

SECTION FIVE: SPECIFIC AGREEMENTS AND MUTUAL COMMITMENTS

I. PURVEYOR SPECIFIC AGREEMENTS

CARMICHAEL WATER DISTRICT

A. INTRODUCTION

Carmichael Water District (CWD) serves the community of Carmichael and currently has 10,850 connections, 10,189 of which are residential.

CWD has American River water rights for 32,600 AF, of which 14,000 AF is licensed. CWD has a "Ranney Collector" diversion facility on the American River. CWD also uses groundwater to meet a portion of their demands as well as for meeting peaking needs.

Because of the Surface Water Treatment Rule, the California Department of Health Services is requiring CWD to provide filtration to their water supply from the American River. CWD is constructing a Water Treatment Plant (WTP) at the site of their existing corporation yard on Bajamont Way. CWD will be constructing the plant in two phases, the initial phase includes a 17 million gallons per day (mgd) membrane filter facility which has expansion capacity to 22 mgd. The plant construction will include modification to CWD Ranney collectors which will make them less obtrusive to the environment of the Lower American River.

After completion of the WTP, CWD will continue to use groundwater as necessary for peaking.

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.

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

The baseline for the CWD's American River diversion is 12,000 AF.

D. AGREEMENT FOR MEETING CARMICHAEL WATER DISTRICT'S WATER SUPPLY NEEDS TO THE YEAR 2030

1. MOST YEARS: As it applies to the CWD portion of the agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, CWD will divert and use up to their license amount, 14,000 AF. By the year 2030, it is most likely that the water demand for the District will be reduced to their historic baseline level of 12,000 AF by implementation of urban water conservation Best Management Practices.

2. DRIER YEARS: As it applies to the CWD portion of the agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and equal to or greater than 400,000 acre feet.

In drier years, CWD will divert and use up to their license amount, 14,000 AF. By the year 2030, it is most likely that the water demand for the District will be reduced to their historic baseline level of 12,000 AF by implementation of urban water conservation Best Management Practices. There is no reduction in diversion for CWD in drier years, since the 12,000 AF is equivalent to their baseline diversion.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, CWD will divert and use up to their license amount, 14,000 AF. By the year 2030, it is most likely that the water demand for the District will be reduced to their historic baseline level of 12,000 AF by implementation of urban water conservation Best Management Practices. This agreement specifies no reduction in diversion for CWD in conference years, since the 12,000 AF is equivalent to their baseline diversion.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years CWD will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

4. Signatories to the *Water Forum Agreement* acknowledge and agree that CWD shall not relinquish control of or otherwise abandon the right to any quantity of water that it has foregone delivery and/or diversion of under this agreement, and shall retain the right (if any) to transfer that water for other beneficial uses, after that water has served its purpose of assisting in the implementation of the Improved Pattern of Fish Flow Releases, for diversion or redirection at, near, or downstream of the confluence of the Lower American River and the Sacramento River. The signatories also recognize that any such transfer of water by CWD must be in accordance with applicable provisions of federal and state law.

Signatories to the *Water Forum Agreement* also acknowledge that CWD has the right to use groundwater instead of the surface water diversions (12,000 acre feet) which have been agreed to. Any reduction of this 12,000 acre foot diversion could be transferred for other beneficial uses for diversion upstream or downstream of the mouth of the American River, provided that such transfer by CWD must be in accordance with applicable provisions of federal and state law.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

e. Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.

4. All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for

investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.

6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*

7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*

8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*

9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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

20. *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).*

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

22. *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.*

23. *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

None

CITIZENS UTILITIES COMPANY OF CALIFORNIA

A. INTRODUCTION

Citizens Utilities Company of California (CUCC) is an investor owned utility operating under the rules and regulations of the California Public Utilities Commission (CPUC). CUCC has six service areas within the metropolitan area of Sacramento County; (1) Antelope, which serves the communities of Antelope and Elverta; (2) Lincoln Oaks/Royal Oaks which serves portions of Citrus Heights and North Highlands; (3) Parkway which is located in the Florin area, (4) Rosemont/Suburban which serves Rosemont and the western portion of Rancho Cordova; (5) Arden in the Arden Arcade area; and (6) Security Park in the Sunrise Douglas area. CUCC also provides water service in Placer County for the Sabre City Mobile Home Park and is the exclusive franchisee for water service in western Placer County. In addition CUCC serves water to the City of Isleton and the community of Walnut Grove.

The Arden, Rosemont and a portion of the Parkway service areas are within the City of Sacramento's Place of Use (POU) for their American River water rights. The Placer County Service area is within the Placer County Water Agency POU. All of CUCC's service areas utilize groundwater. In addition, surface water supplied by the City of Sacramento is used in the Southgate service area.

CUCC has 54,164 active connections, 48,610 of which are residential (46,441 are unmetered).

Projected demands for CUCC are included in several areas: the North Central Group, City's POU North, City's POU South, and the South County M&I Group.

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.

Because they do not divert from the American River, no American River diversion was included in the baseline for CUCC.

D. AGREEMENT FOR MEETING CITIZENS UTILITIES COMPANY OF CALIFORNIA'S WATER SUPPLY NEEDS TO THE YEAR 2030

CUCC is governed by the CPUC; any and all agreements proposed must be reviewed and approved by the CPUC prior to adoption.

CUCC has six service areas within the metropolitan area of Sacramento County; (1) Antelope, which serves the communities of Antelope and Elverta; (2) Lincoln Oaks/Royal Oaks which serves portions of Citrus Heights and North Highlands; (3) Parkway which is located in the Florin and Southgate areas, (4) Rosemont/Suburban which serves Rosemont and the western portion of Rancho Cordova; (5) Arden in the Arden Arcade area; and (6) Security Park in the Sunrise Douglas area. The projected water demand for CUCC at year 2030 totals 58,600 acre feet, applying demand reduction through full implementation of BMP's.

1. The projected water demand for CUCC service areas within the City of Sacramento's place of use (POU) including the Arden area, a portion of the Rosemont/Suburban area and a portion of the Parkway area is approximately 24,600 acre feet.

a. CUCC has contracted with the City of Sacramento for delivery of surface water for their Southgate service area, through the City's E. A. Fairbairn and Sacramento River Water Treatment Plants, with the following conditions:

- (1) During off-peak periods (October 15th through May 14th) deliveries shall not exceed a maximum of 5.76 million gallons per day (mgd).
- 2) During on-peak periods (May 15th through October 14th) deliveries shall not exceed 1.13 mgd.
- 3) Water delivered shall not exceed 2,580 acre-feet annually.

CUCC will use groundwater to meet the balance of their demand for the Southgate service area.

b. For other CUCC service areas within the POU which include the Arden area, a portion of the Rosemont area, and a portion of the Parkway area, when a contract with the City of Sacramento for delivery of surface water beyond the existing contract for the

Southgate area is proposed, signatories to the *Water Forum Agreement* will meet in good faith with the objective to develop mutually acceptable provisions consistent with the two coequal objectives of the *Water Forum Agreement*.

CUCC will also use groundwater to meet the balance of their demand for these service areas.

c. It is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest year quantities specified in their agreements and provide the expected driest year flows to the mouth of the American River. In those years CUCC will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

2. The projected water demand for CUCC service areas within the North Central Purveyor Group which includes the Antelope, and Lincoln Oaks/Royal Oaks service areas is approximately 20,000 acre feet.

Surface water delivered to these CUCC service areas will likely come from diversions pursuant to the Northridge-PCWA transfer Agreement. The conditions included in Northridge Water District's Purveyor Specific Agreement will apply to surface water delivery to these CUCC service areas.

CUCC will use groundwater to meet the balance of their demand for these service areas.

3. The projected water demand for CUCC service areas within the South County M&I Users Group which includes a portion of the Rosemont/Suburban area, a portion of the Parkway area and Security Park is approximately 14,000 AF.

Surface water delivered to these CUCC service areas will likely come from a future contract with the Sacramento County Water Agency (SCWA) consistent with the Sacramento County/SCWA Purveyor Specific Agreement.

CUCC will use groundwater to meet the balance of their demand for these service areas.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

- e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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. *CUCC is required to obtain prior CPUC approval for all contracts, Agreements, MOUs, expenditures, etc.*

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

21. *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).*

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

23. *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.*

24. *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

1. Development of a groundwater management arrangement for the South Area.
2. CUCC is governed by the CPUC; any and all agreements proposed must be reviewed and approved by the CPUC prior to adoption.

CITY OF FOLSOM

A. INTRODUCTION

The City of Folsom (Folsom) is located in the northeastern corner of Sacramento County adjacent to both Placer and El Dorado Counties. A small portion of Folsom on the north side of the American River is served by the San Juan Water District.

Within the portion of Folsom south of the American River, Folsom currently has 9,900 connections, of which 8,500 are Residential. All commercial services are metered and billed based on meter readings.

Folsom has a Pre-1914 water right to 22,000 acre feet (AF) of American River water. This right and 10,000 AF of water right owned by the Arden Cordova Water Service (ACWS) totaling 32,000 AF are held under a Co-Tenancy agreement between the two agencies. On March 8, 1994, Folsom and ACWS entered into an agreement wherein "ACWS agrees to sell and Folsom agrees to purchase and pay for up to five thousand acre feet of water (Reallocated Water) each fiscal year."

Folsom is in the process of contracting with the USBR (through the Sacramento County Water Agency) for 7,000 AF of American River water for delivery from Folsom Reservoir, as authorized by Public Law 101-514.

All of its surface water is diverted from the Folsom Reservoir.

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 FROM AMERICAN RIVER

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

In the Driest Years, the baseline for Folsom's diversion is an agreed upon amount of 20,000 AF. This amount is within the range of uncertainty in the historic diversion data and is equivalent to Folsom's current diversion and treatment plant capacity. Additionally, in Conference Years, Folsom would encourage conserving an additional 2,000 AF through extra-ordinary conservation for Folsom Reservoir recreational benefits and for release to the Lower American River for fishery benefits.

