Appendix B-6

Plan to Meet Requirements of Term 15 - State Water Resources Control Board Order WR 2009-0027-DWR

Lake Mendocino

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1.0 PURPOSE AND INTRODUCTION

This plan has been prepared by the Sonoma County Water Agency (Agency) to fulfill the requirements of Term 15 of the State Water Resources Control Board (SWRCB) Order WR 2009-0027-DWR (Order) (Attachment A).

1.1 Lake Mendocino Storage Levels

Unusual hydrologic conditions in the Russian River Valley, coupled with reductions in water imported to the Russian River basin via the Potter Valley Project, have warranted immediate action to avoid significant risks to the storage levels in Lake Mendocino, including the possibility of the lake going dry in September. In 2007, the Agency filed a similar petition to mitigate impacts resulting from anticipated low lake levels. The approval of that petition by the SWRCB was critical to protecting the Chinook salmon in the Russian River during their fall migration and spawning. This year, the storage projections for Lake Mendocino are far more severe and the lake will likely go dry without changes to the summer release requirements to maintain minimum instream flows.

In April 2009, the storage level in Lake Mendocino was approximately 53,000 acre-feet (AF). This is roughly 17,000 AF lower than Lake Mendocino was in April 2007. Although Lake Mendocino storage is unusually low, cumulative inflow into Lake Pillsbury during the 2009 water year has been sufficient enough that, under SWRCB Decision 1610 (D-1610), 2009 is classified as a "Normal" water year and will likely retain this classification for the remainder of the year.

1.2 Water Year Classifications

The water year classifications (Normal, Dry, or Critical) specified in D-1610 are based on cumulative inflow into Lake Pillsbury beginning October 1. Analyses recently prepared by Agency engineering staff indicate that if significant inflows into Lake Mendocino, either from storm events or diversions by PG&E from the Eel River by the Potter Valley Project do not occur between now and June 1, then releases from Lake Mendocino to meet normal demands on, and minimum instream flow requirements for, the Russian River under D-1610 Normal year requirements will drain Lake Mendocino.

1.3 Temporary Urgency Change Petition Filed

To try to prevent these grave impacts, the Agency filed a Temporary Urgency Change Petition (TUCP) with the SWRCB on April 6, 2009, seeking immediate approval to reduce the minimum instream flow requirements for the Russian River in the Agency's water-rights permits in order to maintain sufficient storage in Lake Mendocino so that it does not go dry in the Fall of 2009. In the TUCP, the

Agency requested the SWRCB make the following temporary changes to the D-1610 instream flow requirements:

a. For April 6 through June 30, the D-1610 requirements for Dry conditions will apply in the Russian River. These requirements are 75 cubic feet per second (cfs) in the Upper Russian River (from its confluence with the East Fork to its confluence with Dry Creek) and 85 cfs in the Lower Russian River (downstream of its confluence with Dry Creek);
b. If, during the period from April 1 through June 30, total inflow into Lake Mendocino is less than or equal to 25,000 AF, then, for July 1 to October 2, the D-1610 requirements for Critical conditions will apply in the Russian River. These requirements are 25 cfs in the Upper Russian River (from its confluence with the East Fork to its confluence with Dry Creek) and 35 cfs in the Lower Russian River (downstream of its confluence with Dry Creek); and
c. If, during the period from April 1 to June 30, 2009, total inflow into Lake Mendocino is greater than 25,000 AF, then, for July 1 through October 2, the D-1610 requirements for Dry conditions will apply in the Russian River.

1.4 Temporary Urgency Change Order Issued

On April 6, 2009, SWRCB Deputy Director for Water Rights, Victoria Whitney, issued the Order which granted the Agency's petition, subject to certain terms and conditions. One of the conditions (Term 15 of the Order) requires the Agency to submit a plan to the SWRCB by May 6, 2009 to obtain the cooperation of agricultural and municipal Russian River water users to reach a water conservation goal of 25 percent in Sonoma County and 50 percent in Mendocino County.

1.5 Term 15 Report Requirements

As required by Term 15 of the Order, this plan provides the following:

a. An explanation of the Agency's authority or other ability to impose mandatory water conservation measures and identification of the persons and entities subject to that authority.
b. Identification of Russian River water users who are not subject to the Agency's authority to impose mandatory water conservation measures.
c. Steps that the Agency will take to investigate the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water from the Russian River. The Agency shall submit monthly reports to the State Water Board on its progress.

d. Steps that the Agency will take to gain the cooperation and participation of water users in conserving water and preventing the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water from the Russian River. The Agency shall submit monthly reports to the State Water Board on its progress.

2.0 AUTHORITY AND RESPONSIBILITIES OF AGENCY

The following subsections describe the Agency's service area, the role that Russian River water plays in the overall supply of the Agency's customers, and the Agency's authority and responsibilities related to water conservation, including the Agency's authority to impose mandatory conservation measures.

2.1 Agency Service Area and Retail Customers

The Agency's water service area covers a large part of Sonoma County, as well as the northern portion of Marin County (Figure 1). The Agency supplies water that is diverted from the Russian River to several categories of retail customers, including "contractors," "other Agency customers," and the Marin Municipal Water District. The "contractors" are the North Marin Water District, City of Petaluma, City of Rohnert Park, City of Santa Rosa, City of Sonoma, Valley of the Moon Water District, Town of Windsor, and City of Cotati. The "other Agency customers" are the Forestville Water District, the California-American Water Company, and several smaller water companies and public agencies. In addition, a few public water suppliers have contracts with the Agency authorizing them to divert water directly from the Russian River under the Agency's water rights. These suppliers are the Russian River County Water District, the Town of Windsor, the City of Healdsburg, and the Camp Meeker Parks and Recreation District. The relationship between the Agency, its contractors, other Agency customers, and Marin Municipal Water District is detailed in the Restructured Agreement for Water Supply (Restructured Agreement) dated June 2006 (Attachment B).

2.2 Composition of Water Supply in the Agency Service Area

Russian River supplies are not the only supplies of water utilized to meet water demand in the Agency's service area. Other supplies of water that are used include groundwater (provided by the Agency and by several of its retail customers), other surface water supplies (provided primarily by North Marin and Marin Municipal Water Districts), and recycled water (provided by several retail customers). These supplies are used by the Agency's customers in conjunction with Russian River water supplied by the Agency and water conservation practices (see Section 2.3) to meet their total water demands.

2.3 Authority of the Agency to Impose Mandatory Conservation

As a water wholesaler, the Agency does not have direct relationships with individuals and businesses that are end users of water, nor does it have the ability to directly impose water use restrictions on such end users. The Agency's authority is limited to its authority under its contracts with its customers to declare a water shortage and to apportion available water supplies among those customers. Any mandatory water conservation measures that apply to end users of water must be imposed by the Agency's customers.

As described in Section 2.2, Russian River water supplies provided by the Agency on a wholesale basis are only one source of water that is available to the municipal users of Russian River water. At their discretion, the municipal Russian River water users can provide other supplies of water, such as recycled water and their own groundwater, to be used in conjunction with conservation to offset the needs of their customers.

The rights and obligations of the Agency and its wholesale customers are primarily set forth in the Restructured Agreement between the Agency and its water contractors (Attachment B). Section 3.5(a) of the Restructured Agreement specifies the manner in which the Agency allocates water to its customers in the event of a water supply shortage, and Section 3.5(b) of the Restructured Agreement describes the manner in which the Agency allocates water to its customers in the event of a temporary impairment of the capacity of some or all of the Agency's transmission system. These provisions apply to "other Agency customers" through incorporation of the provisions in the Agency's Water Service Rules. The Agency's agreements with Marin Municipal Water District and the entities that may divert water directly from the Russian River under the Agency's water rights contain similar, although not identical, provisions.

Section 3.5(d) of the Restructured Agreement requires the Agency to "have an adopted water shortage allocation methodology sufficient to inform each Customer of the water that would be available to it pursuant to Section 3.5(a) in the event of reasonably anticipated shortages…." The Agency has adopted such a methodology, which is set forth in an appendix to the Agency's 2005 Urban Water Management Plan. The Restructured Agreement requires the Agency's customers to limit the amounts of water that they take from the transmission system to the allocations specified by the Agency under Section 3.5. The water contractors may also unanimously agree upon an alternative allocation of available supply.

These provisions give the Agency the ability to allocate the water it supplies (but not the Agency's customers' other supplies of water, such as local customer groundwater and surface water) among its customers if a shortage occurs. The

Agency has a number of methods available to it under the Restructured Agreement to ensure that its customers do not use more than the amounts of water allocated to them by the Agency, although the Agency has no ability to directly restrict the use of water by end users, or to impose financial penalties on end users for excessive use. The one exception is the Agency's few "surplus water" customers, who use water delivered directly by the Agency primarily for agricultural purposes. Under Section 3.5(a) of the Restructured Agreement, the Agency is required to terminate deliveries to surplus customers in the event of a shortage. The Agency notified its surplus customers on March 23, 2009 that it will temporarily suspend all deliveries to these surplus customers as of June 1, 2009, through September 2009.

Under Section 3.5(e) of the Restructured Agreement, a contractor taking more than its allocated amount of water from the transmission system during a shortage is subject to a liquidated damages surcharge equal to 50 percent of the then-current operations and maintenance charge for each acre-foot of water taken by the contractor in excess of its allocation. Section 3.5(e) also allows the Water Advisory Committee to request that the Agency physically limit the quantity of Agency-supplied water taken by a contractor or other Agency customer to the amounts authorized by Section 3.5, or to pursue all other available legal and equitable remedies applicable to such violations.

It is up to each Agency retail water contractor to reduce end user demands as necessary to reduce its deliveries from the transmission system to the amount allocated to it by the Agency. To accomplish this, the Agency's contractors have adopted ordinances placing limitations on the uses of water by end customers in the event of a water shortage. These ordinances were developed in consultation with the Agency and are described in detail in each contractor's individual Urban Water Management Plans. These ordinances impose mandatory water conservation measures on end users under certain specific conditions. In addition, as noted in Section 2.2, the Agency's customers also have other sources of water to meet some of the needs of their end-user customers.

In addition to the provisions in Section 3.5, Section 1.12 of the Restructured Agreement requires the Agency's regular customers to "implement or use their best efforts to secure the implementation of any water conservation requirements that may be added as terms or conditions of the Agency's appropriative water rights permits or licenses, or with which the Agency must comply under compulsion of regulation or law." The Agency's regular customers are thus required to use their "best efforts" to comply with any water conservation requirements adopted by the SWRCB in connection with the Agency's water right permits. The Agency's Water Contractors, acting through the "Water Advisory Committee" created by the Restructured Agreement, determine

whether the Agency's regular customers are acting in compliance with Section 1.12. The Agency itself has no control over the actions taken by its customers to comply with Section 1.12.

The Agency has no authority to impose mandatory water conservation measures on, or to limit the diversions of, agricultural diverters or municipal diverters of Russian River water that do not have contractual relationships with the Agency.

In summary, the Agency has only an indirect, limited ability to impose mandatory water conservation measures related to the water it supplies to its retail customers and no ability to limit use of its customers' alternative supplies. During a shortage, the Agency can only allocate the specific amounts of water it supplies to each of its customers, but restrictions on end users of water must be imposed by the Agency's customers themselves. The Agency has no authority to impose mandatory conservation measures or to limit the diversions of any user of Russian River water other than those with whom the Agency has contractual relationships.

3.0 OTHER RUSSIAN RIVER WATER USERS OUTSIDE OF AGENCY'S AUTHORITY

Although the Agency has no authority to impose mandatory conservation measures on Russian River water users outside its service area, the Agency will continue to provide guidance and technical support.

3.1 Description of Other Russian River Water Users

In addition to the Agency and its retail water customers, there are numerous other water users in the Russian River watershed. Figure 1 shows the boundary of the watershed relative to the Agency's Service Area. These users are comprised of agricultural operations such as vineyards, orchards, and family farms, some of which are supplied by various private and public water supply systems.

Water supply systems providing water for human consumption range in size from single households and small wineries to large industrial and municipal systems. Cities such as Ukiah, Cloverdale, Healdsburg, and the Sweetwater Springs Water District (serving the communities of Guerneville and Monte Rio), serve potable water to tens of thousands of people. Attachment C is a list of the approximately 300 public water systems within the Russian River watershed that was developed from a database maintained by the California Department of Public Health (CDPH). This database represents the best available inventory of regulated water users in the Russian River watershed, but it does not include

water users such as single family residential households or other systems that do not meet the CDPH criteria for public water systems.

4.0 WASTE, UNREASONABLE USE, UNREASONABLE METHOD OF USE AND DIVERSION OF WATER

To comply with the Order, the Agency will work with its retail customers and other Russian River municipal water users to identify and prevent any waste, unreasonable use, unreasonable method of use, and unreasonable method of diversion in its service area. This type of prevention is usually the result of Water Waste Ordinances. Water waste ordinances prohibit the waste of water and provide specific examples of such waste. The following provisions are typical of water waste ordinances:

> No water shall be wasted. All water shall be put to reasonable beneficial use. Prohibited water uses include, but are not limited to, the following:
> - Use of any ornamental fountain using potable or makeup water for operation.
> - Car washing except at commercial car washes that recycle water.
> - Use of potable water from hydrants for non-potable uses.
> - Washing of sidewalks, streets, decks or driveways (except for public health and safety).
> - Pressure washing of buildings (possible exemption for building rehabilitation projects-painting).
> - Gutter flooding.
> - Sprinkler irrigation whose spray pattern hits paved areas.

The Agency will:

- Request and compile copies of ordinances and resolutions adopted by the Agency's customers to reduce water use this summer, and
- Summarize their enforcement plans and actions monthly in our reports to the SWRCB.

As noted above, however, the Agency has no direct authority to prohibit or penalize unreasonable use by end users of water.

5.0 COOPERATIVE CONSERVATION PLANS TO ACHIEVE 25% (SONOMA COUNTY) AND 50% (MENDOCINO COUNTY) CONSERVATION GOALS

Agency staff immediately began to implement the SWRCB Order to obtain the cooperation and participation of agricultural and municipal Russian River water

users to reach the water conservation goals for Sonoma and Mendocino Counties. Direct mail letters and emails were sent to advise the municipal users of the SWRCB Order and to provide assistance in interpreting the terms of the Order. For example the Agency assumes that the SWRCB would like to use 2004 as a base year, to be consistent with the 2007 SWRCB Order. The Agency interprets the commercial turf irrigation prohibition as requiring the retail water agencies to prohibit their customers from irrigating turf that is not used regularly by a significant number of people. This prohibition would apply to commercial and governmental uses such as ornamental turf in median strips along streets, at public and private office buildings, business parks, out-of-bounds areas at golf courses, and unused areas in parks. The prohibition would not apply to regularly used turf, such as baseball, soccer, and other recreational fields, golf courses, parks and other areas where turf is actually used by substantial numbers of people to walk, play or sit upon. Of course, on any irrigated turf area, the Agency expects that a smart weather track controller is being used to minimize the use of water. The Agency is taking a number of actions to implement the Order's conservation goals, as described below. The Agency will provide information about these activities to the SWRCB as part of the monthly reports described in Section 6.

5.1 Outreach and Education

1. The Agency is working with the retail water agencies in Marin, Sonoma and Mendocino Counties. A water conservation meeting with 22 water conservation representatives from the three counties was held at the Agency on April 14, 2009. The purpose of the meeting was to discuss the SWRCB Order and start planning regionally. Agency staff also updated local water agencies staff on statewide water conservation activities in an effort to ensure that everyone has the most up to date information. The Agency will host monthly meetings with the municipal Russian River water users through the term of the Order. The following items were also on the agenda:

    - California Urban Water Conservation Council Update: gallons per capita per day option for best management practice compliance and best management practice new guidebooks which will describe marketing, implementation and calculating water savings estimates for water conservation measures.
    - Department of Water Resources' "20 by 2020" plan and draft legislation.
    - California Energy Commission hearing on performance standards and labeling requirement for landscape irrigation devices, and valves to reduce consumption of energy or water.
    - Graywater Update: The California Department of Housing and Community Development is developing new regulations on graywater.

2. The Agency is developing its annual water conservation campaign for 2009. The multi-media campaign is centered on Governor Schwarzenegger's "Save Our Water" campaign. SCWA is partnering with the Governor's Office, the Department of Water Resources and the Association of California Water Agencies to implement the campaign in its service area, including portions of Mendocino, Sonoma and Marin counties. The media campaign, estimated to be approximately $100,000 including production costs, will include television, radio, print and online advertisements. Campaign materials will also be available at a multitude of community events and locations including the local malls and movie theaters. SCWA will work with its contractors and all government agencies and non-governmental organizations to implement the campaign.

3. Agency staff met with the Mendocino County Water Agency and the Mendocino County Russian River Flood Control and Water Conservation Improvement District on April 23, 2009 to discuss coordinating the efforts of both counties. Agency staff will be attending monthly urban water purveyor meetings held in Mendocino County through the duration of the order. Agency staff will provide technical assistance regarding water conservation through meetings, phone calls, emails and outreach events.

4. The Agency is discussing an agreement with the Russian River Property Owners Association for the purposes of conserving water in the Alexander Valley of the Russian River Watershed. A working committee comprised of representatives from the Russian River Property Owners Association and the Agency will meet monthly to determine the terms of the agreement. The working committee will need to assess existing data and conduct additional studies that inform future decisions around the impacts of agriculture water use, water conservation and water demands on the main stem of the Russian River.

5. Because urban water use almost doubles in the summertime due to the watering of landscapes, the Agency is working with the landscape industry. A Landscape Water Advisory Group meeting (LWAG) was held on April 16, 2009, with the landscape community and retail water agencies to discuss the SWRCB Order, including the prohibition on irrigation of commercial turf grass, with the goal of working cooperatively with the landscape community to reduce landscape water waste throughout the region. The Agency sponsored and staffed a water conservation table and spoke at the April 21, 2009 North Coast California Landscape Contractors Association (CLCA) Chapter Water Conservation Expo & dinner meeting. After discussing the SWRCB Order, the landscape contractors attending the meeting were invited to work with the Agency to reduce and monitor water use at their clients'

sites and report monthly to the Agency staff on sites that did not fall under the irrigation prohibition in Term 14. CLCA developed the Water Management Certification Program that assists landscape contractors and other green industry professionals in helping their customers cut water use and save money. CLCA-certified water managers must pass a written test to become provisionally certified, and must demonstrate proficiency at required levels for one year on actual landscape sites prior to achieving full certification status. Currently there are over 450 certified Water Managers in California.

6. Because there are significant areas of turf grass and other high water use plants at commercial sites, Agency staff is working with the business community to educate and inform property owners of water-wise alternatives. Agency staff participated in meetings with the Sonoma County Economic Development Board, Sonoma Commercial Business Park Coalition, and the Agency's retail water agencies to discuss best management practices for water conservation and a menu of water conservation options that commercial sites can implement in the short- and long-term.

7. The Agency developed the Qualified Water Efficient Landscaper (QWEL) training program and will be adding additional classes this summer. QWEL is comprised of 12 classes for a total of 20 hours of hands-on education that focuses on all aspects of the landscape as they relate to water conservation (irrigation equipment, design, plant selection, soil types, irrigation audits, water budgets, irrigation scheduling, etc.). The program has been very successful in Sonoma and Marin Counties resulting in over 250 graduates in its first year. This training is recognized by the U.S. EPA and graduates of this course are eligible to become Water Sense Irrigation Partners.

8. The Agency is sponsoring a series of Green*Plumbers*® Training. Green*Plumbers*® is a national training and accreditation program that assists plumbers in understanding their role in the environment, water conservation, and the reduction of GHG emissions. Their focus is on changing consumer and plumbing behavior through the use of energy-saving technologies. The following five Green Plumbing courses are scheduled:

   May 27, 2009: Caring for our Water
   June 25, 2009: Climate Care
   July 16, 2009: Water Efficient technologies
   August 20, 2009: Solar Hot Water and Inspection Report Services

5.2 Water Shortage Reduction Plans

Agency staff is working to compile water shortage plans, ordinances and resolutions from the municipal water users and providing technical assistance. Water shortage ordinances contain plans to achieve water use reductions such as the 25% and 50% conservation goals in the SWRCB Order. The Agency supports the State of California Department of Water Resources Urban Drought Guidebook 2008 Updated Edition that stresses that successful programs are commonly the result of a cooperative effort between water suppliers and their customers. To date, six of the Agency's retail water contractors' Boards and Councils have declared a water emergency (North Marin and Valley of the Moon Water Districts; the Cities of Santa Rosa, Cotati and Sonoma; and the Town of Windsor).

5.3 Agricultural Water Users

Agricultural water use within the approximately 1,500 square-mile Russian River watershed is dominated by vineyards, but there are also farms and ranches that produce a variety of crops and products. Because the majority of agricultural water is used by vineyards, the Agency has contracted with a viticultural expert to work cooperatively with the agricultural community to achieve water savings.

5.3.1 Agricultural Outreach Campaign

In 2006, the Agency embarked upon an outreach campaign targeting agricultural water users. The Agency entered into agreement with viticulture expert Mark Greenspan to provide outreach to the agricultural community, and in particular to the grape growing industry. Since 2006, the Agency has developed best management practices for irrigation and cooling methods in vineyards. The Agency has also developed and conducted vineyard irrigation and conservation surveys to evaluate water use technologies and management practices in vineyards in the Russian River watershed. The Agency and its consultant have presented informational briefs and presentations to a variety of agricultural associations and organizations focusing on water conservation. Currently, the Agency is sponsoring a vineyard irrigation water conservation demonstration project. The project will utilize the best management practices developed over the past two years and put them to use in a vineyard in Alexander Valley. The demonstration project will create awareness among agricultural water users on how to best irrigate and cool vineyards by adopting best management practices and using new irrigation technologies.

5.3.2 Agricultural Frost Protection

Agency staff attended the Sonoma County Collaborative Effort to Protect Water, Agriculture and Salmon Population meeting on April 28, 2009. This coalition is

developing best management practices that will reduce the impact on fishery resources of diversions made by grape growers for frost protection.

Additionally, Agency staff will continue to participate in the Russian River Frost Protection Task Force. Like the above coalition, the goal of this task force is to develop solutions that will reduce the impact on fishery resources of diversions made by growers for frost protection. To date, the focus of this group has been limited to Mendocino County. That focus may be expanded in the future.

6.0 PROJECT MILESTONES & REPORTING SCHEDULE

The Agency is conducting or completing specified water conservation, per the following Milestones.

