall thereupon bill Northridge for any underpayments or refund any overpayments. Any amounts due and owing from one party to the other as a result of such recalculation shall be paid within thirty days after the Agency renders a statement to Northridge for such payment.

13. Interest on Overdue Payments. Northridge shall pay the Agency interest at the legal rate for interest on State of California judgments on any charges that remain unpaid after they become due and payable.

14. Obligation of Northridge to Make Payments.

(a) Character of obligation.

The obligations of Northridge arising out of or pursuant or incidental to this Agreement shall constitute general obligations of Northridge, and Northridge shall use all the powers and resources available to it under the law to collect the funds necessary for and to pay its obligations to the Agency under this Agreement. Northridge as a whole is obligated to pay to the Agency the payments coming due under this Agreement, notwithstanding any individual default by its water users, constituents or others in the payment to Northridge of assessments, taxes, tolls or other charges levied by Northridge.

(b) Refusal of Water Does Not Affect Obligation.

Northridge's failure or refusal to accept delivery of any of the Northridge Annual Entitlement in any year shall in no way relieve it of its obligation to make payments to the Agency for that year's Annual Entitlement as provided for herein to the extent the Agency was ready, willing and able to supply the Northridge Annual Entitlement that year.

15. Conditions Precedent.

(a) The obligations of the parties concerning delivery of water under this Agreement shall be subject to fulfillment of each of the three conditions precedent set forth below:

(1) Compliance with environmental laws. The sale of water under this Agreement is subject to compliance with the California Environmental Quality Act ("CEQA"). The Agency and Northridge acknowledge that this Agreement does not and cannot commit them to a definite course of action as to the implementation of the sale of water provided for herein before compliance with CEQA to the extent required. The Agency shall be responsible for completing the environmental review process and shall be the lead agency under CEQA. Northridge shall assist and cooperate with the

Agency, and reimburse the Agency's costs incurred in accordance with this article.

(2) Approval of State Water Resources Control ("SWRCB").

A change in place of use of the Agency Water Rights to include Northridge's service area will be required from the SWRCB. The Agency shall be responsible for obtaining the SWRCB's approval of such change. Northridge shall assist and cooperate with the Agency, and reimburse the Agency's costs incurred in accordance with this article.

(3) Wheeling agreement with Reclamation. Northridge will require use of Reclamation diversion facilities from Folsom Reservoir to divert water to be delivered under this Agreement. Northridge shall be responsible for obtaining a wheeling agreement with Reclamation for this purpose. The Agency shall assist and cooperate with Northridge. Northridge shall reimburse the Agency's costs incurred in accordance with this article.

(b) This Agreement shall be subject to termination by either party on sixty days' prior written notice if a party reasonably determines that any condition imposed by a regulatory agency in fulfilling the conditions precedent set forth in subparagraph (a) is unacceptable to that party.

(c) This Agreement shall be subject to termination by either party on sixty days' prior written notice if within three years from the date of this Agreement or any extensions of time agreed to by the parties any of the conditions precedent set forth in subparagraph (a) have not been fulfilled.

(d) The party responsible for fulfilling a condition precedent set forth in subparagraph (a) shall attempt to do so in as diligent and efficient a manner as is feasible, and shall keep the other party informed on a regular basis of the status of its work in fulfilling the condition precedent.

(e) Northridge shall reimburse the Agency for all of its engineering, legal and other out-of-pocket costs (including Agency staff time) in fulfilling the conditions precedent set forth in subparagraph (a) so long as (1) the Agency and Northridge have agreed in advance of incurring such costs to a budget for the Agency's estimated costs for such work (which shall be subject to revision from time to time as the work proceeds), and (2) the costs to be reimbursed are consistent with the approved budget. Reimbursement of costs shall be made by Northridge within thirty days after the Agency submits an invoice for costs, documented to the reasonable satisfaction of Northridge.

16. Remedies Not Exclusive. The use by either party of any remedy specified for the enforcement of this Agreement is not exclusive

and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

17. **Waiver of Rights.** Any waiver at any time by either party of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default or matter.

18. **Assignment.** The provisions of this Agreement shall apply to and bind the successors and assigns of the respective parties, but no assignment or transfer of this Agreement, or any part hereof or interest herein, shall be valid until and unless approved by the Agency.

19. **Areas Served by Northridge.** Water delivered to Northridge pursuant to this Agreement shall not be sold or otherwise disposed of by Northridge for use outside of Northridge's service area, as shown on the map marked Exhibit A, attached hereto and incorporated herein, without the prior written consent of the Agency, which consent shall not unreasonably be withheld; provided, however, in no event shall any such water be used outside the place of use described in the Agency's water right permits.