D. AGREEMENT FOR MEETING FOLSOM'S WATER SUPPLY NEEDS TO THE YEAR 2030

The Water Forum recognizes that the City of Folsom has applied to include the area south of Highway 50 into its sphere of influence. It is agreed that if the Local Agency Formation Commission (LAFCO) grants Folsom's application, the Water Forum Successor Effort will consider the question of whether there can be agreement on a mutually acceptable water supply for development in that area.

Water Forum signatories retain their ability to support or oppose Folsom's LAFCO application on any grounds including water supply. Nothing in the *Water Forum Agreement* provides support for an expanded water service area for that area south of Highway 50. Regardless of support or opposition by other Water Forum signatories, if the City of Folsom were to serve the south of Highway 50 area with any of the surface or groundwater resources covered under the *Water Forum Agreement* then all of the City's obligations under the *Water Forum Agreement* will apply to that area.

1. MOST YEARS: As it applies to the Folsom's portion of the Agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, Folsom will divert and use 34,000 AF.

2. DRIER YEARS: As it applies to the Folsom's portion of the Agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and equal to or greater than 400,000 acre feet.

In drier years, Folsom will divert and use a decreasing amount of surface water from 34,000 AF to 22,000 AF (or the equivalent, see example below) in a 3 stage stepped and ramped reduction in proportion to the decrease in the March through November when unimpaired inflow to Folsom Reservoir, from 950,000 to 400,000 AF. Stage 1, a decreasing amount from 34,000 AF to 30,000 AF in proportion to the decrease in March through November unimpaired inflow to Folsom Reservoir greater than 870,000 AF but less than 950,000 AF. Stage 2, fixed at 27,000 AF when

the March through November unimpaired inflow to Folsom Reservoir is greater than 650,000 AF but less than or equal to 870,000. Stage 3, fixed at 22,000 AF when the March through November unimpaired inflow to Folsom Reservoir is equal to or greater than 400,000 AF but less than or equal to 650,000 AF.

As an example of how Folsom will meet its needs during drier years, Folsom will reduce diversions by imposing additional conservation levels, and will continue to divert water from Folsom Reservoir for the balance of their needs. However, Folsom will enter into agreements with other purveyors that have access to both surface water and groundwater for an equivalent exchange of the amount of reduction needed by Folsom as outlined above in the 3 stages of reduction. Under these arrangements, other purveyors will use groundwater in lieu of surface water equivalent to the amount that Folsom would continue to divert.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, when the March through November unimpaired inflow to Folsom Reservoir is less than 400,000 AF, Folsom will reduce diversions (or the equivalency, see example below) to 20,000 AF.

Also, Folsom will reduce diversions in the driest years by encouraging additional extra-ordinary conservation to effectively achieve a reduction to 18,000 AF.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years Folsom will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

As an example of how Folsom will meet its needs during the driest years, Folsom will reduce diversions by imposing additional conservation levels, and will continue to divert water from Folsom Reservoir for the balance of their needs. However, Folsom will enter into agreements with other purveyors that have access to both surface water and groundwater for an equivalent exchange of the amount of reduction needed by Folsom as outlined above in the 3 stages of reduction. Under these arrangements, other purveyors will use groundwater in lieu of surface water equivalent to the amount that Folsom would continue to divert.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
 - a. *Speak before stakeholder boards and regulatory bodies,*
 - b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III).*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 completion of the PL 101-514 water contract for Folsom.

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

21. 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).

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

23. 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.

24. 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

None

CITY OF GALT

A. INTRODUCTION

The City of Galt (Galt) serves an area in the southern part of Sacramento County on both sides of State Highway 99.

Galt currently has 5,132 connections, 4,975 of which are residential.

The current water supply for Galt is entirely groundwater.

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.

Because they do not divert from the American River, no American River diversion was included in the baseline for Galt.

D. AGREEMENT FOR MEETING GALT'S WATER SUPPLY NEEDS TO THE YEAR 2030

Galt will use groundwater to meet all of their projected demands.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
 - a. *Speak before stakeholder boards and regulatory bodies,*
 - b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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.

At such time the City of Galt needs discretionary approvals for new or expanded surface water supplies, they agree to annually retrofit at least 3.3% - 5% of the total number of unmetered residential connections and read and bill as set forth in the Water Forum Conservation Element.

If in the future the City of Galt receives benefits from another agency's conjunctive use program, it agrees to discuss its meter retrofit program with the Water Forum Successor Effort.

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

20. *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).*

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

22. *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.*

23. *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 Galt Area.

CITY OF ROSEVILLE

A. INTRODUCTION

The City of Roseville (Roseville) is located in the southern part of Placer County adjacent to Sacramento County.

Roseville currently has about 24,500 connections, of which about 22,000 are residential.

Roseville has a contract with the United States Bureau of Reclamation (USBR) for 32,000 AF and a contract with PCWA for 30,000 AF of American River water. All surface water is diverted from the Folsom Reservoir.

Roseville also has groundwater wells for emergency backup.

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 FROM AMERICAN RIVER

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

The baseline for Roseville's American River diversion is 19,800 AF.

D. AGREEMENT FOR MEETING ROSEVILLE'S WATER SUPPLY NEEDS TO THE YEAR 2030

1. MOST YEARS: As it applies to the Roseville's portion of the Agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, Roseville will divert and use 54,900 AF.

2. DRIER YEARS: As it applies to the Roseville's portion of the Agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and greater than or equal to 400,000 acre feet.

In drier years, Roseville will divert and use a decreasing amount of surface water from 54,900 AF to 39,800 AF in proportion to the decrease in unimpaired inflow, from 950,000 to 400,000 AF, to Folsom Reservoir. During drier years Roseville will continue to meet their customers' needs while reducing diversions by additional conservation, using groundwater, and using reclaimed water. Additionally, Roseville will enter into an agreement with the Placer County Water Agency (PCWA) for replacing water to the River, up to 20,000 AF, from reoperation of PCWA's Middle Fork Project (MFP) reservoirs.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, Roseville will divert and use up to 39,800 AF. In the driest years, Roseville will continue to meet their customers' needs while reducing diversions by additional conservation, using groundwater, and using reclaimed water. Additionally, Roseville will enter into an agreement with PCWA for replacing 20,000 AF of water to the River from reoperation of PCWA's MFP reservoirs.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years Roseville will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
 - a. *Speak before stakeholder boards and regulatory bodies,*
 - b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference Section Four, III).

20. 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).

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

22. 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.

23. 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

None

CITY OF SACRAMENTO

A. INTRODUCTION

The City of Sacramento (City) purveys water within the City limits and a small area outside the City limits in the Fruitridge area. The City serves approximately 121,000 connections of which about 110,000 are residential customers.

The City of Sacramento has surface water entitlements on both the American and Sacramento Rivers and also uses groundwater. The City has a permanent agreement with the United States Bureau of Reclamation guaranteeing the accessibility of their entitlements. The authorized place of use under the City's water rights do not encompass the entire metropolitan area. The Sacramento River rights apply to the City limits; the American River rights cover an area of approximately 96,000 acres within and adjacent to the City.

The City has existing diversion, treatment, storage and pumping facilities on both of the rivers. The Sacramento River plant is located just downstream of the confluence with the American River. The American River plant known as the E. A. Fairbairn Water Treatment Plant (FWTP) is located near Howe Avenue approximately 16 miles downstream from Nimbus Dam.

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.

Although the City has the physical capacity to divert up to 112,000 AF, the baseline for the City's American River diversion is 50,000 AF. The rest of the City's surface water demand is met by Sacramento River diversion.

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

TEXT OF CITY AGREEMENT:

1. Use of E. A. Fairbairn Water Treatment Plant (FWTP) Diversion Capacity

a. In extremely dry years (i.e., years in which the State of California Department of Water Resources [DWR] annual projected unimpaired inflow into Folsom Reservoir would be 550,000 Acre-Feet Annually (AFA) or less, also referenced as the March through November projected unimpaired flow into Folsom Reservoir being less than 400,000 acre feet) the City would limit its diversions of City Water¹² at the FWTP to not greater than 155 cubic feet per second (cfs) and not greater than 50,000 AFA. Any additional water needs would be met by diversions at other locations and/or other sources.

City water diverted at the FWTP in extremely dry years in accordance with the foregoing limitations could be used anywhere within the City's authorized Place of Use (POU) as it exists now and in the future¹³.

b. In all other years, (i.e. when the DWR annual projected unimpaired runoff into Folsom Reservoir is greater than 550,000 AF, or the March through November projected unimpaired inflow into Folsom Reservoir is greater than 400,000 AF) the City may divert City Water at the FWTP in accordance with the following criteria.

(1) Diversion up to 310 cfs (200 mgd) so long as the flow bypassing the diversion at the FWTP is greater than the Hodge Flow Criteria¹⁴.

(2) Whenever flow bypassing the diversion at the FWTP is less than the Hodge Flow Criteria, City diversions may not be greater than the following:

January through May	120 cfs
June through August	155 cfs
September	120 cfs
October through December	100 cfs

c. **Retail Water Service.** City Water diverted at FWTP in accordance with Article (b) of this section may be delivered anywhere: (1) within the City limits as they exist now

¹²The term "City Water" refers to water diverted pursuant to the City's water rights and entitlements.

¹³The City's POU, as it existed on January 1, 1997, is shown on Attachment I.

