

**CONTRACT BETWEEN THE PLACER COUNTY WATER AGENCY  
AND THE CITY OF ROSEVILLE RELATING TO  
WATER SUPPLIES AND EXCHANGES**

This contract ("Contract") is entered into as of the 1st day of September, 2010, by and between the Placer County Water Agency (the "Agency") and the City of Roseville (the "City");

RECITALS

WHEREAS, since 1989 the City and the Agency have entered into the following contracts and agreements relating to interconnecting their water systems, water supplies and wheeling of water:

1. The May 17, 1989 contract "Relating to Interconnection of Their Water Systems."
2. The November 20, 1991 agreement "For A Water Supply."
3. The November 20, 1991 agreement "For Wheeling Water."
4. The October 6, 1994 agreement "Amending and Supplementing May 17, 1989 Agreement."
5. The April 1995 addendum to the May 17, 1989 contract "Relating to Interconnection of Their Water Systems."
6. The January 17, 1996 agreement "Amending November 20, 1991 Water Supply Contract."
7. The March 18, 1998 agreement for "Exchange of Service Area for the Stoneridge Specific Plan."
8. The June 21, 2000 agreement for "Exchange of Water for the Highlands Reserve Service Area and the Modification of the October 6, 1994 Agreement (which amended the May 17, 1989 Interconnection Agreement)."
9. The January 3, 2001 agreement for "Oversizing of the Baseline Road Pipeline Extension and Provision of Points of Delivery and Modification of the November 20, 1991 Wheeling Agreement." Among other things, the January 3, 2001 agreement superseded the July 7, 1999 agreement for the "Oversizing of the Baseline Road Extension and to Provide Points of Delivery."

10. The October 22, 2003 agreement amending the "October 6, 1994 Agreement" relating to interconnection.

11. The October 22, 2003 "First Amendment to Highlands Reserve Water Exchange Agreement," which amended the above-mentioned June 21, 2000 agreement.

12. The October 22, 2003 agreement for the "Joint Use of the Roseville Storage Reservoir and Stoneridge Pump Station;" and

WHEREAS, Attachment A, attached hereto and incorporated herein by this reference, describes the various water system intertie points and any related facilities; and

WHEREAS, Attachment B, attached hereto and incorporated herein by this reference, describes the Stoneridge intertie, pumping station, and storage facilities and the parties' respective ownership interests; and

WHEREAS, Attachment C, attached hereto and incorporated herein by this reference, identifies the pipeline segments with Roseville service area upsized by PCWA to enable water wheeling and the parties' respective maintenance obligations; and

WHEREAS, for convenience, to facilitate understanding of the present relationship of the parties concerning such water service and to bring these agreements up to date, they desire to consolidate and supersede the aforementioned agreements and contracts as set forth below.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. TERMINATION OF EXISTING AGREEMENTS. The agreements and contracts as described in the first recital, and all amendments, supplements, and addendum thereto, if any, shall be superseded by this Contract and are hereby deemed terminated upon execution of this Contract by both parties.

2. TERM OF CONTRACT AND AMENDMENT. This Contract shall be effective upon its execution by both parties and shall remain in effect indefinitely. This Contract may be amended by the parties only upon mutual written agreement.

3. DEFINITIONS. When used in this Contract, the following terms shall have the meanings hereinafter set forth:

(a) “Annual Entitlement” shall mean the amount of water committed to the City by Agency on an annual basis, subject to the schedule described in Article 4, to a total amount of 30,000 acre feet of raw water from the water available to the Agency under its MFP water right permits 13856 and 13858. The Agency may utilize its water supply contract with the USBR to meet the Annual Entitlement, unless the provision of such USBR water would result in less than the full Annual Entitlement being made available to the City.

(b) “Drier Years” and “Driest Years” shall have the same meaning in this Contract as presently set forth in City and Agency Water Forum Purveyor Specific Agreements.

(c) “Emergency” shall mean any conditions that will result in either party being short either treated or raw water. Conditions that may constitute an emergency are limited to facility failure, drought conditions, contractual cutbacks of water supplies, or maintenance outages.

(d) “Firm Supply” shall mean the quantity of water the Agency commits to City and is able to provide based on the conditions within this Contract.

(e) “MFP” shall mean the Agency’s Middle Fork American River Project.

(f) “Net Delivery” is defined as the difference between the total volume of treated water delivered by the Agency to the City under this Contract from all delivery points combined over a given period, and the total volume delivered by the City to the Agency from all delivery points combined over the same period.

(g) “Reoperation Water” shall mean water, separate from the Annual Entitlement, released by the Agency from the MFP in Drier and Driest Years to compensate for increased diversions from the American River by the City and the Agency.

(h) “USBR” shall mean the United States Department of the Interior, Bureau of Reclamation.

(i) "Year" shall mean the twelve month period from January 1 through December 31, both dates inclusive.

PART A. AMERICAN RIVER WATER SUPPLY

4. THE CITY'S ANNUAL ENTITLEMENT. The City shall be required to take or pay for its Annual Entitlement pursuant to the following incremental build up schedule:

- A. 10,000 acre feet until June 30, 2015, then
- B. 15,000 acre feet until July 1, 2018, then
- C. 20,000 acre feet until July 1, 2021, then
- D. 25,000 acre feet until July 1, 2024, then
- E. 30,000 acre feet thereafter.

The Annual Entitlement of water provided by the Agency shall be in perpetuity unless the City voluntarily reduces its Annual Entitlement. The City may voluntarily permanently reduce its Annual Entitlement at any time by giving the Agency written notice thereof not less than 90 days prior to the beginning of any Year. If the City elects to do this, its Annual Entitlement and the amount of Annual Entitlement it must take or pay for each year thereafter shall be permanently reduced by the amount specified in the City's voluntary reduction. If the City's Annual Entitlement is reduced permanently in this way and thereafter the City desires to increase it, it shall submit a request to the Agency. If the Agency has water available for such a requested increase, the parties shall set forth the terms and conditions for the delivery of that water in an amendment to this Contract. Also, in the event the City desires to accelerate the amounts set forth in A, B, C, D, and E above, City may do so by notifying the Agency at least one year prior to January 1 of the year during which such acceleration would commence and City shall pay for water deliveries in accordance with Article 12.

In the event USBR temporarily cuts water supplies normally available to the City under its CVP contract the City may request additional water supplies from the Agency. When such additional supplies are available from the Agency, in consideration of Article 9 herein, such additional water will be made available on an annual basis to the City at the then current unit price as an emergency supply.