20. **Opinions and Determinations.** Where the terms of this Agreement provide for action to be based upon judgment, approval, review or determination of either party, such terms are not

intended to be and shall never be construed as permitting such opinion, judgment, approval, review or determination to be arbitrary, capricious or unreasonable.

21. Notices. All notices that are required either expressly or by implication to be given by any party to the other under this Agreement shall be signed for the Agency and for Northridge by such officers as they may from time to time authorize to so act. Any notices to parties required by this Agreement shall be delivered or mailed, U.S. first-class postage prepaid, addressed as follows:

To Agency

General Manager
Placer County Water Agency
P.O. Box 6570
Auburn, California 95604

To Northridge

General Manager
Northridge Water District
P.O. Box 41258
5331 Walnut Avenue
Sacramento, California 95841

Either party may change its address for notice by sending notice of such change to the other party.

22. Inspection of Books and Records. The proper officers or agents of Northridge shall have full and free access at all reasonable times to the account books and official records of the Agency in so far as the same pertain to the matters and things provided for in this Agreement, with the right at any time during office hours to make copies thereof at Northridge's expense, and the proper representative of the Agency shall have similar rights with respect to the account books and records of Northridge.

23. Integration. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

24. Construction and Interpretation. It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

25. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved by both parties.

26. Attorney's Fees. In any action brought by either party to enforce or construe this Agreement, the prevailing parties shall be entitled to an award of reasonable attorney's fees, expert witness and consulting fees, litigation costs and costs of suit.

27. Counterparts. This Agreement may be executed in counterparts. Northridge shall deliver its counterpart to the Agency, which shall deliver a fully-conformed counterpart to Northridge.

28. **Obligations Prior to Termination.** The obligations of the parties incurred pursuant to this Agreement prior to the termination of this Agreement shall survive the termination.

29. **Supporting Resolutions.** Each party represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, and shall submit to the other party concurrent with execution of this Agreement a duly-authorized resolution or other document evidencing the authority and authorizing the person executing this Agreement to do so.

30. **General Indemnity.** Each party agrees to protect, defend, indemnify and hold harmless the other party, its directors, officers, agents, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any wise incident to, connected with, or arising directly or indirectly out of the negligence or willful misconduct of the indemnifying party hereunder.

31. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

32. **No Third Party Beneficiaries.** This Agreement shall not be construed to create any third party beneficiaries. This Agreement


is for the sole benefit of the parties, their respective successors and permitted transferees and assigns, and no other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any of its terms.

33. Relationship of Parties. Nothing in this Agreement shall be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation or liability on or with regard to anyone or more of the parties.

34. Additional Documents. Each party agrees to make, execute, acknowledge and deliver any and all documents reasonably required to implement this Agreement.

The foregoing is hereby agreed to by the parties.

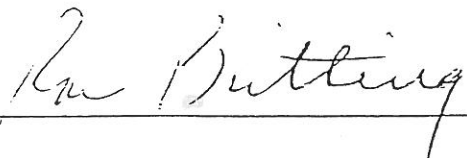
PLACER COUNTY WATER AGENCY

By: 


8-18-95
Attest:



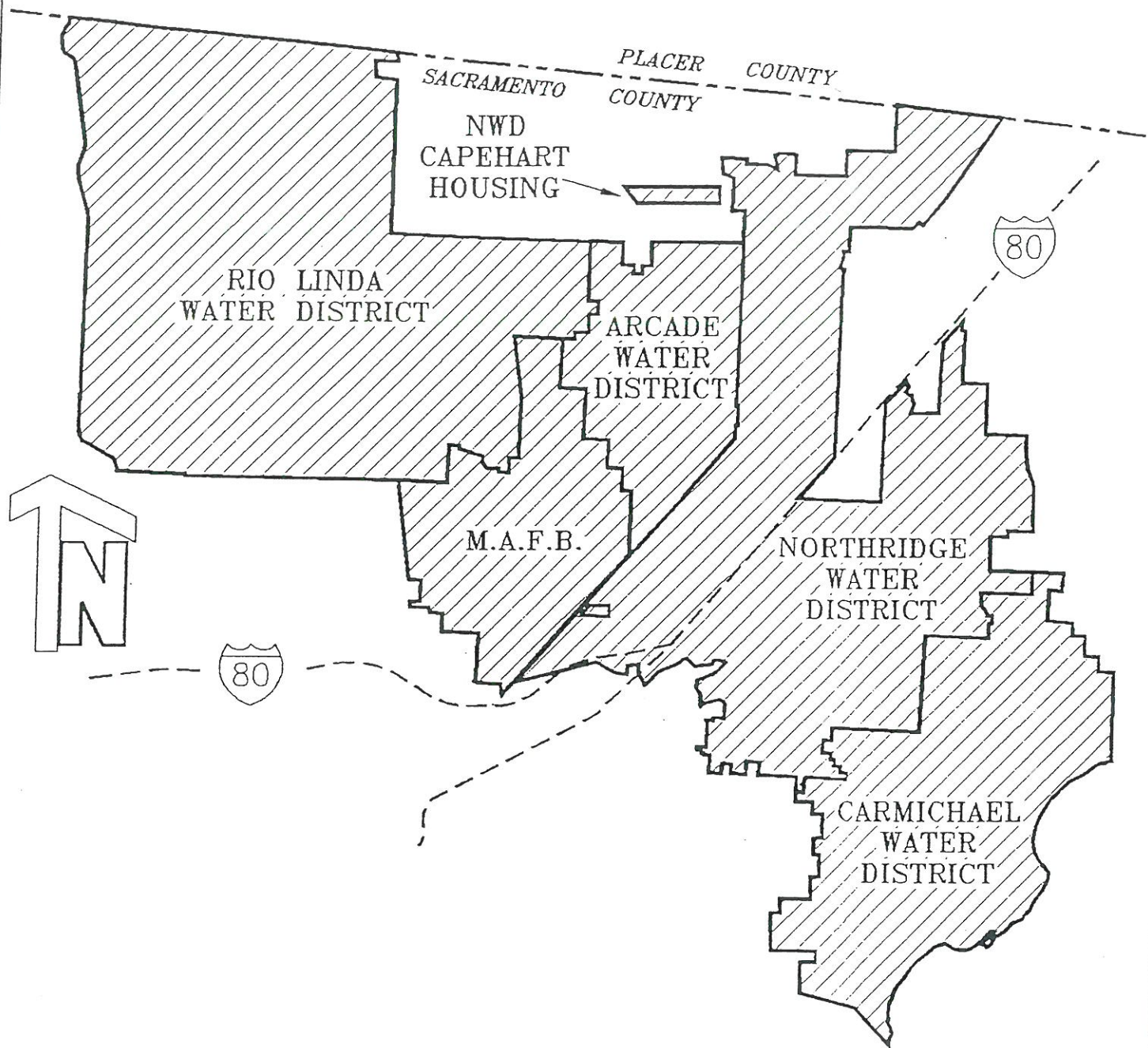
NORTHRIDGE WATER DISTRICT

By: 

8-18-95
Attest:



198028.4



*Northridge Water District
Water Service Area (Exhibit "A")*

NOT TO SCALE

**AMENDMENT NO. 1
TO THE AGREEMENT BETWEEN PLACER COUNTY WATER AGENCY AND
SACRAMENTO SUBURBAN WATER DISTRICT FOR A WATER SUPPLY
FOR GROUNDWATER STABILIZATION**

This Amendment No. 1 ("Amendment") is entered into as of September __, 2008, and amends the water supply agreement entered into on June 1, 2000 ("2000 Water Supply Agreement"), by and between Placer County Water Agency, a public agency (the "Agency"), and Sacramento Suburban Water District, a public agency ("Sacramento Suburban"), in the County of Sacramento, California. The Agency and Sacramento Suburban are collectively referred to as the "Parties." Terms defined in the 2000 Water Supply Agreement will have the same meaning in this Amendment.

Recitals

A. The Agency and Northridge Water District entered into the 2000 Water Supply Agreement, which provided for up to 29,000 acre-feet per year of water that would be made available by the Agency for use by Northridge Water District.

B. Sacramento Suburban is the successor entity to Northridge Water District following the consolidation of Northridge Water District and Arcade Water District, and Sacramento Suburban has succeeded to all the rights and obligations of Northridge Water District under the 2000 Water Supply Agreement.

C. The Parties desire to amend the 2000 Water Supply Agreement as set forth in this Amendment.

In consideration of the mutual covenants contained, herein, the Parties agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are incorporated by reference.