6.1 Milestones

Milestone 1: April – June 30, 2009 reporting period

Milestone 1.1 Work with Agency's Retail Water Customers and Russian River Water Users

- Meetings: North Coast Water Conservation Group, Agency's Water and Technical Advisory Committees and Mendocino County urban water purveyors
- Compile water shortage contingency and water waste reduction plans, ordinances and resolutions
- Report on water waste reduction enforcement actions taken
- Report on public outreach campaign in Sonoma and Mendocino Counties
- Report on additional actions taken by retail water agencies
- Report on 2009 metered water consumption compared to 2004 metered water consumption

Milestone 1.2 Work with Businesses and Landscape Industry

- Meetings: California Landscape Contractors Association, Landscape Water Advisory Committee and Business Collation
- Green Plumbing Courses: May 27th: Caring For our Water and June 25th: Climate Care
- Hospitality event promoting conservation in the hotel industry
- Bottom Line newsletter set out discussing SWRCB Order and conservation

- Report water savings achieved through CLCA's Water Management Certification Program
- Report on additional Qualified Water Efficient Landscaper Training Programs

Milestone 1.3 Work with Vintners

- Meeting: Sonoma County Collaborative Effort to Protect Water, Agriculture and Salmon Population
- Vineyard Irrigation and Cooling Water Conservation Demonstration Program
- Vineyard consultant services and outreach to growers in the Russian River Watershed
- Development of vineyard best management practices

Milestone 2: July 1 – July 31, 2009 reporting period

Milestone 2.1 Work with Agency's Retail Water Customers and Russian River Water Users

- Meetings: North Coast Water Conservation Group, Agency's Water and Technical Advisory Committees and Mendocino County urban water purveyors
- Report on water waste reduction enforcement actions taken
- Report on public outreach campaign in Sonoma and Mendocino Counties
- Report on additional actions taken by retail water agencies
- Report on 2009 metered water consumption compared to 2004 metered water consumption

Milestone 2.2 Work with Businesses and Landscape Industry

- Meetings: California Landscape Contractors Association, Landscape Water Advisory Committee and Business Collation
- Green Plumbing Courses: July 16th: Water Efficient Technologies
- Report water savings achieved through CLCA's Water Management Certification Program
- Report on additional Qualified Water Efficient Landscaper Training Programs

Milestone 2.3 Work with Vintners

- Meeting: Sonoma County Collaborative Effort to Protect Water, Agriculture and Salmon Population
- Vineyard Irrigation and Cooling Water Conservation Demonstration Program
- Vineyard consultant services and outreach to growers in the Russian River Watershed
- Report on development of vineyard best management practices

Milestone 3: August 1 – August 31, 2009 reporting period

Milestone 3.1 Work with Agency's Retail Water Customers and Russian River Water Users

- Meetings: North Coast Water Conservation Group, Agency's Water and Technical Advisory Committees and Mendocino County urban water purveyors
- Report on water waste reduction enforcement actions taken
- Report on public outreach campaign in Sonoma and Mendocino Counties
- Report on additional actions taken by retail water agencies
- Report on 2009 metered water consumption compared to 2004 metered water consumption

Milestone 3.2 Work with Businesses and Landscape Industry

- Meetings: Landscape Water Advisory Committee and Business Collation
- Green Plumbing Courses: August 20th: Solar Hot Water and Inspection report Services
- Report water savings achieved through CLCA's Water Management Certification Program
- Report on additional Qualified Water Efficient Landscaper Training Programs

Milestone 3.3 Work with Vintners

- Meeting: Sonoma County Collaborative Effort to Protect Water, Agriculture and Salmon Population

- Vineyard Irrigation and Cooling Water Conservation Demonstration Program
- Vineyard consultant services and outreach to growers in the Russian River Watershed
- Report on outreach and consultation services

Milestone 4: September 1 – October 2,, 2009 reporting period

Milestone 4.1 Work with Agency's Retail Water Customers and Russian River Water Users

- Meetings: North Coast Water Conservation Group, Agency's Water and Technical Advisory Committees and Mendocino County urban water purveyors
- Report on water waste reduction enforcement actions taken
- Report on public outreach campaign in Sonoma and Mendocino Counties
- Report on additional actions taken by retail water agencies
- Report on 2009 metered water consumption compared to 2004 metered water consumption

Milestone 4.2 Work with Businesses and Landscape Industry

- Meetings: Landscape Water Advisory Committee and Business Collation
- Report water savings achieved through CLCA's Water Management Certification Program
- Report on additional Qualified Water Efficient Landscaper Training Programs

Milestone 4.3 Work with Vintners

- Meeting: Sonoma County Collaborative Effort to Protect Water, Agriculture and Salmon Population
- Vineyard Irrigation and Cooling Water Conservation Demonstration Program
- Vineyard consultant services and outreach to growers in the Russian River Watershed
- Development of vineyard best management practices
- Report on outreach and consultation services

6.2 Schedule

The following documents will be submitted to the SWRCB as directed in the Order:

Milestone 1	**July 15, 2009: Term 15 Monthly Status Report**
Milestone 2	**August 15, 2009: Term 15 Monthly Status Report**
Milestone 3	**September 15, 2009: Term 15 Monthly Status Report**
Milestone 4	**October 18, 2009: Term 15 Monthly Status Report**

Figure 1. Sonoma County Water Agency Russian River Water Users and Agency Service Area

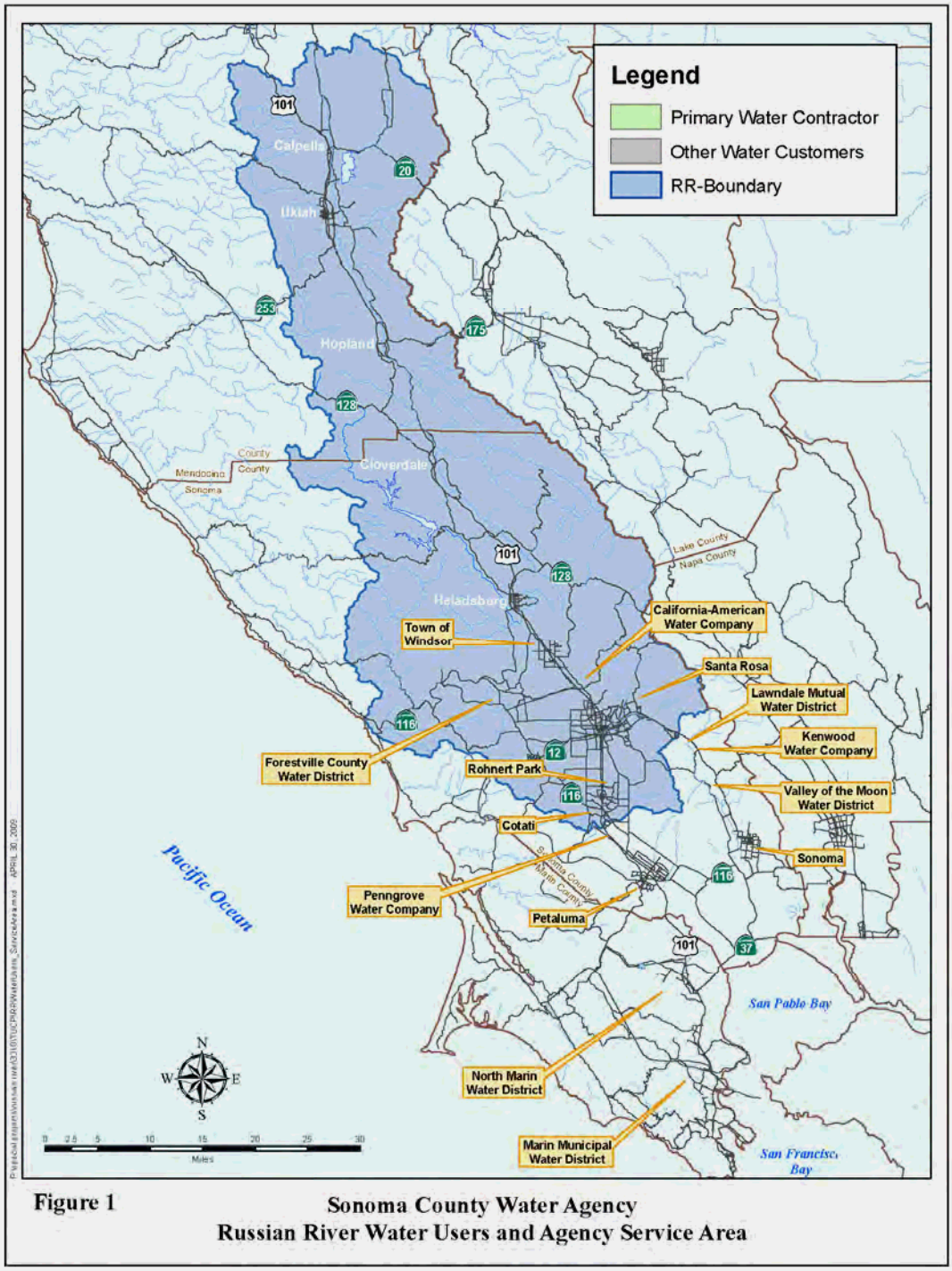

Figure 1

Sonoma County Water Agency
Russian River Water Users and Agency Service Area

Attachment A

SWRCB Order WR 2009-0027-DWR (April 6, 2009)

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

DIVISION OF WATER RIGHTS

ORDER WR 2009-0027-DWR

In the Matter of Permits 12947A, 12949, 12950, and 16596
(Applications 12919A, 15736, 15737, 19351)

Sonoma County Water Agency

SOURCES: Dry Creek and Russian River

COUNTIES: Sonoma and Mendocino Counties

ORDER APPROVING TEMPORARY URGENCY CHANGE IN PERMITS 12947A, 12949, 12950, AND 16596

1.0 SUBSTANCE OF PETITION

On April 6, 2009, Sonoma County Water Agency (SCWA) filed a petition with the State Water Resources Control Board (State Water Board) requesting approval of a Temporary Urgency Change to the subject permits pursuant to California Water Code section 1435. The petition requests the following temporary reductions to the Russian River instream flow requirements:

(1) From April 6 through June 30, 2009, instream flow requirements for the upper Russian River (from its confluence with the East Fork of the Russian River to its confluence with Dry Creek) be reduced from 185 cubic feet per second (cfs) to 75 cfs, and the requirements for the lower Russian River (downstream of its confluence with Dry Creek) be reduced from 125 cfs to 85 cfs; and

(2) From July 1 through October 2, 2009, instream flow requirements for the upper Russian River be reduced from 185 cfs to 75 cfs, and the requirements for the lower Russian River be reduced from 125 cfs to 85 cfs, if during the period from April 1 through June 30 total inflow to Lake Mendocino is greater than 25,000 acre feet; or

(3) From July 1 through October 2, 2009, instream flow requirements be further reduced to 25 cfs for upper Russian River and 35 cfs for the lower Russian River, if during the period from April 1 through June 30 total inflow to Lake Mendocino is less than or equal to 25,000 acre feet.

The petition, in effect, requests that minimum flows for the Russian River be established based on dry-year criteria for the period from April 6 to October 2, 2009 and critical year criteria for the period from July 1 to October 2, 2009 in the event that cumulative inflow to Lake Mendocino is less than or equal to 25,000 acre feet from April 1 through June 30. No changes to the instream flow requirements for Dry Creek are requested. The request is made to prevent depletion of storage in Lake Mendocino which would severely impact threatened or endangered Russian River fish species, create serious water supply impacts in Mendocino County and in Sonoma County's Alexander Valley, and harm Lake Mendocino and Russian River recreation.

2.0 BACKGROUND

SCWA's petition involves the following permits:

- Permit 12947A is for direct diversion of 92 cubic feet per second (cfs) from the East Fork Russian River and storage of 122,500 acre-feet per annum (afa) in Lake Mendocino from January 1 through December 31 of each year.

- Permit 12949 is for direct diversion of 20 cfs year-round from the Russian River at the Wohler and Mirabel Park Intakes near Forestville.

- Permit 12950 is for direct diversion of 60 cfs from the Russian River at the Wohler and Mirabel Park Intakes from April 1 through September 30 of each year.

- Permit 16596 is for year-round direct diversion of 180 cfs from the Russian River and storage of 245,000 afa in Lake Sonoma from October 1 of each year to May 1 of the succeeding year.

SCWA submitted with the petition a document prepared by its staff titled, "Hydrologic Analysis of Lake Mendocino Storage Under Dry 2009 Conditions" (Hydrologic Analysis) dated April 2009. The Hydrologic Analysis indicates that projections for Lake Mendocino water levels in 2009 are far more severe than they were in water year 2007, the last time the State Water Board approved a temporary urgency change reducing the Russian River instream flow requirements. As of April 1, 2009, storage level in Lake Mendocino was approximately 53,000 acre-feet. This is roughly 20,000 acre-feet less than Lake Mendocino storage was in 2007 at this time. During water years 2002, 2004, and 2007 hydrologic conditions in the Eel River and Russian River watersheds caused Lake Mendocino storage levels to decline to dangerously low levels by the end of the dry season. Recreation at Lake Mendocino was severely impaired, and serious risks existed for water supply and state and federally listed Russian River salmonid fishery resources, particularly adult Chinook salmon. The storage levels in Lake Mendocino dropped to a low of 24,400 acre-feet in December 2002. Water year 2004 and 2007 presented similar risks that were mitigated by SCWA filing for, and the State Water Board approving, a temporary urgency change petition that reduced the minimum instream flow requirements on the Russian River, thereby allowing more water to remain in Lake Mendocino for a longer period of time.

In June 2004, the Federal Energy Regulatory Commission directed Pacific Gas and Electric Company to reduce the amount of water diverted through the Potter Valley Project (PVP) tunnel into the Russian River, further reducing inflow to Lake Mendocino. Since October 2008, approximately 27,000 acre-feet less water has flowed through the PVP tunnel and into Lake Mendocino than during the same period during water year 2007, the last time the State Water Board approved a Temporary Urgency Change to reduce the Russian River instream flow requirements.

Without the requested reductions in the instream flow requirements, Lake Mendocino storage is predicted to drop to 10,000 acre-feet by mid August 2009 and go dry by the end of September according to SCWA's Hydrologic Analysis. Lake Mendocino has never dropped below 12,000 af since it was first filled in 1959, and it is uncertain whether water could continue to be released from Lake Mendocino into the East Fork Russian River if lake storage were to drop to 10,000 af. If water cannot be released from Lake Mendocino during October and November 2009, there most likely will be severe impacts on the fishery and recreation resources that depend on the upper Russian River, and on water users that rely on the upper Russian River for their water supplies. On March 23, 2009 the Mendocino County Board of Supervisors declared a local emergency and imminent threat of disaster due to drought conditions.

Following is the language contained in SCWA's permits regarding minimum instream flow requirements:

Term 18 of SCWA's Permit 12947A states:

For the protection of fish and wildlife, and for the maintenance of recreation in the Russian River, permittee shall pass through or release from storage at Lake Mendocino sufficient water to maintain:

(A) A continuous streamflow in the East Fork Russian River from Coyote Dam to its confluence with the Russian River of 25 cfs at all times.

(B) The following minimum flows in the Russian River between the East Fork Russian River and Dry Creek:

(1) During normal water supply conditions when the combined water in storage, including dead storage, in Lake Pillsbury and Lake Mendocino on May 31 of any year exceeds 150,000 af or 90 percent of the estimated water supply storage capacity of the reservoirs, whichever is less:

From June 1 through August 31	185 cfs
From September 1 through March 31	150 cfs
From April 1 through May 31	185 cfs

(2) During normal water supply conditions and when the combined water in storage, including dead storage, in Lake Pillsbury and Lake Mendocino on May 31 of any year is between 150,000 af or 90 percent of the estimated water supply storage capacity of the reservoirs, whichever is less, and 130,000 af or 80 percent of the estimated water supply storage capacity of the reservoirs, whichever is less:

From June 1 through March 31	150 cfs
From April 1 through May 31	185 cfs
If from October 1 through December 31, storage in Lake Mendocino is less than 30,000 acre-feet	75 cfs

(3) During normal water supply conditions and when the combined water in storage, including dead storage, in Lake Pillsbury and Lake Mendocino on May 31 of any year is less than 130,000 af or 80 percent of the estimated water supply storage capacity of the reservoirs, whichever is less:

From June 1 through December 31	75 cfs
From January 1 through March 31	150 cfs
From April 1 through May 31	185 cfs

(4) During dry water supply conditions	75 cfs
(5) During critical water supply conditions	25 cfs

(C) The following minimum flows in the Russian River between its confluence with Dry Creek and the Pacific Ocean to the extent that such flows cannot be met by releases from storage at Lake Sonoma under Permit 16596 issued on Application 19351:

(1) During normal water supply conditions	125 cfs
(2) During dry water supply conditions	85 cfs
(3) During critical water supply conditions	35 cfs

For the purposes of the requirements in this term, the following definitions shall apply:

(1) Dry water supply conditions exist when cumulative inflow to Lake Pillsbury beginning on October 1 of each year is less than:

8,000 acre-feet as of January 1
39,200 acre-feet as of February 1
65,700 acre-feet as of March 1
114,500 acre-feet as of April 1
145,600 acre-feet as of May 1
160,000 acre-feet as of June 1

(2) Critical water supply conditions exist when cumulative inflow to Lake Pillsbury beginning on October 1 of each year is less than:

4,000 acre-feet as of January 1
20,000 acre-feet as of February 1
45,000 acre-feet as of March 1
50,000 acre-feet as of April 1
70,000 acre-feet as of May 1
75,000 acre-feet as of June 1

(3) Normal water supply conditions exist in the absence of defined dry or critical water supply conditions.

(4) The water supply condition designation for the months of July through December shall be the same as the designation for the previous June. Water supply conditions for January through June shall be predetermined monthly.

(5) Cumulative inflow to Lake Pillsbury is the calculated algebraic sum of releases from Lake Pillsbury, increases in storage in Lake Pillsbury, and evaporation from Lake Pillsbury.

(6) Estimated water supply storage space is the calculated reservoir volume below elevation 1,828.3 feet in Lake Pillsbury and below elevation 749.0 feet in Lake Mendocino. Both elevations refer to the National Geodetic Vertical Datum of 1929. The calculation shall use the most recent two reservoir volume surveys made by the U. S. Geological Survey, U. S. Army Corps of Engineers, or other responsible agency to determine the rate of sedimentation to be assumed from the date of the most recent reservoir volume survey.

Term 15 of both Permit 12949 and Permit 12950 require SCWA to allow sufficient water to bypass the points of diversion at the Wohler and Mirabel Park Intakes on the Russian River to maintain the following minimum flows to the Pacific Ocean:

(1)	During normal water supply conditions	125 cfs
(2)	During dry water supply conditions	85 cfs
(3)	During critical water supply conditions	35 cfs

Term 13 of Permit 16596 sets forth the following minimum flows for Dry Creek and the Russian River:

(A) The following minimum flows in Dry Creek between Warm Springs Dam and its confluence with the Russian River:

(1) During normal water supply conditions:

75 cfs from January 1 through April 30
80 cfs from May 1 through October 31
105 cfs from November 1 through December 30

(2) During dry or critical water supply conditions:

25 cfs from April 1 through October 31
75 cfs from November 1 through March 31

(B) The following minimum flows in the Russian River between its confluence with Dry Creek and the Pacific Ocean, unless the water level in Lake Sonoma is below elevation 292.0 feet with reference to the National Geodetic Vertical Datum of 1929, or unless prohibited by the United States Government:

(1)	During normal water supply conditions	125 cfs
(2)	During dry water supply conditions	85 cfs
(3)	During critical water supply conditions	35 cfs

Note: Permits 12949, 12950, and 16596 use the same water-year classification definitions as those listed in Permit 12947A. The water year classifications (Normal, Dry or Critically Dry) were established in State Water Board Decision 1610 (D1610) and are based on cumulative inflow into Lake Pillsbury beginning October 1. Although Lake Mendocino storage is unusually low, cumulative inflow into Lake Pillsbury during this water year has been sufficiently high that, under D1610, 2009 is currently classified as a *Normal* year and will likely retain this classification for the remainder 2009.

3.0 COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT

The State Water Board, Division of Water Rights has determined that the petition qualifies for an exemption under CEQA. A Class 7 exemption "consists of actions taken by regulatory agencies as authorized by state law or local ordinance to assure the maintenance, restoration, or enhancement of a natural resource where the regulatory process involves procedures for protection of the environment." (Cal. Code Regs, tit. 14, § 15307.) The proposed action will assure the maintenance of a natural resource, i.e., the instream resources of the Russian River. A Class 8 exemption "consists of actions taken by regulatory agencies, as authorized by state or local ordinance, to assure the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment." (*Id.*, § 15308.) The proposed action will assure the maintenance of the environment, i.e., the instream environment of the Russian River.

On February 27, 2009, Governor Schwarzenegger declared a drought related state of emergency. Additionally, On March 23, 2009 the Mendocino County Board of Supervisors declared a local emergency and imminent threat of disaster due to drought conditions. Storage in Lake Mendocino is extremely low. Information provided by SCWA demonstrates that continued releases of water under normal year operating rules would prematurely drain remaining storage. If storage in Lake Mendocino is depleted, water will not be available to support threatened and endangered species, agriculture, and domestic/municipal water service. Approval of the Temporary Urgency Change Petition is therefore

necessary to prevent and mitigate damage to the environment, fishery resources, property, public health, and essential public services. Accordingly the project is statutorily exempt from CEQA because it is necessary to prevent or mitigate an emergency. (Pub. Resources Code, §§ 21080, subd. (b)(4), 21172.)

4.0 PUBLIC NOTICE OF THE PETITION

The State Water Board will issue and deliver to SCWA as soon as practicable, a notice of the temporary urgency change order pursuant to Water Code section 1438(a). Pursuant to Water Code section 1438(b)(1), SCWA is required to publish the notice in a newspaper having a general circulation, and that is published within the counties where the points of diversion lie. The State Water Board will also mail the notice to the interested parties who have requested notice of proposed temporary urgency changes and to other known interested parties. The State Water Board will post the notice of the temporary urgency change and a copy of the petition for temporary urgency change (and accompanying materials) on its website.

5.0 CRITERIA FOR APPROVING THE PROPOSED TEMPORARY URGENCY CHANGE

Chapter 6.6 of part 2, division 2, of the Water Code, commencing at section 1435, provides that any permittee or licensee who has an urgent need to change a point of diversion, place of use, or purpose of use from that specified in the permit or license may petition for a conditional temporary change order. The State Water Board's regulation, at California Code of Regulations, title 23, section 791(e), provides that the State Water Board shall follow as nearly as possible the procedures for changes in point of diversion, place of use, or purpose of use when processing petitions for other types of changes in water right permits and licenses. Accordingly, the procedures under Water Code section 1435 are applicable to changes to terms and conditions of water right permits and licenses.

The State Water Board must make the findings specified in section 1435(b) when issuing a temporary change order pursuant to chapter 6.6. The required findings are:

1. The permittee or licensee has an urgent need to make the proposed change;
2. The proposed change may be made without injury to any other lawful user of water;
3. The proposed change may be made without unreasonable effect upon fish, wildlife, or other instream beneficial uses; and
4. The proposed change is in the public interest, including findings to support change order conditions imposed to ensure that the change is in the public interest, and may be made without injury to any other lawful user of the water, and without unreasonable effect upon fish, wildlife, and other instream beneficial uses.

5.1 Urgency of the Proposed Change

Under Water Code section 1435 (c), an urgent need to make a proposed change exists when the State Water Board concludes that the proposed temporary change is necessary to further the constitutional policy that the water resources of the State be put to beneficial use to the fullest extent of which they are capable and that waste of water be prevented. However, the State Water Board shall not find the need urgent if it concludes that the petitioner has failed to exercise due diligence in petitioning for a change pursuant to other appropriate provisions of the Water Code.

In this case, an urgent need exists for the proposed change because SCWA predicts full depletion of storage in Lake Mendocino in September 2009 unless the requested temporary urgency change is approved. Water supplies sufficient to support survival of listed Russian River salmonid fisheries, agricultural and municipal use, and recreation are threatened. Without the proposed change, SCWA would need to release additional stored water from Lake Mendocino, resulting in a reduction in water

resources needed for fishery protection and more stable flows in the upper Russian River during the fall, when state and federally listed fish species are most sensitive to flows and temperatures. Further, if Water Year 2010 is a dry or critically dry year, extra storage in Lake Mendocino will be crucial for the continued survival of the Russian River fishery and for water supply reliability during 2010.

Water Code Section 106 establishes that the use of water for domestic purposes is the highest use of water. SCWA predicts that without the proposed change Lake Mendocino would be drawn down to levels that jeopardize SCWA's ability to release water to the Russian River. In this event, water supplies for domestic and municipal uses of Russian River water would be severely impaired. Moreover, SCWA permits include terms requiring a 50 percent reduction in deliveries to the Redwood Valley County Water District when Lake Mendocino storage drops below 30,000 acre feet in order to preserve Lake Mendocino Water Supply reliability. SCWA forecasts indicate that Lake Mendocino Storage would drop below 30,000 acre-feet during June of 2009 unless the Temporary Urgency Change Petition is approved and conservation measures are implemented.

To ensure that the water resources of the State are put to beneficial use to the fullest extent of which they are capable and that waste of water be prevented, this order adds terms requiring SCWA to (1) temporarily reduce diversions from the Russian River by 25 percent; (2) temporarily prohibit irrigation of commercial turf grass within the SCWA service area; (3) submit a plan detailing the actions that will be taken to work with Russian River water users to reach an overall water conservation goal of 25 percent in Sonoma County and 50 percent in Mendocino County during the term of the Order, and (4) submit a report within one year identifying actions SCWA will take to maximize water conservation in its service area. Including these terms as conditions of approval supports the determination that the proposed change will maximize the beneficial use of water resources and prevent the waste of water, and therefore an urgent need for the change exists, as defined by Water Code section 1435 (c).