The Agency acknowledges that the City has entered into an agreement with San Juan Water District for use of 4,000 acre-ft of MFP water which the Agency has contracted to deliver to San Juan and which San Juan identified for diversion from Folsom Reservoir in its Water Forum Purveyor Specific Agreement in normal and wet water years. The Agency further acknowledges that the City has determined that this water supply is necessary as an integral part of its water resource plan to meet its projected buildout demands.

5. DELIVERY OF WATER. Until such time as the Agency is able to obtain the right to divert water off the Sacramento River all water to be furnished pursuant to Part A of this Contract will be delivered by the Agency into Folsom Reservoir and the City shall be responsible for the transportation of the water out of Folsom Reservoir into the City's facilities, including the payment of any charges made by the USBR relating to the delivery of this water out of Folsom Reservoir. Also, if it is necessary to construct facilities to divert this water out of Folsom Reservoir, the City shall be responsible for all costs of such construction and for processing any necessary approvals for such construction. If and when the Agency obtains the right to divert water off the Sacramento River, water to be furnished pursuant to Part A of this Contract may be delivered by the Agency to the City either out of Folsom Reservoir or out of the Sacramento River in accordance with a future agreement between the City and the Agency to be negotiated setting forth the time, amount, means and place of delivery of water from the Sacramento River.

6. DELIVERY SCHEDULE AND REPORTING. On or before December 1 of each year, the City shall submit a written schedule to the Agency indicating the times and quantities of its Annual Entitlement to be taken from Folsom Reservoir during the following year. The Agency shall, consistent with its water rights, the provisions hereof and to the maximum extent feasible, furnish water in accordance with the schedules submitted by the City or any revisions thereof that are consistent with this Contract. Agency shall provide verification to USBR of sufficient natural flows and/or releases from storage to supply deliveries to the City, in a manner satisfactory to USBR, if requested.

7. CARRIAGE LOSSES. The USBR currently imposes carriage losses of 5% on deliveries of MFP water to the City for the use of Folsom Reservoir. The Agency agrees to make additional carriage water deliveries to Folsom Reservoir, above the City's requested delivery

amount, as required by the USBR to enable the full delivery of the City's scheduled water. In wet years, MFP generally releases enough water into Folsom Reservoir to meet USBR's carriage loss requirement as an indirect result of its planned power operations. However, in dry years it may be necessary for the Agency to make releases from MFP reservoirs not planned for its power operations in order to meet the carriage loss requirement. When additional releases from MFP storage are required to meet USBR's carriage loss requirements, the City agrees to pay the Agency for carriage loss releases at the same rate that it pays for delivered water.

8. MEASUREMENT. The City shall measure or cause to be measured all water furnished pursuant to this Part A at the USBR's point of delivery into City facilities. Such measurement shall be with equipment satisfactory to the Agency and the City, and the Agency shall be furnished written reports on the deliveries to the City, as and when requested by the Agency. The Agency may inspect such measuring equipment for the purpose of determining the accuracy thereof at any time and any errors appearing therein will be adjusted.

The Agency shall measure or cause to be measured all water delivered into Folsom Reservoir for delivery to the City pursuant to this Part A. Such measurement shall be with equipment and methodology satisfactory to the USBR and the City. The City and/or USBR may inspect such measuring equipment for the purpose of determining the accuracy thereof at any time and any errors appearing therein will be adjusted.

9. AGENCY WATER SHORTAGES.

(a) There may occur at times a water shortage or shortages during any year or years in the quantity of water available to the Agency for delivery to the City under this Part A. In such events no liability shall accrue against the Agency or any of its respective officers, agents or employees for any damage, direct or indirect, arising from such shortage or shortages. In any year in which a shortage may occur the Agency reserves the right to equitably apportion, in accordance with Agency Board's reasonable determination, its total available water supply among the City and all others entitled to receive water from the Agency. If in any year the City is delivered less than its Annual Entitlement due to such shortages, an adjustment or credit, with interest at the legal rate, shall be made in the amounts to be paid by the City. To the extent of such deficiency in delivery, such adjustment shall constitute the sole remedy of the City or

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

(b) The Agency may temporarily discontinue or reduce the amount of water to be furnished to the City as provided for herein for the purpose of maintaining, repairing, replacing, investigating or inspecting any of the facilities necessary for the storage or furnishing of water to the City. Insofar as it is feasible, the Agency will give the City due notice in advance of such temporary discontinuances or reductions, except in cases of emergency, in which case no notice need be given. In the event of any such discontinuance or reduction, the Agency will, upon the resumption of service, attempt to approximate delivery of the quantity of water which would have been furnished to the City in the absence of such contingency.

(c) The City also recognizes that the Agency's water right permits are subject to the continuing jurisdiction of the State Water Resources Control Board, and the Agency's ability to deliver water is also always subject to natural conditions.

(d) During periods of drought the Agency shall operate the MFP to prioritize consumptive water supply delivery over power generation.

10. WATER QUALITY. The Agency assumes no responsibility with respect to the quality of the water to be furnished pursuant to this Part A and does not warrant the quality of any such water.

11. RESPONSIBILITIES FOR DELIVERY AND DISTRIBUTION OF WATER. Neither the Agency nor its officers, agents or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of the water outside of facilities then being operated or maintained by the Agency.

12. RATES AND METHOD OF PAYMENT FOR WATER.

(a) For each acre-foot of Annual Entitlement scheduled and deliverable to the City pursuant to this Contract, the City shall pay the Agency an amount equal to the average of the acre foot prices the City, San Juan Water District and the Agency are required to pay to the USBR, exclusive of any mitigation or restoration payments, during that year for water made

available to them by the USBR in Folsom Reservoir for domestic, municipal and industrial purposes. If in any year any of the three (the City, San Juan and the Agency) are not required to pay the USBR for water that year, the price the City shall pay the Agency shall be the average of the acre foot prices the other two are required to pay to the USBR that year. Payments for the City's Annual Entitlements shall be made to the Agency quarterly in advance on or before January 1, April 1, July 1 and October 1 of each year.

(b) Interest On Overdue Payments. The City shall pay the Agency interest at the legal rate for interest on State of California court judgments on any charges that remain unpaid after they become due and payable.

13. OBLIGATION OF CITY TO MAKE PAYMENTS.

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

(b) Refusal of Water Does Not Affect Obligation. The City's failure or refusal to accept delivery of any of its Annual Entitlement in any year shall in no way relieve it of its obligation to make payments to the Agency for that year's Annual Entitlement as provided for herein.

