

COUNTY OF SACRAMENTO\SACRAMENTO COUNTY WATER AGENCY

A. INTRODUCTION

The County of Sacramento (County) purveys water in seven separate retail service areas within the unincorporated area. County retail service areas vary in size from as few as 30 connections in the smallest service area to more than 17,000 connections in the Laguna/Vineyard service area. There is a total of approximately 20,000 connections in the County retail service areas, of which about 19,000 are residential customers.

The Sacramento County Water Agency (SCWA) is responsible for providing wholesale water supply to an area of the Laguna, Vineyard, and Elk Grove communities commonly referred to as "Zone 40". The long-term Master Water Plan for Zone 40 is based on meeting present and future water needs through a program of conjunctive use of groundwater and surface water.

It is anticipated that Zone 40 will be expanded to include large areas in the southern part of Sacramento county which may be developed that are presently unorganized as far as water supply. Both supply and demands for these new growth areas are included in this County/SCWA Purveyor Specific Agreement.

Neither the County nor SCWA presently has long-term surface water entitlements. However, SCWA has entered into a contract with USBR for 22,000 AF of American River water, authorized by Public Law 101-514. Seven thousand AF of the 22,000 AF of water will be subcontracted to the City of Folsom. The remaining 15,000 AF of the PL 101-514 water for SCWA use will be diverted at or near the mouth of the American River or from the Sacramento River. SCWA has also entered into a three party agreement-in-principle with SMUD and the City of Sacramento for the assignment to SCWA of 15,000 AF of SMUD's existing contract with the USBR, to be diverted at or near the mouth of the American River or from the Sacramento River. SCWA and SMUD have also begun negotiations for purchase by the SCWA and assignment from SMUD of a second 15,000 AF block of SMUD's USBR contract. A portion of the payments to SMUD from the County would be used to construct groundwater facilities which may be operated and maintained by the County. Groundwater from these wells would be available as an alternative supply for SMUD to meet increased demands in the drier and conference years as defined in the Purveyor Specific Agreement for SMUD.

In addition to the 15,000 AF of PL 101-514 contract and pursuing 30,000 AF of SMUD surface water, SCWA has applied to the SWRCB for excess flows on the American and Sacramento Rivers. That application is pending and is subject to negotiated terms through the Water Forum for delivery. To reduce reliance on intermittent surface water, SCWA intends to pursue upstream water transfers which would be diverted at or near the mouth of the American River or from the Sacramento River.

Delivery of surface water to Zone 40 requires wholesale and wheeling contracts between the City of Sacramento and SCWA. This includes construction of facilities, including treatment plant capacity within the City of Sacramento.

A portion of the expanded Zone 40 area is situated within the Place of Use for the City of Sacramento's American River water entitlements. It is assumed that these entitlements would be used to serve this expanded Zone 40 area. Conditions for use of this entitlement would be consistent with the conditions outlined in the City of Sacramento's Purveyor Specific Agreement.

All of the County's retail service areas are supplied groundwater with the exception of the Laguna/Vineyard service area (Zone 40), which is supplied groundwater in combination with interim surface water. County/SCWA has an agreement with the City of Sacramento for treatment and delivery of interim surface water to Zone 40.

A portion of the Elk Grove Water Works (EGWW) retail service area is located within the boundary of Zone 40. Water used in this area is made up of groundwater pumped by EGWW and groundwater and surface water served to EGWW through a wholesale water purchase agreement with SCWA. The contract between the SCWA and the USBR for water available through PL 101-514 requires that EGWW meet the terms and conditions of the PL 101-514 contract including a comprehensive water conservation plan and meter retrofit program to receive CVP contract surface water.

B. SEVEN ELEMENTS OF THE *WATER FORUM AGREEMENT*: INTEGRATED PACKAGE

In order to achieve the Water Forum's two coequal objectives, providing a safe reliable water supply and preserving the values of the Lower American River, all signatories to the *Water Forum Agreement* need to endorse and, where appropriate, participate in each of seven complementary actions.

- 7 Increased Surface Water Diversions
- 7 Actions to Meet Customers' Needs While Reducing Diversion Impacts in Drier Years
- 7 Support for an Improved Pattern of Fishery Flow Releases from Folsom Reservoir
- 7 Lower American River Habitat Management Element
- 7 Water Conservation Element
- 7 Groundwater Management Element
- 7 Water Forum Successor Effort

For each interest to get its needs met, it has to endorse all seven elements. Based on this linkage, signatories agree to endorse and, where appropriate, participate in all seven of these elements.

C. BASELINE DIVERSIONS

Baseline diversions represent the historic maximum amount of water diverted annually from the American River through the year 1995.

No American River diversions were included in the baseline for County/SCWA.