¹⁴The "Hodge Flow Criteria" is defined in Appendix C.

and in the future, and (2) within the City Retail Service Area¹⁵ as it exists now and in the future but not including the area designated on Attachment II expected to be served by agencies other than the City.

d. **Wholesale Water Service - Above Hodge.** Whenever the flow bypassing the diversion at the FWTP is greater than the Hodge Flow Criteria the City may deliver City Water diverted or treated at the FWTP to public or private water purveyors on a wholesale basis, pursuant to wholesale agreements, anywhere within the POU as it existed on January 1, 1997. If it is proposed in the future to expand the POU this provision will be revisited by the Water Forum Successor Effort.

e. **Wholesale and Wheeling Water Service - Below Hodge.** Whenever flow bypassing the diversion at the FWTP is less than the Hodge Flow Criteria, any water diverted or treated at the FWTP may be delivered on a wholesale (City Water) or wheeling (non-City water) basis to any public or private water purveyors provided the rate of pumpback¹⁶ is equal to or exceeds the rate of delivery for these purposes on a daily basis.

f. **Wholesale Delivery to Arcade and Citizens Utilities - Interim Period.** During the interim period prior to expansion of the FWTP and construction of a pumpback facility, delivery of City water may be provided to Arcade Water District and Citizens Utilities service areas within the City's POU whenever the flow bypassing the diversion at the FWTP is greater than the Hodge Flow Criteria. Such wholesale deliveries may also be made if it can be demonstrated¹⁷ that such delivery does not originate from diversion at the FWTP. Citizens Utilities Southgate Service Area is exempt from this specific restriction.

g. **Environmental Signatories Support.** Environmental signatories' support for wholesale water deliveries from the City under articles d, e, and f of this section is contingent on those purveyors signing and implementing the *Water Forum Agreement*. Citizens Utilities Southgate Service Area is exempt from this contingency.

¹⁵ The "City Retail Service Area" refers to the area where the City provides retail water service.

¹⁶ This Agreement uses the term "pumpback" which assumes the existence of a metered raw water conveyance facility delivering water from near the confluence of the Sacramento and American rivers to the FWTP.

¹⁷ Demonstration would consist of either the FWTP being out of service and/or the water quality of the water delivered having characteristics (i.e. electrical conductivity, total dissolved solids, hardness, etc..) of Sacramento River water.

2. Divert and Treat an Additional 155 cubic feet per second at the Fairbairn Water Treatment Plant.

a. Currently the 310 cubic feet per second diversion capacity at the Fairbairn Water Treatment Plant is constrained to 155 cubic feet per second by the City's ability to treat the water.

The City may rehabilitate its FWTP diversion facility and expand its FWTP treatment capacity by another 100 million gallons per day. This will allow the City to divert and treat an additional 155 cubic feet per second consistent with the terms of Section 1 above.

b. Concurrent with the expansion of the FWTP the City will also construct other facilities such as expansion/rehabilitation of the Sacramento River Water Treatment Plant and river intake to assure that a reliable alternative supply (groundwater, pumpback and/or diversion from the Sacramento River) is available whenever it is needed.

3. Continuing studies of the Lower American River

a. Upon receipt by the City of all necessary regulatory approvals to construct the additional capacity referred to in Section 2(a), above, completion of the City's environmental review for the project, and construction of said additional capacity, the City will commence a study program to monitor and evaluate the impacts of using the additional diversion capacity, in accordance with the diversion limits described in Section 1, upon the public trust values of the American River below the FWTP.

b. Not later than five years after the study program has commenced the results will be evaluated as follows:

(1) If the City and the Water Forum Successor Effort agree that results show that use of the additional diversion capacity pursuant to Section 1 above would have a significant adverse impact not considered in the City's prior environmental review, the City will reduce its use of the additional diversion capacity to levels that will not have such significant adverse impact.

(2) If at some time in the future, the City determines that it needs additional capacity and the Water Forum Successor Effort agrees that results demonstrate that increased diversions will not have significant adverse impacts, the City will have the support of all signatories if it chooses to pursue regulatory approvals for appropriate higher diversion limits and for the construction of more diversion and treatment capacity at FWTP for use within the POU.

(3) If the City and the Water Forum Successor Effort cannot agree on the results of (1) above, the limits will remain as specified in Section 1, the studies will continue and the evaluation of results will be repeated, as above, at intervals not exceeding three 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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

- b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 agreements with the City of Sacramento for wheeling and wholesaling of surface water prior to and after completion of the City's capacity expansion.*

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

21. 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).

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

23. 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.

24. 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.

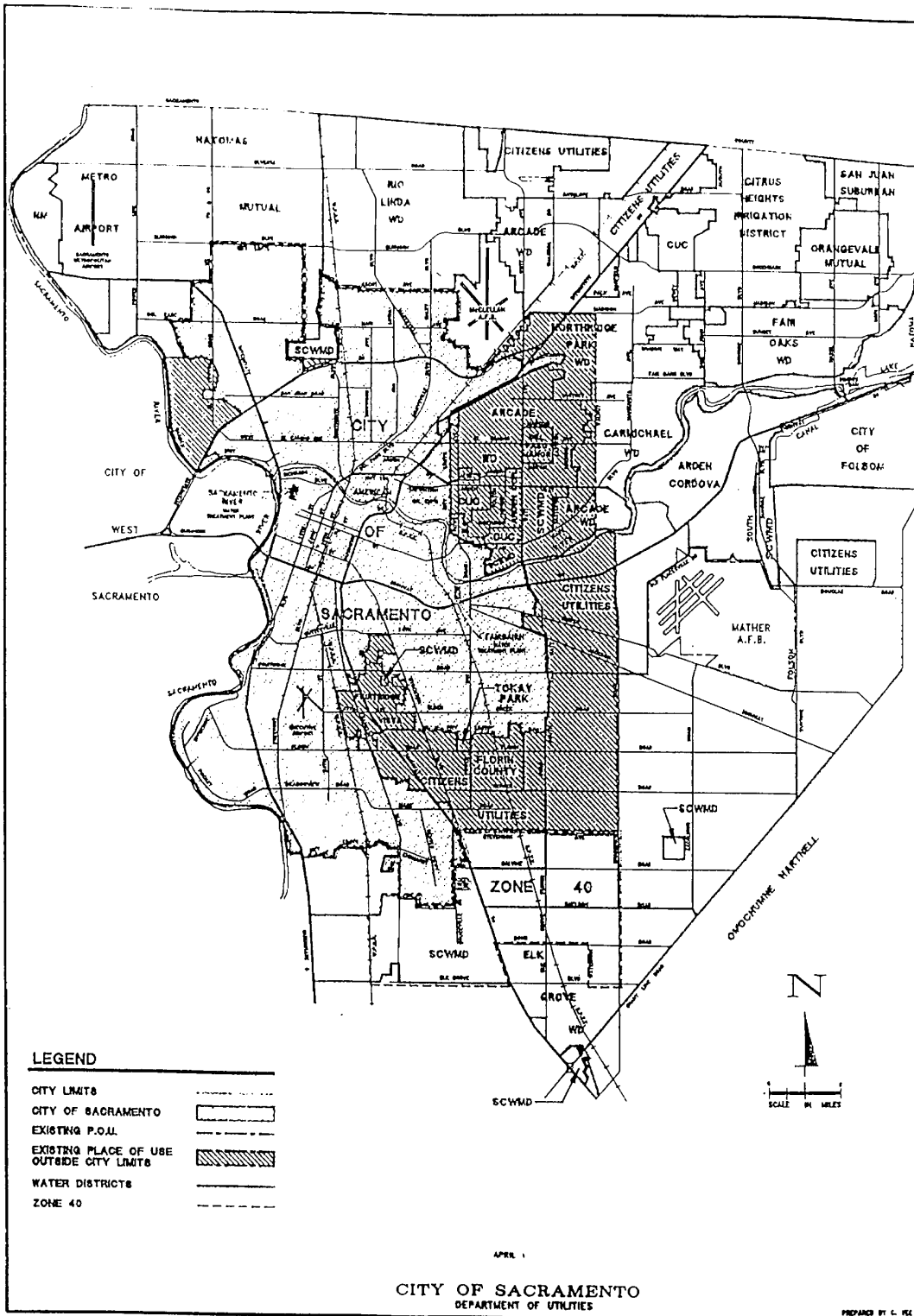
3. A stakeholder's support for water supply entitlements and facilities is contingent on:
 - a. Project-specific compliance with the California Environmental Quality Act, and where applicable, the National Environmental Policy Act, federal Endangered Species Act and California Endangered Species Act.
 - 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

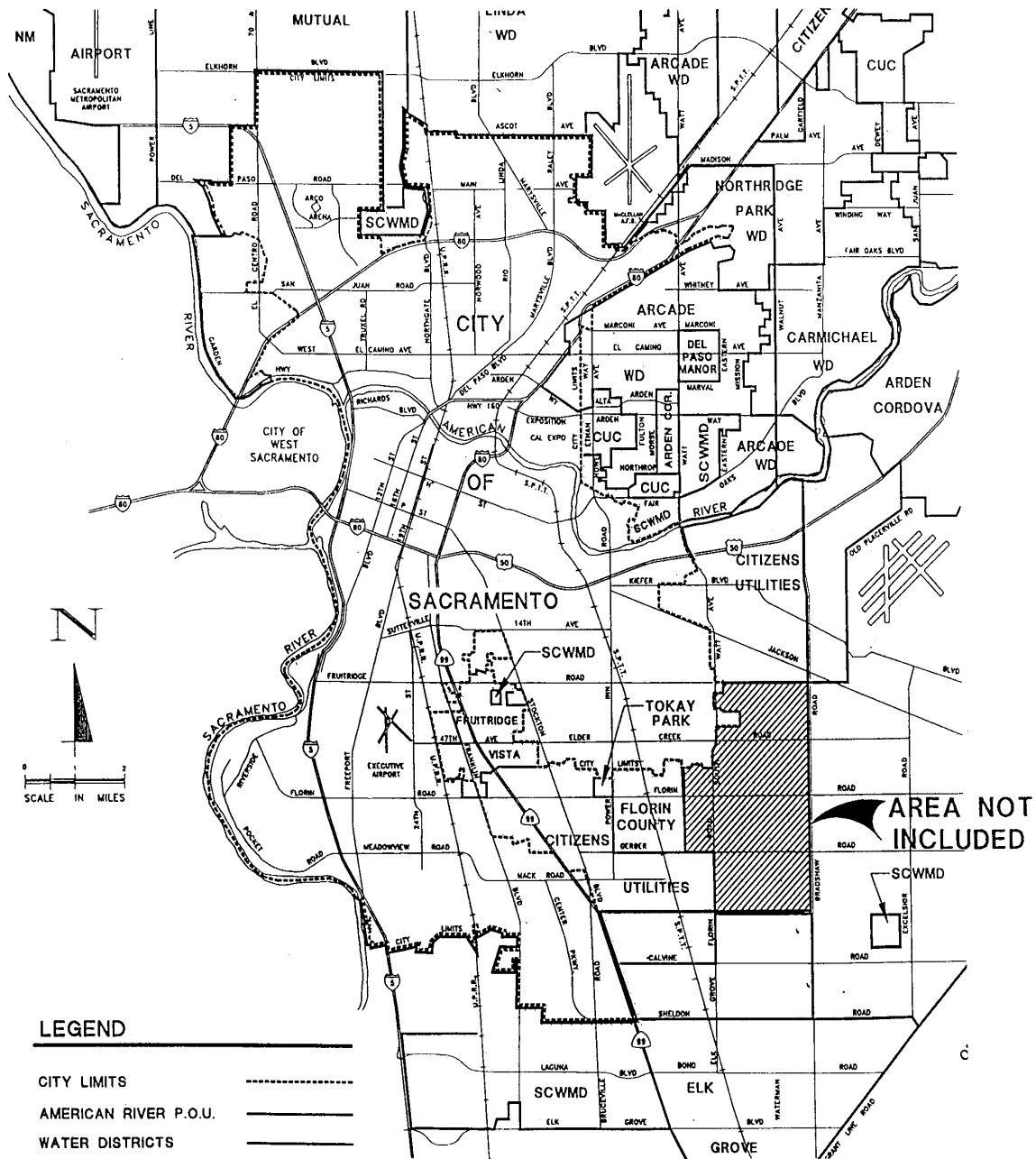
Development of a groundwater management arrangement for the South Area.