14. REOPERATION OF MIDDLE FORK PROJECT RESERVOIRS.

(a) In its Water Forum Purveyor Specific Agreement, the City agreed to make available up to an additional 20,000 acre-feet in releases from the MFP into Folsom Reservoir in order to take delivery of up to 39,800 acre-feet of surface water from the American River at Folsom in Drier and Driest Years, subject to the Agency making Reoperation Water available. Similarly, in its Purveyor Specific Agreement, the Agency agreed to make available up to an additional 27,000 acre-feet in releases from the MFP into Folsom Reservoir in order to take



delivery of up to 35,500 acre-feet of surface water from the American River at Auburn in Drier and Driest Years.

(b) The Agency agrees to release up to 20,000 acre-feet Reoperation Water for the benefit of the City from its MFP into Folsom Reservoir in Drier and Driest Years, for re-regulation by the USBR down the Lower American River upon the following terms and conditions:

(i) This Reoperation Water is in addition to the City's Annual Entitlement plus carriage losses.

(ii) The Agency will release this Reoperation Water for the City only to the extent that the Agency, in its sole discretion, has determined that (1) it has sufficient water in its reservoirs to make the additional releases required for this Reoperation Water, in addition to its own Reoperation Water releases, without jeopardizing the Agency's supplies for its consumptive customers, including the City, and (2) the Pacific Gas & Electric Company or any other purchaser of MFP power and energy agrees to the reoperation of the MFP, to the extent such an agreement is necessary to permit the Agency to make the releases for the Reoperation Water.

(iii) In the event that the Agency determines that it does not have sufficient water under subparagraph (b)(ii) above it shall proportion any shortage between City Reoperation Water and Agency Reoperation Water.

(iv) The City shall notify the Agency in writing, on or before May 1<sup>st</sup> of any Drier or Driest Year, the amount of this Reoperation Water it wants the Agency to release for the City during the Calendar Year.

(v) The City shall pay the Agency for the quantity of Reoperation Water the Agency releases for the City during that calendar year at one and one half times the rate it pays for each acre foot of Annual Entitlement water. The City shall remit a deposit of 25% of the cost of the requested amount at the time the City submits its written request for Reoperation Water for that year. The Agency shall bill the City on a monthly basis as releases are made, using deposited funds first. Deposited funds that are not needed, either because of

reduced releases or credit from the sale to a third party as provided in paragraph (c) below, shall be refunded to the City within 30 days of the Agency determining that the funds are not needed or by the end of the calendar year, whichever is earlier.

(vi) The Reoperation Water provided for the City pursuant to this Agreement shall be released into Folsom Reservoir on a delivery schedule to be agreed to by the City, the Agency, the Agency's power purchaser and the USBR for later release to the Lower American River.

(c) The Agency shall diligently attempt to sell the Reoperation Water released for the City for use below the Lower American River. The Agency shall use its best efforts to make such a sale, with any terms and conditions of such a sale that would affect the delivery of the City's Annual Entitlement being subject to the City's approval. The net amount received by the Agency for such sale, after deducting all of the Agency's expenses in achieving such a sale, including, but not limited to, the Agency's administrative expenses, legal expenses, and any expenses for CEQA or NEPA compliance, shall be credited to the City up to the amount the City is required to pay the Agency for Reoperation Water pursuant to subparagraph (b)(v) above. If the Agency does not find a willing buyer within 45 days from the City's request, the water may then be retained for use and/or marketed by the City consistent with the limitations set forth in Article 35 on the use of such water.

(d) Term of Article 14. The term of this Article 14 shall run concurrently with the term of the Agency's and the City's Purveyor Specific Water Forum Agreements, whichever is shorter. If after the date of this Contract there are material changes in the Water Forum Agreements as determined by either party, either party may in its sole discretion upon notice to the other party terminate this Article 14 or request the other party to meet and confer to discuss amendment of this Article 14. Such meet and confer shall take place within 30 days of the request.

## PART B. INTERTIE LINE AND WHEELING OF WATER

15. THE TINKER INTERTIE. The parties agree to operate the Tinker Intertie, identified in Attachment A, as follows:

(a) Ownership of Facilities. The pipelines connecting the Tinker Intertie within the City shall be owned, operated and maintained by the City. The portion outside the City and the valves that regulate the delivery of water thereto are owned, operated and maintained by the Agency.

(b) Regulation of Water Exchanges. Except when the parties may be providing water in response to an abnormal pressure drop on either side, or the Agency is wheeling water through the Tinker Intertie to its service area west of the City, or when the Tinker Intertie is being used to balance water takes between the parties as determined necessary by operations staffs of both parties, the Tinker Intertie will be regulated so that exchanges of water between the Agency and the City are kept at a minimum.

16. WHEELING OF WATER.

(a) 10 MGD Wheeling and Limitation. The City has constructed sufficient reserve capacity in its pipelines and other facilities to enable it at all times to wheel water at a total peak rate of approximately 10,000,000 gallons of water per day (10 MGD) for the Agency from the Tinker Intertie to the delivery point of a 12-inch connection at Blackwood Road to serve Bianchi Estates, a 24-inch connection at Crowder Road to serve the Morgan Creek area, and a 24-inch connection west of Fiddymment Road. The City shall wheel water for the Agency, up to this maximum rate, as it is delivered by the Agency through the Tinker Intertie. The Agency shall not exceed the aforementioned peak rate.

(b) Agency's Management of its Water Supply Commitments. The Agency shall manage its water supply commitments and/or operations so as not to exceed the aforementioned peak rate. In the event that the peak rate is exceeded the Agency will immediately cease all further connections in the service area relying on this capacity and cease issuance of connection commitments within the same area. In no event shall the City be required to change its normal operations to facilitate the wheeling of water for the Agency.

(c) Charges for Wheeling and Maintenance and Repair. Charges by the City to the Agency for the wheeling of water through the City's system shall include the cost of water identified in Part E of this Contract. The parties have agreed that the cost of all recurring

maintenance and minor repairs to these pipelines (such as small leak repair, valve repair or replacement, and flushing) shall be borne by the City. The cost of all future major repairs or capital expenditures (such as large leaks or pipeline rehabilitation/replacement) of pipelines shown on Attachment C shall be shared by the parties on a prorated basis between the City and the Agency as follows:

(i) The 36-inch waterline in Pleasant Grove Blvd. from Country Club Drive to Woodcreek Oaks Blvd. was upsized from 24 inches to accommodate the Agency wheeling and results in a 33% Agency cost share in major repairs.

(ii) The 36-inch waterline in Woodcreek Oaks Blvd. from Pleasant Grove Blvd. to Baseline Road was upsized from 24 inches to accommodate the Agency wheeling and results in a 33% Agency cost share in major repairs.