D. AGREEMENT FOR MEETING THE COUNTY OF SACRAMENTO'S AND THE SACRAMENTO COUNTY WATER AGENCY'S WATER SUPPLY NEEDS TO THE YEAR 2030

The County/SCWA surface water needs are included in the South County M&I users group. The County/SCWA portion of the demand, 87,000 AF, includes both existing and expanded Zone 40 areas. It is anticipated that Zone 40 will be expanded to include large areas in the southern part of Sacramento County which may be developed that are presently unorganized.

To meet these demands, the firm surface water supply of 45,000 AF (15,000 AF of USBR contract water under PL 101-514 and 30,000 AF of SMUD entitlement transfer), an intermittent surface water supply of 33,000 AF, and groundwater will be necessary. The PL 101-514 and SMUD water will be subject to shortages imposed on all CVP M&I contractors. Intermittent surface water is available only when the water is surplus to the needs of the San Joaquin-Sacramento River and Delta. Upstream water transfers will be pursued to reduce reliance on intermittent surface water. All of the surface water for the County/SCWA is assumed to be diverted at or near the mouth of the American River or from the Sacramento River.

Groundwater will be used in a conjunctive use basis by the South County M&I users group with a total 2030 demand of 117,600 AF. The South County M&I users group also includes a portion of Citizens Utilities Company and the Elk Grove Water Works. The amount of groundwater used will vary from approximately 95,100 AF in the driest years decreasing to approximately 34,000 AF in the wet years.

E. SPECIFIC AGREEMENTS FOR COMPLYING WITH THE SEVEN ELEMENTS *(Agreements in italics are common in all Specific Agreements.)*

1. All signatories to the *Water Forum Agreement* will endorse water entitlements needed in this Purveyor Specific Agreement as follows:

- a. All signatories to the *Water Forum Agreement* agree to continue their support for SCWA's contract for 22,000 acre feet of water authorized by Public Law 101-514.
- b. All signatories to the *Water Forum Agreement* will support transfers of 30,000 acre feet of Sacramento Municipal Utility District's Central Valley Project entitlement to be used for planned growth within the Urban Service Boundary.
- c. All signatories agree to support a conjunctive use program to meet SCWA's water needs for planned growth within the Urban Service boundary.

d. All signatories to the *Water Forum Agreement* agree to support additional transfers of existing entitlements or new entitlements needed to support such a conjunctive use program. However environmental signatory organizations' support for specific additional transfers or new entitlements is subject to: their review of the specifics of the additional transfers or entitlements; their concurrence on the adequacy of conditions that will be included as part of such additional transfers or new entitlements; and full compliance with all applicable environmental laws and requirements.

e. All signatories anticipate that SCWA's water conservation program, contributions to the Successor Effort and contributions to the Lower American River Habitat Management Element would not have to be renegotiated in the context of additional transfers or new entitlements diverted from the Sacramento River.

2. *All signatories will endorse construction of facilities to divert, treat and distribute water consistent with this Purveyor Specific Agreement and the Water Forum Agreement including diversion structures, treatment plants, pumping stations, wells, storage facilities, and major transmission piping. Endorsement is also to be provided for necessary rights-of-ways, permits, and other endorsements which may be needed, in the context of the following five points:*

a. *All signatories agree that implementation of the Water Forum Agreement including an Improved Pattern of Fishery Flow Releases, the Updated Lower American River flow standard, the Lower American River Habitat Management Element, Actions to Meet Customers' Needs While Reducing Diversion Impacts in Drier Years, and the Water Conservation Element constitute reasonable and feasible mitigation for any cumulative impacts on the Lower American River caused by diversions included in the Water Forum Agreement.*

b. *Environmental impacts of facilities to divert, treat and distribute water will be subject to site-specific environmental review. It is understood that signatories may provide comments on site specific impacts. All signatories will work in good faith to agree on reasonable and feasible mitigation for any site-specific impacts.*

c. *To the extent that the water facilities are consistent with the Water Forum Agreement, signatories agree that they will not object to those water facilities based on the cumulative impacts to the Lower American River. Nor will signatories object to water facilities consistent with the Water Forum Agreement based on the planned growth to be served by those water facilities. (See Section Four IV, Relationship of Water Forum Agreement to Land Use Decision Making.)*

d. *In the planning for new water diversion, treatment, and distribution facilities identified in the Water Forum Agreement, water purveyors signatory to the Agreement will either provide for a public participation process, such as meeting with already established citizen advisory committees, or other appropriate means to help design and implement these projects.*

10. All signatories will participate in the Water Forum Successor Effort to oversee, monitor and report on the implementation of the Water Forum Agreement. (Reference Section Three, VII., Water Forum Successor Effort). This includes participating with other signatories in carrying out procedural agreements as identified in the Water Forum Agreement. To the extent that conditions change in the future, all signatories will work together in good faith to identify ways to ensure that the two coequal goals of the Water Forum will still be met.

