

**AGREEMENT
FOR THE PROVISION OF SURFACE WATER TO THE RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT FROM THE FACILITIES OF THE SACRAMENTO
SUBURBAN WATER DISTRICT AS PART OF A DEMONSTRATION PROJECT FOR
COMPLIANCE WITH THE SACRAMENTO GROUNDWATER AUTHORITY'S
GROUNDWATER MANAGEMENT PLAN AND THE COUNTY OF SACRAMENTO'S
PF-8 REQUIREMNT**

The following is an Agreement by and between the RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT ("RLECWD") and the SACRAMENTO SUBURBAN WATER DISTRICT ("SSWD") (collectively, the "PARTIES"). The Agreement is effective as of the latest date of signature below.

RECITALS

WHEREAS, the PARTIES are domestic water purveyors duly organized under applicable state statutes and authorized to provide wholesale and retail water supplies in Sacramento County, California; and

WHEREAS, the County of Sacramento Board of Supervisors (the "Board") has adopted the "Rio Linda/Elverta Community Plan" (as revised in 1999) which includes Policy PF-8 that states that *"the County of Sacramento and the Cities of Citrus Heights, Folsom and Sacramento, through a Joint Powers Agreement, have established the Sacramento North Area Groundwater Management Authority ("SNAGMA") to implement a groundwater management program to protect the long-term sustainable yield of the groundwater basin underlying the North Area Basin. In the new growth area in eastern Elverta, and other comprehensively planned development areas, entitlements for urban development shall not be granted until the Board of Supervisors makes one of the following findings:*

(i) that an agreement between the developer and either the domestic water purveyor serving the area (the Rio Linda/Elverta Community Water District and/or Citizens Utilities Company) or the SNAGMA has been executed which (a) assures that arrangements are in place to deliver supplemental water supplies (i.e., surface water, reclaimed water, etc.) within the boundaries of the SNAGMA in quantities sufficient to prevent a long-term net increase in groundwater pumping resulting from the proposed development and (b) assures that funding is made available to either the domestic water purveyor or the SNAGMA for all costs for delivery of such supplemental water supplies; or,

(ii) that an appropriate groundwater management program has been adopted by the Sacramento North Area Groundwater Management Authority ("SNAGMA") to protect the long-term sustainable yield of the groundwater basin underlying the area for

which an entitlement is sought, and that water use resulting from such entitlement is subject to and consistent with such groundwater management program.

The land use planning process may proceed, and specific plans and rezoning may be approved, prior to this finding being made by the Board of Supervisors”; and

WHEREAS, Sacramento Groundwater Authority (“SGA”) is currently working on a groundwater management plan for the basin that would comply with PF-8 (ii), but has not yet formally completed such plan; and

WHEREAS, RLECWD will serve over 90% of the development area within the Elverta Specific Plan (“ESP”) subject to the requirements of PF-8 and wishes to comply with both the County’s requirements and regional conjunctive use commitments arising out of the Water Forum Agreement of January 2000; and

WHEREAS, SSWD has surface water available for sale to RLECWD and/or has water available for use within its service territory for groundwater banking; and

WHEREAS, the PARTIES wish to enter into an Agreement to conduct a Demonstration Project for development of policies and procedures to comply with the requirements of PF-8 established by the County of Sacramento.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the PARTIES hereby agree as follows:

AGREEMENT

1. SSWD will supply surface water from its supply source(s) in the amount of one hundred acre feet (100 AF) for a Demonstration Project compliant with Sacramento County PF-8 requirements associated with conjunctive use projects. Such supply shall be for a period ending September 30, 2007.
2. The PARTIES will continue to diligently pursue a formal agreement to address the provision of PF-8 water to the Elverta Specific Plan Development. Such agreement shall be contingent upon the Elverta Specific Plan Development receiving the associated land-use, zoning, environmental and other necessary approvals by the Sacramento County Board of Supervisors.
3. RLECWD will compensate SSWD for water supplied to RLECWD in accordance with a delivery schedule and per acre foot price in accordance with Exhibit 1 and commence no later than January 1, 2007.