(iii) The 24-inch waterline in Baseline Road from Central Avenue to Junction Blvd. was upsized from 12 inches to accommodate the Agency's wheeling and results in a 50% Agency cost share in major repairs.

(iv) The 24-inch waterline in Baseline Road from Junction Blvd. to Fiddymment Road was not required by the City and was installed to accommodate the Agency wheeling and results in a 100% Agency cost share in major repairs. If in the future the City determines that it needs to use a portion of the capacity of this existing line to serve the Sierra Vista Specific Plan (or other) Project then the City shall also be responsible for a proportionate share of the cost of any major repairs.

(d) Fronting and Reimbursement of Costs. The City shall front any such costs, but the Agency shall reimburse the City for the Agency's share within 60 days after receipt of an invoice following the City's completion of the work. The City shall provide the Agency with at least 12 months notice of planned maintenance estimated to cost more than \$25,000.

(e) Future Extension of Pipelines. The Agency shall have the right to extend the Baseline 24-inch Pipeline west from Fiddymment Road in the future, subject to a separate agreement with the City specifying metering, capacity, ownership, possible City participation, and other related matters.

(f) Meters. The Agency agrees that it will at the City's sole option and at the Agency's sole cost, install such metering devices as the City may reasonably request at any delivery point to the Agency and at the Tinker Intertie.

(g) Payment for Maintenance of Meters. ~~The Agency shall pay all costs incurred for the maintenance of meters at delivery points that enable the Agency to take delivery of water from the City system.~~ The City shall bill the Agency for these costs as they are incurred and the Agency shall pay the City within 30 days after receipt of each bill.

(h) Water Quality. The City shall operate its pipelines in such a manner that any Agency water which the City wheels pursuant to this or any other agreement shall not be diminished in quality as a result of being wheeled. The Agency acknowledges, however, that Agency water delivered for wheeling will be commingled with the City's water and that the water delivered may not be the same as that presented for wheeling. The Agency expressly agrees that the water the City delivers to the Agency will be satisfactory to the Agency provided it meets the City standards for domestic use, regardless of whether the Agency standards are met. The City shall not be required to accept any water from the Agency that does not meet all applicable statutory and regulatory water quality requirements for domestic use in the City. In the event of an emergency with regard to the availability of Agency's treated water supply for wheeling purposes the City will wheel groundwater; provided, however, that the Agency provides a minimum of 48 hours advance written notice to the City of the Agency's desire to do so, meets with the City to coordinate operations and impacts, and that the Agency mixes such groundwater with any of its available treated water supply to the maximum extent reasonably possible to minimize changes in water quality experienced by City customers.

(i) Fluoridation. The City Water System permit requires fluoridation of potable water supplies. As such, non-fluoridated water introduced to the City system can result in conditions out of compliance. Long-term delivery of water into the City service areas at the Tinker Intertie shall be treated to result in optimum fluoridated water being delivered into the City system. Treatment and monitoring systems necessary to insure this are the responsibility of the Agency. Short term delivery of non-fluoridated water at other Intertie locations are allowed within current permit conditions. The Agency also recognizes that any water delivered from the

City system contains fluoride at optimal dosages and the Agency is responsible for appropriate notification and action within Agency service areas. If the City determines that in order to maintain optimum fluoride concentration in Agency's delivered water it may be necessary to assume the operation of Agency fluoridation facilities and bill the Agency for its associated operating costs. In order for the City to assume this operation it will be necessary for Agency to provide access to facilities and equipment to facilitate this. In the event facility improvements are required to facilitate the City's assumption of the fluoridation operation, such improvements will be implemented by the Agency after establishing the needs through operations. Needs may include, but are not limited to such items as access easement, facility access authorization, and auxiliary equipment and controls. Ongoing maintenance of said improvements will also be considered a reimbursable cost. Should the City eliminate fluoridation in its system in the future the Agency shall no longer be required to fluoridate delivered water.

#### PART C. STONERIDGE INTERTIE AND PUMPING FACILITY

17. Stoneridge Intertie and Pumping Facility. An Intertie facility has been constructed on City property on Scarborough Drive, as shown in Attachment B, commonly referred to as the Northeast Reservoir Site. Through the referenced agreement the following actions have been completed:

- The Stoneridge Pump Station has been constructed with ownership and responsibilities as identified in paragraph 18 below.
- The City has granted easements to the Agency for the construction, operation, maintenance and access of the Agency facilities.
- The City has sold the Agency 710,000 gallons of storage capacity in the existing 10 million gallon storage reservoir constructed by the City.

18. RESERVOIR REPLACEMENT AND REHABILITATION. At such time as the City incurs costs to rehabilitate or replace the 10 million gallon reservoir, the Agency shall reimburse the City for the Agency's proportionate share of these costs based upon the capacity. The City shall provide the Agency with an estimate of the required costs before initiation of any required rehabilitation or replacement. The City shall invoice the Agency for its proportionate

share of the costs based on the capacity ownership ratios upon completion of the work. The Agency shall pay its share of the costs within 60 days of the date of invoice. The City shall provide the Agency with at least 12 months notice of planned maintenance estimated to cost more than \$25,000.

19. PUMP STATION OPERATION AS A PEAKING/FIRE FLOW FACILITY.

When the Stoneridge Pump Station is operated as a peaking and fire flow facility, the Agency shall be allowed to withdraw water from the City's Zone 1 domestic water storage system during peak periods and return the same quantity to either the City's Zone 1 or Zone 2 systems during off peak periods within a 24-hour period beginning at the time such take first commenced. The City shall determine to which City Zone and intertie location the water will be returned. It is anticipated the pump station will operate up to 4 hours a day, 4 months a year to meet peak flow demands, with a maximum water transfer to the Agency of 710,000 gallons per day. Should operating conditions of the pump station change, the terms of this Contract may be amended in accordance with Article 2 of this Contract.

20. OPERATION AS AN INTERTIE FACILITY. The Stoneridge Pump Station may be operated as an intertie facility to allow for the delivery of water from the Agency to the City pursuant to this Contract. Water deliveries made through this Intertie shall be calculated in Net Deliveries on an annual basis per Part E of this Contract.