5.2 No Injury to Any Other Lawful User of Water

The SCWA is required to maintain specific flows in the Russian River from its most upstream point of diversion to the river's confluence with the ocean. Therefore, it is anticipated that all of the SCWA water contractors and other legal users of water will receive the water to which they are entitled during the reduced flows specified in this Order. Moreover, failure to implement the reduced instream flows could result in depletion of Lake Mendocino, which in turn could give rise to serious impacts to legal users of water downstream of Lake Mendocino later in the year.

5.3 No Unreasonable Effect upon Fish, Wildlife, or Other Instream Beneficial Uses

Although flows downstream from Coyote Dam will be decreased upon approval of SCWA's petition, conservation water in Lake Mendocino will allow enhanced management of the flows in early fall for the benefit of fish migration. Reduced flows in the Russian River may impair instream beneficial uses, including recreation. The potential for impairment to instream beneficial uses, however, is not unreasonable considering the potential impacts to fisheries, water supply, and recreation in Lake Mendocino that could occur if the petition were not approved.

5.4 The Proposed Change is in the Public Interest

The proposed change will help conserve water in Lake Mendocino so that it can be released for listed Russian River salmonid fisheries present in the Russian River during the fall Chinook salmon migration season. It is in the public interest to preserve water supplies for these beneficial uses when hydrologic circumstances cause dangerous reductions to water supplies.

Approval of SCWA's petition will help SCWA maintain the level in Lake Mendocino for a longer period of time. According to SCWA estimates in its Hydrologic Analysis, if the "normal-year" water releases remain in effect, Lake Mendocino will reach minimum pool by late August 2009 and be completely drained by September. However, SCWA forecasts that Lake Mendocino storage will not drop below 22,000 af

during the remainder of Water Year 2009 if the Temporary Urgency Change Petition is approved and 20% cumulative conservation is achieved.

On September 27, 2006, Governor Schwarzenegger signed Assembly Bill 32, the Global Warming Solutions Act of 2006 (Núñez, Chapter 488, Statutes of 2006). Pursuant to AB 32, the California Air Resources Board adopted a scoping plan December 12, 2008, outlining the State's strategy to achieve greenhouse gas (GHG) emissions limits. The scoping plan recommended implementation of six greenhouse gas reduction measures targeted at the water sector, largely to develop additional supply reliability to meet water demand. These measures include increased water use efficiency, water recycling and urban runoff re-use. In addition to reducing GHG emissions, these measures can have many co-benefits, including enhancing water supply reliability.

On February 27, 2009, Governor Schwarzenegger proclaimed a state of emergency and ordered immediate action to manage the drought crisis. The Governor's proclamation requested that all urban water users immediately increase their water conservation activities in an effort to reduce their individual water use by 20 percent.

Given the severity of water supply conditions in the Russian River Watershed and the Governor's directives to implement water conservation measures, this order adds terms requiring immediate mandatory water conservation and longer-term water conservation planning and reporting, including a plan to reduce residential water waste in the SCWA service area.

Approval of the petition, as conditioned, will be in the public interest and consistent with the overall goals of AB 32 and the Governor's drought emergency proclamation.

6.0 CONCLUSIONS

The State Water Board has adequate information in its files to make the evaluation required by Water Code section 1435.

I conclude that, based on the available evidence:

1. The permittee has an urgent need to make the proposed change;

2. The petitioned change will not operate to the injury of any other lawful user of water;

3. The petitioned change will not have an unreasonable effect upon fish, wildlife, or other instream beneficial uses; and,

4. The petitioned change is in the public interest.

ORDER

NOW, THEREFORE, IT IS ORDERED THAT: the petition filed by Sonoma County Water Agency for temporary change in Permits 12947A, 12949, 12950, AND 16596 is approved, in part.

All existing terms and conditions of the subject permits remain in effect, except as temporarily amended by the following provisions:

1. From the date of this Order until October 2, 2009, minimum flows in the Russian River, as specified in Term 20 of Permit 12947A, Term 17 of Permits 12949 and 12950, and Term 13 of Permit 16596, shall be modified as follows:

Minimum instream flow in the **Russian River from its confluence with the East Fork of the Russian River to its confluence with Dry Creek** shall be as follows:

a. From April 6, 2009 through June 30, 2009, minimum instream flow shall remain at or above 75 cubic feet per second (cfs).

b. From July 1 through October 2, 2009, minimum instream flow shall remain at or above 75 cfs, if during the period from April 1 through June 30 total inflow to Lake Mendocino is greater than 25,000 acre feet;

c. From July 1 through October 2, 2009, minimum instream flow shall remain at or above 25 cfs, if during the period from April 1 through June 30 total inflow to Lake Mendocino is less than or equal to 25,000 acre feet;

d. Instream flow at the USGS gages at both Hopland (No.11462500) and Healdsburg (No. 11464000) on the Russian River shall be not less than 125 cfs, after a cumulative seasonal total of 200 adult Chinook salmon move upstream past the SCWA Mirabel inflatable dam, unless otherwise directed by National Marine Fisheries Service (NMFS) and the Department of Fish and Game (DFG). A lag time of three to seven days for the higher flows to reach Healdsburg is appropriate.

Minimum instream flow in the **Russian River from its confluence with Dry Creek to the Pacific Ocean** shall be as follows unless the water level in Lake Sonoma is below 292.0 feet with reference to the National Geodetic Vertical Datum of 1929, or unless prohibited by the United States Government:

a. From April 6, 2009 through June 30, 2009, minimum instream flow shall remain at or above 85 cubic feet per second (cfs).

b. From July 1 through October 2, 2009, minimum instream flow shall remain at or above 85 cfs, if during the period from April 1 through June 30 total inflow to Lake Mendocino is greater than 25,000 acre feet;

c. From July 1 through October 2, 2009, minimum instream flow shall remain at or above 35 cfs, if during the period from April 1 through June 30 total inflow to Lake Mendocino is less than or equal to 25,000 acre feet;

For purposes of compliance with this term, minimum instream flow requirements shall be met on an instantaneous flow basis.

2. To protect against stranding of fish when releases from Lake Mendocino are converted from normal-year to dry-year criteria, or from dry-year to critical-year criteria, flow in the East Fork Russian River immediately below Coyote Dam shall not be reduced by more than 25 cfs per hour. Ramping rates specified in this term may be revised at the direction of the NMFS and the DFG.

3. SCWA shall not release water from Lake Sonoma in excess of the flows required to satisfy existing water rights and the interim instream flow requirement established in this Order for the Russian River downstream of its confluence with Dry Creek.

4. SCWA shall monitor and record daily numbers of adult Chinook salmon moving upstream past the Mirabel inflatable dam beginning no later than August 15, 2009, and ending upon expiration of this Order. SCWA shall consult with NMFS and the DFG on a weekly basis regarding the status and findings of the monitoring effort. Chinook salmon monitoring requirements specified in this term may be revised at the direction of the NMFS and the DFG.

5. SCWA shall monitor numbers of adult Chinook salmon in representative deep pools in the lower Russian River downstream of the Mirabel inflatable dam on a weekly basis beginning September 8, 2009 and ending when sustained flows in the Russian River at Healdsburg are greater than 125 cfs or upon expiration of this Order. SCWA shall consult with NMFS and DFG on a weekly basis regarding the status and findings of the monitoring effort. Chinook salmon monitoring requirements specified in this term may be revised at the direction of the NMFS and the DFG.

6. If operations pursuant to this Order result in sustained closure of the lagoon at the terminus of the Russian River at the Pacific Ocean, or numbers of adult salmon in the Russian River are determined by NMFS to be very low through September 30, 2009, then SCWA shall immediately consult with NMFS and DFG regarding possible measures to facilitate upstream movement of salmon. SCWA shall immediately implement measures required by NMFS and DFG to facilitate the movement of salmon.

7. SCWA shall monitor numbers of adult Chinook salmon in representative deep pools in the upper Russian River (Lake Mendocino to Healdsburg) on a weekly basis on the same schedule as salmon monitoring operations required under Term 5. SCWA shall consult with NMFS and DFG on a weekly basis regarding the status and findings of the monitoring effort.

8. SCWA shall submit a Temperature Monitoring Plan for Lake Mendocino and the Russian River within two weeks after the adoption of this Order. The Plan shall provide a detailed description of temperature monitoring efforts necessary for determining the temperature impacts resulting from changes approved by this Order. SCWA shall implement the Plan immediately upon its approval by the Division.

9. SCWA shall prepare a Water Quality Monitoring Plan for the Russian River in consultation with: (1) the North Coast Regional Water Quality Control Board, (2) the United States Geological Survey, and (3) the Division of Water Rights. The purpose of the Plan shall be to determine the water quality effects of the temporary urgency change approved herein. The Plan shall be submitted to the State Water Board Deputy Director for Water Rights (Deputy Director) for approval within two weeks of the date of this Order. SCWA shall implement the Plan immediately upon approval of the Plan by the Deputy Director.

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

11. The State Water Board reserves jurisdiction to supervise the temporary urgency change under this Order, and to coordinate or modify terms and conditions, for the protection of vested rights, fish, wildlife, instream beneficial uses and the public interest as future conditions may warrant.

12. The SCWA shall immediately notify the State Water Board if any significant change in storage conditions in Lake Mendocino occurs that warrants reconsideration of this Order.

13. SCWA shall make a 25 percent reduction in diversions from the Russian River to its service area from April 6, 2009 until expiration of this order (October 2, 2009). This reduction shall be calculated based on permittee's actual diversion from the Russian River from April 6, 2009 through October 2, 2009.

14. As a condition of water delivery to its customers, SCWA shall prohibit irrigation of commercial turf grass within the SCWA service area for the period of May 1, 2009 until the expiration of this order (October 2, 2009).

15. Within 30 days of the date of this Order, the SCWA shall submit a plan to the State Water Resources Control Board to obtain the cooperation and participation of agricultural and municipal Russian River water users to reach a water conservation goal of 25 percent in Sonoma County and 50 percent in Mendocino County for the period of April 6, 2009 until the expiration of this order (October 2, 2009). In addition, the plan shall include measures to identify and prevent any waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water. The plan shall include a detailed schedule with planned completion dates for key events. The plan, including the schedule, is subject to approval by the State Water Board Deputy Director for Water Rights (Deputy Director) in regard to its completeness and inclusion of significant project milestones. SCWA shall submit any additional information or revisions to the schedule requested within the period specified by the Deputy Director. SCWA shall implement the schedule as approved by the Deputy Director. SCWA shall include the following information in the plan:

    a. An explanation of SCWA's authority or other ability to impose mandatory water conservation measures and identification of the persons and entities subject to that authority.

    b. Identification of Russian River water users who are not subject to SCWA's authority to impose mandatory water conservation measures.

    c. Steps that SCWA will take to investigate the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water from the Russian River. SCWA shall submit monthly reports to the State Water Board on its progress.

    d. Steps that SCWA will take to gain the cooperation and participation of water users in conserving water and preventing the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water from the Russian River. SCWA shall submit monthly reports to the State Water Board on its progress.

16. SCWA shall prepare a Water Conservation Status Report for SCWA's service area and other areas served by Lake Mendocino. The report shall specify the water conservation measures being implemented in the areas served by Lake Mendocino, and shall specify the water savings resulting from the measures during the term of this temporary urgency change. The report shall be submitted to the Deputy Director for Water Rights by December 31, 2009. The scope and content of the report shall be similar to the report submitted to comply with WR Order 2007-0022.

17. SCWA shall prepare a Water Conservation Plan for SCWA's service area and other areas served by Lake Mendocino. The Water Conservation Plan shall describe and quantify current water conservation efforts and the water conservation measures that can be implemented in the future, including measures to eliminate the use of residential water wasting devices. The Water Conservation Plan shall include a description of the authority or mechanisms that will be used to implement the identified conservation measures and a schedule for implementation. The plan shall be submitted to the Deputy Director for Water Rights within one year of the Date of this Order.

STATE WATER RESOURCES CONTROL BOARD

Victoria A. Whitney

Victoria A. Whitney
Deputy Director for Water Rights

Dated: April 6, 2009

Attachment B

Restructured Agreement for Water Supply (May 2006)

RESTRUCTURED AGREEMENT FOR WATER SUPPLY

by and between

SONOMA COUNTY WATER AGENCY
CITY OF COTATI
CITY OF PETALUMA
CITY OF ROHNERT PARK
CITY OF SANTA ROSA
CITY OF SONOMA
FORESTVILLE WATER DISTRICT
NORTH MARIN WATER DISTRICT
VALLEY OF THE MOON WATER DISTRICT
TOWN OF WINDSOR

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RESTRUCTURED AGREEMENT FOR WATER SUPPLY

THIS AGREEMENT is made on _____ by and between the following public entities:

SONOMA COUNTY WATER AGENCY, herein called "Agency",
CITY OF COTATI, herein called "Cotati",
CITY OF PETALUMA, herein called "Petaluma",
CITY OF ROHNERT PARK, herein called "Rohnert Park",
CITY OF SANTA ROSA, herein called "Santa Rosa",
CITY OF SONOMA, herein called "Sonoma",
FORESTVILLE WATER DISTRICT, herein called "Forestville",
NORTH MARIN WATER DISTRICT, herein called "North Marin",
VALLEY OF THE MOON WATER DISTRICT, herein called "Valley of the Moon", and
TOWN OF WINDSOR, herein called "Windsor",

The parties hereto hereby mutually covenant and agree as follows:

PART 1 - GENERAL

1.1 Recital of Purposes

Among the purposes of this Agreement are to provide a water supply or a supplemental water supply for each of the Water Contractors, to encourage water conservation and recycled water use that reduces potable water use, to provide environmental improvements and enhancements to allow for sustainable and continued use of Russian River Project water, to encourage the development of local supply projects to offset potable water use, and to provide for payment to the Agency for water delivered hereunder sufficient to enable it to pay the capital costs of major replacements and additions to the Transmission System and to meet its Revenue Bond Obligations and its expenses of operating and maintaining the Transmission System.

1.2 Definitions

When used herein, unless otherwise distinctly expressed or manifestly incompatible with the intent of this Agreement, the terms:

(a) "Acre feet" and "AF" mean one acre-foot or 325,850 gallons of water.

(b) "Additional Facilities" means the additional facilities that must be constructed or acquired after the completion of the Russian River-Cotati Intertie in order for the Agency to be able to make the deliveries authorized by Sections 3.1 and 3.2, including, but not limited to: an aqueduct generally paralleling the Intertie Aqueduct; an aqueduct generally paralleling the south part of the Petaluma Aqueduct from the Intertie Aqueduct to Kastania Reservoir; an aqueduct generally paralleling the Sonoma Aqueduct; an aqueduct connecting the Kawana Springs and Ralphine reservoirs; the transmission line pumping plants necessary to regulate flows to Storage Facilities; 55.5 million gallons of reservoir storage; 56.9 mgd of Russian River water production capacity; water-treatment facilities; and Emergency Wells.

(c) "Aqueduct Facilities" means the pipelines of the Intertie, Petaluma, Santa Rosa and Sonoma Aqueducts, an additional pipeline to be constructed generally paralleling the Intertie Aqueduct, a pipeline to be constructed generally paralleling the south part of the Petaluma Aqueduct from the Intertie Aqueduct to Kastania Reservoir, and a pipeline to be constructed or acquired generally paralleling the Sonoma Aqueduct.

(d) "Capital Cost" means the total funds expended for capital improvements, major replacements, or portions thereof, as context requires, including, but not limited to, planning, engineering, environmental impact analysis, right of way, financial and legal fees, interest during construction, and materials, construction, and replacement costs.

(e) "Common Facilities" means all Transmission System facilities except Storage Facilities and Aqueduct Facilities, but including additional facility aqueduct capacity constructed specifically to make the deliveries that have been authorized by Section 3.12, and including the Potter Valley Project or portion thereof if acquired pursuant to Section 2.4.

(f) "Corporate Territory" means the boundary from time to time existent of a city, agency, district or other governmental entity with powers to accept and distribute water.

(g) "Customer" means any of the following customers of the Agency:

(1) "Water Contractor" means a party signatory to this Agreement except the Agency and Forestville.

(2) "Other Agency Customer" means the Agency, the County of Sonoma, California-American Water Company (with respect to the Larkfield Water District), Forestville Water District, Lawndale Mutual Water Company, Kenwood Village Water Company, Penngrove Water Company, the City of Sebastopol, the State of California, and Santa Rosa Junior College.

(3) "Marin Municipal" means the Marin Municipal Water District.

(4) "Russian River Customer" means any Agency customer within Sonoma County who has or in the future will have contracts with the Agency to divert or redivert water directly from the Russian River or Dry Creek without the use of the Transmission System.

(5) "Regular Customer" means the any of the Water Contractors or the Other Agency Customers.

(h) "Emergency Wells" means auxiliary groundwater production wells that may be utilized to provide additional delivery capacity when necessary due to drought, equipment failure, or other transmission capacity impairment, inability to divert Russian River Project water (for water quality reasons or otherwise), or any other reason beyond the control of the Agency.

(i) "Entitlement" means the quantity of water a Regular Customer shall from time to time require at such rates of flow as are necessary to meet its peak day's demand, subject to the delivery limitations set forth in Sections 2.2, 3.1, 3.2, and 3.5.

(j) "Entitlement Limits" means the maximum amounts of water the Agency is obligated to deliver to any Regular Customer from the Transmission System, as specified in Sections 3.1(a), 3.2(a), 3.2(c), and 3.2(d).

(k) "Fiscal Year" (abbreviated FY) means the period from July 1 through the following June 30.

(l) "Forestville Aqueduct" means the existing pipeline from the Santa Rosa Aqueduct to Forestville, the existing booster pumping plant, the existing 300,000-gallon reservoir, and all other facilities financed with the proceeds of the sale of Series E of the Agency's 1955 Bonds.

(m) "Intertie Aqueduct" means the existing 48-inch inside diameter pipeline extending from the Mirabel Park intake facilities on the Russian River to the Petaluma Aqueduct in the vicinity of Cotati with appurtenances thereto including turnouts to serve Forestville, Santa Rosa, Cotati and Rohnert Park. The Intertie Aqueduct consists of three reaches: "Reach 1" from the Mirabel intake facilities to Forestville, "Reach 2" from Forestville to the extension of Hall Road and "Reach 3" from the extension of Hall Road to the junction with the Petaluma Aqueduct at Cotati. Reach 3 is further divided into "Reach 3a" from the extension of Hall Road to Occidental Road, "Reach 3b" from Occidental Road to the Cotati reservoirs and "Reach 3c" from the Cotati reservoirs to the Petaluma Aqueduct.

(n) "Kawana Pipeline" means the pipeline connecting the Reach 3a of the Intertie Aqueduct with Kawana Springs Reservoirs.

(o) "Local Supply Project" means a water supply project undertaken by one or more Water Contractors, which reduces demand on the Transmission System during the months of June, July, August, or September.

(p) "Marin Municipal" means the Marin Municipal Water District.

(q) "mgd" means a million gallons of water per day.

(r) "Oakmont Pipeline" means that certain pipeline and appurtenances generally parallelling the Sonoma Aqueduct that were constructed by the Agency pursuant to an agreement between the City of Santa Rosa and Agency dated April 29, 1986.

(s) "Operation and Maintenance Costs" means the Agency's costs of operating the Transmission System including its power costs, costs of maintaining the Transmission System in a good state of repair, payments made to the owner of the Potter Valley Project to insure the continued operation of the Potter Valley Project provided they are annually approved by the Water Advisory Committee, regardless of whether or not such payments result in the ultimate transfer of title to all or part of the Potter Valley Project to the Agency, and costs of administering the Transmission System and furnishing the water supplies pursuant to this Agreement; provided, however, that costs relating to the use of Transmission System facilities for public recreation purposes, except (1) costs to permit limited passive public recreation on Transmission System lands not in conflict with operational or water quality requirements, or (2) necessary

costs associated with land ownership, shall not constitute "Operation and Maintenance Costs."

(t) "Ordinance No. 1" means Ordinance No. 1 of the Agency adopted on December 28, 1970, providing for the issuance of the Revenue Bonds, together with any other ordinances of the Agency supplemental thereto or amendatory thereof.

(u) "Other Agency Customer" means the Agency, the County of Sonoma, California-American Water Company (with respect to the Larkfield Water District), Forestville Water District, Lawndale Mutual Water Company, Kenwood Village Water Company, Penngrove Water Company, the City of Sebastopol, the State of California, and Santa Rosa Junior College.

(v) "Petaluma Aqueduct" means the existing pipeline and appurtenances, including turnouts, from the Santa Rosa Aqueduct to Petaluma. The "south part" of the Petaluma Aqueduct means the portion thereof south of the junction thereof with the Intertie Aqueduct and the "north part" means the portion north of said junction to Scenic Avenue.

(w) "Potter Valley Project" means Federal Energy Regulatory Commission Project No. 77.

(x) "Recycled Water" means wastewater treated to applicable standards set forth in Title 22 of the California Code of Regulations, Division 4 Environmental Health, as may be amended from time to time.

(y) "Recycled Water and Local Supply Sub-Charge" and "Recycled Water and Local Supply Fund" mean the sub-charge and fund established by the Agency under Section 4.15.

(z) "Recycled Water Project" means any programs, projects, or facilities that produce or deliver recycled water, provided that the recycled water produced or delivered by such projects or facilities (1) results in a reduction in use of potable water from the Transmission System, (2) reduces the amount of water diverted from the Russian River or its tributaries, (3) provides an environmental benefit which increases or avoids reduction to the water supply or Transmission System capacity available to the Water Contractors, or reduces the cost of providing such supply or capacity, or (4) assists the Agency to comply with the federal or state Endangered Species Act or any other environmental law or regulation, which compliance is required for the Agency to

provide the water supply or Transmission System capacity to the Water Contractors as provided in this Agreement.

(aa) "Regular Customer" means the any of the Water Contractors or the Other Agency Customers.

(bb) "Remaining Facilities" means those portions of the Russian River-Cotati Intertie authorized to be constructed or acquired by the Tenth Amended Agreement For Water Supply and Construction of the Russian River-Cotati Intertie Project, dated November 14, 1997, which have not been constructed or acquired on the effective date of this Agreement, including, but not limited to, 20 mgd of standby pump and collector capacity; the Wohler-Forestville pipeline; the Eldridge-Madrone pipeline; Collector No. 6, and the Oakmont Pipeline.

(cc) "Revenue Bond Obligations" means the payment of principal of and interest on the Revenue Bonds and all other obligations and covenants of the Agency with respect to the Revenue Bonds, including specifically any covenant to establish and maintain rates and charges to provide revenue coverage in excess of a specified amount.

(dd) "Revenue Bonds" means any of the following if issued or entered into for sole purpose of financing the Capital Cost of Transmission System facilities or other facilities authorized to be constructed, acquired, or funded under this Agreement: (1) all series or issues of revenue bonds issued pursuant to ordinances and resolutions of the Agency or of any joint powers authority of which the Agency is a member or (2) any loan agreement, grant agreement, lease-purchase agreement, certificate of participation agreement, note, commercial paper, or other debt or financing agreement entered into by the Agency or by any joint powers authority of which the Agency is a member. As used in this Agreement, the term "issue Revenue Bonds" includes entering into any of the agreements set forth in clause (2) of the preceding sentence, and the term "holders of Revenue Bonds" includes any holders of or counterparties to any such agreements.

(ee) "Russian River Conservation Charge" means the charge established in Subsection (a) of Section 4.18 of this Agreement.

(ff) "Russian River-Cotati Intertie" means the Intertie Aqueduct and associated intake facilities on the Russian River, including the diversion dam, intake works, infiltration ponds, collectors, water treatment facilities, groundwater wells having a minimum production capacity of 7 mgd, a Russian River water quality monitoring system,

pumps, telemetry equipment and related buildings and appurtenances, and associated storage facilities.