Attachment I

Map of City POU as of 1/1/97



Attachment II Retail Service Area Exception



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.*

- e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*
3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
- a. *Speak before stakeholder boards and regulatory bodies,*
 - b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the seven elements of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum, and any successor effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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.

DEL PASO MANOR WATER DISTRICT

A. INTRODUCTION

Del Paso Manor Water District (DPMWD) serves an area approximately 1 mile square in the Arden area.

DPMWD currently has 1,793 connections, of which 1,690 are residential.

All of the service area of DPMWD is within the City of Sacramento's place of use for their American River water rights. DPMWD has a contract with the City for an assignment of 2,460 acre feet (AF) of this entitlement. DPMWD has been a supporter of the Arden-Arcade Conjunctive Use Plan and has envisioned using surface water provided by the City of Sacramento when that Plan became a reality.

The current water supply for DPMWD is entirely groundwater.

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.

Because they do not divert from the American River, no American River diversion was included in the baseline for DPMWD.

D. AGREEMENT FOR MEETING DEL PASO MANOR WATER DISTRICT'S WATER SUPPLY NEEDS TO THE YEAR 2030

DPMWD currently uses groundwater to meet their demands. When a contract between the City of Sacramento and DPMWD for delivery of surface water is proposed, signatories to the *Water Forum Agreement* will meet in good faith with the objective to develop mutually acceptable provisions consistent with the two coequal objectives of the *Water Forum Agreement*.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

At such time the Del Paso Manor Water District needs discretionary approvals for new or expanded surface water supplies, they agree to annually retrofit at least 3.3% - 5% of the total number of unmetered residential connections and read and bill as set forth in the Water Forum Conservation Element.

If in the future the Del Paso Manor Water District receives benefits from another agency's conjunctive use program, it agrees to discuss its meter retrofit program with the Water Forum Successor Effort.

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

20. *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).*

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

22. *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.*

23. *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

None

FLORIN COUNTY WATER DISTRICT

A. INTRODUCTION

Florin County Water District (FCWD) serves an area adjacent to the Sacramento City limits in the Florin area.

FCWD currently has 2,177 connections, of which 2,005 are residential.

All of the service area of FCWD is within the City of Sacramento's place of use for their American River water rights.

The current water supply for FCWD is entirely groundwater.

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.

Because they do not divert from the American River, no American River diversion was included in the baseline for FCWD.

D. AGREEMENT FOR MEETING FLORIN COUNTY WATER DISTRICT'S WATER SUPPLY NEEDS TO THE YEAR 2030

FCWD currently uses groundwater to meet their demands. When a contract between the City of Sacramento and FCWD for delivery of surface water is proposed, signatories to the *Water Forum Agreement* will meet in good faith with the objective to develop mutually acceptable provisions consistent with the two coequal objectives of the *Water Forum Agreement*.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.

- e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*
- 3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
 - a. Speak before stakeholder boards and regulatory bodies,*
 - b. Provide letters of endorsement,*
 - c. Provide supportive comments to the media,*
 - d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
- 4. All signatories agree that participation in the Water Forum, and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
- 5. All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
- 6. All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
- 7. All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
- 8. All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
- 9. All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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.*

At such time the Florin County Water District needs discretionary approvals for new or expanded surface water supplies, they agree to annually retrofit at least 3.3% - 5% of the total number of unmetered residential connections and read and bill as set forth in the Water Forum Conservation Element.

If in the future the Florin County Water District receives benefits from another agency's conjunctive use program, it agrees to discuss its meter retrofit program with the Water Forum Successor Effort.

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

20. *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).*

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

22. *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.*

23. *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.

NATOMAS CENTRAL MUTUAL WATER COMPANY

A. INTRODUCTION

Natomas Central Mutual Water Company (Natomas) has surface water rights from the Sacramento River for use on 55,000 acres within “Natomas”, an area just north of the City of Sacramento and extending into Sutter County. Natomas provides only surface water for agricultural use to just those land owners within its service area. Natomas' water supply is founded on Water Rights Settlement Contract that includes six water right licenses and one permit. Five of those licenses allow for Irrigation, Industrial, Municipal, and Domestic use. The sixth is an irrigation-only license which actually refers to the use of recirculated water in the drains. Finally, Natomas has a permit for winter diversions (during the months of November through March) from the Sacramento River up to 10,000 acre feet for all purposes. The permit may be converted to a license in 1999.

Natomas has a contract with the United States Bureau of Reclamation (USBR) for an annual total of 120,200 AF; the 120,200 AF entitlement is comprised of 98,200 AF of base supply and 22,000 AF of CVP supply. The 98,200 AF is diverted from the Sacramento River each year without payment to the USBR, however, there are monthly limitations which Natomas can divert during the 7-month period. Also, during critical year reductions, Natomas is required to reduce both its base and CVP diversions from the Sacramento River by 25 percent. The reductions required during critical years are based on Shasta inflow criteria. Natomas' present use of water is exclusively for agricultural purposes. Although Natomas has the right to provide M&I supply, it has no present plans to fulfill that role.

Although Natomas provides agricultural water to its landowners, land use changes over the next 30 years will require municipal and industrial water service to landowners. In the past two decades the Natomas agricultural area has experienced the expansion of two major freeways, the construction of the Sacramento County International Airport, the construction of Arco Arena, and the development of South Natomas. In the foreseeable future, another 2,000 acres will be developed adjacent to the Airport (Metro Air Park). In addition, Natomas is presently providing landscaping water service to the Sacramento County International Airport and Teal Bend Golf Course. In the next decade, Natomas' water will be used to fill the County of Sacramento's service to Metro Air Park as development proceeds. Another land use commitment will be the Natomas Basin Habitat Plan which will permanently set aside acreage to mitigate impacts of new development. This mitigation will require changes in Natomas' water management techniques.

The long term Master Plan of Natomas envisions a number of water management changes in order to adapt to the Natomas landowners change of land use. These changes may include agreements with municipal purveyors to provide treated water service to Natomas landowners, a conjunctive use program with the State of California, and a joint diversion with the Placer County Water Agency.

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. Natomas has no American River diversions. Consequently, no baseline figures were applicable to Natomas. The surface water they use is diverted entirely from the Sacramento River.

Natomas plans no increase in its historic maximum diversions annually from the Sacramento River and consequently is not expected to impact American River flows. Natomas has reduced diversions in a conservation effort since 1986 and has contributed to the net supply south of the mouth of the American River.

D. AGREEMENT FOR MEETING NATOMAS' WATER SUPPLY NEEDS TO THE YEAR 2030

Demands to the year 2030 for the Sacramento County portion of Natomas will be met with surface water from the Sacramento River and from groundwater pumping.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

b. *Provide letters of endorsement,*

c. *Provide supportive comments to the media,*

- d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
- e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 consolidation of several of Natomas' Sacramento River diversions into an upgraded diversion with a new fish screen which meets the Fish and Wildlife Service's screening criteria.*

20. *All signatories to the Agreement will endorse Natomas' partnership with other parties to interconnect the Sacramento River with the San Juan/Northridge pipeline from Folsom Reservoir which presently terminates at Walerga Road. Support for this water connection is subject to the*

provisions of Section Four, III, Sacramento River Supply for North Sacramento County and Placer County. It is recognized that signatories' support for such a pipeline does not include support for water service from that pipeline to areas outside the Urban Services Boundary.

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

22. *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).*

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

24. *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.*

25. *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

Natomas will continue to negotiate an Agricultural Water Conservation program with the Successor Effort.

NORTHRIDGE WATER DISTRICT

A. INTRODUCTION

Northridge Water District (NWD) is located in the north central part of Sacramento County; a portion of their District is contiguous with Placer County.

NWD currently has 19,145 customers of which 17,238 are residential.

NWD uses groundwater to meet its demands and has used surface water on an intermittent basis supplied by San Juan Water District through an interconnection with the Citrus Heights Water District.

NWD and the Placer County Water Agency (PCWA) have entered into an agreement for delivery of up to 29,000 acre feet (AF) of PCWA's water right, per year.

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 FROM AMERICAN RIVER

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

No American River diversion was included in the baseline for NWD.