21. OWNERSHIP OF PUMP STATION. The Agency shall own the Stoneridge Pump Station. The Agency shall own, operate and maintain the pumps, pump controls instrumentation and electrical system, piping (excluding the City Zone 2 supply piping), building and HVAC systems, two-way flow meter, isolation valves, check valves, back up power system including fuel tank, telemetry system, hydro tank and air supply system, and associated appurtenances for operation of the Intertie facility and Agency telemetry systems. The City shall own, operate and maintain the control valves that return water to the City; the flow meter connected to the City Zone 2 water system; the piping to supply the City Zone 2 water system; City telemetry used to monitor operations; the City tank instrumentation and electrical systems. The above-mentioned facilities and their respective ownership interests are identified in Attachment B hereto. The City and the Agency understand the need to coordinate operations of

the system and share data that is being generated from both the Agency's and City's water systems. The Agency shall provide the City with real-time data related to pump station operations so that the City can monitor all aspects of water transfers. Access to all required data has been agreed upon during the development of the SCADA control logic. This will be maintained and/or modified as required after discussing needs between both parties, through the duration of this Contract.

22. PUMP STATION MAINTENANCE AND REPAIR COSTS. The Agency shall be responsible for the cost of all recurring maintenance and minor repairs to the Stoneridge Pump Station with the exception of the City flow meters, control valves, telemetry, tank instrumentation and electrical systems. The cost of all future major repairs or capital rehabilitation expenditures (such as re-roofing, painting or re-paving) shall be shared by parties on a 20% City, 80% Agency basis. The Agency shall provide the City with an estimate of the required costs before initiation of required major repairs or rehabilitation. The Agency shall invoice the City for its proportionate share of the costs (based on ownership ratio) upon completion of the work. The City shall pay its share of such costs within 45 days of the date of invoice.

23. PAYMENT OF UTILITY COSTS. The City shall be responsible for the cost of power associated with a separate feed (connection) to the City's valve vault. The Agency shall be responsible for the cost of all remaining utilities for the Stoneridge Pump Station.

24. SITE ACCESS. The Agency shall provide the City with reasonable access to the Stoneridge Pump Station for operations, maintenance and data acquisition. The City shall provide the Agency with reasonable access to its Northeast Reservoir site.

25. SHORTAGE AND INTERRUPTIONS IN SERVICE. Shortages in the quantity of water available to either party for delivery to the other party or other interruptions in service due to system failures might occur from time to time. Either party may temporarily discontinue or reduce the amount of water furnished to the other party as provided for in this Part C for the purpose of maintaining, repairing, replacing, investigating or inspecting any of the facilities necessary for the storage or furnishing of such water. Insofar as it is feasible, each party shall



give the other party notice in advance of such temporary discontinuances or reductions, except in cases of emergency, in which case notice shall be given as soon as practical.

26. ADVERSE CONDITIONS. The parties shall meet in good faith to try to reach mutual agreement on a solution in the event any of the following adverse operating conditions occur:

(a) More than 710,000 gallons of water per day will be required to meet peak demands in the Agency service area for more than 10 consecutive days.

(b) The Agency will be unable to return equivalent volumes of water taken from the City water system within a 24-hour period for more than 10 consecutive days.

(c) The City determines returned water from the Agency to the City's system requires fluoridation to meet system permit conditions.

Notwithstanding any other provision of this Contract, the City shall have the right to at any time impose reasonable operational restrictions, after notification to the Agency, to mitigate or prevent the aforementioned adverse operating conditions.

#### PART D. INTERTIE POINTS

27. Several water delivery points have been established which connect the City and the Agency systems. The intent of this Article is to identify these points and identify the function of each and the relationships between them. The following existing interties are also shown on Attachment A.

(a) The Tinker Intertie (Article 15). This is the primary connection for wheeling water from the Agency through the City to Agency service areas outside of the City. It is also capable of providing water both to and from the City and Agency service areas. Maximum wheeling rate, as identified in Part B, applies to delivery at this location and matched to extraction rates at identified Agency delivery points collectively.

(b) Blackwood Road Intertie (Identified in Part B). This connection provides wheeled water to the Agency customers in Bianchi Estates subdivision.

(c) Crowder Road Intertie (Identified in Part B). This connection provides wheeled water to the Morgan Creek area, with retail water service provided by California American Water through a wholesale agreement with the Agency. This is a primary delivery point for wheeled Agency water.

(d) Stoneridge Intertie (Identified in Part C). This Intertie facility is used primarily to provide peak delivery support to the Agency's service area within the Stoneridge area of the City. It can also be used for delivery of water from the Agency to the City's Zone 1 or Zone 2 service areas in the event of an emergency or maintenance outage situation.

(e) PFE Road Intertie. This intertie provides wheeled water to the Morgan Creek area, with retail water service provided by California American Water through a wholesale agreement with the Agency and can be used at the discretion of the City based on its system operations and capacity needs.

(f) The Five Star Boulevard Intertie. This connection provides water from the Agency into City Zone 1 in the event of an emergency or maintenance outage situation.

(g) Highland Park Drive Intertie. This intertie was established as an interim supply from the Agency into the City Zone 5, until completion of the required pump station. With the completion of the pump station this Intertie is now a backup connection for this area in event of an emergency or maintenance outage situation.

(h) Park Drive Intertie. This intertie was established as an interim supply from the Agency into the City Zone 5, until completion of the required pump station. With completion of the pump station this intertie is now a backup connection for this area in event of an emergency or maintenance outage situation.

(i) Vineyard Road. This intertie is being considered as an additional connection point from the City Zone 1 into the California American service area at this point. The City has determined a system capability of up to 2 MGD can be provided at this location with no impact to City customers. In the event California American expands its service area for development in this area this intertie will be designed and built in accordance with City

standards and the flow through this location will reduce the 10 MGD allocation identified in Paragraph 16 accordingly.

(j) Other Intertie Points. In the event future wheeling opportunities are proposed by either party, the City will determine if sufficient capacity exists to allow wheeling of water through City's facilities and without impact to the City's customers or operations. In the event sufficient capacity is identified, operational restrictions (i.e. flow rates, pressures, transfer timing, allowable duration, legal restrictions, etc.) and environmental compliance will be identified to determine if the additional intertie(s) is allowable within this Contract. In the event an amendment or additional Contract is necessary and it is in the best interest of the City to pursue, the parties will work to develop an equitable written amendment or additional Contract, which among other things, outlines the wheeling conditions.

#### PART E. TREATED WATER ACCOUNTING

28. The City and the Agency shall reconcile payments due on Net Deliveries of treated water under this Contract annually on a calendar year basis. Approximately 30 days after the end of each year, the parties shall exchange written statements of the amounts of water provided to the other party during the previous year. These statements shall be used to determine which party is responsible for payment of its receipt of Net Delivery and the amount of such payment.

29. The price to be charged by the Agency or the City for treated water provided to the other party's system will be equal to the monthly commercial quantity rate charged by the City for metered service.