(gg) "Russian River Customer" means any Agency customer within Sonoma County who has or in the future will have contracts with the Agency to divert or redivert water directly from the Russian River or Dry Creek without the use of the Transmission System.

(hh) "Russian River Project" means Coyote Valley Dam/Lake Mendocino on the Russian River, Warm Springs Dam/Lake Sonoma on Dry Creek, and related works as contemplated by House Document Number 585, 81st Congress, 2nd Session, House Document Number 547, Eighty-Seventh Congress, Agency Board of Directors Resolutions No. 6847 adopted May 24, 1955, No. 7798 adopted September 27, 1955, No. DR00793-1 adopted September 25, 1961 and Resolution No. DR68485 adopted December 23, 1980, or any agreement between the Agency and the United States related to Coyote Valley Dam or Warm Springs Dam.

(ii) "Russian River Projects Charge" means the charge established in Subsection (b) of Section 4.18.

(jj) "Russian River Projects Fund" means the fund established by the Agency to pay or partially pay for: (1) carrying out the Agency's Coyote Valley Dam Project and Warm Springs Dam Project channel-stabilization works obligations to the United States Government and the State of California under Agency Board of Directors Resolutions No. 6847 adopted May 24, 1955, No. 7798 adopted September 27, 1955, No. DR00793-1 adopted September 25, 1961 and Resolution No. DR68485 adopted December 23, 1980; (2) securing and defending appropriative water rights which are necessary for the realization of the full benefits of the Coyote Valley Dam and Warm Springs Dam Projects; (3) the Agency's share of the United States Government's investment, operation and maintenance, and major replacement costs associated with the Coyote Valley Dam and Warm Springs Dam Projects; (4) the acquisition of all or part of the Potter Valley Project or contributions made to the Project owner to insure the continued operation of all or part of the Project; and (5) fishery mitigation and enhancement projects undertaken by the Agency in the Russian River and Eel River and their tributaries.

(kk) "Santa Rosa Aqueduct" means the existing pipeline and appurtenances, including turnouts, from the collector wells at Wohler to the Ralphine Tank farm on the east extension, and to Scenic Avenue on the south extension.

(ll) "Sonoma Aqueduct" means the existing pipeline and appurtenances, including turnouts, from the Ralphine reservoirs to Sonoma. The Sonoma Aqueduct consists of two reaches: "Reach 1" from the Ralphine reservoirs to Pythian Road and "Reach 2" from Pythian Road to the Sonoma reservoirs.

(mm) "Storage Facilities" means all reservoirs on the Transmission System, the pipeline connecting the Kawana Springs Reservoirs with the Intertie Aqueduct; the pipeline connecting the Kawana Springs and Ralphine reservoirs; the Oakmont Pipeline; the pipeline connecting the Kastania reservoir with the Petaluma Aqueduct; the existing booster pumping plant and the existing 300,000-gallon reservoir components of the Forestville Aqueduct; and transmission line pumping plants necessary to regulate flows to storage facilities.

(nn) "Surplus Customer" means any person or entity who, as of the date of this agreement, was being served Surplus Water by the Agency.

(oo) "Surplus Water" has the meaning defined in subsection (a) of Section 3.4 of this Agreement.

(pp) "Transmission System" means the Agency's water production, storage, treatment and transmission facilities, including but not limited to the Santa Rosa, Petaluma, and Sonoma Aqueducts, the Russian River-Cotati Intertie, Emergency Wells, the Warm Springs Hydroelectric Project, future water production, storage, treatment and transmission facilities to be constructed as set forth in Sections 2.2 and 2.3, and the Potter Valley Project, if acquired by the Agency pursuant to Section 2.4.

(qq) "Trustee" means the Trustee or Trustees for the Agency (or for any joint powers authority of which the Agency is a member) and the holders of the Revenue Bonds appointed pursuant to ordinances or resolutions of the Agency relating to Revenue Bonds, or any successor(s) or assignee(s) thereof.

(rr) "Warm Springs Dam Project" means that certain project authorized for the Russian River, Dry Creek, California, by the Flood Control Act of 1961, enacted October 23, 1962 (Public Law 874, 87th Congress).

(ss) "Warm Springs Hydroelectric Project" means Federal Energy Regulatory Commission Project No. 3351.

(tt) "Water Advisory Committee" means the advisory committee established in Part 5 of this Agreement.

(uu) "Water Conservation Project" means (1) any program, project, or activity that will reduce potable water use within a Regular Customer's service area (including, but not limited to, activities undertaken pursuant to Section 1.12 of this Agreement, but excluding Recycled Water Projects or Local Supply Projects approved after the date of this Agreement), or (2) any materials, supplies, Agency staff time, or contractor services provided by the Agency in support of any Regular Customer's Water Conservation Project.

(vv) "Water Contractor" means a party signatory to this Agreement except the Agency and Forestville.

1.3 Term of Agreement

This Agreement shall become effective upon its execution by all the parties hereto and shall remain in effect until June 30, 2040, or, if any Revenue Bonds are outstanding on June 30, 2040, until such date as all Revenue Bonds shall have been paid in full and all obligations and covenants of the Agency with respect to any Revenue Bonds shall have been discharged. The Agency shall enter into renewal agreements for periods not to exceed forty years each with any or all of the Water Contractors requesting the same for water supplies within the delivery capabilities of the Agency's Transmission System, at a cost no greater than the Agency's Operation and Maintenance Costs and unreimbursed Capital Costs allocated on a proportionate use basis, it being understood that such renewal agreements shall provide for Entitlements and Entitlement Limits for each customer as set forth herein.

1.4 Previous Agreements Terminated or Modified

(a) The Eleventh Amended Agreement for Water Supply, dated January 26, 2001, between the Agency and the Water Contractors is terminated as of the effective date of this Agreement and superseded by this Agreement.

(b) Existing agreements between the Agency and Windsor are terminated and amended as follows, effective as of the effective date of this Agreement:

(1) All prior agreements between the Agency and Windsor for water deliveries from the Transmission System are terminated as of the effective date of this

Agreement, including the Application for Water Service, dated April 1, 1987. All water deliveries to Windsor from the Transmission System shall be made in accordance with this Agreement.

(2) The Agreement for the Sale of Water between the Sonoma County Water Agency and the Windsor Water District, dated June 8, 1991, is amended as follows:

(i) By deleting the text of Section 4 ("Shortage of Water and Apportionment") thereof and replacing it with the following: "In the event of a shortage in the quantity of water available to its customers, including the Town of Windsor, the Agency shall apportion water as provided in the Restructured Agreement for Water Supply, dated _____. In such event, (1) the Town of Windsor shall limit its total diversions and rediversions of water from the Russian River, including both diversion and rediversions pursuant to this agreement and all of its other diversions and rediversions, to the amounts of water that the Agency allocates to the Town of Windsor, and (2) in determining the amount of water available for allocation, the Agency shall include the amount of water available for diversion or rediversion by the Town of Windsor under its water rights in addition to the amount available to the Agency under its own water rights."

(ii) By adding at the end of Section 10 ("Payment") the following: "The Town of Windsor shall also pay any charges required by the Restructured Agreement for Water Supply, dated _____, including the charges required by Section 4.17(b) of that agreement."

1.5 Enforcement

The failure of any Water Contractor to perform its obligations hereunder shall not excuse the remaining Water Contractors from performing their obligations hereunder nor excuse the Agency from performing its obligations hereunder to said remaining Water Contractors. Each and all of the provisions of this Agreement shall be enforceable by action brought by any party hereto for specific performance or any other appropriate action at law for damages or in equity for other appropriate relief to the end that no party hereto shall suffer from the default of any other party. Nothing in this Agreement shall preclude any Water Contractor from seeking unilateral redress under the law from the Agency, or any other party, Customer, or entity. Any owner or holder

of Revenue Bonds may also enforce any provision of this Agreement inuring to the benefit of the holders of the Revenue Bonds.

1.6 Amendments

(a) Except as hereafter provided, this Agreement may be amended only with the consent of all the parties hereto.

(b) Any annual delivery limit contained in Section 3.1 may be modified by written Agreement between the Agency and the Water Contractor to which such annual delivery limit applies without the consent of the other parties to this Agreement for the purpose of conforming such annual delivery limits to a general plan which is applicable to the service area of such Water Contractor. Copies of any such written agreements shall be provided to all the parties to this Agreement.

(c) As of the effective date of this Agreement, Forestville is no longer a Water Contractor, and this Agreement may be amended without the consent of Forestville, provided, however, that Forestville's consent shall only be required for any amendment that impairs or affects any then-existing obligation of the Agency to supply water to Forestville from the Transmission System.

(d) If any amendment to this Agreement reduces the revenues to be received by the Agency or otherwise impairs the ability of the Agency to meet its Revenue Bond Obligations, then such amendment shall be effective only with the consent of the Trustee. The Trustee shall give such consent if the Trustee determines that, following such amendment, the Water Contractors will be obligated under this Agreement to make payments to the Agency sufficient to enable the Agency to pay principal of and interest on the Revenue Bonds and to meet all its other Revenue Bond Obligations. In making such determination, the Trustee may rely upon such certificates or opinions from qualified attorneys, engineers or accountants as the Trustee may deem necessary and obtain from the Agency.

1.7 Pledge of Revenues

Each party hereto acknowledges that anything herein to the contrary notwithstanding, all sums paid to the Agency pursuant to this Agreement are "Revenues of the Transmission System" of the Agency as defined in Ordinance No. 1, except (a) the payments and credits set forth in Section 4.4, (b) the payments of the Russian River Conservation Charge and the Russian River Projects Charge made

pursuant to Section 4.11 and 4.18, (c) the payments of the Water Management Planning Sub-Charge made pursuant to Section 4.13, (d) the payments of the Watershed Planning and Restoration Sub-Charge made pursuant to Section 4.14, (e) the payments of the Recycled Water and Local Supply Sub-Charge made pursuant to Section 4.15, and (f) the payments of the Water Conservation Sub-Charge made pursuant to Section 4.16, and are pledged to the payment of the Agency's Transmission System Revenue Bond Obligations. All said sums shall be received, allocated and paid out pursuant to and consistent with Ordinance No. 1 and other obligations and covenants of the Agency with respect to Revenue Bonds. All references in this Agreement to the accounting for, allocating, paying, and crediting of monies are subject to the priority established by Ordinance No. 1 on all such revenues.

The parties hereto recognize that the Revenue Bonds are to be paid from revenues, as provided herein, and that it is the intention of the parties that the charges set forth herein will be sufficient to pay the Revenue Bonds and to meet the Revenue Bond Obligations not met from other sources of funds. The Water Contractors, therefore, agree to pay promptly such charges notwithstanding any deficiency in the quantity or quality of water to which they or any of them would be entitled pursuant to this Agreement. The provisions of this Agreement are made for the benefit of the owners and holders from time to time of the Revenue Bonds and may be enforced by or on behalf of any such owner or holder.

1.8 Books, Records and Accounts

The Agency shall keep or cause to be kept, proper books, records and accounts in which complete and accurate entries shall be made of all monies received from all entities, including the Agency's Regular Customers, and of the basis for and application of said money, including detailed sub accounts showing expenditures made from Operation and Maintenance Charge revenues for Water Conservation Projects, Recycled Water Projects, Local Supply Projects, water management planning, and watershed planning and restoration. Said books, records and accounts will be available during normal business hours for inspection by the Water Contractors or their authorized representatives. The Agency will transmit to the Water Contractors two reports each year of the receipts and expenditures of the Transmission System. The first report will be issued no later than February 1 and shall be accompanied by a preliminary budget for the following Fiscal Year, and will show expenditures for the first half of the Fiscal Year together with estimated year-end expenditures and estimated expenditures for the following Fiscal Year. The second report will be issued after the end of each Fiscal Year and will contain a budgetary accounting of Transmission System expenditures,

revenues and balances for the Fiscal Year. Each month the Agency shall supply each Water Contractor with a summary showing the amount of water delivered during the preceding month to each Regular Customer and Surplus Customer.

1.9 Water Contractors' Duty to Provide Funds

Each Water Contractor shall use any and all means legally available to it (including, without limitation, the enactment and maintenance in effect of legislation establishing fees, tolls, rates and charges pertaining to the operation of its water distribution system) so as to produce monies sufficient in amount to meet the monetary obligations incurred by it pursuant to this Agreement and to enable it to maintain its water distribution system in good working order.

1.10 Severability

If any one or more sections, provisions, promises, or conditions of this Agreement is declared void or voidable for any reason by a final judgment or order of a court of competent jurisdiction, it is hereby declared to be the intention of each party and agreed that each and all of the other sections, provisions, promises and conditions of this Agreement shall be and remain in full force and effect.

1.11 Third Party Beneficiaries

Except for the holders of the Revenue Bonds, no third party beneficiaries are intended or established by this Agreement.

1.12 Water Conservation Requirements

(a) The Regular Customers of the Agency, and the Agency, shall (1) become members of the California Urban Water Conservation Council ("CUWCC") within six months of the effective date of this Agreement and remain as members in good standing; (2) sign the "Memorandum of Understanding Regarding Urban Water Conservation in California" ("MOU") maintained by the CUWCC and implement the Best Management Practices ("BMPs") of water conservation as are promulgated by CUWCC from time to time, or implement alternative water conservation measures that secure at least the same level of water savings, and shall complete and file the annual CUWCC report form; and (3) implement or use their best efforts to secure the implementation of any water conservation requirements that may be added as terms or conditions of the Agency's appropriative water rights permits or licenses, or with which the Agency must

comply under compulsion of regulation or law. In addition to and notwithstanding the foregoing, all Regular Customers of the Agency shall require metered billing of all customer accounts they serve.

(b) Should the Water Advisory Committee determine and so notify any Water Contractor that its efforts to achieve compliance with the water conservation practices required by this Section 1.12 are unsatisfactory, then such Water Contractor shall bring its water conservation program into compliance within six months after such notice, or within such additional time as may be granted by the Water Advisory Committee. Should such Water Contractor's noncompliance as determined by the Water Advisory Committee continue for six months after such notice of noncompliance, or beyond such additional time as may be granted by the Water Advisory Committee, then the Water Contractor shall thereafter pay a surcharge on all water delivered by the Agency pursuant to this Agreement equal to ten percent of the Operation and Maintenance Charge until the Water Advisory Committee determines that such Water Contractor is in compliance. The proceeds of any surcharge paid pursuant to this section shall be deposited and paid out in the same manner as the proceeds of the Water Conservation Fund.

(c) The Agency shall use its best efforts to modify its rules and regulations and existing contracts with Other Agency Customers to implement the water conservation requirements set forth in Section 1.12(a) and the default provisions set forth in Section 1.12(b). With respect to Russian River Customers, the Agency shall use its best efforts to encourage and, where and when possible, require said customers to sign the "MOU" maintained by the CUWCC and implement the "BMPs" of water conservation as are promulgated by CUWCC from time to time.

(d) Nothing in this section shall limit Regular Customers to implementing only those Water Conservation Projects contemplated by the CUWCC BMPs. Regular Customers are encouraged to implement Water Conservation Projects that go beyond the CUWCC BMPs.

1.13 Recycled Water and Local Supply Project Requirements

Within ten (10) years from the effective date of this Agreement, the Water Contractors shall use their best efforts to carry out or participate in Recycled Water or Local Supply Projects capable of delivering Recycled Water or potable water sufficient to reduce the Water Contractors' collective deliveries from the Transmission System (including, in the case of Windsor, reductions in withdrawals from Windsor's Russian

River wells), by at least 7,500 acre-feet per year, with approximately 50% of such reduction resulting from Recycled Water Projects.

1.14 Transitional Provisions Applicable to Forestville

As of the effective date of this Agreement, the Agency's right, title, and interest in facilities comprising the Forestville Aqueduct shall be transferred as follows:

(a) The existing Forestville pipeline from the Santa Rosa Aqueduct to Forestville and the storage building at the existing booster pumping plant shall be transferred to Forestville.

(b) The existing booster pumping plant and the existing 300,000-gallon reservoir shall become Storage Facilities.

(c) Subject to the limitation in subsection (d) of this section, the Agency shall provide funding to Forestville for the Capital Costs of an 8" pipeline to be constructed by Forestville from the Intertie Aqueduct at the extension of Templeman Road, west on Templeman Road to State Highway 116, then north on State Highway 116 West to Kay Lane. The pipeline shall be funded as a common facility. Forestville shall commence construction on the pipeline within five years of the effective date of this Agreement; provided, however, that if the commencement of construction is delayed due to the application to Forestville of any circumstance specified in the second paragraph of Section 2.2 of this Agreement, then the Agency's General Manager/Chief Engineer may authorize an extension of the commencement date.

(d) The Agency's funding obligation under this section shall be limited to $690,000, increased by the change in the ENR Construction Cost Index between the effective date of this Agreement and the date of commencement of construction of the pipeline.

1.15 Local Production Capacity Goal

In order to mitigate against drought, earthquakes, spills, temporary impairments, and other events impacting the quantity or quality of water available from the Transmission System, and other emergencies that can befall an urban water supply system, it is highly desirable that each Water Contractor achieve and maintain local water production capacity capable of satisfying approximately forty percent (40%) of the Water Contractor's average day of the maximum month demand.

PART 2 - PLANNING, FINANCING, ACQUISITION, CONSTRUCTION, OPERATION AND MAINTENANCE

2.1 Financing Additions to the Existing Transmission System

The Agency will, subject to all applicable limitations specified in this Agreement and all applicable legal and regulatory limitations, finance additions to the Transmission System with cash available pursuant to Sections 3.6, 4.2, 4.6, 4.7, 4.8, 4.12, payments made by Marin Municipal pursuant to Section 4.11, payments made by North Marin pursuant to Section 4.4 and 4.9, any state, federal, or other grants or loans which may become available, and, if the Agency decides to issue new series or issues of Revenue Bonds, proceeds from the sale of Revenue Bonds.

2.2 Scheduling of Additions and Replacements to the Existing Transmission System

Subject to the availability of sufficient cash or proceeds from the sale of Revenue Bonds (if the Agency decides to issue new series or issues of Revenue Bonds) and any state, federal, or other grants or loans which may become available, and subject to all applicable limitations specified in this Agreement, the Agency will (1) construct or acquire additions to the existing Transmission System sufficient to meet the delivery Entitlements set forth in Section 3.1 and 3.2 at such times as may be necessary to enable it to reliably deliver to each of the Water Contractors such Entitlements at the time that each contractor shall require the same and to make the deliveries authorized pursuant to Section 3.12; (2) construct additional Russian River water production facilities (up to a total capacity of 168.9 mgd) so that the total water production capacity available at all times is not less than the average daily delivery to the Regular Customers and Marin Municipal (excluding Surplus Water and water in excess of Entitlement Limits) during the month of highest historical use plus 20 mgd; (3) construct, acquire, or lease Emergency Wells with capacities which are from time to time determined by the Water Advisory Committee; (4) construct Additional Facilities (up to a total capacity of 174.3 million gallons) to the extent necessary to maintain a quantity of water in storage equal to 1.5 times the average daily delivery to the Regular Customers except North Marin during the month of highest historical use; and (5) replace existing facilities and construct Additional Facilities, related buildings and appurtenances as necessary to insure the reliable and efficient operation of the Transmission System and to insure that the quality of the water delivered complies with all applicable state and federal water quality requirements.

The time within which the Agency shall be obligated to construct such additions and replacements to the existing Transmission System shall be extended, however, as a result of any delays caused by fire, earthquake, other acts of God, acts of the public enemy, riots, insurrections, governmental regulations on the sale or transportation of materials or supplies, strikes affecting such construction or transportation of materials or supplies in connection therewith, any State or Federal environmental regulations or restrictions, shortages and/or delay in the obtaining of materials, shortages of or allocations of fuel and other sources of energy, litigation resulting in court orders restraining the construction of such additions and replacements, inability of Agency for any reason to deliver the Revenue Bonds or any series thereof, or any other causes beyond the control of Agency or any contractor constructing any part of such additions and replacements.

2.3 Further Modifications to Transmission System

(a) With the approval of the Water Advisory Committee and subject to the availability of sufficient funds, the Agency may undertake studies, and prepare technical reports, financial plans, and environmental documents for Transmission System facilities in addition to those authorized to be constructed by this Agreement. If such activities are undertaken pursuant to this paragraph, the cost thereof shall be considered to be costs of Common Facilities and shall be paid from funds available pursuant to subsection (c) of Section 4.2, or from the proceeds of Revenue Bonds and payments made by North Marin pursuant to Section 4.4. If the cost is paid from the proceeds of Revenue Bonds and payments made by North Marin, the cost shall be allocated as provided in subsection (b), paragraph 9 of Section 4.3 and Section 4.9.

(b) Except for the facilities described in Section 2.2, the Agency will not construct or acquire additions to the Transmission System that would increase the charges payable by, or diminish or impair the water available to, any of the Water Contractors except on such terms and conditions as may be agreed upon in writing by the Agency and each Water Contractor who would be required to make any additional payment by reason of such construction or whose water supply might be diminished or impaired by such construction. If such addition is a booster pump or any other device, method, or system that would enlarge or increase the capacity of any one customer to the detriment of other users, then such addition or alteration shall not be made by Agency except by amendment to this Agreement. If a question arises as to whether an addition or alteration to the Transmission System requires an amendment of this Agreement pursuant to this section, then such question shall be submitted to the Water Advisory Committee and its decision shall be conclusive.

2.4 Potter Valley Project

(a) All or part of the Potter Valley Project may be acquired upon a determination by the Board of Directors of the Agency that such acquisition is necessary to insure the Agency's continued ability to make the water deliveries authorized by this Agreement and maintain fisheries and other incidental benefits to the Russian River basin, provided, however, that no part nor all of the Potter Valley Project shall be acquired without the affirmative vote of at least six (6) representatives of the Water Contractors on the Water Advisory Committee representing at least two-thirds of the total weighted votes as calculated pursuant to Section 5.3(a). The Agency shall not be liable to any of its Customers for any damage resulting from any Agency decision regarding the acquisition or non-acquisition of any part or all of the Potter Valley Project.

(b) The Agency shall commence a process upon the effective date of this Agreement to evaluate the water supply and fisheries benefits provided by the Potter Valley Project within the Russian River watershed, the economic and operational feasibility of acquiring the Potter Valley Project, and whether alternative actions could reduce the need for the Agency to acquire the Potter Valley Project. Alternative actions to be evaluated may include the increased use of recycled water to reduce agricultural and other diversions from the Russian River and its tributaries; the modification of instream flow requirements in the Russian River; and the completion of state and/or federal recovery plans for salmonid species listed as threatened or endangered in the Russian River watershed. The cost of such evaluations shall be paid from Watershed Planning and Restoration Sub-Charge funds available pursuant to subsection 4.14; however, the Agency shall use its best efforts to obtain the agreement of other interested parties who divert water from the Russian River or its tributaries (including municipal and agricultural diverters) to pay for a portion of such costs and to participate in the implementation of such alternative actions. Before acquiring the Potter Valley Project, the Agency shall conduct an environmental analysis of the acquisition pursuant to CEQA, which analysis may include an evaluation of alternative flow regimes from the Potter Valley Project into the Russian River and the Eel River.

(c) Upon determination by Agency that alternative actions could reduce the need for the Agency to acquire the Potter Valley Project, the Agency and the Water Contractors shall engage in a cooperative process to implement said other actions.

2.5 Water Conservation Projects

Subject to the restrictions set forth in Section 4.16, the Agency may undertake or fund any cost-effective Water Conservation Project that has been approved by the Water Advisory Committee.

2.6 Recycled Water and Local Supply Projects

Subject to the approval of the Water Advisory Committee, the Agency may (a) construct, fund, or partially fund studies or investigations or the Capital Cost of local Recycled Water Projects and Local Supply Projects, or (b) enter into agreements for the acquisition and sale of Recycled Water (or the rights to Recycled Water). The Agency and the Water Contractors shall seek financial contributions for local Recycled Water and Local Supply Projects funded under this section from benefitted wastewater treatment plant owners, sanitation districts, and other benefitted parties. Projects constructed, funded, or partially funded by the Agency under this section shall not be part of the Transmission System, and the operation and maintenance cost of such projects shall be the responsibility of the Water Contractors or other parties carrying out, sponsoring, or participating in such projects. The benefits from any Recycled Water Project shall be apportioned equitably based upon the respective financial contributions to the Recycled Water Project by the parties funding such project. The Capital Costs (including Revenue Bond Obligations, if any) of Local Supply Projects or Recycled Water Projects or of acquiring Recycled Water or the rights thereto shall be paid or partially paid from the Recycled Water and Local Supply Fund.