4. Subject to the provisions of section 5 below, RLECWD will take delivery of a minimum of 25 acre feet of water during the term of this Agreement. If RLECWD takes delivery of less than 25 acre feet of water under this Agreement, it will be obligated to pay SSWD a sum equivalent to the cost of the minimum 25 acre feet water entitlement. RLECWD will remain obligated to pay SSWD for any water delivered above the minimum 25 acre feet minimum entitlement only if and to the extent SSWD actually delivers such additional supplies.
5. SSWD will make water supplies available to RLECWD under this Agreement from surface water supplies that are available to SSWD from time to time, including treated surface water conveyed to SSWD by San Juan Water District. SSWD will operate its water system to provide its retail customers first priority to water supplies available to SSWD. SSWD may discontinue or reduce the water supply provided to RLECWD at any time upon SSWD's determination, in its sole discretion, that continuing to deliver water supplies would adversely affect water service to SSWD's customers because of emergency or because of maintenance necessary to ensure the sound operation of SSWD's water system. SSWD shall provide RLECWD notice of discontinuation or reductions in quantities of water supplies at least twenty-four hours in advance, to the extent practicable and shall provide RLECWD a schedule indicating an estimated time for return to service. SSWD will cooperate with RLECWD to minimize the impact on RLECWD of any such scheduled maintenance.
6. The PARTIES will work cooperatively to develop data, reports, studies, monitoring plans, and other associated documents to support the SGA's Water Accounting Framework and County PF-8 requirements.
7. The PARTIES specifically agree to indemnify, defend, and hold each other harmless, including each parties officers, agents, and employees from and against any and all actions, claims, demands, losses, expenses (including attorneys' fees, litigation costs, and litigation expenses such as expert witness fees), damages, and liabilities resulting from injury or death of a person or injury to property, arising out of the performance of activities undertaken by each PARTY under this Agreement.
8. Each PARTY represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, including all approvals required of regulatory agencies. Each party will provide to the other party concurrent with execution of this Agreement, a duly-authorized resolution or other document authorizing the person executing this Agreement to do so.
9. Any notice and other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if (a) served personally on the PARTY to whom notice is to be given; or (b) sent by electronic mail, and the party to whom notice is to be given confirms receipt; or (c) on the third day after mailing, if mailed to the party to whom notice is to be given, by first-class mail, postage prepaid, and properly addressed to the following:

General Manager
Sacramento Suburban Water District

3701 Marconi Avenue
Sacramento, California 95821

General Manager
Rio Linda/Elverta Community Water
District
730 L Street, P.O. Box 400
Rio Linda, CA 95673


RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

Dated: Jan. 30, 2007

By: 
Clifford Dee Dillon
General Manager

SACRAMENTO SUBURBAN WATER DISTRICT

Dated: Jan 30, 2007


Robert Roscoe
General Manager

EXHIBIT

12/06/06

ANNUAL WHOLESALE RATES AND CHARGES FOR WATER SERVICE

Illustrative Approximate Water Delivery Charges For 2007 (Variable \$/per acre foot for water delivered, except that, the charge under the PCWA Water Supply Agreement, plus surcharge, applies to the Annual Entitlement that the District makes available to the Company that year):

PCWA Water Supply Agreement (plus 5 percent surcharge):	\$ 36.75
Warren Act Contract (2006):	\$ 15.75
Folsom Reservoir Diversion Power Charges:	\$ 1.774
San Juan Water Treatment Plant Charges (FY 06):	<u>\$ 44.50</u> \$ 98.77

Approximate Capacity Reservation Charges (Fixed \$/Per Acre Foot of Service Commitment):

Conveyance Facility Capital Charge:	\$ 62.65
Regulatory Approval Charge (includes environmental compliance and State Board approval related to PCWA Water Supply Agreement):	\$ 3.30
Long-Term Warren Act Contract Approval Charge:	\$ 0.00 (12/06/06)
Conveyance O&M Charge:	\$ 1.00
Administrative Charge:	\$ 1.00
Out-of-District Charge:	<u>\$ 9.40</u> \$ 77.35 (02/27/2006)

Additional facilities to provide water service would include the following:

\$ 0.00 (12/06/06)

EXHIBIT 3

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT
AND
SACRAMENTO SUBURBAN WATER DISTRICT
WHOLESALE SURFACE WATER SERVICE CONNECTIONS**

OPERATING CRITERIA

This document outlines the general delivery guidelines and criteria for the operation of service connections between the Rio Linda Elverta Community Water District (Rio Linda) and the Sacramento Suburban Water District (District). The initial wholesale water service connections are located in the District's North Services Area on the distribution system north of the intersection of Elkhorn Boulevard and 30th Street.

LIST OF CONTACTS:

The following listing of Rio Linda and District contact names and phone numbers is provided in order of contact priority.