2. **Amendment of Section 4.** Section 4 of the 2000 Water Supply Agreement is amended to read as follows:

4. Water to be Furnished to Sacramento Suburban.

(a) Each year during the term of this Agreement the Agency will make available to Sacramento Suburban, subject to the water shortage provisions set forth in this Agreement, and the operating criteria set forth in Exhibit A to this Agreement: (1) effective September 1, 2008, 16,000 acre-feet of untreated water; and (2) effective January 1, 2009, 12,000 acre-feet of untreated water, ("Sacramento Suburban Annual Entitlement").

(b) Each year Sacramento Suburban will be required to pay for the Sacramento

Suburban Annual Entitlement or surrender its right to some of it so that the Agency will be free to put the water to use elsewhere. In order to do this, if Sacramento Suburban does not take or pay for the Sacramento Suburban Annual Entitlement for any year, the Sacramento Suburban Annual Entitlement for each year thereafter will be reduced by an amount equal to 50% of the amount which Sacramento Suburban did not take or pay for during that year.

(c) In any year during the term of this Agreement, Sacramento Suburban may request that the Agency make available a water supply in addition to the Sacramento Suburban Annual Entitlement up to a total water supply of 29,000 acre-feet in any year, which if approved by the Agency would be made available to Sacramento Suburban under the applicable provisions of this Agreement. Such an approval would not change the amount of the Sacramento Suburban Annual Entitlement (unless the Parties agreed otherwise). Such an approval in one year would not obligate the Agency to approve a request in a subsequent year, and approval in one year would not require Sacramento Suburban to request an increased water supply in a subsequent year.

3. Other Provisions Unaffected. Except as provided in this Amendment, the remaining provisions of the 2000 Water Supply Agreement are unchanged and remain in full force and effect.

The foregoing is hereby agreed to by the Parties.

PLACER COUNTY WATER AGENCY SACRAMENTO SUBURBAN WATER DISTRICT

By: _____

By: _____

Attest: _____

Attest: _____

EXHIBIT A

2000 ("SWRCB Orders") that approve a change in the place of use of the Agency Water Rights to include the area served by Northridge, which is described in Article 19 of this Agreement.

J. The Agency and Northridge are signatories to the Water Forum Agreement, which sets forth provisions that are related to the diversion and use of water under this Agreement that are implemented by the EIR and SWRCB Orders.

K. Northridge and the U.S. Bureau of Reclamation ("Reclamation") have entered into an agreement that authorizes Northridge to use Reclamation facilities at Folsom Reservoir to convey water delivered by the Agency under this Agreement (the "Warren Act Contract", including any renewal, extensions or subsequent agreement for that purpose).

Now, therefore, in consideration of the mutual covenants contained, herein, the parties agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are incorporated by reference.
2. **Term of Agreement.** This Agreement shall be effective as of June 1, 2000, and shall remain in effect through December 31, 2025, unless terminated earlier under the provisions of this Agreement.
3. **Renewals of Term.** Renewals of this Agreement may be made for successive periods not to exceed twenty-five years each. The terms and conditions of each renewal shall be agreed upon by the parties not later than one year before the expiration of the then current term of the Agreement.
4. **Water to be Furnished to Northridge.** Each year during the term of this Agreement the Agency

shall make available to Northridge, subject to the water shortage provisions set forth in this Agreement, and the operating criteria set forth in Exhibit A to this Agreement, the following amounts of untreated water ("Northridge Annual Entitlement"):

| <u>YEAR</u> | <u>NORTHRIDGE ANNUAL ENTITLEMENT</u> |
|----------------------------------|--------------------------------------|
| June 1 through December 31, 2000 | 7,000 acre-feet |
| 2001 | 11,000 acre-feet |
| 2002 | 12,000 acre-feet |
| 2003 | 14,000 acre-feet |
| 2004 | 16,000 acre-feet |
| 2005 | 18,000 acre-feet |
| 2006 | 20,000 acre-feet |
| 2007 | 22,000 acre-feet |
| 2008 | 23,000 acre-feet |
| 2009 | 24,000 acre-feet |
| 2010 | 25,000 acre-feet |
| 2011 | 26,000 acre-feet |
| 2012 | 27,000 acre-feet |
| 2013 | 28,000 acre-feet |
| 2014 and each year thereafter | 29,000 acre-feet |

Each year Northridge shall be required to pay for its Annual Entitlement or surrender its right to some of it so that the Agency will be free to put the water to use elsewhere. In order to do this, if Northridge does not take or pay for the Northridge Annual Entitlement for any year, the Northridge Annual Entitlement for each year thereafter shall be reduced by an amount equal to 50% of the amount which Northridge did not take or pay for during that year.