D. AGREEMENT FOR MEETING NWD'S WATER SUPPLY NEEDS TO THE YEAR 2030

TEXT OF NORTHRIDGE WATER DISTRICT AGREEMENT:

INTRODUCTION

Some signatories to the *Water Forum Agreement* have differing perspectives on the conditions under which Northridge Water District ("Northridge") should divert water from Folsom Reservoir. These differing perspectives are important for understanding the context in which the following agreement has been entered into. The perspectives of Northridge and the environmental organizations signatory to the *Water Forum Agreement* are also set forth below.

In the interest of coming to an agreement, signatories to the *Water Forum Agreement* agree to the compromise set forth in the agreement below.

Agreement

All signatories will support a project to divert, treat and convey Sacramento River water in a pipeline that would connect to the Northridge pipeline ("Sacramento River Pipeline"). They will support a Warren Act contract with the U.S. Bureau of Reclamation for diversion of 29,000 acre feet of Placer County Water Agency ("PCWA") water from Folsom Reservoir. They will also support the PCWA petition to the SWRCB for change in its place of use for water to be used in north central Sacramento County ("Expanded POU"), with the following conditions included in the SWRCB order:

1. For the first ten years that water is available for diversion by Northridge from Folsom Reservoir under the Northridge-PCWA agreement, but not more than twelve years from the effective date of the *Water Forum Agreement*, whichever occurs first,¹⁸ 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.

¹⁸ 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.

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 delivery of Section 215 water from Folsom Reservoir from the U.S. 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, 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 Carmichael Water District and 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, Carmichael Water District 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 Carmichael Water District or the City of Sacramento 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*.

[End of provisions to be included in SWRCB order.]

In addition, the *Water Forum Agreement* specifies that:

a. With the support of all Water Forum signatories, Northridge will continue to work with other interested parties to pursue a project involving a diversion on the Sacramento River, a new water treatment plant and water conveyance facilities that connect to the Northridge pipeline for use of Sacramento River water within the area served by the Northridge pipeline.

b. In determining the amount of surface water available for growth in the north part of Sacramento County within the ten-year period referred to in this agreement, the parties agree that the long-term annual average yield of water diverted from Folsom Reservoir under the Northridge-PCWA agreement would be not more than 17,400 acre feet, which is the projected average annual water supply that would be available if diversions were restricted to above-Hodge conditions.

PERSPECTIVES OF THE PARTIES REGARDING DIVERSIONS BY NORTHRIDGE WATER DISTRICT OF AMERICAN RIVER WATER UNDER THE NORTHRIDGE-PCWA AGREEMENT

Some signatories to the *Water Forum Agreement* have differing perspectives on the conditions under which Northridge Water District should divert water from Folsom Reservoir. These differing perspectives are important for understanding the context in which the attached agreement has been entered. The perspectives of Northridge Water District and the environmental organizations signatory to the *Water Forum Agreement* are set forth below.

It is the position of the environmental organizations signatory to the *Water Forum Agreement* that:

1. For purposes of a settlement, diversions by Northridge Water District of American River water under the Northridge-PCWA agreement in years when the projected March through November unimpaired inflow into Folsom Reservoir is greater than 950,000 acre feet are acceptable to members of the Environmental Caucus during the ten-year period following the effective date of the *Water Forum Agreement*. This is acceptable because other purveyors that divert upstream of the Lower American River who have fewer alternatives will not be

substantially increasing their diversions under the *Water Forum Agreement* during the ten-year period.

2. After the ten-year period following the signing of the *Water Forum Agreement*, Northridge Water District should divert American River water under the Northridge-PCWA agreement only when the unimpaired March through November inflow into Folsom Reservoir is greater than 1,600,000 acre feet (i.e., "above Hodge"). This reflects the Environmental Caucus' belief that the north Sacramento County area groundwater basin could be stabilized at an acceptable level with Northridge diverting American River water under the Northridge-PCWA agreement in only above Hodge years.

3. Diversions of American River water under the Northridge-PCWA agreement below the Hodge threshold after the initial ten-year period would unreasonably affect the instream, wildlife, recreational and aesthetic values of the Lower American River. Such diversion below the Hodge threshold would also unreasonably affect the availability of water for instream uses downstream of the mouth of the American River.

It is the position of the Northridge Water District that:

1. Northridge believes that its dry year diversion restrictions under the *Water Forum Agreement* should be comparable to the requirements of other purveyors who divert water from Folsom Reservoir.

2. Northridge believes that diversions of PCWA water from Folsom Reservoir in below-Hodge years after the conclusion of the ten-year period referred to in the agreement need not be prohibited to avoid significant impacts to instream uses of the lower American River and downstream.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

b. *Provide letters of endorsement,*

c. *Provide supportive comments to the media,*

d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*

e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*

4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir,*

habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*

6. *All signatories will endorse an Improved Pattern of Fish Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River.*

7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*

8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*

9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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

20. *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).*

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

22. *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.*

23. *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

None

PLACER COUNTY WATER AGENCY

A. INTRODUCTION

The Placer County Water Agency (PCWA) serves areas within Placer County on the west slope of the Sierra. These areas include the communities of Auburn, Loomis, Newcastle, Penryn, Rocklin and Lincoln. PCWA also wholesales water to Roseville and San Juan Water District.

PCWA currently has about 29,000 connections, all of which are metered.

In the 1960's, PCWA constructed its Middle Fork American River Project (MFP) which includes several reservoirs on the Middle Fork American River and its tributaries. These Reservoirs provide both electrical energy generation and a consumptive water supply. The water afforded through the MFP provides PCWA a water right to 120,000 acre feet (AF) of American River water. PCWA also has a contract with the United States Bureau of Reclamation (USBR) for 117,000 AF of Central Valley Project (CVP) water. There is a difference of opinion between the USBR and PCWA as to whether the USBR has an obligation to deliver more than 35,000 acre-feet of CVP water in the absence of an Auburn Dam. The place of use for the PCWA water entitlements is within Placer County.

PCWA has contracts with San Juan Water District for delivery of 25,000 AF, the City of Roseville for delivery of 30,000 AF, and Northridge Water District for delivery of 29,000 AF.

PCWA also contracts and receives 100,400 acre-feet annually from PG&E for water imported into Western Placer County from the Yuba and Bear Rivers. PG&E uses this water for power generation and then sells it to PCWA for consumptive use.

PCWA is negotiating with the USBR for the right to take its 35,000 AF of CVP entitlement from the Sacramento River and/or Feather River.

A. 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

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 FROM AMERICAN RIVER

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

The baseline for PCWA's American River diversion is 8,500 AF, which represents PCWA's own usage. Water that PCWA sells to purveyors is discussed in their Purveyor Specific Agreements (see San Juan Consortium, City of Roseville, and Northridge WD Specific Agreements).

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

1. MOST YEARS: As it applies to the PCWA portion of the agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, PCWA will divert and use 35,500 AF from the American River.

PCWA will also divert and use 35,000 AF from the Sacramento and/or Feather Rivers if exchanges of equal amounts can be made with others under terms acceptable to PCWA.

If circumstances prevent PCWA from developing the diversion from the Sacramento and/or Feather Rivers referred to above, PCWA and the other members of the Water Forum Successor Effort will enter into negotiations with the objective of finding a mutually agreeable alternative.

2. DRIER YEARS: As it applies to the PCWA portion of the agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and greater than or equal to 400,000 acre-feet.

During drier years PCWA will divert and use 35,500 AF from the American River and will replace water to the River from reoperation of its MFP reservoirs in the following amounts, with

the amount of water released to the River for unimpaired inflow quantities between 950,000 AF and 400,000 AF linearly proportional to the amounts shown below:

<u>Unimpaired inflow to Folsom Reservoir</u>	<u>Amount of Reoperation Water</u>
950,000 AF	0 AF
400,000 AF	27,000 AF

PCWA would make the releases contingent upon the following conditions:

- a. its ability to sell the released water for use below the Lower American River on terms acceptable to PCWA,
- b. PG&E's agreement to such reoperation until the present power purchase contract with PG&E expires (presently anticipated by year 2013), and
- c. PCWA's determination that it has sufficient water in its reservoirs to make the additional releases to mitigate conditions in dry years without jeopardizing the supply for PCWA's customers. (Note: operational modeling for PCWA based on historical hydrology and projected 2030 requirements as set forth in the *Water Forum Agreement* has shown that reoperation water should be available for such release and sale without drawing MFP reservoirs below 50,000 acre-feet.).

The source of this replacement water in drier years would be water not normally released in those years from the PCWA Middle Fork Project.

PCWA will also divert and use 35,000 AF from the Sacramento and/or Feather River if the exchanges referred to in 1 above are perfected.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, PCWA will continue to divert and use 35,500 AF from the American River. Subject to the conditions set forth in 2 above, during the driest years PCWA will replace 27,000 AF of water to the River from reoperation of their MFP reservoirs.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years PCWA will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

PCWA will also divert and use up to 35,000 AF from the Sacramento and/or Feather River if the exchanges referred to in 1 above are perfected.

4. CONCURRENT REQUIREMENTS.

If circumstances prevent PCWA from selling water to the Northridge Water District for groundwater stabilization, PCWA and the other members of the Water Forum Successor Effort will enter into negotiations with the objective of finding a mutual agreeable use of that water in Placer County by diversion at either Auburn or Folsom Reservoir or by an exchange or sale providing for delivery of it below the mouth of the American River.

During drier years, PCWA will make available for purchase, water from its Middle Fork Project (MFP) reservoirs as replacement water for the City of Roseville and possibly for the City of Folsom and Georgetown Divide PUD diversions if the conditions in Section D, 2 above are met.

All signatories will advocate that the SWRCB, FERC, the courts or all other entities taking action under their authority, not affect PCWA's water rights or operation of its Middle Fork Project in a way that would prevent PCWA from meeting its commitments under either the *Water Forum Agreement* or its Diversion Agreement with the United States Bureau of Reclamation (USBR) or prevent the USBR's implementation of the AFRP flow releases for the Lower American River. However, if in any year PCWA's supplies are reduced as a result of any action by the SWRCB, FERC, courts, or other entity, the amount by which PCWA's supplies are reduced shall be credited to PCWA and the City of Roseville as reoperation water under Section D, 2 and 3 above, to the extent it flows into Folsom Reservoir.