District:	WORK (916 Area Code)
James Arenz, Operator on Call	679-2892 (Cell-869-7359)
*Field Operations Dispatch (for Operator on Call)	972-7171
*Utility Emergency Number (24-hr Line)	972-7171
Dan York, Field Operations Manager	679-2880 (Cell-869-7349)
Warren Jung, District Engineer, Operations	679-2896 (Cell-416-5467)

*Daily 8am-5pm; after hours, weekends and holidays-same number to answering service.

RLECWD:	WORK
Production On-Call Operator	916-764-6963
Operations Supervisor Pat Goyet	916-991-8892
	916-206-6265 (Cell)
	916-992-6265 (Home)

OPERATIONAL PARAMETERS:

Per the agreement the Rio Linda and District operators controlling the service connections shall maintain the following operational parameters (See Attachment 1, Map of intertie north of Elkhorn Boulevard and 30th Street).

Service Connection - 8-inch connection approximately 400 feet north of 30th Street and Elkhorn Boulevard.

Per the operational requirements of the District supply and distribution system, the following additional operational parameters shall be maintained.

Minimum District System Operating Pressure	= 45 psi
Minimum Service Connection Operation Pressure	= 40 psi

OPERATIONAL PROCEDURES:

1. For initial start-up, and for subsequently significant shutdown periods, Rio Linda will call the District Water Production Department to communicate delivery status.
2. The Water Production Operator will check the system pressure using the District's Supervisory Control and Data Acquisition (SCADA) system. (SSWD has several of its production wells connected to a telemetry system for monitoring the system operation throughout the District. Overall system pressures will be monitored regularly to assure that system pressures maintain District required levels.) If the pressure equals or exceeds 45 psi, the Water Production Operator will open the valve located at the service connection. If the system pressure at the service connection is less than 45 psi, or the Water Production Operator has reason to suspect that the pressure shall fall to or below 45 psi within a short period from the call for delivery (based on historic demand trends), the Water Production Operator will deny Rio Linda's request for delivery and not open the valve.

The SCADA system shall enunciate visually and audibly a low-pressure condition (45 psi) and a low-low pressure condition (40 psi) at the District control station. Should the low-low pressure condition remain in effect for 30 minutes, the District's shall initialize valve shutdown.

3. When the Water Production Operator authorizes a request for delivery, and the service connection valve has been opened, the District Operator shall monitor the system

pressures in the District through the SCADA system. If the system pressure remains constant Rio Linda shall continue to take water. The District will continue to monitor system pressures on the District side of the service connections. If the pressure falls to or below 45 psi the District shall adjust the flow to maintain pressure at or above 45 psi. Rio Linda shall strive to maintain service connection pressure at or above 40 psi. If at any time the District's pressure should fall to or below 45 psi the District's shall reduce the flow in the connection.

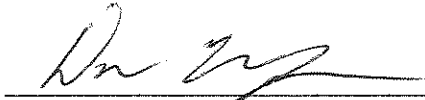
4. The District shall be responsible for reading the meter and recording the time and flow quantities.
6. District can take a maximum daily flow rate through the connection as measured by the District maintained service connection flow meter as long as the service connection pressures and conditions in paragraphs 2 and 3 are met.
7. If Rio Linda encounters an emergency situation that requires additional water for their system for a short duration, the District may allow Rio Linda to take water even though the system pressure at the service connection is below 40 psi. Rio Linda shall notify the District as soon as practical regarding emergency usage and its expected duration.
8. If the District encounters an emergency situation that requires additional water for their system, the District may close the service connection valve even though the system pressure at the service connection is at or above 40 psi. In the event of an emergency, the Water Production Operator shall notify Rio Linda before closing the service connection valve (s).
9. The aforementioned delivery criteria can be modified at the discretion of the District.

AGREEMENT:

Both parties agree to the procedures and conditions set forth in this document to deliver District water to the Service connection, by and between the SACRAMENTO SUBURBAN WATER DISTRICT and RIO LINDA ELVERTA COMMUNITY WATER DISTRICT.