11. All signatories will endorse and, where appropriate, financially participate in the Lower American River Habitat Management Element (Reference Section Three, IV., Lower American River Habitat Management Element).

12. All signatories will endorse and, where appropriate, implement the Water Conservation Element of the Agreement (Reference Section Three, V., Water Conservation Element). This purveyor's implementation of water conservation will be as specified in its Water Conservation Plan which is incorporated as Appendix J to the Water Forum Agreement.

13. All signatories will endorse and, where appropriate, participate in implementation of the Sacramento North Area Groundwater Management Authority to maintain a North Area estimated average annual sustainable yield of 131,000 acre feet.

14. All signatories will endorse development of a groundwater management arrangement for the South Area and where appropriate participate in its development, to maintain a South Area estimated average annual sustainable yield of 273,000 acre feet.

15. All signatories will endorse development of a groundwater management arrangement for the Galt Area and where appropriate participate in its development, to maintain a Galt Area estimated average annual sustainable yield of 115,000 acre feet.

16. Signatories authorizing individuals to represent them in matters included within the Water Forum Agreement will ensure that representations made by those individuals are consistent with the Water Forum Agreement and are upheld by the signatories.

17. This Agreement is in force and effect for all signatories for the term of the Memorandum of Understanding, December 31, 2030.

18. Any solution that provides for future needs will have costs. New diversion, treatment, and distribution facilities, wells, conservation programs, and required environmental mitigation will be needed. This Agreement identifies that these solutions must be equitable, fiscally responsible, and make the most efficient use of the public's money.

Water suppliers have both capital costs for facilities and operations and maintenance costs. This Agreement recommends that charges imposed to recover capital costs associated with water acquisition, treatment, or delivery be equitable. Any costs for facilities funded through bonds will be recovered as provided by law. In addition, signatories to the Water Forum agree that

operational, maintenance and replacement costs should be recovered from beneficiaries of the system in accordance with California Government Code Sections 53720 to 53730 (Proposition 62) and California Constitution, Articles XIII, C and XIII, D (Proposition 218) and other laws to the extent they are applicable.

19. All signatories to the *Agreement* will endorse County/SCWA for completion of PL 101-514 water contracts.

20. All signatories to the *Agreement* will endorse County/SCWA for completion of the assignments of portions of SMUD's Central Valley Project water contract.

21. All signatories to the *Agreement* will endorse construction of County/SCWA's water supply facilities (this may include joint facilities constructed by the City of Sacramento) which include diversion at or near the mouth of the American River or from the Sacramento River, treatment plants, pumping stations, wells, storage facilities, and transmission piping. Endorsement is also needed for right of ways, permits, environmental documentation, and other endorsement which may be identified for County/SCWA to meet needs to the year 2030.

22. All signatories to the *Agreement* will endorse County/SCWA agreements with the City of Sacramento for wheeling and wholesaling of surface water prior to and after completion of the City's capacity expansion.

23. *All signatories agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference Section Four, III).*

24. *All signatories will endorse, and where appropriate, participate in the section of the Water Forum Agreement entitled "Relationship of Water Forum Agreement to Land Use Decision Making" (Reference Four, IV).*

25. *All signatories will endorse, and where appropriate, participate in the Folsom Reservoir Recreation Program (Reference Section Four, V).*

26. *Purveyors signatory to the Water Forum Agreement will reference the Water Forum Agreement, including agreed upon estimated average annual sustainable yields of each of the three subareas of the groundwater basin in Sacramento County and limits to diversions from the American River in their water master plans and urban water management plans, which are used in providing information to cities and counties as required under Chapter 881 of the Statutes of 1995.*

27. *Any transfers of American River water by signatories will be delivered in a manner consistent with an Improved Pattern of Fishery Flow Releases as referenced in the Water Forum Agreement.*

F. ASSURANCES AND CAVEATS

Because the *Water Forum Agreement* is a comprehensive set of linked elements, it is absolutely essential that adequate assurances be secured for every element. In an agreement that will extend over three decades, the timing of these assurances is critical. Full implementation of all seven elements cannot occur simultaneously. Therefore all signatories agree with the provisions in the Assurances and Caveats Section of this *Water Forum Agreement*.

Two particularly important assurances are the updated Lower American River Flow Standard and Upstream American River Diversion Agreements.

All signatories agree they will recommend to the State Water Resources Control Board an updated American River flow standard and updated Declaration of Full Appropriation to protect the fishery, wildlife, recreational and aesthetic values of the Lower American River. The recommendation will include requirements for U.S. Bureau of Reclamation releases to the Lower American River. In addition, the City of Sacramento's Fairbairn diversion will be required to comply with the diversion limitations of the City's Purveyor Specific Agreement. The *Water Forum Agreement* also includes agreed upon dry year reductions by purveyors upstream of Nimbus Dam. The recommendation for an updated Lower American River standard will be consistent with:

Water Forum Agreement provisions on water diversions including dry year diversions,
and
Implementation of the Improved Pattern of Fishery Flow Releases which optimizes the release of water for the fisheries.