2.7 Water Management Planning

The Agency shall periodically prepare a draft regional Urban Water Management Plan pursuant to the Water Code for consideration by the Water Contractors. Each Water Contractor shall provide the Agency with all information and data the Agency reasonably determines to be necessary to allow the Agency to prepare the draft regional Urban Water Management Plan. The Agency shall use its best efforts to prepare a draft regional Urban Water Management Plan that meets the requirements of the Water Code. Each Water Contractor shall either adopt the draft regional Urban Water Management Plan prepared by the Agency as its Urban Water Management Plan, or prepare and adopt its own Urban Water Management Plan pursuant to the Water Code. Before adopting the Urban Water Management Plan prepared by the Agency, a Water Contractor shall evaluate the Plan, and adoption of the Plan by a Water

Contractor shall constitute a determination by that Water Contractor that the Plan meets the requirements of the Water Code as to that Water Contractor.

2.8 Watershed Planning and Restoration

(a) The Agency may undertake any action, study, or project approved by the Water Advisory Committee related to (1) the development or implementation of watershed restoration and maintenance plans and projects (including, but not limited to, stream restoration projects, water quality monitoring studies and projects, public education and outreach activities, and funding of third-party studies and projects) or (2) groundwater studies and investigations. Before undertaking any such action, study or project: (1) the Agency shall consider suggestions received from the public, Water Contractors, and interested parties and organizations such as the Russian River Watershed Association as to the actions, studies, and projects to be undertaken by the Agency hereunder; and (2) the Agency and the Water Contractors shall identify and use their best efforts to obtain funding contributions from other parties that would benefit from the actions, studies, or projects authorized hereunder, including but not limited to federal and state loans and grants, municipalities (including Russian River Customers, county and special district governments), and urban and industrial development, gravel mining, agriculture, forest harvesting, recreation, and sport and commercial fishing interests.

(b) The authority granted to the Agency under this Section 2.8 is permissive and not mandatory, and that nothing in this Section 2.8 shall (1) require the Agency to undertake any action or project unless such action or project is approved by the Agency, (2) impair or affect the Agency's right to undertake any action or project not funded under this Agreement, or (3) require the Agency to engage in any regulatory activity.

(c) The Agency may carry out projects and activities within the scope of subsection (a) above that primarily or exclusively benefit one or more Water Contractors, provided (1) each such project and activity is approved by the Water Advisory Committee and the benefitted Water Contractors, and (2) some or all benefitted Water Contractors enter into an agreement with the Agency for such project or activity and agree to pay supplemental charges as approved by the Agency and the Water Advisory Committee to defray all or a portion of the cost of the project or activities.

2.9 Planning Coordination

(a) The parties to this Agreement shall consult with agencies that have planning and zoning powers within their water service territories in the manner set forth in California Government Code Section 65352.5 in order to promote close coordination and consultation between water supply agencies and land use approval agencies to ensure that proper water supply planning occurs in order to accommodate projects that will result in increased demands on water supplies.

(b) The parties to this Agreement shall consult with agencies that have building regulatory powers pursuant to the Government Code and Health and Safety Code to promote use of water conservation equipment, fixtures, appliances, devices and techniques.

2.10 Operation and Maintenance

The Agency shall operate and maintain the Transmission System in a good state of repair.

PART 3 - WATER SUPPLY

3.1 Delivery Entitlements of Water Contractors

Subject to Section 3.5, the Agency shall deliver to each Water Contractor at the points of delivery hereinafter set forth such quantities of water as the Water Contractor shall from time to time require at such rates of flow as are necessary to meet its peak day's demand, subject to the following:

(a) The Agency shall not be obligated to deliver water in excess of the following:

Water Contractor/Aqueduct	Average Daily Rate of Flow During Any Month	Annual Amount During Fiscal Year (excluding Surplus Water)
Santa Rosa		
From Reach 1, 2, and 3a of the Intertie Aqueduct	40.0 mgd	
From the Santa Rosa Aqueduct	40.0 mgd	
From the Sonoma Aqueduct	4.0 mgd	
Maximum combined total from all aqueducts	56.6 mgd	29,100 AF
North Marin		
From Petaluma Aqueduct	19.9 mgd	14,100 AF
Petaluma		
From Petaluma Aqueduct	21.8 mgd	13,400 AF
Rohnert Park		
From Petaluma Aqueduct or Reach 3 of Intertie Aqueduct	15.0 mgd	7,500 AF

Valley of the Moon		
From Sonoma Aqueduct	8.5 mgd	3,200 AF
Sonoma		
From Sonoma Aqueduct	6.3 mgd	3,000 AF
Cotati		
From Petaluma Aqueduct or Reach 3 of Intertie Aqueduct	3.8 mgd	1,520 AF
Windsor		
From Santa Rosa Aqueduct	1.5 mgd	900 AF
From Russian River Diversions	7.2 mgd	4,725 AF

The delivery limits for Windsor include both water delivered by the Agency through the Transmission System and water diverted by Windsor through facilities owned by Windsor under its own water rights and under the Agency's water rights pursuant to the agreement between the Agency and Windsor dated January 8, 1991. Windsor shall not divert any water under the Agency's water rights through its own facilities except and to the extent that water is unavailable for diversion under any of Windsor's available water rights, as such rights currently exist or may exist in the future. Windsor shall act with diligence to take all actions necessary to obtain and retain any water rights to which Windsor may be entitled. For purposes of allocations pursuant to Section 3.5(a), (1) Windsor shall be considered to be a "Russian River Customer" with respect to its direct Russian River diversions, and (2) in determining the amount of water available for allocation under Section 3.5(a), the Agency shall include the amount of water available for diversion by Windsor under Windsor's water rights in addition to the amount available to the Agency under its own water rights. For purposes of allocations pursuant to Section 3.5(b), Windsor's average daily rate of flow during any month Entitlement Limit shall be 1.5 mgd.

(b) North Marin shall not take delivery of water at an instantaneous delivery rate greater than its average delivery rate for such day, if such instantaneous delivery rate would increase the Agency's cost of electrical energy. North Marin shall not take delivery of water at a rate of more than 19.9 mgd during more than 14 days of any month, nor at a rate of more than 20.9 mgd during any day of any month. Irrespective of its delivery Entitlement, North Marin shall nevertheless have the right to a flow rate of 14.8 mgd in the Petaluma Aqueduct.

(c) No Water Contractor shall take delivery of water at an average rate during any month that is greater than 2.0 times the average rate of delivery to that contractor during the preceding 12 months. The Agency also shall adopt this requirement as a service rule applicable to Other Agency Customers. However, if any Regular Customer was during the preceding 12 months subject to a curtailment in deliveries pursuant to Section 3.5, then the limit prescribed by this subsection shall be 2.0 times the average rate of delivery that such customer would have received in the absence of such curtailment. This rule shall not apply to Water Contractors who utilize local sources of supply to reduce demand on the Transmission System during the peak summer period of June 1 through September 30, and whose average production rate for said period from all of the contractor's local sources is equal to at least 2.0 times the average production rate of all of that contractor's local sources during the eight months immediately preceding the peak summer period.

(d) No Water Contractor shall take delivery of water during any month at an average rate that is greater than 1.3 times the average rate of delivery to that contractor during the peak month of the prior three calendar years without the written consent of the Agency. The Agency also shall adopt this requirement as a service rule applicable to Other Agency Customers. Such consent shall be given by the Agency if and only if sufficient transmission capacity exists to make such increased deliveries and the deliveries to the other Water Contractors required to be made pursuant to this section. However, if any Water Contractor was during the preceding three calendar years subject to a curtailment in deliveries pursuant to Section 3.5, then the limit prescribed by this subsection shall be 1.3 times the average rate of delivery that such contractor would have received during the peak month of the prior three calendar years in the absence of such curtailment.

(e) For purposes of determining Santa Rosa's average daily rate of flow during any month Entitlement Limit under this subsection, all water delivered to Santa Rosa from the Kawana Pipeline or from the pipeline connecting the Kawana Springs and Ralphine reservoirs shall be deemed delivered from Reach 3a of the Intertie Aqueduct.

3.2 Conditions on Other Agency Customer Deliveries

The Agency may furnish water from the Transmission System to Other Agency Customers subject, however, to the following conditions:

(a) The total quantity of water delivered to all the Other Agency Customers shall not exceed an average of 2.7 million gallons per day during any month.

(b) The Agency shall not enter into contracts to furnish water to any Other Agency Customer except itself or the County of Sonoma for use on land within two miles of the Corporate Territory of a Water Contractor or Forestville except with the prior written consent of such Water Contractor or Forestville, which consent will be subject to the condition that the Agency shall cease delivering water to such customer whenever a Water Contractor or Forestville is willing and able to furnish water to such customer. Water delivered by the Agency from the Transmission System to the Agency or the County of Sonoma shall not be used for residential, commercial, or private industrial purposes.

(c) The Agency shall not deliver more than an average of 0.5 million gallons per day during any month from the south part of the Petaluma Aqueduct to Other Agency Customers.

(d) The Agency shall not deliver more than an average of 1.5 million gallons per day during any month from Reach 1 of the Intertie Aqueduct to Forestville.

(e) The Agency shall not sell water from the Transmission System except as expressly authorized by this Agreement.

3.3 Deliveries in Excess of Entitlement Limits

(a) No Regular Customer may take delivery of water in excess of its average daily rate of flow during any month Entitlement Limit as set forth in Sections 3.1 or 3.2, except upon the following conditions:

first, that such excess delivery does not impair or delay the delivery to any other Regular Customer of its Entitlements; and

second, that the Regular Customer taking the excess delivery is then proceeding in good faith, with plans and funding to develop a reliable water supply, sufficient to supply its needs in excess of its Entitlement Limits; and

third, that either

(1) all the Water Contractors approve such excess delivery; or

(2) such excess delivery is made during a period when deliveries to another Water Contractor are less than its Entitlement Limits, such excess delivery does not exceed the unused amounts of said contractor's Entitlement Limits, and said contractor has notified the Agency in writing of its consent to said delivery.

(b) Any Water Contractor may transfer any portion of its annual amount during any fiscal year Entitlement Limit to any other Water Contractor for such periods of time and pursuant to such terms as agreed to by the transferor Water Contractor and the transferee Water Contractor, subject to the following:

(1) Such transfer shall not impair or delay the delivery to any other Regular Customer of its Entitlements.

(2) Notice of a proposed transfer, including adequate information to identify any impacts to deliveries of water to other Water Contractors, shall be provided to all the other Water Contractors individually, to the Water Advisory Committee, and to the Agency. Upon request of any other Water Contractor, the transferor and transferee Water Contractors shall promptly meet to identify and resolve any potential impacts of the proposed transfer. If any Water Contractor determines that the proposed transfer will impair or delay the delivery of its Entitlements, such Water Contractor may file a written objection to the proposed transfer with the Water Advisory Committee, with a copy to the Agency. Such objection must be filed no later than 45 days after the Water Contractor receives notice of the proposed transfer. Thereafter, the Water Advisory Committee shall determine whether the proposed transfer will impair or delay the delivery of the objecting Water Contractor's Entitlements, and whether there are measures that will eliminate such impairment or delay. In the absence of an objection to a proposed transfer by any Water Contractor, the approval of the Water Advisory Committee is not required.

(3) The average daily rate of flow during any month Entitlement Limit of the transferee Water Contractor as set forth in Sections 3.1 or 3.2 and the other delivery limitations applicable to the transferee Water Contractor shall not be affected by, and shall remain applicable notwithstanding, any transfer under this subsection.

(4) Payments to the Agency for delivery of the transferred water to the transferee Water Contractor shall be based upon the Aqueduct rate applicable to the transferee Water Contractor pursuant to this Agreement.

(5) The transferor and transferee Water Contractors shall be responsible for all regulatory compliance relating to the transfer, including compliance with the provisions of the California Environmental Quality Act. To the greatest extent permitted by law, the transferor and transferee Water Contractors shall indemnify and defend each of the other Water Contractors and the Agency from any claims, damages, or judicial or administrative proceedings arising out of any actions related to this Subsection 3.3(b), whether or not there is concurrent negligence on the part of the other Water Contractors or the Agency or each of them, but excluding liability due to the sole active negligence or willful misconduct of any of the other Water Contractors, the Agency, or each of them. The latter exclusion shall operate only as to the particular Water Contractor or Agency whose sole active negligence or willful misconduct caused the exclusion.

3.4 Surplus Water

(a) Surplus Water is water that from time to time may be available for delivery from the Transmission System in excess of the amounts required to meet the Agency's contractual obligations and the requirements of all the Agency's Regular Customers for uses other than those described in subdivision (b) of this section.

(b) Surplus Water may be used only for the following purposes:

(1) replenishment of surface water supply reservoirs or recreational lakes, including but not limited to Ralphine, Spring, and Stafford Lakes, or

(2) replenishment of groundwater basins;

provided, however, that Surplus Water also may be provided for use for irrigation of land used for commercial production of food or fiber if such provision of water is required by any agreement in existence on the effective date of this Agreement.

(c) The Agency shall deliver Surplus Water only from separate metered turnouts on the Transmission System or the North Marin Aqueduct.

(d) The Water Contractors shall have first priority on deliveries of Surplus Water.

(e) The Agency desires to transfer all of its Surplus Customers to the Water Contractors. The parties to this Agreement shall cooperate in the voluntary permanent transfer of Surplus Customers from the Agency to the party whose corporate territory encompasses the site of a given Surplus Customer or whose corporate territory boundary is within two miles of the turnout(s) serving said customer. Should a given Surplus Customer lie within two miles of more than one party, the parties shall meet and confer with the Agency and by mutual agreement determine who is best suited to take over said Surplus Customer. Nothing in this subsection shall require a Water Contractor to take over service of any Agency Surplus Customer. Should a given party opt not to take over Surplus Customers who lie within their corporate territory or within two miles of the boundary of same, then any other party to this Agreement whose corporate territory lies within Sonoma County may apply to the Agency to take over said Surplus Customers. Parties who agree to take on such service shall be known as Surplus Water providers.

(f) Surplus Water providers agree to interrupt delivery of Surplus Water upon notification by Agency if Agency determines, in its sole discretion, that there exists an immediate or pending problem involving loss of Transmission System storage, inadequate pumping capacity, a valid complaint from any Regular Customer that they are not receiving their appropriate Entitlement as a result of Surplus Water deliveries, or any other problem impacting the delivery capability of the Transmission System. Surplus Water providers shall notify their customers of Agency's right to require such delivery interruptions. Notwithstanding the right of the Agency to notify and cause the interruption of delivery of Surplus Water, a Surplus Water provider may also interrupt delivery of Surplus Water at any time it determines it is necessary or prudent to do so in order to satisfy the demands of its non-Surplus Customers; or for water system maintenance, repair, or planned or unplanned outage of any nature whatsoever, including but not limited to a perceived, threatened or actual water shortage. Deliveries of Surplus Water shall not be deemed to be included as part of any Regular Customer's Entitlement or Entitlement Limit.

3.5 Shortage of Water and Apportionment

(a) (1) The Agency shall use its best efforts to obtain, perfect, and maintain appropriative water rights in amounts sufficient to be able to make the water deliveries provided for in this Agreement. In its operation of the Russian River Project, the Agency shall use all reasonable means to prevent a deficiency in the

quantity of water that is available to the Agency for diversion and rediversion under the Agency's water rights. However, nothing in the preceding two sentences shall be construed to limit the Agency's discretion to take appropriate actions in good faith to resolve any issue that may arise under the federal Endangered Species Act or any other federal or state law affecting the Agency's water rights or operation of the Russian River Project.

(2) If by reason of drought, environmental laws or regulations, other causes beyond the control of the Agency, or any change in the amounts of water imported by the Potter Valley Project into the Russian River watershed (whether or not such change is caused by any action or inaction of the Agency) a deficiency does occur, the Agency shall not be liable to any of its customers for any damage arising therefrom.

(3) In the event of a deficiency pursuant to subsection 3.5(a)(2), the Agency first shall cease all deliveries of Surplus Water to other than the Water Contractors; second, shall cease deliveries of all Surplus Water; third, shall cease deliveries to Regular Customers in excess of their respective annual Entitlement Limits; and fourth, shall apportion the available supply of water as follows:

(i) first, deliver to each of its Regular Customers, not in excess of their respective Entitlement Limits, authorize Agency's Russian River Customers to divert or redivert not in excess of the amounts for which those customers have contracted to purchase from the Agency, and deliver to Marin Municipal not in excess of the amounts, if any, that are required to be delivered pursuant to the Third Amended Offpeak Water Supply Agreement dated January 25, 1996, the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District dated January 25, 1996, amendments to these agreements that have been approved by the Water Advisory Committee, or subsequent agreements between the Agency and Marin Municipal that have been approved by the Water Advisory Committee, the quantities of water required by each such customer for human consumption, sanitation, and fire protection as determined by the Agency after taking into consideration all other sources of potable water then available to said customer, including, for Russian River Customers, water available under their own water rights;

(ii) second, to the extent additional water is available to the Agency, allocate that water proportionately as follows: deliver such water to Agency's Regular Customers based upon their respective average daily rate of flow during any month Entitlement Limits, authorize the Agency's Russian River Customers to divert or redivert such water based upon the delivery limits set forth in the agreements between the Agency and its Russian River Customers, and deliver such water to Marin Municipal pursuant to and to the extent required by the Third Amended Offpeak Water Supply Agreement dated January 25, 1996, the Amended Agreement for the sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District dated January 25, 1996, amendments to these agreements that have been approved by the Water Advisory Committee, or subsequent agreements between the Agency and Marin Municipal that have been approved by the Water Advisory Committee;

(iii) provided, however, that no Customer shall receive under subsections 3.5(a)(3)(i) and 3.5 (a)(3)(ii) a total quantity of water in excess of its reasonable requirements or its said Entitlement Limits or contracted amount, whichever is less.

(b) (1) In the event of a temporary impairment of the capacity of the Transmission System by reason of natural disaster, sabotage or other causes beyond the control of the Agency, the Agency shall not be liable to any of its customers for any damage arising therefrom.

(2) In the event of a Section 3.5(b)(1) impairment, the Agency shall:

(i) first, deliver to each of its Regular Customers the quantity of water, not in excess of the respective average daily rate of flow during any month Entitlement Limit, required by it for human consumption, sanitation, and fire protection as determined by the Agency after taking into consideration all other sources of potable water then available to said customer;

(ii) second, to the extent additional Transmission System capacity is available to the Agency, deliver a quantity of water to the Regular Customers in proportion to their respective average daily rate of flow during any month Entitlement Limits, provided, however, that no Regular

Customer shall receive under subsections 3.5 (b)(2)(i) and (b)(2)(ii) a total quantity of water in excess of its reasonable requirements or its average daily rate of flow Entitlement Limit, whichever is less;

(iii) third, to the extent additional Transmission System capacity is available, deliver water to Regular Customers in excess of their average daily rate of flow Entitlement Limits pursuant to Section 3.3;

(iv) fourth, to the extent additional Transmission System capacity is available, deliver water to Marin Municipal not in excess of the delivery limitations in Section 3.12;

(v) fifth, to the extent additional Transmission System capacity is available, deliver Surplus Water to the Water Contractors;

(vi) sixth, to the extent additional Transmission System capacity is available, deliver Surplus Water to other than the Water Contractors.

(3) However, deliveries to Marin Municipal shall not be reduced or curtailed under this Section 3.5(b) because of inadequate capacity in the new aqueduct to be constructed generally paralleling the portion of the Petaluma Aqueduct that extends from the Ely Pumping Plant to Kastania Reservoir, if such new aqueduct is paid for and dedicated to the Agency pursuant to Section 13 of the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District dated January 25, 1996.

(c) (1) In determining "human consumption, sanitation, and fire protection" amounts pursuant to this Section 3.5, the Agency shall take into account the level of water conservation achieved by the Customer and the resulting decrease in end user ability to reduce water use (the hardening of demand) resulting from such conservation. The allocations pursuant to subsection 3.5(a)(3)(i) shall be determined using a methodology which rewards and encourages water conservation; avoids cutbacks based upon a percentage of historic consumption, and, among other things, bases the amounts necessary for "human consumption, sanitation, and fire protection" upon no greater than average indoor per capita water use determined from recent retail billing records for winter water use by all of the Water Contractors; and, if necessary or appropriate for equitable purposes, considers commercial, industrial and institutional water uses separately and determines that element of the subsection 3.5(a)(3)(i) allocation

based on winter water use from recent retail billing records for commercial, industrial, and institutional uses.

(2) The fundamental purpose of the "reasonable requirements" limitation is to ensure that no Customer receives more water during a shortage than that Customer reasonably needs. In determining "reasonable requirements" pursuant to this Section 3.5, the Agency may take into account the hardening of demand resulting from the level of conservation achieved by the Customer; the extent to which the Customer has developed Recycled Water Projects and Local Supply Projects; and the extent to which the Customer has implemented water conservation programs (including conservation required pursuant to the provisions of Section 1.12 of this Agreement). It is the intention of the parties to this Agreement that the Agency make its "reasonable requirements" determinations so as to encourage Customers to implement water conservation, Recycled Water, and Local Supply Projects.

(d) The Agency shall at all times have an adopted water shortage allocation methodology sufficient to inform each Customer of the water that would be available to it pursuant to Section 3.5(a) in the event of reasonably anticipated shortages, which methodology shall be consistent with this Section 3.5 and shall be included in the Urban Water Management Plan prepared pursuant to Section 2.7.

(e) The parties agree that it is extremely difficult and impractical to determine the damage caused to the Agency or other Customers as a result of the taking of water by any Customers in excess of the limitations contained in this Section 3.5. If any Customer takes delivery of water from the Transmission System or otherwise from the Russian River system in violation of this Section 3.5, then it shall pay the Agency, in addition to all other applicable charges, liquidated damages in an amount equal to 50 percent of the applicable Operation and Maintenance Charge (including all sub-charges) times the amount of water taken in violation of the provisions of this Section 3.5. The Agency shall use its best efforts to incorporate this liquidated damages provision into its agreements with Other Agency Customers, Russian River Customers, Marin Municipal Water District, and into the Agency's rules and regulations for the provision of water service, and impose liquidated damages pursuant to this Section 3.5(e). The existence of this liquidated damage provision shall not limit or restrict the Agency from physically limiting the quantity of water taken to the amounts authorized by this Section 3.5 or from pursuing all other available legal and equitable remedies applicable to such violations. By affirmative vote, the Water Advisory Committee may request that the Agency physically limit the quantity of water taken by a Regular

Customer to the amounts authorized by this Section 3.5 or that the Agency pursue all other available legal and equitable remedies applicable to such violations. The proceeds of any liquidated damages assessed pursuant to this subsection shall be deposited and paid out in the same manner as the proceeds of the Operation and Maintenance Charge.

(f) Notwithstanding subsections (a) and (b) above, as an alternative method for allocation under this Section 3.5 during a period of water deficiency or temporary Transmission System impairment, the Water Advisory Committee (or, in the event of a Transmission System temporary impairment affecting fewer than all of the Water Contractors, the Water Advisory Committee representatives of the Water Contractors affected by the temporary impairment) may, by unanimous vote, determine how water shall be allocated among the affected Water Contractors. The Agency shall provide a calculation methodology or other information adequate to enable the determination, in a manner consistent with this Section 3.5, of the volume of water to which (i) the Water Contractors as a group, and (ii) all other Customers would be respectively entitled. Any alternative method for allocation determined by the Water Advisory Committee pursuant to this subsection shall apply only to the volume of water to which the Water Contractors are entitled as a group.