30. Neither the Agency nor the City shall charge the other a capital or capacity fee for any water provided by it to the other party through the Interties(s) as outlined in this Contract. Both Parties intend to balance the inflows and outflows between their respective water systems on a long-term basis; therefore neither party shall assess the other a capital facility fee for any net deliveries. However, nothing in this Contract shall be construed as requiring one party to consistently make Net Deliveries to the other. Neither party shall be required to sell or

permanently dedicate net capacity in its system to the other party, except as provided in this Contract.

31. If Net Delivery is consistently to either party as a result of operational constraints both parties agree to meet to resolve the issue with the intent to minimize or eliminate Net Deliveries.

#### PART F. GENERAL TERMS

32. INDEMNIFICATION. Each party shall defend, indemnify, and hold harmless the other party, its officers, agents and employees from all claims for personal injury, bodily injury (including death), or property damage arising from or out of any intentional or negligent act or omission of the other party, save and except those matters arising from the sole, active negligence of the that party. This indemnity specifically includes, but is not limited to, claims or damages arising from or related to the quality, type, or character of the water delivered for wheeling, or the control, handling, carriage, use, distribution, disposal, or consumption of the water delivered to the applicable delivery point, or the construction or maintenance of the pipelines. The parties intend that this paragraph shall be broadly construed to effectuate its purpose.

33. EMERGENCY DELIVERIES. Notwithstanding any other provisions of this Contract, if in an emergency the City needs water in addition to that which it has already contracted to purchase from the Agency annually, and the Agency can make such additional water available to the City during the emergency without jeopardizing the Agency's other customers, the Agency shall offer such water to the City and the City may purchase such additional water at the then current per acre foot price, for Annual Entitlement.

34. CITY'S RIGHT TO PARTICIPATE IN ENLARGEMENT OF AGENCY TREATMENT PLANT. If the Agency undertakes the construction of a plant to treat water diverted from the North Fork American River at Auburn, the Agency shall offer the City, for a period of six (6) months, from the date of written notice to the City that such period has commenced, the opportunity to participate in the enlargement of such treatment plant and transmission capacity from the plant to a City delivery point on a proportionate cost basis. If the

City elects to participate in such facility improvements, such water will be treated and delivered by the Agency to the City; provided that the City agrees to pay the Agency for the cost of treatment and of providing any facilities required for the delivery of such water to the City:

35. LIMITS ON AGENCY'S OBLIGATIONS TO FURNISH WATER TO THE CITY. Notwithstanding any other provision of this Contract to the contrary, the Agency has no obligation to furnish the City any water under this Contract in amounts or at rates, places or times of delivery or under any other terms or conditions which will cause the Agency to be in violation of any of its licenses, permits or contracts relating to water supplies or water service, or in violation of any Federal, State or local law or regulation.

36. REMEDIES NOT EXCLUSIVE. The use by either party of any remedy specified for the enforcement of this Contract is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

37. WAIVER OF RIGHTS. Any waiver at any time by either party of its rights with respect to a breach or default, or any other matter arising in connection with this Contract, shall not be deemed to be a waiver with respect to any other breach, default or matter.

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

39. AREA SERVED BY THE CITY. Water delivered to the City pursuant to this Contract shall not be sold or otherwise disposed of by the City for use outside of the City's water service area, as it may exist from time to time, without the prior written consent of the Agency and subject to the following:.

(a) Regional Groundwater Banking. The City shall retain rights to any water used for groundwater banking programs operated within the City

(b) Recycled Water. The City shall retain rights to any recycled water generated from any regional wastewater treatment processes operated by the City regardless of the source of water used in generation of wastewater.

(c) Service Area Expansion. The City shall have the right to serve areas that are annexed to the City and such annexed areas are for purposes of this Contract hereby deemed within City's service area.

40. OPINIONS AND DETERMINATIONS. Where the terms of this Contract provide for action to be based upon, judgment, approval, review, or determination of either party, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.

41. NOTICES. All notices that are required either expressly or by implication to be given by any party to the other under this Contract shall only be signed by authorized officers of the notifying party.

Any notices to parties required by this Contract shall be delivered or mailed, U.S. first class postage prepaid, addressed as follows:

CITY  
City Manager  
311 Vernon Street  
Roseville, CA 95678

AGENCY  
General Manager  
P.O. Box 6570  
Auburn, CA 95604

Either party may amend its address for notice by sending notice to the other party.

42. INSPECTION OF BOOKS AND RECORDS. The proper officers or agents of each party shall have full and free access at all reasonable times to the account books and official records of the other party insofar as they pertain to the matters and things provided for in this Contract, with the right at any time during office hours to make copies thereof at that party's expense.

43. INTEGRATION. This is an integrated Contract and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.


44. ATTORNEY'S FEES. In any action brought by either party to enforce the terms of this Contract, the prevailing party shall be entitled to recover its reasonable attorney's fees.

45. COUNTERPARTS. This Contract may be executed in counterparts.


IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Contract in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 10-305 adopted by the Council of the City of Roseville on the 1st day of September, 2010, and Agency has caused this Contract to be executed by its General Manager and attested to by its Clerk to the Agency Board of Directors by the Agency's Resolution No.      adopted by the Agency Board of Directors on the      day of                             , 2010.

Signature page(s) to follow:

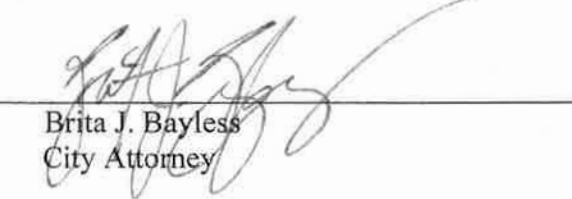
CITY OF ROSEVILLE,  
a municipal corporation:

By   
Ray Keridge  
City Manager

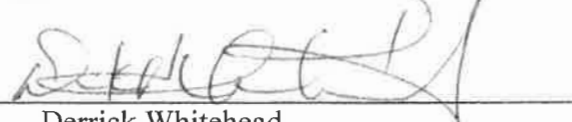
ATTEST:

  
Sonia Orozco  
City Clerk

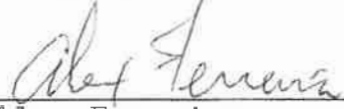
Approved as to Form:

  
Brita J. Bayless  
City Attorney

Approved as to Substance:

  
Derrick Whitehead  
Environmental Utilities Director

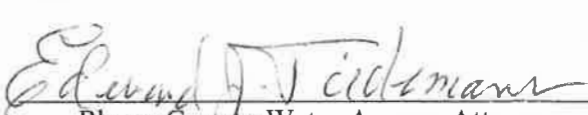
PLACER COUNTY WATER AGENCY,  
a public agency:

By   
Alex Ferreira  
Chairman, Board of Directors

ATTEST:

  
Cheri Sprunck  
Clerk

Approved as to Form:

  
Edward J. Wickmann  
Placer County Water Agency Attorney

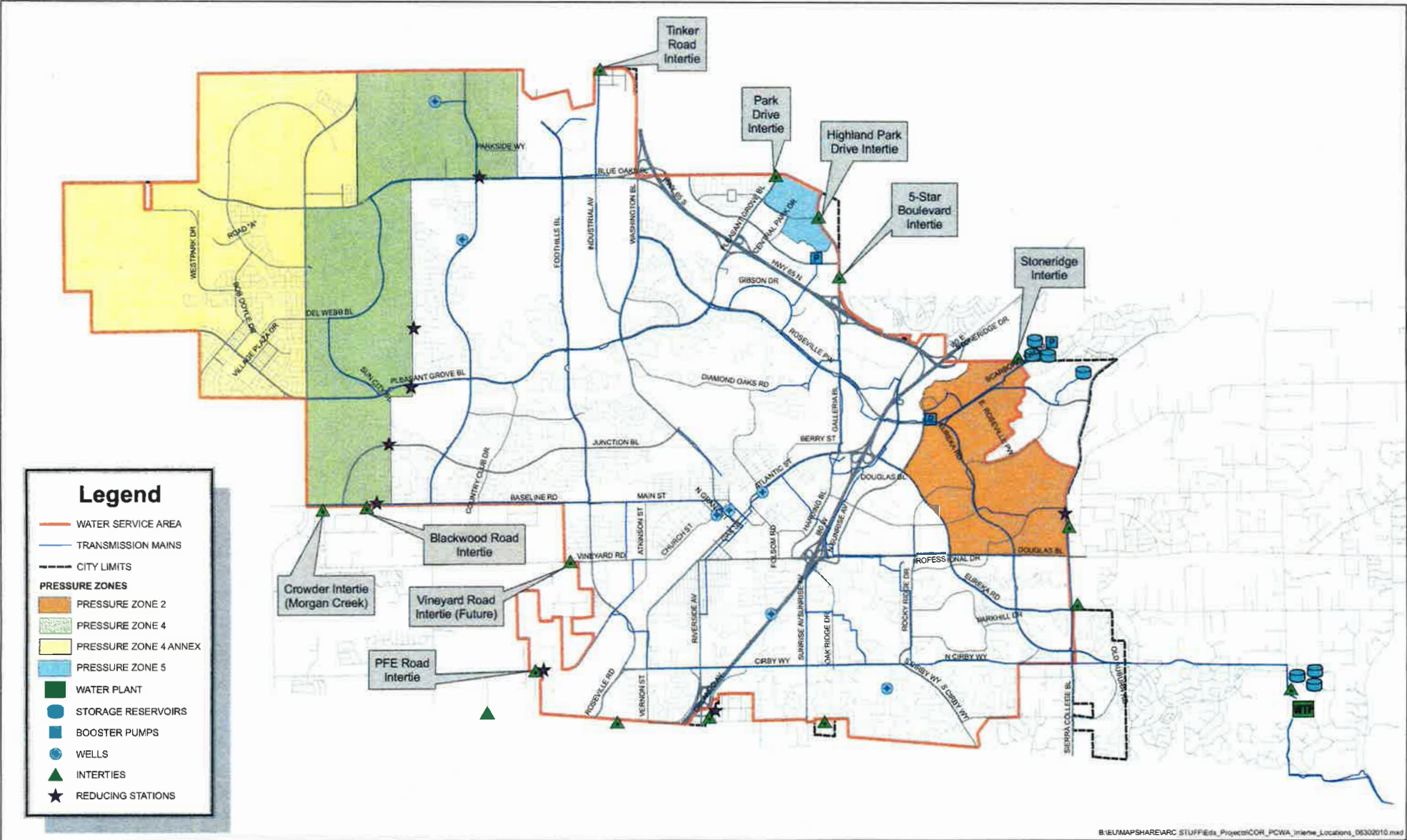
Approved as to Substance:

\_\_\_\_\_

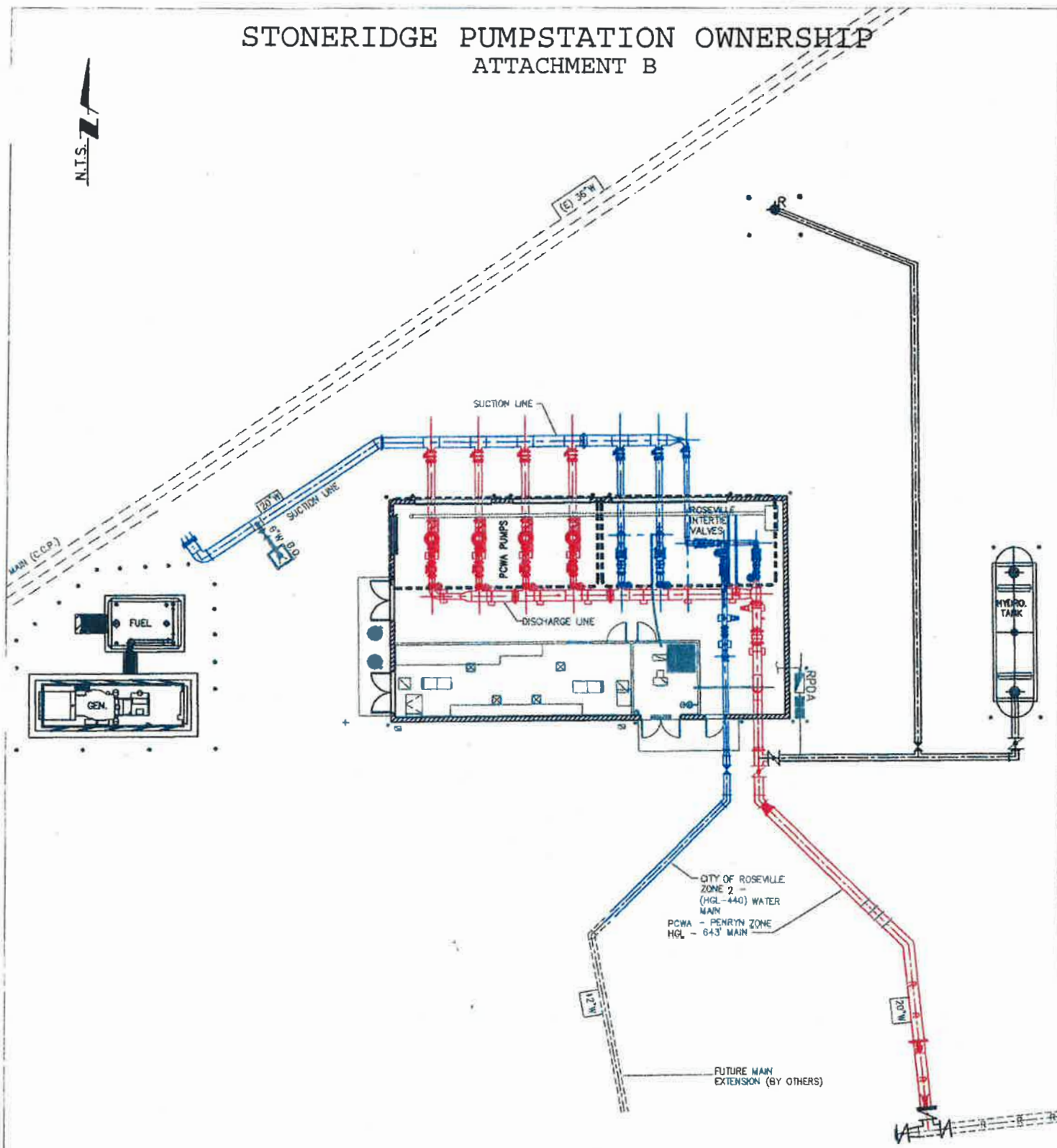


# CITY OF ROSEVILLE/PCWA INTERTIE LOCATIONS

## ATTACHMENT A



# STONERIDGE PUMPSTATION OWNERSHIP ATTACHMENT B

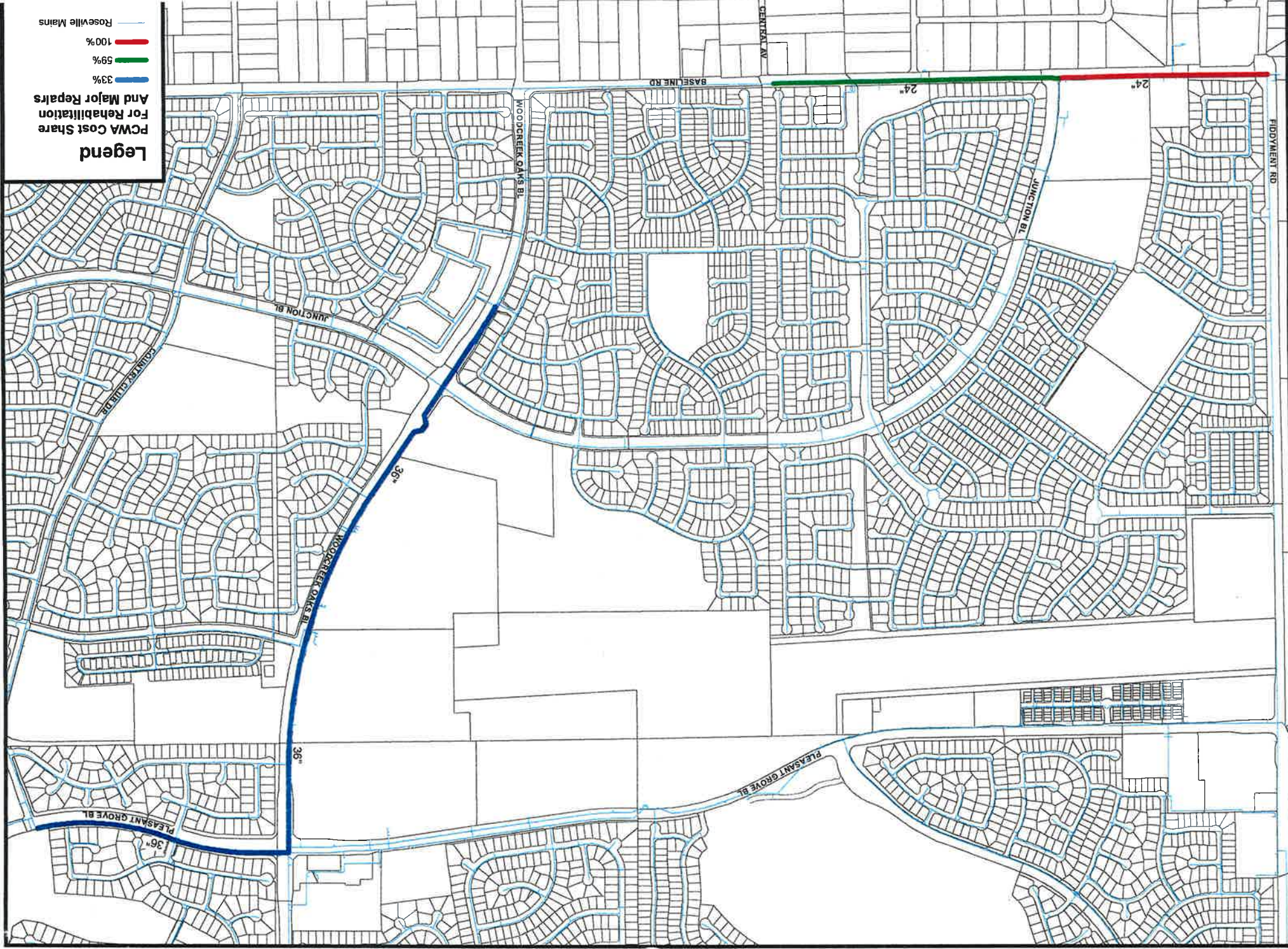


- = PCWA OWNED FACILITIES
- = ROSEVILLE OWNED FACILITIES



PCWA "Upsized" Waterlines Within Roseville

1 inch = 1 foot  
 N  
 S  
 E  
 W



**Legend**  
 For Rehabilitation  
 And Major Repairs  
 PCWA Cost Share

- 33% █
- 59% █
- 100% █
- Roseville Mains █



RESOLUTION NO. 10-305

APPROVING AN AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND PLACER COUNTY WATER AGENCY AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, an agreement regarding water supplies and exchanges, between the City of Roseville and the Placer County Water Agency, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this 1 day of September, 2010, by the following vote on roll call:


AYES COUNCILMEMBERS: Allard, Gray, Garcia, Roccucci, Garbolino

NOES COUNCILMEMBERS: None

ABSENT COUNCILMEMBERS: None

  
MAYOR

ATTEST:

  
City Clerk