The recommendation will also address related issues such as principles to guide water management in the driest years, flexibility in the standard to allow adaptive management, and amending the existing "Declaration of Full Appropriation for the American River."

Purveyors signatory to the *Water Forum Agreement* who divert from upstream of Nimbus Dam agree they will enter into contract with the Bureau that will provide assurances that the upstream diverters will divert only the agreed upon amounts, which include provisions for reductions in dry year and/or other equivalent measures.

In order to have a durable agreement it is necessary to include the following caveats. These are statements describing actions or conditions that must exist for the *Agreement* to be operative.

1. As specified below, each purveyor's commitment to implementing all provisions of the *Water Forum Agreement* is contingent on it successfully obtaining its water supply entitlements and facilities.

a. If a purveyor receives support from the other signatories to the *Agreement* for all of its facilities and entitlements as shown on the chart in Section Three, I., of the *Water Forum Agreement*, "Major Water Supply Projects that Will Receive Support Upon Signing the *Water Forum Agreement*" and if it receives all necessary approvals for some

or all of those facilities and entitlements, then the purveyor will fully support and participate in the following provisions of the *Water Forum Agreement*:

- (1) Support for the Improved Pattern of Fishery Flow Releases
- (2) Water Forum Successor Effort
- (3) Water Conservation Element
- (4) Lower American River Habitat Management Element
- (5) Support for the Updated Lower American River flow standard
- (6) Restriction of diversions or implementation of other actions to reduce diversion impacts in drier years as specified in its Purveyor Specific Agreement.

and

- b. If a purveyor is not successful in obtaining all necessary approvals for all of its facilities and entitlements as shown on the chart in Section Three, I., of the *Water Forum Agreement*, “*Major Water Supply Projects that will Receive Support Upon Signing the Water Forum Agreement*,” that would constitute a changed condition that would be considered by the Water Forum Successor Effort.
2. All signatories agree that business, citizens, and environmental signatories’ obligation to support, and where specified, implement all provisions of the *Water Forum Agreement* is contingent on implementation of those provisions of the *Agreement* that meet their interests.
 3. A stakeholder’s support for water supply entitlements and facilities is contingent on:
 - a. Project-specific compliance with the California Environmental Quality Act, and where applicable, the National Environmental Policy Act, federal Endangered Species Act and California Endangered Species Act.
 - b. Purveyors’ commitment in their project-specific EIRs and CEQA findings to: all seven elements of the *Water Forum Agreement*; support for updating the Lower American River flow standard; commitment by those purveyors that divert from upstream of Nimbus Dam to entering into signed diversion agreements with the U.S. Bureau of Reclamation; commitment by the City of Sacramento to inclusion of the terms of the diversion provisions of its Purveyor Specific Agreement into its water rights.
 - c. Signed diversion agreements between purveyors that divert upstream of Nimbus Dam and the U.S. Bureau of Reclamation. Other signatories to the *Water Forum Agreement* shall be third party beneficiaries to the diversion agreements solely for the purpose of seeking specific performance of the diversion agreements relating to reductions in surface water deliveries and/or diversions if Reclamation fails to enforce any of those provisions. The status of a signatory to the *Water Forum Agreement* as a third party beneficiary to the diversion agreements is dependent on that signatory complying with all the terms of the *Water Forum Agreement*, including support for the purveyor specific agreement for the purveyor’s project. This is not to intend to create any

other third party beneficiaries to the diversion agreements, and expressly denies the creation of any third party beneficiary rights hereunder for any other person or entity.

d. Adequate progress on the updated Lower American River standard. The schedule for obtaining the updated standard is in Section Four, I., of the *Water Forum Agreement*.

e. Adequate progress in construction of the Temperature Control Device.

f. Adequate progress in addressing the Sacramento River and Bay-Delta conditions associated with implementation of the *Water Forum Agreement*.

4. Environmental stakeholders' support for facilities and entitlements is dependent upon the future environmental conditions in the Lower American River being substantially equivalent to or better than the conditions projected in the Water Forum EIR. If the future environmental conditions in Lower American River environment are significantly worse than the conditions projected in the EIR, this would constitute a changed condition that would be considered by the Water Forum Successor Effort. Significant new information on the needs of the Lower American River fisheries, which was not known at the time of execution of the *Water Forum Agreement*, would also constitute a changed condition that would be considered by the Water Forum Successor Effort.

G. REMAINING ISSUES

Development of a groundwater management arrangement for the South Area.