(g) In the event that Transmission System capacity is expanded by the construction of facilities other than those authorized by this Agreement, then notwithstanding anything in this Section 3.5 to the contrary, any allocations made pursuant to this section to Forestville that are based upon the average daily rate of flow during any month Entitlement Limits shall not use a denominator greater than 133.4 mgd.

3.6 Fire Fighting Service

Anything herein to the contrary notwithstanding, the Agency may furnish water for fire fighting from hydrants or standpipes on the Transmission System, provided, however, that such service within two miles of the Corporate Territory of a Water Contractor may be furnished only if and during the period of time said Water Contractor consents thereto in writing. The Agency shall set fees sufficient to recover the full cost of installing and maintaining and supplying water to fire hydrants. All revenue from such fees shall be treated the same as money received from the Operation and Maintenance Charge and shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1. Agency shall adopt service rules limiting hydrant water usage to fire suppression, fire training and limited temporary uses such as providing metered construction water.

3.7 Quality of Water

(a) The Agency warrants that it will use its best efforts to insure that all water delivered hereunder shall be of such purity and quality required to meet minimum standards for human domestic consumption from time to time established by the state and federal governments. The Agency shall not be liable to any of its Customers for any damage arising from the quality of water that it delivers under this Agreement, except for damages based on any breach of the warranty described in the preceding sentence.

(b) The payment obligations of the Water Contractors set forth in Part 4 shall not be affected in any manner by the quality of the water delivered by the Agency hereunder.

3.8 Points of Delivery

All water furnished to each Water Contractor hereunder shall be delivered at the discharge flange of meters at turnouts owned and maintained by the Agency. Turnouts in addition to those now existing shall be constructed from time to time at such locations as shall be agreed upon by the Agency and the Water Contractors involved. Water delivered to Petaluma and North Marin at the McNear meter station shall be delivered at a hydraulic gradient of not less than 175 feet mean sea level. Turnouts installed for Regular Customers shall be not less than 8 inches in diameter. Turnout installation charges shall be determined from time to time by resolution of the Board of Directors of the Agency and shall be payable by the Customer prior to turnout installation by Agency.

3.9 Risk of Loss and Responsibility

Title and risk of loss with respect to all water delivered hereunder shall pass from the Agency to the Water Contractor at the point of delivery thereof as set forth in Section 3.8. The Agency shall not be responsible for the control, transmission, distribution, handling or use of water beyond the point of delivery thereof. Each Water Contractor shall be responsible for installing and maintaining any device it deems necessary to reduce or regulate the pressure under which the water may be delivered hereunder.

3.10 Place of Use of Water Delivered to North Marin

(a) North Marin may exchange water delivered under this Agreement for an equal amount of water delivered to it by Marin Municipal.

(b) Except as provided in subdivision (a) of this section, North Marin shall not permit any water delivered under this Agreement to be used outside of its own distribution system service areas.

3.11 Measurement

All water delivered by the Agency from the Transmission System shall be measured by meters installed and maintained by the Agency. The Agency shall test the accuracy of each meter not less frequently than annually and provide each Water Contractor with a report of such test. Each Water Contractor shall have the right at any time and at its expense to make additional tests of any meter. If a meter is found to be reading 2 percent or more fast or slow, it shall immediately be repaired to bring it within 2 percent accuracy or be replaced by the Agency.

3.12 Marin Municipal Water Deliveries

The Agency, pursuant to the Third Amended Offpeak Water Supply Agreement dated January 25, 1996 and the Amended Agreement For The Sale Of Water Between The Sonoma County Water Agency and the Marin Municipal Water District dated January 25, 1996, amendments to these agreements that have been approved by the Water Advisory Committee, or subsequent agreements between the Agency and Marin Municipal that have been approved by the Water Advisory Committee, may deliver water to Marin Municipal when and to the extent that the Transmission System has capacity in excess of that required by Agency to supply its Regular Customers the Entitlements set forth in Sections 3.1 and 3.2. However, deliveries to Marin Municipal shall not be reduced or curtailed because of inadequate capacity in the new aqueduct to be constructed generally paralleling the portion of the Petaluma Aqueduct that extends from the Ely Pumping Plant to Kastania Reservoir, if such new aqueduct is paid for by Marin Municipal and dedicated to the Agency pursuant to Section 13 of the Amended Agreement for the Sale of Water between the Sonoma County Water Agency and the Marin Municipal Water District dated January 25, 1996.

The maximum delivery rate to Marin Municipal between May 1 and October 31 shall not exceed 12.8 mgd. The total quantity of water delivered to Marin Municipal in any Fiscal Year shall not exceed 14,300 Acre Feet. Deliveries of water to Marin Municipal shall be made either through a separately metered turnout or through North Marin's metered turnout(s). If water is delivered through North Marin's metered turnout(s), then North Marin shall maintain in good repair and calibration metered turnouts at points of delivery from its system into Marin Municipal's system and shall

read such meters on or about the end of each month and provide to Agency an accounting of water delivered during the preceding month to Marin Municipal. In making such accounting, North Marin shall deduct from the total of water delivered to Marin Municipal any exchange water as provided in Section 3.10 of this Agreement and any water produced by North Marin and delivered to Marin Municipal.

3.13 Damages for Peaking on the Transmission System or Taking Water in Excess of Average Daily Rate of Flow Entitlement Limits in Violation of Section 3.3

The parties to this Agreement recognize that the Agency will have increased costs, in amounts that will be difficult to determine, if any Regular Customer takes water in violation of subsection (b), (c) or (d) of Section 3.1 or subsection (a) of Section 3.3. Accordingly, if any Regular Customer takes delivery of water from the Transmission System in violation of subsection (b), (c) or (d) of Section 3.1 or subsection (a) of Section 3.3, then it shall pay the Agency, in addition to all other applicable charges, liquidated damages in an amount equal to twenty-five percent (25%) of the applicable Operation and Maintenance Charge (including all sub-charges) times the amount of water taken in violation of these provisions. The assessment of liquidated damages pursuant to this section for a violation by a Regular Customer of subsection (b), (c) or (d) of Section 3.1 or subsection (a) of Section 3.1 may be waived by the Agency upon a showing by the contractor that the taking of delivery of water in violation thereof resulted from an act of God or other unforeseeable circumstances over which the Regular Customer had no control. The existence of this liquidated-damage provision shall not limit or restrict the Agency from physically limiting the quantity of water taken to the amounts authorized by this Agreement or from pursuing all other available legal and equitable remedies applicable to such violations. The proceeds of any liquidated damages assessed pursuant to this subsection shall be deposited and paid out in the same manner as the proceeds of the Operation and Maintenance Charge.

PART 4 - CHARGES AND PAYMENTS

4.1 Separate Charges and Funds

(a) On or before April 30 preceding each Fiscal Year during which any of the following charges are payable, the Agency will establish the amount of the following charges for the ensuing Fiscal Year:

(1) the Operation and Maintenance Charge, including
  (a) the Water Management Planning Sub-Charge,
  (b) the Watershed Planning and Restoration Sub-Charge,
  (c) the Recycled Water and Local Supply Sub-Charge,
  (d) the Water Conservation Sub-Charge,
(2) the Aqueduct Facilities Capital Charges, including
  (a) the Santa Rosa Aqueduct Capital Sub-Charge,
  (b) the Sonoma Aqueduct Capital Sub-Charge,
  (c) the Petaluma Aqueduct Capital Sub-Charge,
(3) the Storage Facilities Capital Charge,
(4) the Common Facilities Capital Charge, and
(5) the North Marin Capital Charge.

In determining the amount of these charges, the Agency shall include a reasonable allowance for usual contingencies and errors in estimation, and to maintain a prudent reserve in an amount determined from time to time by the Water Advisory Committee.

(b) All monies received in payment of said charges shall be received, allocated, and paid out consistent with the obligations and covenants of the Agency with respect to Revenue Bonds.

(c) In establishing each of said charges, the Agency shall assume that the quantity of water (other than Surplus Water) to be delivered from each aqueduct of the Transmission System shall be the same as the amount of water delivered from said aqueduct during the twelve months preceding such establishment, or the average annual amount of water delivered during the preceding 36 months, whichever is less.

If because of drought or other water-supply reduction, state or federal order, or other similar condition, the Agency anticipates that any such quantities will not be predictive of future usage, the Agency may use a different amount with the prior approval of the Water Advisory Committee.

4.2 Operation and Maintenance Charge

(a) The Operation and Maintenance Charge shall be a uniform annual charge per acre foot and shall be paid by all Regular Customers for all water delivered from the Transmission System.

(b) The aggregate amount of money to be received by the Agency from the Operation and Maintenance Charge for each Fiscal Year shall be sufficient to produce water sale revenues to cover the Agency's estimate of its Operation and Maintenance Costs for such Fiscal Year, to produce water sale revenues as required by Sections 4.13, 4.14, 4.15, and 4.16, and to produce additional revenues in amounts determined from time to time by the Water Advisory Committee to pay the Capital Costs of Common Facilities and Storage Facilities pursuant to subdivision (c) of this section.

(c) All money received by the Agency in payment of the Operation and Maintenance Charge shall be deposited and paid out as set forth in Section 1.7, and subdivision (b) of Section 4.1. After making the payments required by Section 1.7, remaining money received from the Operation and Maintenance Charge may be used to pay the Agency's operation and maintenance expenses, to make the deposits required by Sections 4.13, 4.14(g), 4.15, and 4.16(a), and to fund a prudent reserve for those expenses. Money received from the Operation and Maintenance Charge in excess of that necessary for operation and maintenance expenses, to make the deposits required by Sections 4.13, 4.14(g), 4.15, and 4.16(a), and to maintain a prudent reserve may from time to time be disbursed as provided in Section 4.5 to pay Capital Costs of Common Facilities and Storage Facilities. If money received from the Operation and Maintenance Charge is appropriated for expenditure for Storage Facilities, the funds shall be transferred to the Storage Facilities capital fund referred to in subsection (c) of Section 4.7. At the time of the transfer, an amount shall also be transferred to North Marin's account established pursuant to subsection (c) of Section 4.4, which amount shall bear the same proportion to the amount transferred to the Storage Facilities capital fund that the total amount payable by North Marin for the Operation and Maintenance Charge, exclusive of sub-charges, in the prior Fiscal Year bears to the total operation and maintenance revenue, exclusive of revenue from sub-charges, received by the Agency from sources other than North Marin during the prior Fiscal Year.

4.3 Allocation of Capital Costs to North Marin

(a) The Capital Costs of Remaining Facilities shall be allocated to North Marin in proportion to the following ratios:

	Facility	Ratio
1.	Storage Facilities	-0-
2.	Common Facilities	11.2/90.4

(b) The portions of the Capital Costs of the Additional Facilities, replacement facilities, and the Potter Valley Project, or the portion thereof that is to be acquired pursuant to Section 2.4 hereof, shall be allocated to North Marin are as follows:

Facility	Ratio
1. 2nd pipeline, generally paralleling Intertie Aqueduct Reach 1	8.7/55.8
2. 2nd pipeline, generally paralleling Intertie Aqueduct Reach 2	8.7/55.8
3. 2nd pipeline, generally paralleling Intertie Aqueduct Reach 3a	8.7/55.8
4. 2nd pipeline, generally paralleling Intertie Aqueduct Reach 3b and 3c	8.7/42.4
5. 2nd pipeline, generally paralleling Petaluma Aqueduct from its junction with Intertie Aqueduct to Kastania Reservoir	5.1/38.8
6. 2nd pipeline, generally paralleling Sonoma Aqueduct	-0-
7. Storage Facilities	-0-
8. Russian River Water Production Facilities	8.7/55.8

9. All Common Facilities except Russian River Water Production Facilities, but including the Potter Valley Project 19.9/146.2

4.4 Remaining Facility, Additional Facility and Replacement Facility Capital Cost Payments by North Marin

The portion of the Capital Costs of the facilities allocated to North Marin pursuant to Section 4.3 shall be recovered by the Agency as follows:

(a) Each time the Agency decides to issue further series or issues of Revenue Bonds to finance the Capital Costs of constructing or acquiring any Remaining Facilities, Additional Facilities, or replacement facilities, or acquiring all or part of the Potter Valley Project, the Agency shall, prior to initiating the procedures for the issuance of such Revenue Bonds, notify North Marin of the Agency's estimate of the total cost of the Remaining Facilities, replacement facilities, Additional Facilities, or Potter Valley Project acquisition proposed to be financed by said series or issues of Revenue Bonds and of North Marin's portion of the cost allocated in accordance with Section 4.3. North Marin shall have the right, at its election, to pay North Marin's portion, or any part or parts thereof, of the cost of such Remaining Facilities, replacement facilities, Additional Facilities, or Potter Valley Project acquisition in cash, provided, however, that North Marin shall make its election on or before such date as the Agency shall specify, which date will give the Agency sufficient time to determine the amount of Revenue Bonds to be sold, but shall not be earlier than 30 days after said notification. If North Marin elects to make a cash payment, it shall do so on the date the Revenue Bonds are sold or on such later date as the Agency may agree upon and which will nevertheless enable the Agency to meet its obligations for said construction or acquisition. If North Marin elects to make a cash payment, the amount payable shall exclude interest during construction and financing charges.

(b) Upon completion of the construction or acquisition referred to in subdivision (a) of this section, any deficiency in the amount theretofore paid or credited and the actual amount of North Marin's portion thereof shall be paid by North Marin to the Agency.

(c) All payments made by North Marin pursuant to subdivisions (a) and (b) of this section shall be deposited in a separate account from which the Agency will make disbursements only to make payments that otherwise must be made by revenues received from the North Marin Capital Charge, or for the Agency's expenses in constructing the Remaining Facilities, Additional Facilities, and replacement facilities or

in acquiring all or part of the Potter Valley Project, up to the proportionate amounts allocated to North Marin utilizing the ratios contained in Section 4.3. The balance of the account shall earn interest at the Sonoma County Treasurer's pooled investment fund rate, which interest income shall be credited to the account on June 30 of each year. Any surplus funds in the account shall be paid to North Marin within 30 days of receipt of a written request therefor.

(d) If the Agency decides to levy one or more Aqueduct Capital Charges to produce revenue to fund, without issuing Revenue Bonds, (a) major replacements of portions or all of any aqueduct facility pursuant to Section 4.6(e) of this Agreement or (b) capital improvements to existing Aqueduct Facilities, then North Marin shall pay its portion of the Capital Costs of such replacements or improvements to the Agency in cash at the time such Capital Costs are incurred by the Agency. The Capital Costs of major replacements to the facilities specified in Subsection 4.3(b) shall be allocated to North Marin based upon the ratios set forth in Subsections 4.3(b). The Capital Costs of major replacements to the Intertie Aqueduct shall be allocated to North Marin based on the following cost distribution ratios:

Intertie Aqueduct Reach 1	11.2/70.4
Intertie Aqueduct Reach 2	11.2/68.9
Intertie Aqueduct Reach 3	11.2/58.9

4.5 Payment of Remaining Facilities, Additional Facilities, Replacement Facilities, and Potter Valley Project Capital Costs

(a) The Capital Costs of Remaining Facilities, Additional Facilities, replacement facilities and Potter Valley Project, except the portions thereof paid by North Marin pursuant to Section 4.4, shall be paid by the Agency with cash available pursuant to Sections 4.2, 4.6, 4.7 and 4.8, subdivision (b) of Section 4.11, and, if the Board of Directors of the Agency decides to issue Revenue Bonds, with the proceeds from the sale of Revenue Bonds. The Agency may sell Revenue Bonds to the extent necessary to pay for said Capital Costs, to establish bond reserves and to pay all expenses incurred in the issuance of such bonds.

(b) From time to time the Agency shall determine the percentage of the Revenue Bonds that are attributable to Aqueduct Facilities, Storage Facilities, Common Facilities, and North Marin's Capital Costs. In making these calculations, the Agency shall not include in the portions of the Revenue Bonds that are attributable to Aqueduct Facilities, Storage Facilities and Common Facilities, the portions of the Revenue Bonds, if any, that

are attributable to North Marin's Capital Costs. The Agency shall not include in these calculations any Capital Costs for which North Marin paid cash pursuant to Section 4.4, or the costs of any major replacement facilities financed by the imposition of Aqueduct Facilities Capital Charges without the issuance of Revenue Bonds pursuant to subdivision (e) of Section 4.6.

4.6 Aqueduct Facilities Capital Charges

(a) Aqueduct Facilities Capital Charges consist of the Santa Rosa Aqueduct Capital Sub-Charge, the Sonoma Aqueduct Capital Sub-Charge, and the Petaluma Aqueduct Capital Sub-Charge. The Aqueduct Facilities Capital Charges shall be annual charges per acre foot set for each aqueduct as provided in subdivision (b) of this section and shall be paid by all Regular Customers of the Agency except North Marin for all water delivered from the Transmission System except Surplus Water. All water delivered to Santa Rosa and Windsor shall be deemed to be delivered from the Santa Rosa Aqueduct, all water delivered to Rohnert Park, Cotati, and Petaluma shall be deemed to be delivered from the Petaluma Aqueduct, and all water delivered to Sonoma and Valley of the Moon shall be deemed to be delivered from the Sonoma Aqueduct.

(b) The aggregate amount to be received by the Agency from the various Aqueduct Facilities Capital Charges for each Fiscal Year shall be sufficient to produce water sale revenues to pay the Agency's Revenue Bond Obligations (after crediting any projected payments to be made pursuant to subdivision (e) of Section 4.6) for such Fiscal Year times the percentage for Aqueduct Facilities determined pursuant to subdivision (b) of Section 4.5, and to produce additional revenues in amounts determined from time to time by the Water Advisory Committee to pay the Capital Costs of Aqueduct Facilities pursuant to subdivision (c) of this section. The aggregate amount shall be allocated to the respective aqueducts based on the following cost distribution ratios applied to the estimated, or when known, actual Capital Costs for the various Aqueduct Facilities:

Facility	Ratio
2nd pipeline, generally paralleling Intertie Aqueduct, Reach 1, Reach 2 and Reach 3a	
Santa Rosa Aqueduct	6.6/55.8
Petaluma Aqueduct	20.9/55.8
Sonoma Aqueduct	6.8/55.8

2nd pipeline, generally paralleling Intertie Aqueduct, Reach 3b and 3c

Santa Rosa Aqueduct	-0-
Petaluma Aqueduct	20.9/42.4
Sonoma Aqueduct	-0-

2nd pipeline, generally paralleling Petaluma Aqueduct from its junction with the Intertie Aqueduct to Kastania Reservoir

Santa Rosa Aqueduct	-0-
Petaluma Aqueduct	20.9/38.8
Sonoma Aqueduct	-0-

2nd pipeline, generally paralleling Sonoma Aqueduct

Santa Rosa Aqueduct	-0-
Petaluma Aqueduct	-0-
Sonoma Aqueduct	6.8/6.8

(These ratios are determined with the allocations in Sections 4.3 and 4.4 of Capital Costs to North Marin, and with the following allocations to Common Facilities:

2nd pipeline generally paralleling Reaches 1, 2 and 3a of the Intertie Aqueduct: 12.8/55.8

2nd pipeline generally paralleling Reach 3b and 3c of the Intertie Aqueduct: 12.8/42.4

2nd pipeline generally paralleling the Petaluma Aqueduct from its junction with the Intertie Aqueduct to Kastania Reservoir: 12.8/38.8)

(c) All money received by the Agency in payment of Aqueduct Facilities Capital Charges shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1. After making the payments required to satisfy the Agency obligations and covenants with respect to the Revenue Bonds used to finance the Capital Cost of the Aqueduct Facilities, remaining money received from the Aqueduct Facilities Capital

Charges may be disbursed from time to time to pay pursuant to subdivision (a) of Section 4.5 the portions of the Capital Costs of the Remaining Facilities and Additional Facilities which are also Aqueduct Facilities that are not allocated to North Marin in Section 4.3.

(d) If at the end of any Fiscal Year the balance in the Aqueduct Facilities Capital Charge fund is insufficient to meet said Revenue Bond Obligations for the ensuing Fiscal Year attributed to the Aqueduct Facilities, Agency will determine the deficits in the payment received by it for deliveries from the Santa Rosa, Petaluma, and Sonoma Aqueducts respectively. Before August 1 of the following Fiscal Year:

(1) Additional charges for water delivered in amounts equal to the deficits with respect to the Santa Rosa Aqueduct shall be paid by Santa Rosa and Windsor in the following manner: The share of such additional charge to be paid by each of said Water Contractors shall be proportionate to the difference between the base share component and the sum of the Aqueduct Facilities Capital Charge payments made by said Water Contractor during said Fiscal Year. The base share component allocated to a Water Contractor is the number obtained by multiplying the said total principal and interest payment for said Fiscal Year by said Water Contractor's average daily rate of flow during any month Entitlement Limit set forth in subdivision (a) of Section 3.1 and by dividing by the total of said average daily rate of flow during any month Entitlement Limits for all Water Contractors being served from the Santa Rosa Aqueduct.

(2) Additional charges for water delivered in an amount equal to the deficit with respect to the Sonoma Aqueduct shall be paid by Sonoma and Valley of the Moon in the following manner: The share of such additional charge to be paid by each of said Water Contractors shall be proportionate to the difference between the base share component and the sum of the Aqueduct Facilities Capital Charge payments made by said Water Contractor during said Fiscal Year. The base share component allocated to a Water Contractor is the number obtained by multiplying the said total principal and interest payment for said Fiscal Year by said Water Contractor's average daily rate of flow during any month Entitlement Limit set forth in subdivision (a) of Section 3.1 and by dividing by the total of said average daily rate of flow during any month Entitlement Limits for all Water Contractors being served from the Sonoma Aqueduct.

(3) Additional charges for water delivered in an amount equal to the deficit with respect to the Petaluma Aqueduct shall be paid by Rohnert Park, Cotati and Petaluma in the following manner excluding North Marin and Marin Municipal: The share of such additional charge to be paid by each of said Water Contractors shall be

proportionate to the difference between the base share component and the sum of the Aqueduct Facilities Capital Charge payments made by said Water Contractor during said Fiscal Year. The base share component allocated to a Water Contractor is the number obtained by multiplying said total principal and interest payment for said Fiscal Year by said Water Contractor's average daily rate of flow during any month Entitlement Limit set forth in subdivision (a) of Section 3.1 and by dividing by the total of all said average daily rate of flow during any month Entitlement Limits for all Water Contractors being served from the Petaluma Aqueduct.

(e) If the Agency decides to issue a new series or issue of Revenue Bonds to finance major replacements of portions or all of any aqueduct facility or if, with the approval of the Water Advisory Committee, the Agency decides to levy one or more Aqueduct Facilities Capital Charges to produce revenue to finance major replacements of portions or all of any aqueduct facility, then the aggregate amount to be received by the Agency from the respective Aqueduct Facilities Capital Charges for each Fiscal Year shall be sufficient to produce water sales revenues, in addition to those required by subdivision (b) of this section, in amounts determined from time to time by the Water Advisory Committee to pay the Capital Costs of such major replacements. The Capital Costs of major replacements to the facilities specified in Subsection 4.6(b) above shall be allocated based upon the ratios set forth in Subsection 4.6(b). The Capital Costs of major replacements to the Intertie Aqueduct shall be allocated to the respective aqueducts based on the following cost distribution ratios:

Intertie Aqueduct Reach 1:

Santa Rosa Aqueduct	31.5/70.4
Petaluma Aqueduct	19.7/70.4
Sonoma Aqueduct	8.0/70.4

Intertie Aqueduct Reach 2:

Santa Rosa Aqueduct	30.0/68.9
Petaluma Aqueduct	19.7/68.9
Sonoma Aqueduct	8.0/68.9

Intertie Aqueduct Reach 3:

Santa Rosa Aqueduct	20.0/58.9
Petaluma Aqueduct	19.7/58.9
Sonoma Aqueduct	8.0/58.9

4.7 Storage Facilities Capital Charge

(a) The Storage Facilities Capital Charge shall be a uniform annual charge per acre foot and shall be paid by all Regular Customers of the Agency for all water delivered from the Transmission System except Surplus Water, provided however, that North Marin shall not be obligated to pay any Storage Facilities Capital Charge if North Marin maintains potable storage reservoirs within its system with a total capacity equal to or greater than one and one-half times the average daily volume of water delivered by the Agency to North Marin during the previous July with the highest water delivery to North Marin.