Dated: Jan. 30, 2007

SACRAMENTO SUBURBAN WATER DISTRICT

By: 
Dan York, Distribution Manager

RIO LINDA ELVERTA COMMUNITY WATER DISTRICT

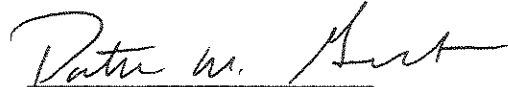
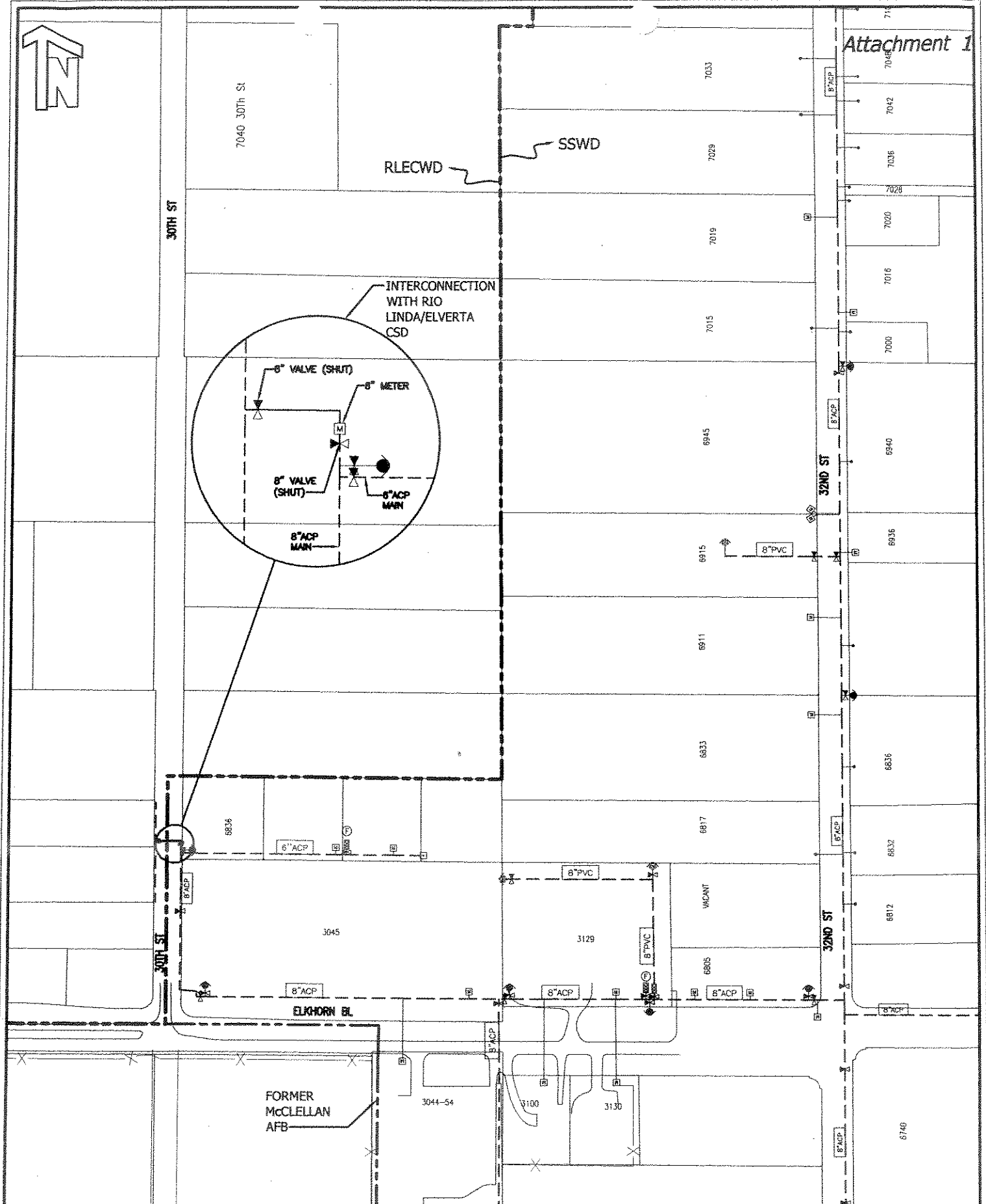
By: 
Pat Goyet, Operations Supervisor

EXHIBIT 1

Delivery Schedule

<u>Year</u>	<u>Minimum Delivery</u>	<u>Estimated Delivery</u>	<u>Maximum Delivery</u>
2007	25 AFY	100 AFY	500 AFY



Sacramento Suburban Water Dist. 3701 Marconi Ave Suite 100 Sacramento, CA 95821-5346 PH: (916) 972-7171 FAX: (916) 972-7639	DWG NAME: Location Map for 30th & Elkhorn	
	SCALE: <i>Not to Scale</i>	
	DATE: 12/07/2006	CF NAME: 30th_elkhorn_int