This agreement is entered into with recognition that PCWA has water rights for 120,000 acre feet, receives 100,400 acre feet annually from the Yuba/Bear Rivers pursuant to a contract with PG&E, and 35,000 acre feet pursuant to a contract for CVP water. If for any reason those supplies are significantly reduced in amount or duration, other than normal deficiencies imposed by the USBR on CVP contractors, it will be considered a changed condition and all Water Forum signatories will work in good faith to renegotiate relevant portions of the *Water Forum Agreement*.

PCWA's entitlements to water not used before 2030 will remain available for PCWA's use after 2030.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.
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.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

- e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum, and any successor effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 construction of PCWA's water supply facilities which include diversion, treatment, pumping stations, storage facilities, and transmission piping. They will also provide any endorsements needed for rights-of-way, permits, environmental documentation, and other requirements necessary to enable PCWA to meet its needs to the year 2030. This specifically includes support to divert water from the American River near Auburn with the following conditions:

- a. A wet well including screens and piping to the wet well sized at 225 cfs.
 - b. A permanent pumping plant and pipe to the tunnel sized at 100 cfs for PCWA.
20. All signatories to the *Agreement* will endorse construction of PCWA's water supply facilities from the Sacramento and/or Feather River which include diversion, treatment, pumping stations, storage facilities, and transmission piping rights of way, etc.
21. All signatories to the *Agreement* will endorse the point of delivery change for PCWA's water from the American River to the Sacramento and/or Feather River.
22. All signatories to the *Agreement* will endorse PCWA's changes of POU, points of diversion, and sale of MFP water consistent with the *Water Forum Agreement*.
23. All signatories to the *Agreement* endorse the release of reoperation water from PCWA's MFP reservoirs as acceptable dry year alternative replacement water.
24. *All signatories agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference Section Four, III).*
25. *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).*
26. *All signatories will endorse, and where appropriate, participate in the Folsom Reservoir Recreation Program (Reference Section Four, V).*
27. *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.*
28. *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

The remaining issues are: 1) environmentalists' support for PCWA pumps at Auburn, 2) how water conservation Best Management Practice #5 (Large Landscape Water Audits and Incentives for Commercial, Industrial, Institutional and Irrigation Accounts) will be implemented, and 3) environmentalists' support for conditions related to release of replacement water in drier and driest years (see Sections D, 2 and D, 3 above).

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

A. INTRODUCTION

Rio Linda/Elverta Community Water District (RLECWD) serves an area in the north central part of Sacramento County adjacent to the City of Sacramento and Placer County.

RLECWD currently has 4,060 connections all of which are metered. Within the District, over 1000 individual parcels are served by domestic and/or agricultural wells.

The current water supply for RLECWD is entirely groundwater.

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 FROM AMERICAN RIVER

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

Because RLECWD does not divert from the American River, no American River diversion is included in the baseline for RLECWD.

D. AGREEMENT FOR MEETING RLECWD'S WATER SUPPLY NEEDS TO THE YEAR 2030

The 2030 projected water demand within the present geographical boundary of RLECWD is 17,035 acre feet. This projected demand is included in the North Central Group of M&I Purveyors which also includes a portion of the Citizens Utilities Company, a portion of the Arcade Water District, McClellan AFB and Northridge Water District.

The RLECWD acknowledges that decisions on how to maintain the long-term sustainable yield of the North area groundwater basin will be made by the Sacramento North Area Groundwater Management Authority (SNAGMA) with representation of the RLECWD on the SNAGMA's governing board consistent with the joint powers agreement establishing SNAGMA.

As the purveyor of municipal and industrial water within its current and future expanded boundaries, RLECWD will construct appropriate facilities to meet its 2030 projected peak period water demand.

If SNAGMA determines that it is necessary to acquire surface water for use within SNAGMA's boundaries, the District will cooperate with the Water Forum Successor Effort, SNAGMA, and other affected agencies to obtain the surface water to be used as part of SNAGMA's groundwater management program.

The District acknowledges that the *Water Forum Agreement* does not provide for a baseline quantity of groundwater. The District also acknowledges its responsibility for sharing in the cost to acquire surface water supplies if SNAGMA determines such supplies are necessary to maintain the long-term sustainable yield of the Sacramento North area groundwater basin.

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

1. All signatories to the *Water Forum Agreement* will endorse all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

b. *Provide letters of endorsement,*

c. *Provide supportive comments to the media,*

d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*

e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*

4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir,*

habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*

6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*

7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*

8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this Agreement.*

9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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

20. *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).*

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

22. *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.*

23. *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.

None

SACRAMENTO MUNICIPAL UTILITY DISTRICT

A. INTRODUCTION

The Sacramento Municipal Utility District (SMUD) serves electricity to all electricity users in Sacramento County and a small portion of Placer County.

In the 1950s and 60s SMUD developed the Upper American River system of reservoirs on the south fork of the American River which are used for power generation. They also developed and built the Rancho Seco nuclear generation station in the southeastern part of Sacramento County. The Rancho Seco facility still requires water for cooling and dilution and diverts 15,000 AF of American River water from the Folsom South Canal for these purposes.

SMUD has an assignment of City of Sacramento water rights for 15,000 AF and a contract with the United States Bureau of Reclamation (USBR) for 60,000 AF. The point of diversion for their entitlement is the Folsom South Canal.

Because of the capital investment in electrical transmission capacity at the Rancho Seco site and the water supply, it is expected that SMUD will construct other energy producing facilities there in the future. The estimated water need for these units is an additional 15,000 AF.

SMUD also has began a program of constructing co-generation facilities at sites throughout the Sacramento area. Some of these units are already in place and SMUD, the City of Sacramento and the County of Sacramento have proposed a three party arrangement for SMUD to receive a water supply from the City while transferring 15,000 AF of their USBR contract to the County. SMUD anticipates the need for an additional 15,000 AF of water supply within the City of Sacramento's American River Place of Use (POU) and has began negotiations with the City and County for a similar three party arrangement.

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.

The baseline for the SMUD's American River diversion is 15,000 AF which reflects the shut down of the Rancho Seco Power Plant.

D. AGREEMENT FOR MEETING SMUD'S WATER SUPPLY NEEDS TO THE YEAR 2030

1. MOST YEARS: As it applies to the SMUD portion of the agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, SMUD will divert and use 30,000 AF from the Folsom South Canal. SMUD will also use a water supply of 15,000 AF provided from the City of Sacramento used within the City's POU for other generation facilities.

2. DRIER YEARS: As it applies to the SMUD portion of the agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and greater than or equal to 400,000 acre feet.

In drier years, SMUD will divert and use a decreasing amount of surface water from 30,000 AF to 15,000 AF in proportion to the decrease in unimpaired inflow to Folsom Reservoir from 950,000 AF to 400,000 AF. During drier years SMUD will reduce their demand proportionally by up to 5,000 AF and use groundwater to meet their additional demands. SMUD will also use a water supply provided from the City of Sacramento used within the City's POU for other generation facilities.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, SMUD will reduce their diversion to 15,000 AF, equivalent to their baseline amount. During driest years, SMUD will accomplish this reduction to baseline by reducing their demand by 5,000 AF and use groundwater to meet their additional demands.

SMUD will also use a water supply provided from the City of Sacramento within the City's POU for other co-generation facilities.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years SMUD will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

4. CONCURRENT REQUIREMENTS:

SMUD utilizes 15,000 AF of City of Sacramento water rights and has a contract with the United States Bureau of Reclamation (USBR) for 60,000 AF. SMUD, the City of Sacramento and the County of Sacramento have executed a set of principles for a three party agreement which includes a purchase by the County and a transfer from SMUD of a 15,000 AF block of SMUD's USBR contract. SMUD and the County of Sacramento have also begun negotiations for purchase by the County and transfer 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 would 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 above.

SMUD also is planning on constructing additional co-generation facilities at locations within the City of Sacramento's POU. SMUD will negotiate with the City of Sacramento for delivery of up to 15,000 AF of water for their planned co-generation facilities within the POU at a rate less than the full retail rate.

SMUD and South Sacramento County Agricultural Interests have begun negotiations for a transfer of 13,500 AF of a third 15,000 AF block of SMUD's USBR contract. Water available from this proposed transfer would be subject to diversion restrictions negotiated as part of the Purveyor Specific Agreement for South Sacramento County Agricultural Users.

SMUD and the Rancho Murieta CSD have also begun negotiations for 1,500 AF of this third 15,000 AF block of SMUD's USBR's contract. Rancho Murieta and the other Water Forum stakeholders have not come to agreement on a mutually acceptable diversion point.

As conditions precedent to the diversion restrictions identified, SMUD requires: a) approval by USBR of assignments of SMUD contract water for a second 15,000 AF increment to Sacramento County, and support for a transfer of a third 15,000 AF increment to Galt ID (South Sacramento County Agricultural water users) and possibly Rancho Murieta CSD; b) collection of fees for the contract assignments; c) a groundwater supply commitment from Sacramento County facilities paid for by SMUD at a capped cost, and d) delivery to SMUD by the City of Sacramento of up to

15,000 AF of water for SMUD's planned co-generation facilities within the City's POU at a rate less than the full retail rate.

If these conditions are not achieved, all signatories to the Water Forum Agreement will meet in good faith with the objective of identifying alternative means to meet SMUD's needs consistent with the two coequal objectives of the Water Forum Agreement. If agreement cannot be reached after those good faith negotiations, signatories retain the right to pursue, support or oppose SMUD's diversions above the baseline amount.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

e. Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.

4. All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.

6. All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)

7. All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.

8. All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.

9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference Section Four, III).*

20. *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).*

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

22. *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.*

23. *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

None

SAN JUAN WATER DISTRICT CONSORTIUM

(Includes Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District, and a portion of the City of Folsom)

A. INTRODUCTION

The San Juan Consortium service area is comprised of the San Juan Water District located in both Sacramento and Placer Counties, Citrus Heights Water District (CHWD), Fair Oaks Water District (FOWD), Orange Vale Water Company (OVWC), and a portion of the City of Folsom. These referenced Districts and the relevant portion of the City of Folsom are hereinafter collectively referred to as the SJWD.