(b) The aggregate amount to be received by the Agency from the Storage Facilities Capital Charge for each Fiscal Year shall be sufficient to produce water sale revenues to pay the Agency's Revenue Bond Obligations for such Fiscal Year (after crediting any projected payments to be made pursuant to subdivision (e) of Section 4.6) times the percentage for Storage Facilities determined pursuant to subdivision (b) of Section 4.5, and to produce additional revenues in amounts determined from time to time by the Water Advisory Committee to pay the Capital Costs of Storage Facilities pursuant to subdivision (c) of this section.

(c) All money received by the Agency in payment of the Storage Facilities Capital Charge shall be deposited and paid out as set forth in Section 1.7, and subdivision (b) of Section 4.1. After making the payments from the Storage Facilities capital fund required by Section 1.7, remaining money in said fund may be disbursed from time to time to pay Capital Costs of Remaining Facilities, Additional Facilities and replacement facilities that also are Storage Facilities, pursuant to Section 4.5.

(d) If at the end of any Fiscal Year the balance in the Storage Facilities capital fund is insufficient to meet said Revenue Bond Obligations for such Fiscal Year attributed to the Storage Facilities, each Water Contractor except North Marin will, before August 1, pay to the Agency an additional charge per acre foot for all water delivered to it during the Fiscal Year which additional charge when multiplied by all Acre Feet sold to Regular Customers except North Marin shall be equal to said deficit.

4.8 Common Facilities Capital Charge

(a) The Common Facilities Capital Charge shall be a uniform annual charge per acre foot and shall be paid by all Regular Customers of the Agency except North Marin for all water delivered from the Transmission System except Surplus Water.

(b) The aggregate amount to be received by the Agency from the Common Facilities Capital Charge for each Fiscal Year shall be sufficient to produce water sale revenues to pay the Agency's Revenue Bond Obligations for such Fiscal Year (after crediting any projected payments to be made pursuant to subdivision (e) of Section 4.6) times the percentage for Common Facilities determined pursuant to subdivision (b) of Section 4.5.

(c) All money received by the Agency in payment of the Common Facilities Capital Charge shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1. After making the payments required by Section 1.7, additional money received from the Common Facilities Capital Charge may be disbursed from time to time pursuant to subdivision (a) of Section 4.5 to pay the portions of the Capital Costs of Remaining Facilities, Additional Facilities, replacement facilities and the Potter Valley Project that also are Common Facilities and that are not allocated to North Marin in Section 4.3, and to satisfy the requirements of Section 6.04 of Ordinance No. 1 if the amount of money received from the charge established by Section 4.2 is insufficient in any Fiscal Year.

(d) If at the end of any Fiscal Year the balance in the Common Facilities capital fund is insufficient to meet the Agency's Revenue Bond Obligations for such Fiscal Year on the Revenue Bonds attributed to Common Facilities, each Water Contractor except North Marin shall, before August 1, pay to the Agency an additional charge per acre foot for water delivered to it during the Fiscal Year, which additional charge when multiplied by all Acre Feet sold to the Water Contractors shall be equal to said deficit.

4.9 North Marin Capital Charge

(a) The North Marin Capital Charge shall be a uniform annual charge per acre foot and shall be paid by North Marin for all water delivered to it from the Transmission System except Surplus Water.

(b) The aggregate amount to be received by the Agency from the North Marin Capital Charge for each Fiscal Year shall be sufficient to produce water sale revenues to pay the Agency's Revenue Bond Obligations for such Fiscal Year (after crediting any projected

payments to be made pursuant to subdivision (e) of Section 4.6) times the percentage for North Marin's Capital Costs determined pursuant to subdivision (b) of Section 4.5.

(c) All money received by the Agency in payment of North Marin Capital Charge shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1. After making any payments required by Section 1.7, additional money received from the North Marin Capital Charge shall be deposited in the separate account described in subdivision (c) of Section 4.4.

(d) If at the end of any Fiscal Year the balance in the separate fund described in subdivision (c) of Section 4.4 is insufficient to meet the portion of the Agency's Revenue Bond Obligations for such Fiscal Year on the Revenue Bonds attributed to North Marin's Capital Costs, North Marin will, before August 1, pay to the Agency an additional charge per acre foot for water delivered to it during the Fiscal Year, which additional charge when multiplied by all Acre Feet sold to North Marin shall be equal to said deficit.

(e) If any money received pursuant to the Common Facilities Capital Charge is used pursuant to subdivision (c) of Section 4.8 to satisfy the requirements of Section 6.04 of Ordinance No. 1, then the North Marin Capital Charge shall be increased by the appropriate amount so that North Marin pays its appropriate share of such requirements.

(f) If North Marin has not maintained storage reservoirs within its system with at least the capacity required by subdivision (a) of Section 4.7, and if, as a result, the Agency constructs additional storage, then the North Marin Capital Charge shall be increased by an amount sufficient to pay for the Capital Costs or Revenue Bonds costs of such additional storage.

4.10 Power; Revenues

All power from the Warm Springs Hydroelectric Project and the Potter Valley Project shall be applied to the operation of the Transmission System or shall be sold, as the Agency shall from time to time determine. All revenues arising from the operation of these projects shall be treated the same as money received from the Operation and Maintenance Charge and shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1.

4.11 Payment for Surplus Water and Water Sold To Marin Municipal

(a) The Agency will sell Surplus Water at a price per acre foot of not less than 120% of the then current Operation and Maintenance Charge. All revenue from the sale of Surplus Water shall be treated the same as money received from the Operation and Maintenance Charge and shall be deposited and paid out as set forth in Section 1.7 and subdivision (b) of Section 4.1.

(b) Water delivered to Marin Municipal shall be sold at a per acre foot price that shall not be less than the sum of the Operation and Maintenance Charge determined pursuant to Section 4.2, the Russian River Conservation and Russian River Projects Charges determined pursuant to Section 4.18, and a capital charge. For the Third Amended Offpeak Water Supply Agreement dated January 25, 1996, or any amendment to that agreement that has been approved by the Water Advisory Committee, the capital charge shall be the total of all charges paid to Agency by Marin Municipal minus the sum of the Operation and Maintenance Charge and the Russian River Conservation and Russian River Projects Charges. For the Amended Agreement For The Sale of Water Between the Sonoma County Water Agency and Marin Municipal Water District dated January 25, 1996, or any amendment to that agreement that has been approved by the Water Advisory Committee, the capital charge shall be the charge established by paragraph b. of Section 10 of that agreement. Any subsequent agreement between the Agency and Marin Municipal for the sale of water to be transported through the Transmission System pursuant to Section 3.12 shall specify the capital charge that applies to this section of this Agreement. All money received by the Agency from the Operation and Maintenance Charge on water sold to Marin Municipal shall be credited to the operation and maintenance fund. All money received by the Agency from the Russian River Conservation and Russian River Projects Charges on water sold to Marin Municipal shall be credited to the Russian River Projects Fund and shall be used only for the purposes set forth in subsection (jj) of Section 1.2. The balance of the money received by the Agency from water sold to Marin Municipal shall be deposited and paid out as set forth in Section 1.7, and subdivision (b) of Section 4.1. After making the payments required by Section 1.7 and Ordinance No. 1, additional money received may be disbursed from time to time to pay the Capital Costs of Storage Facilities or Common Facilities authorized to be constructed in Section 2.2, provided, however, that only the money received from $31.50 per acre foot of the capital charge (which rate is based on the Agency's past and projected future capital investment in Storage Facilities) may be used to pay the Capital Costs of new Storage Facilities.

4.12 Minimum Payments by Other Agency Customers

Anything herein to the contrary notwithstanding, the Agency will not sell any water to be delivered through the Transmission System (other than Surplus Water) to any Other Agency Customer at a total price per acre foot that is less than 120% of the highest price per acre foot then currently being paid by any Water Contractor; provided, however, that this limitation shall not apply to water sold to Forestville. The respective components of said price shall be credited to the appropriate fund referred to in subdivision (a) of Section 4.1 and the excess shall be credited to the aqueduct capital fund for the aqueduct from which service is taken. Forestville's charge shall be the same as the total charge for Water Contractors for water delivered from the Santa Rosa Aqueduct, except that during the first ten (10) full Fiscal Years following execution of this Agreement, Forestville shall not pay the Santa Rosa Aqueduct Capital Sub-Charge.

4.13 Operations and Maintenance Charge – Water Management Planning

The Agency shall calculate and collect as a part of the Operations and Maintenance Charge a Water Management Planning Sub-Charge. The aggregate amount of money to be received by the Agency from the Water Management Planning Sub-Charge in each Fiscal Year shall be sufficient to produce water sale revenues to cover the Agency's reasonable estimate of its costs for such Fiscal Year to carry out the provisions of Section 2.7. All money received by the Agency in payment of the Water Management Planning Sub-Charge shall be deposited by the Agency into a Water Management Planning Fund and used to pay the Agency's costs in carrying out the provisions of Section 2.7.

4.14 Operations and Maintenance Charge – Watershed Planning and Restoration

(a) The Agency shall calculate and collect as a part of the Operations and Maintenance Charge a Watershed Planning and Restoration Sub-Charge.

(b) The aggregate amount of money to be received by the Agency from the Watershed Planning and Restoration Sub-Charge in each Fiscal Year shall be sufficient to produce water sale revenues to cover the Agency's reasonable estimate of costs for such Fiscal Year (net of funding provided by other sources, including the Russian River Projects Fund and the Agency's General Fund) of carrying out: (1) fishery mitigation, enhancement, and environmental compliance activities and projects undertaken by the Agency, including the Agency's costs of complying with the Endangered Species Act or any other applicable federal, state, or local environmental statute or regulation, if such

activities, projects, and costs are reasonably necessary, to enable the Agency to provide water to Regular Customers under this Agreement; (2) the evaluations undertaken pursuant to Section 2.4(b); and (3) actions, studies or projects authorized pursuant to Section 2.8 of this Agreement that are not covered by other funding sources and contributions. The Agency shall not use proceeds from the Watershed Planning and Restoration Sub-Charge to pay for the capital cost or operation and maintenance cost of recreation facilities.

(c) Notwithstanding Subsection 4.14(b) above, during the first five full Fiscal Years following the effective date of this Agreement, the Watershed Planning and Restoration Sub-Charge shall not exceed $35.00 per acre-foot.

(d) To assist in determining the appropriate share of fishery mitigation, enhancement, and environmental compliance activities and projects undertaken by the Agency to be paid by the Water Contractors under the Watershed Planning and Restoration Sub-Charge, the Agency shall, from time to time as reasonably necessary, prepare an analysis that (1) identifies planned fishery mitigation, enhancement, and environmental compliance activities and projects, (2) identifies the costs and beneficiaries of such activities and projects, (3) proposes an allocation of costs among all benefitted parties, and (4) recommends sources of funding for such activities and projects.

(e) The Agency shall use its best efforts to amend its existing contracts with Russian River Customers to require Russian River Customers to pay the Watershed Planning and Restoration Sub-Charge or fund or implement watershed planning and restoration projects at a level equivalent to that funded by the Agency under this Agreement.

(f) In addition to the Watershed Planning and Restoration Sub-Charge, the Agency may assess against the Water Contractors such supplemental charges as are authorized and agreed to under Section 2.8(c). Supplemental charges under this subsection shall not be included in determining the minimum payments by Other Agency Customers pursuant to Section 4.12 or by Windsor pursuant to Section 4.17.

(g) All money received by the Agency in payment of the Watershed Planning and Restoration Sub-Charge shall be deposited by the Agency into a Watershed Planning and Restoration Fund and used for the purposes set forth in Section 4.14(b). All money received by the Agency in payment of any supplemental charges pursuant to Section 4.14(d) shall be deposited into separate account(s) and used to pay the costs of projects authorized and agreed to pursuant to Section 2.8(c).

4.15 Operations and Maintenance Charge – Recycled Water and Local Supply

The Agency shall calculate and collect as a part of the Operations and Maintenance Charge a Recycled Water and Local Supply Sub-Charge. The Recycled Water and Local Supply Sub-Charge shall be a uniform charge per acre-foot and shall be paid by all Regular Customers and Russian River Customers for all water taken from the Transmission System or under the Agency's water rights. The aggregate amount of money to be received by the Agency from the Recycled Water and Local Supply Sub-Charge in each Fiscal Year shall be sufficient to produce water sale revenues to cover the Agency's estimate of its costs for such Fiscal Year to carry out the provisions of Section 2.6; provided, however, that during the first five full Fiscal Years following the effective date of this Agreement, the Recycled Water and Local Supply Sub-Charge shall not exceed $35.00 per acre-foot. The Agency shall use its best efforts to amend its existing contracts with Russian River Customers to require Russian River Customers to pay the Recycled Water and Local Supply Sub-Charge. Monies collected from the Recycled Water and Local Supply Sub-Charge shall be deposited in a Recycled Water and Local Supply Fund created by the Agency. The Recycled Water and Local Supply Fund shall be used only to pay or partially pay for the costs of Recycled Water Projects or the acquisition of Recycled Water or the rights thereto pursuant to Section 2.6 of this Agreement. Notwithstanding the foregoing sentence, revenue from the Recycled Water and Local Supply Sub-Charge collected by the Agency from Windsor pursuant to Section 4.17(b) shall be placed in a separate account and made available to Windsor for funding Windsor's local or regional Recycled Water Projects.

4.16 Operations and Maintenance Charge – Water Conservation

(a) The Agency shall calculate and collect as a part of the Operations and Maintenance Charge a Water Conservation Sub-Charge. Monies collected from the Water Conservation Sub-Charge shall be deposited in a Water Conservation Fund created by the Agency. The Water Conservation Fund shall be used only to pay or partially pay for the cost of Water Conservation Projects. The aggregate amount of money to be received by the Agency from the Water Conservation Sub-Charge for each Fiscal Year shall be sufficient to cover the Agency's estimate of the total cost of all Water Conservation Projects for such Fiscal Year. From and after July 1, 1998, a total of fifteen million dollars ($15,000,000) shall be expended to implement Water Conservation Projects pursuant to the Water Conservation Plan dated June 29, 1998. The $15,000,000 shall be allocated as follows: Cotati 2.10%, Petaluma 18.53%, Rohnert Park 10.37%, Santa Rosa 40.25%, Sonoma 4.15%, Forestville 0.66%, North Marin 19.50%, Valley of the Moon 4.43%. Until the total of $15,000,000 has been expended as set forth above, the

Agency shall not fund Water Conservation Projects for or on behalf of Windsor. The Water Conservation Projects for which said $15,000,000 is to be expended, have been approved by the Water Advisory Committee.

(b) The Agency shall use its best efforts to amend its existing contracts with Russian River Customers to require Russian River Customers to fund or implement Water Conservation Projects at a level equivalent to that funded by the Agency under this Agreement. Notwithstanding the penultimate sentence in Section 4.16(a), revenue from the Water Conservation Sub-Charge collected by the Agency from Windsor pursuant to Section 4.17(b) shall be placed in a separate account and made available to Windsor for funding Windsor's Water Conservation Projects.

4.17 Payments by Town of Windsor

(a) Notwithstanding anything in this Agreement to the contrary, for the first fifteen (15) full Fiscal Years following execution of this Agreement, the amount payable by Windsor for water delivered by the Agency through the Transmission System shall be 120% of the highest price per acre foot then currently being paid by any Water Contractor receiving water from the Santa Rosa Aqueduct. The respective components of said price shall be credited to the appropriate fund referred to in subdivision (a) of Section 4.1 and the excess shall be credited to the aqueduct capital fund for the aqueduct from which service is taken. Beginning with the sixteenth (16th) full Fiscal Year following execution of this Agreement and thereafter, all water delivered to Windsor by Agency through the Transmission System will be deemed delivered from the Santa Rosa Aqueduct and the amount payable by Windsor for said water determined accordingly.

(b) For all water diverted directly by Windsor from the Russian River using its own facilities, whether under the Agency's water rights or Windsor's water rights, Windsor shall pay only the charges set forth in the Agreement for Sale of Water between the Agency and Windsor dated January 8, 1991, as amended, including the sub-charges set forth in Sections 4.13, 4.14, 4.15, and 4.16.

4.18 Payment of Russian River Conservation Charge and Russian River Projects Charge by North Marin

In addition to the other charges provided for in this Part, North Marin shall pay the following additional per-acre-foot charges:

(a) A Russian River Conservation Charge shall be paid in lieu of the property taxes levied by the Agency on property in Sonoma County, to pay the capital, Operation and Maintenance Costs associated with the Warm Springs Dam Project. The Russian River Conservation Charge shall be a charge per acre foot of water delivered to North Marin hereunder, except Surplus Water. The charge shall be determined annually on or before April 30 preceding each Fiscal Year and shall be payable by North Marin during the ensuing Fiscal Year. The Russian River Conservation Charge shall be determined by multiplying the tax rate levied by the Agency in the then current Fiscal Year to pay the costs associated with the Warm Springs Dam Project times the assessed value of secured and unsecured property situated within Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Forestville and Valley of the Moon and dividing the product by the total number of Acre Feet of water delivered to Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Forestville and Valley of the Moon pursuant to Section 3.1 and 3.3 during the twelve month period ending on March 31. All money received by the Agency from the Russian River Conservation Charge on water sold to North Marin shall be credited to the Russian River Projects Fund and shall be used only for the purposes set forth in subsection (jj) of Section 1.2.

(b) A Russian River Projects Charge shall be paid in lieu of the property taxes levied on property in Sonoma County and other Agency general fund monies which are transferred to the Agency's Russian River Projects Fund and expended for the purposes enumerated in subsection (jj) of Section 1.2. The Russian River Projects Charge shall be effective on the first day of the first month following the effective date of this Agreement and shall thereafter be determined annually on or before April 30 preceding each Fiscal Year and shall be payable by North Marin during the ensuing Fiscal Year. The Russian River Projects Charge shall be determined by dividing the total amount of Agency monies expended from the Agency's Russian River Projects Fund in the preceding ten Fiscal Years, exclusive of the funds contributed to the Fund by North Marin and Marin Municipal Water District, and interest earnings attributable to funds contributed by North Marin and Marin Municipal Water District, by the sum of the total acre-feet of water delivered by the Agency to Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Forestville and Valley of the Moon pursuant to Sections 3.1 and 3.3 of this Agreement during the preceding ten Fiscal Years and multiplying the quotient by the ratio that the assessed value of secured and unsecured property situated within Cotati, Petaluma, Rohnert Park, Santa Rosa, Sonoma, Forestville and Valley of the Moon bears to the assessed value of all secured and unsecured property within Sonoma County, provided, however, in no event shall the Russian River Projects Charge exceed $20.00 per acre-foot. The Agency shall keep proper books, records and accounts in which complete and accurate entries shall be made of all Agency general fund monies

transferred to the Agency's Russian River Projects Fund and all expenditures made from the fund for the purposes set forth in subsection (jj) of Section 1.2. The Agency shall maintain a separate account within the Russian River Projects Fund for Russian River Projects Charges paid by North Marin and Marin Municipal Water District. Monies expended from the Russian River Projects Fund shall be deemed to have been expended from the North Marin and Marin Municipal Water District account in the proportion that the balance of that account bears to the total Russian River Projects Fund balance at the end of the Fiscal Year quarter preceding the expenditure. All money received by the Agency from the Russian River Projects Charge on water sold to North Marin shall be credited to the Russian River Projects Fund and shall be used only for the purposes set forth in subsection (jj) of Section 1.2.

4.19 Billing and Time of Payment

Except as otherwise expressly provided herein, all charges payable to the Agency shall be billed each month and paid within 30 days after receipt of bill. Notwithstanding any dispute between the Agency and a Water Contractor, such Water Contractor will pay all its bills when due and shall not withhold all or any part of any payment pending the final resolution of such dispute. If the resolution of the dispute results in a refund to the Water Contractor, the Agency shall make such refund plus any interest earned by investment of the disputed funds as promptly as it is able to do so, consistent with its meeting its Revenue Bond Obligations.

PART 5 - Water Advisory Committee/Technical Advisory Committee

5.1 Purpose

(a) There is hereby created the Water Advisory Committee and the Technical Advisory Committee.

(b) The purpose of the Water Advisory Committee is to perform the functions specified herein and to review all proposals set forth by the Agency which involve a significant capital outlay for the Transmission System or any other project which would significantly change the level of service or add significantly to the operations and maintenance expense of the Transmission System or other expense to be borne by the Water Contractors. The purpose of the Technical Advisory Committee is to advise the Water Advisory Committee.

5.2 Powers

Except as provided herein to the contrary, the power of the Water Advisory Committee is limited to that of collective spokesperson for the Water Contractors and shall be advisory only in nature. Nothing shall preclude a Water Contractor from setting forth a view contrary to that of the majority of the Committee. No action of the Committee limits or impairs any right or power of any Water Contractor. The Technical Advisory Committee shall have no powers other than the power to make recommendations to the Water Advisory Committee.

5.3 Composition and Voting

(a) The Water Advisory Committee shall be composed of one representative and one alternate who shall serve in absence of the representative, to be selected by each Water Contractor. The representative and alternate shall be elected members of and appointed by the governing board of the Water Contractor. The Water Advisory Committee shall generally meet quarterly as it determines necessary, which shall include at least one meeting per calendar year with a liaison from the Board of Directors of the Agency who is a member of and appointed by said Board. Each Water Contractor's representative will be allocated a weighted vote proportional to the average daily rate of flow during any month Entitlement Limit from the Transmission System applicable to such Water Contractor. An affirmative vote of said Committee shall be recorded and require both of the following: (1) the affirmative vote of more than fifty percent (50%) of the total weighted votes as defined above; and (2) the

affirmative vote of at least five (5) representatives. If the Water Advisory Committee does not affirmatively vote to approve any matter before it for a decision, then the matter shall be deemed not approved. A representative or alternate appointed by the Board of Directors of the Marin Municipal Water District, each of which must be members of said board, may attend and participate, debate, express opinions and present information at meetings of the Water Advisory Committee but shall not have a vote. If the approval, determination, or consent of the Water Advisory Committee is authorized or required on any non-advisory matter pursuant to this Agreement, the vote of the Water Advisory Committee on such matter shall be evidenced by a writing, executed by the chairperson or secretary, evidencing (a) the vote of each member, (b) whether the vote of the Committee was in the affirmative, and (c) if the vote was in the affirmative, a description of the approval, determination, or consent given by the Committee.

(b) The Technical Advisory Committee shall be composed of one non-elected representative selected by each Water Contractor. The Technical Advisory Committee shall generally meet monthly as it determines necessary. Each Water Contractor's representative will be allocated the same weighted vote applicable to that Water Contractor under Section 5.3(a). An affirmative vote of said Committee shall require both of the following: (1) the affirmative vote of more than fifty percent (50%) of the total weighted votes as defined above; and (2) the affirmative vote of at least five (5) representatives. A representative or alternate appointed by the Marin Municipal Water District Board of Directors may attend and participate, debate, express opinions and present information at meetings of the Water Advisory Committee but shall not have a vote. The Water Advisory Committee may require the Technical Advisory Committee to create subcommittees and ad hoc committees. Persons serving on such committees shall be elected officials, staff or contract staff of the Water Contractor they represent.

(c) The Technical Advisory Committee shall create a standing Water Conservation Subcommittee. The Water Conservation Subcommittee shall make recommendations to the Technical Advisory Committee with respect to any determination of the Water Advisory Committee contemplated under Section 1.12 of this Agreement, and shall perform other such duties with respect to Water Conservation Projects as may be requested by the Technical Advisory Committee.