SJWD has a Pre-1914 water right to 33,000 acre feet (AF), a contract with the United States Bureau of Reclamation (USBR) for 11,200 AF and a contract with PCWA for 25,000 AF. The place of use for the PCWA contract is within Placer County. SJWD has contracted with the USBR for an additional 13,000 AF of American River water, as authorized by Public Law 101-514.

All of SJWD surface water is diverted from the Folsom Reservoir and treated at the Sidney N. Peterson Treatment Plant. Treated water is then stored in a 62 million gallon treated storage reservoir.

CHWD, FOWD and OVWC supplement their surface water supply with groundwater to meet their peak needs.

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 FROM AMERICAN RIVER

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

The baseline for the SJWD's American River diversion is 54,200 AF. This includes the full amount of their CVP contract (11,200 AF) and water right (33,000 AF) entitlements in Sacramento County and 10,000 AF of the PCWA contract amount in Placer County.

D. AGREEMENT FOR MEETING SJWD'S WATER SUPPLY NEEDS TO THE YEAR 2030

1. MOST YEARS: As it applies to the SJWD portion of the agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 950,000 acre feet.

In most years, SJWD will divert and use 82,200 AF.

2. DRIER YEARS: As it applies to the SJWD portion of the agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 950,000 acre feet and equal to or greater than 400,000 acre feet.

In drier years, SJWD will divert and use a decreasing amount of surface water from 82,200 AF to 54,200 AF in proportion to the decrease in the unimpaired inflow to Folsom Reservoir from 950,000 AF to 400,000 AF. During drier years SJWD will reduce their demand proportionally by additional conservation (up to 15%) and use groundwater to meet their additional demands.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, SJWD will reduce their diversion to 54,200 AF, equivalent to their baseline amount. During driest years SJWD will reduce their demand by additional conservation (up to 15%) and use groundwater to meet their additional demands.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years SJWD will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

- b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 completion of the PL 101-514 water contract for SJWD.*

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

21. 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).

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

23. 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.

24. 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

None

SOUTH SACRAMENTO COUNTY AGRICULTURE
*(Includes Clay Water District, Galt Irrigation District,
Omochumne-Hartnell Water District, and Sacramento County Farm Bureau)*

A. INTRODUCTION

South Sacramento County Agriculture is composed of three organized Districts (Clay Water District, Galt Irrigation District and the Omochumne-Hartnell Water District) and other unorganized areas represented by the Sacramento County Farm Bureau in the southeast and southwest part of the County.

South Sacramento County Agriculture currently meets their water needs primarily from ground water, with a small amount of surface water available along the Cosumnes River by riparian users, purchase of tail water from SMUD downstream of the Rancho Seco facility, and spill water contracts with the United States Bureau of Reclamation (USBR) diverted from the Folsom South Canal.

The Folsom South Canal traverses the three Districts and a portion of the southeast unorganized area referred to as "Other Folsom South Canal Users."

Prior to the Central Valley Project Improvement Act, signed into law in October 1992, surface water was used intermittently through temporary contracts between the Districts and the USBR.

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 South Sacramento County Agricultural users.

D. AGREEMENT FOR MEETING SOUTH SACRAMENTO COUNTY AGRICULTURAL USERS WATER SUPPLY NEEDS TO THE YEAR 2030

1. MOST YEARS: As it applies to the South Sacramento County Agricultural Users portion of the agreement, Most Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is greater than 1,600,000 acre feet, also referenced as 1,900,000 acre feet annually.

In most years, South Sacramento County Agricultural Users will use up to 35,000 acre feet which is diverted into the Folsom South Canal from the American River at Nimbus. The balance of their need would be met by groundwater pumping.

2. DRIER YEARS: As it applies to the South Sacramento County Agricultural Users portion of the agreement, Drier Years is defined as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 1,600,000 acre feet, also referenced as 1,900,000 acre feet annually.

In drier years, South Sacramento County Agricultural Users will not divert American River water from the Folsom South Canal. Their need would be met by groundwater pumping.

3. DRIEST YEARS (i.e. CONFERENCE YEARS): Defined for purposes of the *Water Forum Agreement* as follows: Years when the projected March through November Unimpaired Inflow to Folsom Reservoir is less than 400,000 acre feet.

In the driest years, South Sacramento County Agricultural Users will not divert American River water from the Folsom South Canal. Their need would be met by groundwater pumping.

However it is recognized that in years when the projected unimpaired inflow to Folsom Reservoir is less than 400,000 acre feet there may not be sufficient water available to provide the purveyors with the driest years quantities specified in their agreements and provide the expected driest years flows to the mouth of the American River. In those years South Sacramento County Agricultural Users will participate in a conference with other stakeholders on how the available water should be managed. The conferees will be guided by the Conference Year Principles described in Section Four, I. of the *Water Forum Agreement*.

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 support transfer of a portion of Sacramento Municipal Utility District's Central Valley project entitlement to be used by South Sacramento County agriculture. Signatories will also support continued supply of CVP non storable water under Section 215 to South Sacramento County Agriculture. All signatories to the *Water Forum Agreement* also agree that the Water Forum Successor Effort will consider supporting any additional transfers or new entitlements that may be proposed by South Sacramento County Agriculture.

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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*
 - a. *Speak before stakeholder boards and regulatory bodies,*
 - b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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 agree to endorse, and where appropriate, participate in Sacramento River Supply for North Sacramento County and Placer County (Reference Section Four, III).

20. 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).

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

22. 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.

23. 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

1. Development of a groundwater management arrangement for the South Area and the Galt Area.
2. Water Forum signatories' support for new or increased surface water diversions to serve agricultural uses is dependent on acceptable assurances that those diverters will implement mutually agreed upon agricultural conservation programs.

II. ENVIRONMENTAL INTERESTS AGREEMENT

- ! Environmental Council of Sacramento (ECOS)
- ! Friends of the River (FOR)
- ! Save the American River Association (SARA)
- ! Sierra Club - Mother Lode Chapter - Sacramento Group

A. INTRODUCTION

The Lower American River's fishery, wildlife, recreational and aesthetic value resulted in it being designated as a state and federal Wild and Scenic River. With over five million visitor days annually, the Lower American River Parkway is already one of the most heavily used parks west of the Mississippi. It is anticipated that the *Water Forum Agreement* will preserve the public trust interests of the Lower American River.

One of the ways these public trust interests will be preserved is through an updated Lower American River flow standard. This new flow standard will be based on conditions in each purveyor's specific agreement as to how much water can be diverted under different hydrologic conditions. It will also incorporate the Improved Pattern of Fishery Flow Releases from Folsom Dam.

The Improved Pattern of Fishery Flow Releases reflects biologists' balancing of the opportunities for two important species, fall-run chinook salmon and steelhead. The Improved Pattern will somewhat reduce summer flows to conserve water to allow increased releases in the fall to benefit fall-run chinook salmon. Increased diversions will also reduce the quantity of water available to be released in the summer. Reduced summer flows will result in slightly higher summer water temperatures which adversely affects steelhead. That is one reason the Habitat Management Element is essential to the *Water Forum Agreement*. Additionally, in 1998, steelhead were listed under the Endangered Species Act as threatened. Therefore, the U.S. Bureau of Reclamation is required to operate Folsom Dam in a way that does not jeopardize the continued existence of the steelhead.

The Water Conservation Element of the *Agreement* will benefit the environment by reducing the amount of water that will have to be diverted from the region's rivers, including the American River. Action to Meet Customer's Needs While Reducing Diversion Impacts in Drier Years will also be effective in minimizing diversions in the drier years when water is critical to the Lower American River.

The Groundwater Management Element will ensure that our groundwater supply is sustained for future generations.

Good water quality is another benefit of the *Agreement*. Protecting surface and groundwater will ensure that our drinking water continues to meet increasingly stringent federal and state standards.

Another benefit is the ability of environmental stakeholders to participate in the implementation of the *Water Forum Agreement*. Their participation in the Water Forum Successor Effort will continue the opportunity to incorporate environmental objectives in regional water planning and ensure that the coequal objective of preserving the Lower American River is achieved.

In addition, environmental stakeholders' participation in the Water Forum Successor Effort will be guided by their principle that Sacramento River and Bay Delta conditions associated with implementation of the *Water Forum Agreement* be addressed.

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. 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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

2. *All signatories will endorse construction of facilities to divert, treat and distribute water consistent with Purveyor Specific Agreements 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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

b. *Provide letters of endorsement,*

c. *Provide supportive comments to the media,*

d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*

e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*

4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir,*

habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*

6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*

7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*

8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*

9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*

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 Agreement 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. *Environmental, Business, and Citizens groups signatory to the Water Forum Agreement will acknowledge in writing their endorsement of the Water Forum's Final Environmental Impact Report.*

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

21. *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).*

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

23. *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.

24. *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.*

D. 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

III. CITIZENS ORGANIZATIONS INTERESTS' AGREEMENT

- ! League of Women Voters of Sacramento
- ! Sacramento County Alliance of Neighborhoods (SCAN)
- ! Sacramento County Taxpayers League

A. INTRODUCTION

Both existing and new residents will benefit from the *Water Forum Agreement*. The public will benefit by a more reliable, safe water supply especially during the inevitable drought periods. They will avoid the inconvenience and losses resulting from severe rationing. The local economy will also have a reliable water supply so that our local jobs can be preserved and new jobs can be created.

Good water quality is another benefit of the *Agreement*. Protection of surface and groundwater will ensure that our drinking water continues to meet increasingly stringent federal and state standards.

The public will also benefit from maintaining the fishery, wildlife, recreational and aesthetic values of the Lower American River. With over five million visitor days annually, the Lower American River Parkway is already one of the most appreciated parks west of the Mississippi. The *Water Forum Agreement* will preserve the values that make the Parkway so popular.

Another benefit to the public is the participation of citizens organizations in the implementation of the *Water Forum Agreement*. This participation in the Water Forum successor effort will continue the communication and education of citizen organizations in regional water planning.

Any solution that provides for our future needs will have costs. New diversion, treatment, and distribution facilities, wells, conservation programs, and required environmental mitigations 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. This Agreement also identifies that capital costs associated with water acquisition, treatment, or delivery be divided equitably. It is also recommended that any costs for facilities funded through bonds be recovered as provided by law. In addition, signatories to the *Water Forum Agreement* 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.

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 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. 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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

2. *All signatories will endorse construction of facilities to divert, treat and distribute water consistent with Purveyor Specific Agreements 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.

e. All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.

3. Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:

a. Speak before stakeholder boards and regulatory bodies,

b. Provide letters of endorsement,

c. Provide supportive comments to the media,

d. Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and

e. Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.

4. All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.

5. All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.

6. All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)

7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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., (Agreements in italics are common in all Specific Agreements.))*
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 Agreement 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. Environmental, Business, and Citizens groups signatory to the *Water Forum Agreement* will acknowledge in writing their endorsement of the Water Forum's Final Environmental Impact Report.

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

21. *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).*

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

23. *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.*

24. *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.*

D. 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.

IV. BUSINESS INTERESTS AGREEMENT

- ! Associated General Contractors (AGC)
- ! Building Industry Association of Superior California (BIA)
- ! Sacramento Association of Realtors (SAR)
- ! Sacramento Metropolitan Chamber of Commerce
- ! Sacramento-Sierra Building and Construction Trades Council

A. INTRODUCTION

Both existing and new businesses will benefit from the *Water Forum Agreement*. A reliable and affordable water supply is important for all businesses and crucial for the health of the regional economy. For instance major employers such as Campbell Soup and Hewlett-Packard as well as land developers need to know that they will have a reliable water supply. Some of these businesses receive water from their own wells.

We need to demonstrate a reliable water supply for the region to support the planned development and to attract the new jobs needed by our residents. The types of clean industries favored by our region are not going to locate here if they believe water supplies will have to be reduced or curtailed during periodic droughts. The reliable water supply provided by an agreement will provide for our region's economic development and planned growth.

Like all other stakeholders, business will also have to contribute to the solution. Their support for environmental improvements and conservation programs will add a powerful voice. In addition they will have to pay their fair share for facilities and programs needed to make the overall solution work.

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 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. 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 all water entitlements needed for the diversions specified in each Purveyor Specific Agreement.

2. *All signatories will endorse construction of facilities to divert, treat and distribute water consistent with Purveyor Specific Agreements 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.*

e. *All signatories retain their existing ability to provide input on specific details of facility design, financing, and construction.*

3. *Endorsement of the water entitlements and related facilities in the Water Forum Agreement means that signatories will expend reasonable efforts to:*

a. *Speak before stakeholder boards and regulatory bodies,*

- b. *Provide letters of endorsement,*
 - c. *Provide supportive comments to the media,*
 - d. *Advocate the Water Forum Agreement to other organizations, including environmental organizations that are not signatory to the Water Forum Agreement, and*
 - e. *Otherwise respond to requests from other signatories to make public their endorsement of the Water Forum Agreement.*
4. *All signatories agree that participation in the Water Forum and the Successor Effort is in the best interests of water consumers and the region as a whole. Participation in the Water Forum is the most economically feasible method of ensuring that water demands of the future will be met. Furthermore, provisions for groundwater management, conjunctive use, conservation programs, improved pattern of fishery flow releases from Folsom Reservoir, habitat management, and a reliable dry year supply are in the public interest, and represent reasonable and beneficial use of the water resource.*
5. *All signatories will not oppose and will endorse where appropriate needed rates and fees applied equitably. This includes endorsement at the California Public Utilities Commission for investor owned utilities' ability to recover all costs of conservation programs, including residential meter retrofit, through rates.*
6. *All signatories will endorse an Improved Pattern of Fishery Flow Releases from Folsom Reservoir and reduced daily flow fluctuations for the Lower American River. (Reference Section Three, III.)*
7. *All signatories will endorse formal assurances that the diversions will be consistent with the conditions in the Water Forum Agreement and that an Improved Pattern of Fishery Flow Releases from Folsom Reservoir will be implemented.*
8. *All signatories will endorse and participate where appropriate in all provisions of the Water Forum Agreement, including all agreements pertaining to other signatories and executed as part of this agreement.*
9. *All signatories will participate in education efforts and advocate the Water Forum Agreement to regulatory bodies and signatory stakeholder boards as appropriate.*
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 Agreement 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. *Environmental, Business, and Citizens groups signatory to the Water Forum Agreement will acknowledge in writing their endorsement of the Water Forum's Final Environmental Impact Report.*

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

21. 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).

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

23. 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.

24. 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.

D. 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.

V. PROCEDURAL AGREEMENTS

ARCADE WATER DISTRICT

The initial *Water Forum Agreement* will record those agreements among stakeholder organizations that could be entered into as of the effective date of the initial agreement. However it is recognized that there may be some stakeholder organizations whose issues cannot be resolved by that time.

The *Water Forum Agreement* will include procedural agreements committing all stakeholders to work in good faith to negotiate mutually acceptable agreements to resolve remaining issues. As soon as these issues are agreed to, the *Water Forum Agreement* will be amended to include them.

Purveyors having Procedural Agreements will participate in the Water Forum Successor Effort, except on these three issues:

- a. Amending the *Water Forum Agreement*
- b. Decisions regarding any litigation associated with the *Water Forum Agreement* or the Water Forum EIR.
- c. Decisions regarding expenditures of Habitat Management funds.

Purveyors having Procedural Agreements with the Water Forum agree that if disputes arise over the Water Forum EIR or implementation of the *Water Forum Agreement* they will first attempt to resolve the dispute through mediation in the Successor Effort.

Either the purveyor with a Procedural Agreement or the Water Forum Successor Effort may cancel the Procedural Agreement upon sixty days notice to the other party.

EL DORADO IRRIGATION DISTRICT

The initial *Water Forum Agreement* will record those agreements among stakeholder organizations that could be entered into as of the effective date of the initial agreement. However it is recognized that there may be some stakeholder organizations whose issues cannot be resolved by that time.

The *Water Forum Agreement* will include procedural agreements committing all stakeholders to work in good faith to negotiate mutually acceptable agreements to resolve remaining issues. As soon as these issues are agreed to, the *Water Forum Agreement* will be amended to include them.

Mutually agreed upon Successor Effort expenses related solely to developing the purveyor's Specific Agreement will be reimbursed by that purveyor. As soon as the purveyor has negotiated a Specific Agreement and it signs the *Water Forum Agreement*, it will contribute to the Water Forum Successor Effort on the same basis as other purveyors that have specific agreements.

Purveyors having Procedural Agreements will participate in the Water Forum Successor Effort, except on these three issues:

- a. Amending the *Water Forum Agreement*
- b. Decisions regarding any litigation associated with the *Water Forum Agreement* or the Water Forum EIR.
- c. Decisions regarding expenditures of Habitat Management funds.

Purveyors having Procedural Agreements with the Water Forum agree that if disputes arise over the Water Forum EIR or implementation of the *Water Forum Agreement* they will first attempt to resolve the dispute through mediation in the Successor Effort.

Either the purveyor with a Procedural Agreement or the Water Forum Successor Effort may cancel the Procedural Agreement upon sixty days notice to the other party.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

The initial *Water Forum Agreement* will record those agreements among stakeholder organizations that could be entered into as of the effective date of the initial agreement. However it is recognized that there may be some stakeholder organizations whose issues cannot be resolved by that time.

The *Water Forum Agreement* will include procedural agreements committing all stakeholders to work in good faith to negotiate mutually acceptable agreements to resolve remaining issues. As soon as these issues are agreed to, the *Water Forum Agreement* will be amended to include them.

Mutually agreed upon Successor Effort expenses related solely to developing the purveyor's Specific Agreement will be reimbursed by that purveyor. As soon as the purveyor has negotiated a Specific Agreement and it signs the *Water Forum Agreement*, it will contribute to the Water Forum Successor Effort on the same basis as other purveyors that have specific agreements.

Purveyors having Procedural Agreements will participate in the Water Forum Successor Effort, except on these three issues:

- a. Amending the *Water Forum Agreement*
- b. Decisions regarding any litigation associated with the *Water Forum Agreement* or the Water Forum EIR.
- c. Decisions regarding expenditures of Habitat Management funds.

Purveyors having Procedural Agreements with the Water Forum agree that if disputes arise over the Water Forum EIR or implementation of the *Water Forum Agreement* they will first attempt to resolve the dispute through mediation in the Successor Effort.

Either the purveyor with a Procedural Agreement or the Water Forum Successor Effort may cancel the Procedural Agreement upon sixty days notice to the other party.

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

The initial *Water Forum Agreement* will record those agreements among stakeholder organizations that could be entered into as of the effective date of the initial agreement. However it is recognized that there may be some stakeholder organizations whose issues cannot be resolved by that time.

The *Water Forum Agreement* will include procedural agreements committing all stakeholders to work in good faith to negotiate mutually acceptable agreements to resolve remaining issues. As soon as these issues are agreed to, the *Water Forum Agreement* will be amended to include them.

Purveyors having Procedural Agreements will participate in the Water Forum Successor Effort, except on these three issues:

- a. Amending the *Water Forum Agreement*
- b. Decisions regarding any litigation associated with the *Water Forum Agreement* or the Water Forum EIR.
- c. Decisions regarding expenditures of Habitat Management funds.

Purveyors having Procedural Agreements with the Water Forum agree that if disputes arise over the Water Forum EIR or implementation of the *Water Forum Agreement* they will first attempt to resolve the dispute through mediation in the Successor Effort.

Either the purveyor with a Procedural Agreement or the Water Forum Successor Effort may cancel the Procedural Agreement upon sixty days notice to the other party.