(d) Once every two years, on a date selected by the Water Advisory Committee, the Water Advisory Committee shall elect from among its members two officers: a chairperson and vice chairperson. Officers shall serve for the ensuing two Fiscal Years. An officer may serve a second or subsequent consecutive two-year terms only if each

such term is approved by a unanimous vote of the Water Contractors. Furthermore, an officer can be removed and replaced at any meeting called by five Water Advisory Committee members provided all Water Advisory Committee members are notified in writing a minimum of five working days prior to the meeting. In the event an officer either: (1) loses his/her status as a duly elected local official serving on the governing board of the Water Contractor they represent or (2) loses his/her appointment as representative of the Water Contractor on the Water Advisory Committee, the officer position held shall be vacated. The Water Advisory Committee shall elect a new officer who shall fill out the balance of the vacated term. Voting for officers shall be as provided in subsection (a) of this section.

(e) By November of each year, subject to the limitations in Section 4.16(a), the Water Advisory Committee shall review proposed Water Conservation Projects, Recycled Water Projects, and Local Supply Projects and approve and report to the Agency those projects that are to receive funding in the next or later fiscal years. It is the intent of the parties to this Agreement that over the term of the Agreement, Regular Customers shall receive funding support for Water Conservation Projects, Recycled Water Projects, and Local Supply Projects in proportion to the amounts paid by Regular Customers under Sections 4.15 and 4.16.

(f) Commencing with the first Fiscal Year following the effective date of this Agreement, the Agency shall include in its operating budget the amount of $30,000 which the Agency shall expend as the Water Advisory Committee directs for purposes associated with the orderly implementation and operation of the provisions of this Agreement and other associated purposes deemed appropriate by the Committee. The annual amount may be fixed at a higher or lower amount in subsequent Fiscal Years as determined by vote of the Committee pursuant to subsection (a) of this section. The Water Advisory Committee shall decide which, if any, consultant or consultants, firm or firms shall be hired to carry out this work.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

SONOMA COUNTY WATER AGENCY

By: Paul L. Kelley Date: 6/23/06

ATTEST:

Eve T. Lewis

CITY OF COTATI

By: Janet Orchard Date: 5.9.06
Mayor

ATTEST:

Lauri L. Hubbard Date: 5-10-06
City Clerk

CITY OF PETALUMA

By: David Glass Date: 5-15-06
Mayor

ATTEST:

Katie Crump
Deputy City Clerk

CITY OF ROHNERT PARK

By: _____ Date: 06-05-06
Tim Smith Mayor

ATTEST:

Judy Hauff
City Clerk

CITY OF SANTA ROSA

By: Jane Bender
Mayor

Date: 5/31/06

ATTEST:

Bertha Anderson
Deputy City Clerk

CITY OF SONOMA

By: [illegible]
Mayor

Date: 4-19-06

ATTEST:

Gay Rainsbarger
City Clerk

FORESTVILLE COUNTY WATER DISTRICT

Date: 5/12/06

By: [illegible]
President

ATTEST:

Secretary

NORTH MARIN WATER DISTRICT

Date: 5/22/06

By: _____
President

ATTEST:

_____ Acting Secretary

TOWN OF WINDSOR

Date: 5-17-06

_____
Mayor

ATTEST:

_____
Deputy Town Clerk

VALLEY OF THE MOON WATER DISTRICT

Date: 5-25-06

By: _____
President

ATTEST:

_____
Deputy Secretary

Attachment C

List of Public Water Systems within the Russian River Watershed

	System Number	System Name
1	2300507	River Estates Mutual Water Company
2	2300605	Lake View Mutual Water Co.
3	2300606	Ridgewood Water System
4	2300708	City of 10,000 Buddhas
5	2300731	Potter Valley School District
6	2300755	Yokayo Water System
7	2300837	Retech Water
8	2300838	Mariposa Institute
9	2300840	Fetzer Vineyards
10	2300852	U.S. Army Corps-Lake Mendo (Bushay Site)
11	2300853	U.S. Army Corps-Lake Mendo (Kyen Cmpgrd)
12	2300854	U.S. Army Corps-Lake Mendo(Marina Site)
13	2300855	U.S. Army Corps-Lake Mendo(Pomo Site)
14	2300856	Black Oak Facility
15	2300858	Rogina Water Company Inc.
16	2310002	Ukiah, City of
17	2310003	Willow County Water District
18	2310005	Millview County Water District
19	2310006	Redwood Valley County Water District
20	2310008	Hopland Public Utility District
21	2310010	Washoe House
22	4900033	Alexander Valley Store & Bar
23	4900107	Cazadero Water Company
24	4900508	South Cloverdale Water Company
25	4900510	Happy Acres Mutual Benefit Water System
26	4900512	Madrone Mutual Water Company
27	4900513	Rancho Del Paradiso-Cal Water Svc (PUC)
28	4900514	Gill Creek Mutual Water Company
29	4900521	Sonoma County CSA 41-Jenner
30	4900532	Occidental Community Services District
31	4900536	Branger Mutual Water Company, Inc.
32	4900545	Hawkins Water Co-Cal Water Service (PUC)
33	4900546	End-O-Valley Mutual Water Company
34	4900547	Holland Heights Mutual Water Company
35	4900548	Melita Heights Mutual Water Company
36	4900551	Michele Mutual Water Company
37	4900552	Park Royal Mutual Water
38	4900553	Belmont Terrace Mutual Water Company

	System Number	System Name
39	4900558	Fircrest Mutual Water Company
40	4900559	Kelly Mutual Water Company
41	4900560	Willowside Mutual Water Company
42	4900561	Palomino Lakes Mutual Water Co.
43	4900570	Wilshire Heights Mutual Water Company
44	4900573	Rio Lindo Adventist Academy
45	4900577	Sonoma Mountain County Water District
46	4900580	Bennett Ridge Mutual Water Company
47	4900585	Bennett Ridge Mutual Water Company
48	4900587	Brand Water Company
49	4900599	Randal's Ranchette Mutual Water Co.
50	4900600	Rincon Valley Mobile Estates
51	4900603	Riebli Mutual Water Company
52	4900604	Twin Hills Mutual Water Company
53	4900605	Twin Hills Mutual Water Company
54	4900608	Mark West Acres MWC
55	4900611	Six Acres Water Company
56	4900612	Rains Creek Water District
57	4900618	Heights Mutual Water Company
58	4900620	Rural Canyon Mutual Water Company
59	4900629	Austin Acres Mutual Water Company
60	4900630	East Austin Creek Mutual Water Company
61	4900634	Austin Creek Mutual (Springhill)
62	4900637	Huckleberry Mutual Water Company
63	4900639	Magic Mountain Mutual Water Company
64	4900640	Redwood Heights Mutual Water Company
65	4900641	Sonoma County Mutual Water Company
66	4900643	Sunrise Mountain Mutual Water Company
67	4900644	Mount Weske Estates Mutual Water Company
68	4900646	Bridgehaven Park
69	4900653	Alexander Valley Acres Water Company
70	4900660	Lone Pine Mutual Water Company
71	4900665	Yulupa Mutual Water Company
72	4900669	Russian River Mutual Water Co.
73	4900673	Wendell Water Company (PUC)
74	4900674	Athena Terrace Mutual Water Company
75	4900675	Pine Hill Terrace Mobile Home Park
76	4900676	Roseland Mobile Home Park
77	4900677	Village Park Mobile Home Park
78	4900684	Sequoia Gardens Mobile Home Park
79	4900686	#N/A
80	4900687	Cafe Saint Rose
81	4900688	KOA - Cloverdale
82	4900693	Brookwood Mobile Home Park

	System Number	System Name
83	4900694	Journey's End Mobile Home Park
84	4900695	Bellevue Union Sch Dist-Bellevue School
85	4900699	Wright Elementary School
86	4900700	Piner Elementary School
87	4900702	Olivet Elementary School
88	4900703	Nonesuch Farm School
89	4900704	Pacific Christian Academy
90	4900705	Oak Grove School
91	4900707	Alexander Valley Union School District
92	4900708	Geyserville Educational Park
93	4900710	Twin Hills School Dist-Twin Hills School
94	4900711	Gravenstein School District-Gravenstein
95	4900719	Twin Hills School Dist-Apple Blossom Sch
96	4900720	Gravenstein School District-Hillcrest
97	4900721	West Side Union School District
98	4900722	Mobile Home Estates
99	4900723	Shamrock Mobile Home Park
100	4900728	Colonial Park
101	4900736	URJ Camp Newman
102	4900743	Shamrock Mobile Home Park
103	4900745	Evergreen Mobile Estates
104	4900748	Clear Creek Water Company
105	4900774	La Cantera Racquet Club
106	4900784	River Bend Resort
107	4900785	Casini Ranch Campground
108	4900786	Cloverleaf Ranch Summer Camp
109	4900787	Windsor Mobile Country Club
110	4900788	Noel Heights-Cal Water Service (PUC)
111	4900789	Rancho Santa Rosa MHP
112	4900791	Plaza Mobile Home Park
113	4900792	El Crystal Mobile Home Park
114	4900793	Blue Spruce Mobile Home Park
115	4900794	Western Mobile Home Park
116	4900795	Wayside Gardens Mobile Home Park
117	4900796	Vinehill Vista Mutual Water Company
118	4900797	Sunset Trailer Park
119	4900798	Stonegate Mobile Home Park
120	4900799	Santa Rosa Mobile Estates
121	4900800	North Star Mobile Home Park
122	4900801	Mountain View Mobile Estates, LLC
123	4900812	El Portal Mobile Estates
124	4900813	Mark West Estates
125	4900815	Shady Lane Mobile Home Park
126	4900817	Friedman Brothers Hardware
127	4900820	Midgley's Country Flea Market

	System Number	System Name
128	4900822	Days Inn
129	4900832	Casa Del Mar
130	4900844	Monte Vista Motel
131	4900846	Mount Taylor Mobile Home Park
132	4900847	Leisure Mobile Home Park
133	4900855	Francis Coppola Winery
134	4900859	Rolling Oaks Road Association
135	4900873	Richardson Water System
136	4900878	Duncans Mills Trading Company
137	4900883	Lancelot Mobile Home Park
138	4900890	Sonoma West Holdings North Plant
139	4900893	Richardson Water System
140	4900897	Santa Rosa Golf & Country Club
141	4900898	Windsorland Mobile Home Park
142	4900904	Redwood Adventist Academy
143	4900905	West Water Company (PUC)
144	4900907	Rodney Strong Vineyards
145	4900913	Hilton Park Family Campground
146	4900916	J Vineyards & Winery
147	4900934	Mark West Meadows Mutual Water
148	4900935	Summerfield Waldorf School
149	4900936	Robin Way Water System
150	4900943	Mill Creek Vineyards
151	4900946	Restaurant Eloise
152	4900949	Geyser Peak Winery
153	4900956	Country Inn
154	4900962	Union Hotel
155	4900968	Alliance Redwoods Conference Grounds
156	4900974	Trentadue Winery
157	4900975	Saints Peter & Paul Russian Church
158	4900981	#N/A
159	4900982	CazSonoma Inn
160	4900994	Field Stone Winery
161	4900998	Russian River Vineyards & Restaurant
162	4900999	Vimark - Trione Winery
163	4901001	Pedroncelli Winery
164	4901004	Foppiano Vineyards
165	4901005	Westside Winery
166	4901008	Hessel Church
167	4901016	De Loach Winery
168	4901017	Korbel Brothers Winery
169	4901024	Wine Country RV Park
170	4901025	Calpine (West Field Office)
171	4901030	Todd Road Mutual Water Company

System Number		System Name
172	4901038	Hessel Church
173	4901042	Sequoia Water Company
174	4901044	Naco West - Russian River Preserve
175	4901060	Dry Creek Store
176	4901063	Johnson's Beach Resort
177	4901068	Calpine (Geysers Administration Center)
178	4901073	Passalacqua Winery
179	4901082	Michel Schlumberger Fine Wine Estate
180	4901084	Triple S Ranch
181	4901086	Duncan Mills Camping Club
182	4901090	Campobello
183	4901093	Alderbrook Winery
184	4901095	Za Zu's
185	4901098	Mazzocco Winery
186	4901101	Jordan Vineyard & Winery
187	4901105	Kendall-Jackson Wine Center
188	4901107	Preston Winery
189	4901110	Martinelli Ranch
190	4901111	Westminster Woods Camp
191	4901112	Thunderbird Ranch
192	4901113	Mount Gilead Bible Conference
193	4901115	Camp Royaneh-Boy Scouts of America
194	4901118	Cazadero Performing Arts Camp
195	4901119	Camp Cazadero
196	4901122	Bellevue Union Sch Dist-Kawana School
197	4901130	Lake Sonoma Marina
198	4901135	Mom s Apple Pie
199	4901141	Russian River Winery
200	4901147	Andy s Produce Market, Inc.
201	4901150	Dry Creek Vineyard
202	4901152	Sonoma Wine Company
203	4901153	Gravenstein Business Park
204	4901156	Hoot Owl Creek/Alex. Valley Vineyards JV
205	4901161	Occidental Arts & Ecology Center
206	4901162	Traditional Medicinals, Inc.
207	4901164	Alphabet Soup Preschool & Day Care
208	4901165	Clos du Bois Winery
209	4901170	Jimtown Store
210	4901172	College Avenue Building
211	4901175	Willowside Hall
212	4901179	Willowside School
213	4901181	Vino Farms, Inc. - Wasson Ranch
214	4901189	Quivira Vineyards
215	4901190	Woods Resort, The (Guerneville)
216	4901191	Jehovah s Witnesses Hall

	System Number	System Name
217	4901195	New Directions Adolescent Services
218	4901197	#N/A
219	4901200	Willowside Hall
220	4901201	Redwood Empire Sawmill
221	4901202	Hanna Vineyards
222	4901203	Azure Acres CD Recovery Center
223	4901205	Lieto Water System (Sunridge School)
224	4901206	Paradise Ridge Winery
225	4901208	Moorland Avenue Apartments
226	4901212	Silver Oak Wine Cellars L.P.
227	4901213	Dimensions/Perler
228	4901215	Vinwood Cellars
229	4901220	Ferrari-Carano Winery
230	4901221	Fosters Wine Estates-Asti Winery
231	4901222	U.S. Army Corps-Liberty Glen Campground
232	4901232	Armida Winery
233	4901236	Valley of the Moon Plaza Shopping Center
234	4901244	Sonoma County Pub Works-Central Landfill
235	4901245	Lytton Adult Rehabilitation Center
236	4901246	Plumfield Academy (Occidental Rd.)
237	4901248	Lytton Springs Winery
238	4901250	Graton Mutual (Green Valley HOA)
239	4901251	Sonoma County Parks-Vet. Memorial Beach
240	4901252	La Crema Winery
241	4901253	Vino Farms, Inc. - Preston Ranch
242	4901257	Humane Society of Sonoma County
243	4901259	Ledson Winery and Vineyards
244	4901261	Downtown Graton Mutual Water System
245	4901263	Matanzas Creek Winery
246	4901265	Sonoma West Holdings Industrial Park
247	4901266	Safari West
248	4901267	E & J Gallo Winery-Sonoma
249	4901269	C. Donatiello Winery
250	4901272	Capital Lumber Company
251	4901277	Stonestreet Winery
252	4901282	Stryker Sonoma Winery & Vineyards
253	4901283	Matrix Winery
254	4901284	Fairfield Osborn Preserve
255	4901287	Seghesio Farms
256	4901291	True to Life
257	4901298	United Rentals
258	4901299	Wildwood Retreat
259	4901301	Bucher Water Company
260	4901305	Manzana Products Company, Inc.

System Number		System Name
261	4901307	Fritz Winery and Vineyard
262	4901309	Mauritson Family Winery
263	4901311	Rochioli Winery
264	4901312	Verite Winery
265	4901313	Lynmar Winery
266	4901316	Petrified Forest
267	4901317	Moshin Vineyards
268	4901321	Truett & Hurst Winery
269	4901323	Sonoma County Golf Park
270	4901324	Hilton Mutual Water Company
271	4901330	Mark West Neighborhood Church
272	4901331	Balletto Vineyards
273	4901333	Sebastopol Vineyards
274	4901334	Rued Vineyards
275	4901335	Zichichi Winery
276	4901337	Sunce Winery
277	4901338	Fulton Processors, Inc.
278	4901343	Fritsch Industrial Park
279	4901344	Madrona Manor
280	4901346	Hawkes Winery
281	4901348	Forestville Veterinary Hospital
282	4901356	Amista Winery
283	4901359	Williams Selyem Winery
284	4910002	Alexander Valley RV Park & Campground
285	4910004	Wilson Winery
286	4910005	Stuhlmuller Vineyards
287	4910008	Giorgio s Restaurant
288	4910009	Delores Lane Water System
289	4910010	Hop Kiln Winery
290	4910011	Gary Farrell Winery
291	4910012	River s Edge Kayak & Canoe Trips
292	4910014	Cloverdale, City of
293	4910016	Sweetwater Springs CWD - Guerneville
294	4910017	Healdsburg, City of
295	4910018	Russian River County Water District
296	4910019	Santa Rosa, City of
297	4910020	Sonoma County CSA 41-Fitch Mountain
298	4910022	Sebastopol, City of
299	4910023	Sonoma, City of
300	4910024	Rohnert Park, City of
301	4910026	Cotati, City of
302	4910027	Windsor, Town of
303	4910028	Armstrong Valley-Cal Water Service (PUC)
304	4910029	Forestville County Water District
305	4910306	Sonoma County Water Agency

	System Number	System Name
306	4910307	Canon Manor Water System
307	4910313	California-American Larkfield (PUC)
308	4910702	Geyserville Water Works (PUC)

Attachment D

Letters to Agency Water Contractors and
to Russian River Water Users Outside Agency's Service Area

April 9, 2009

Members of the Water Advisory Committee

RE: TEMPORARY URGENCY CHANGE ORDER

The State Water Resources Control Board has issued Order 2009-0027-DWR, copy enclosed, approving the petition filed by the Water Agency to amend Russian River minimum flows this summer and fall. The purpose of the Agency's petition was to prevent Lake Mendocino from going dry and preserve storage necessary for survival of listed Russian River salmonid fisheries and the agricultural and municipal uses that depend on Lake Mendocino.

Section 1.12 of the Restructured Agreement for Water Supply requires that the Agency and each water contractor "implement or use their best efforts to secure the implementation of any water conservation requirements that may be added as terms or conditions of the Agency's appropriative water rights permits or licenses, or with which the Agency must comply under compulsion of regulation or law." The State Water Board has broad authority to condition water rights orders to prevent waste of water. Order 2009-0027-DWR contains findings and restrictions under that authority that require your attention and, under Section 1.12, your action.

The Order requires that the Agency temporarily reduce diversions from the Russian River by 25%, temporarily prohibit irrigation of commercial turf grass, and, within 30 days, submit and implement a water conservation plan by which Russian River water users reach a water conservation goal of 25% in Sonoma County and 50% in Mendocino County. We must also submit a Water Conservation Status Report by December 31 and a Water Conservation Plan within one year.

We will be discussing the scope and content of the Report and Plan with your staff in the near future. However, we must take immediate action to implement the 25% diversion reduction and the commercial turf irrigation prohibition and achieve the 25% and 50% water conservation goals. I'm sending this letter to give you the Agency's views on how those elements of the Order should be implemented.

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We will use 2004 as our base year for both the 25% diversion reduction and the 25% water conservation goal, as we did in 2007. We interpret the commercial turf irrigation prohibition as requiring you to prohibit your customers from irrigating turf that is not used regularly by a significant number of people. This prohibition would apply to commercial and governmental uses such as ornamental turf in median strips along streets, at public and private office buildings, business parks, out-of-bounds areas at golf courses, and unused areas in parks. The prohibition would not apply to regularly used turf, such as baseball, soccer, and other recreational fields, golf courses, and park and other areas where turf is actually used by substantial numbers of people to walk, play, or sit on (as opposed to turf that is primarily ornamental). Of course, any turf area irrigated, we do expect that a smart weather track controller is being used to minimize the use of water. Most of you are probably already using recycled water on many of those areas. Because the Order is for the purpose of preserving potable Russian River water, in our view the prohibition would also not apply to irrigation with recycled water or to irrigation from groundwater wells that are either private or, if public, not connected to a municipal water supply system served by the Water Agency. Please feel free to call me if you would like to talk about any specific situations.

California is in its third consecutive year of drought and, as Order 2009-0027-DWR recognizes, Governor Schwarzenegger has asked all urban water users to reduce their water use by 20%. I am confident that the residents of our region can outperform the rest of the state and that the cities, town and water districts that use Agency water will be able to achieve the 25% goal.

I have directed my staff to be available to answer any of your questions about the Order and to attend meetings of the Water Advisory Committee or Technical Advisory Committee, if you would like to have them. In addition, we will, as we have done in the past, hold public meetings in areas affected by the Order.

Please call me if you have any questions.

Sincerely,

/s/

Randy D. Poole
General Manager/Chief Engineer

c: Victoria A. Whitney, Deputy Director for Water Rights - SWRCB
Members of the Technical Advisory Committee
Board of Directors, Sonoma County Water Agency

[DATE 04-17-09]

To: Russian River Watershed Purveyors

Re: State Water Resources Control Board Water Conservation Requirements

Dear Water Purveyor/Business:

As you may know, the Sonoma County Water Agency filed a petition with the State Water Resources Control Board on April 6, 2009 requesting approval of a Temporary Urgency Change to its water rights permits. The petition requested that in-stream flow requirements be reduced to prevent Lake Mendocino from going dry and preserve storage necessary for survival of listed Russian River salmonid fisheries and the agricultural and municipal uses that depend on Lake Mendocino. On the same day, the State Board issued Order WR 2009-0027-DWR, conditionally approving the change petition.

Order WR 2009-0027-DWR requires that the Water Agency:

- Temporarily reduce diversions from the Russian River by 25%,
- Temporarily prohibit irrigation of commercial turf grass within its service area, and
- Within 30 days, submit and implement a water conservation plan by which Russian River water users reach a water conservation goal of 25% in Sonoma County and 50% in Mendocino County.

The purpose of this letter is to enlist your cooperation with the Agency in meeting these extremely challenging goals for water conservation, and begin gathering usage and conservation savings data from your utility or business.

Term 15 of Order WR 2009-0027-DWR requires the Water Agency, within 30 days of the date of the Order, to submit a plan to the State Board to obtain cooperation and participation of municipal Russian River water users <u>not</u> supplied by the Water Agency to reach a water conservation goal of 25% in Sonoma County and 50% in Mendocino County for the period of April 6, 2009 to October 2, 2009, when the order expires. Term 15 also requires the Water Agency to identify and prevent waste, unreasonable methods of use, or unreasonable methods of diversion of water. Monthly progress reports are to be submitted to the State Board by the Water Agency with regard to progress being made both in gaining your utility/business's cooperation and investigating waste.

Additionally, Term 16 of Order WR 2009-0027-DWR requires the Water Agency to prepare a Water Conservation Status Report for the Water Agency's service areas and other areas served by Lake Mendocino. This report is due to the State Board by December 31, 2009.

To comply with Terms 15 and 16, the Water Agency will need to gather usage and conservation savings information from your utility or business.

Please share with us how you plan to achieve the 25% (Sonoma County) or 50% (Mendocino County) water conservation goals. For example, which CUWCC BMPs are you practicing? Are you implementing a commercial turf irrigation ban? How do you enforce your water waste ordinances? What types of water conservation programs do you have in place and what conservation measures are you planning to start?

We need to begin gathering information about your utility/business now, because the plan required under Term 15 is due to the State Board on May 6, 2009.

Please provide the following information **by April 28, 2009** to help us respond to the State Board's Order:

1. Your actual diversion volumes in 2004 for the months of July, August, September, and October;
2. A description of how your utility/business will achieve a 25% or 50% reduction in the use of water during the period from April 6, 2009 to October 2, 2009;
3. The savings (volume of water) that you estimate will be realized from these measures; and
4. Your plan to identify and prevent any water waste and unreasonable use.

We realize that we are asking for this information in a very short amount of time, and for that we apologize. The Water Agency truly appreciates your prompt attention to this urgent matter.

If you have any questions, please call Heather Bauman at 707-547-1910 or Lynn Florey at 707-547-1909.

Sincerely,
/s/
Lynn Florey
Sonoma County Water Agency
Principal Program Specialist

Encl. SWRCB Order WR 2009-0027-DWR