



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Counsel

July 31, 2017

Mark J. Hattam, Esq.
General Counsel
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Re: Your letter dated July 9, 2017 opposing Board Letter 8-7 (WP&S, July 2017)

Dear Mr. Hattam:

I am in receipt of your letter regarding Board Letter 8-7 dated July 11, 2017. Board Letter 8-7 proposed, and the Board approved, authorization for the General Manager to enter into limited cyclic agreements for fiscal year 2017/18 providing a credit of up to \$225 per acre-foot (AF) for in-lieu deliveries to manage the current extraordinary supply conditions. The program is designed for and limited to delivery of treated water to Metropolitan's member agencies that are currently restricted from receiving untreated water deliveries due to unconfirmed quagga mussels detected in the State Water Project (SWP) (In-Lieu Cyclic Agreements). Metropolitan's Administrative Code Section 4209 is clear that "The District may join or enter into agreements with member public agencies to make more effective use of water resources, including agreements providing for the wheeling, exchange, or banking of water, so long as such agreements serve a purpose of the District." (Emphasis added.) The arguments in your July 9 letter ignore the factual circumstances necessitating effective management of current water resources and also ignore the actual terms of the proposed Agreements, which serve the District's purposes. Although the facts are already contained in the Board Letter, I am providing them again here to correct the misrepresentations in your letter.

SDCWA's Misrepresentation that the In-Lieu Cyclic Agreements Are Paid by Cross-Subsidies and that No Cost of Service Has Been Done for the Program is Unsupported by the Facts.

The limited In-Lieu Cyclic Agreements are part of Metropolitan's water supply management efforts. As explained in the Board Letter, the Water Surplus Drought Management Update given on July 10 at the Water Planning and Stewardship (WP&S) Committee, and the reports provided to the Board over the last few months, a record-setting rain and snow season have created extraordinary water supply conditions in California. We welcome these conditions following an

unprecedented multi-year drought. However, the extraordinary water supply conditions have created the need for Metropolitan to use all available water management options to capture and store as much of that water as possible. Metropolitan is also facing delivery problems to certain local groundwater basins following the detection of unconfirmed quagga mussels. Accordingly, Metropolitan has a need to deliver treated water to groundwater basins to which it would normally deliver untreated water, or lose the ability to take and move more water into its service area.

Your letter fails to acknowledge Metropolitan's current water supply and management needs and the fact that the agreements are for the purpose of meeting those needs and providing both a supply and an economic benefit to Metropolitan. As such, payments provided to member agencies for their agreement to take treated in-lieu water deliveries in advance of their need for that water and at the higher treated water rates, are a water supply management cost to Metropolitan. Costs for such water supply management programs are accounted for in Metropolitan's Cost of Service Study for the current biennial period, which allocates them to the supply cost function. (Metropolitan Final 2016 Cost of Service Study, pp. 35-38, 40-47, 49-50, 70-72.) Thus, Metropolitan *has* conducted a cost of service analysis of its water supply management program costs.

Notably, the cost to Metropolitan of providing even the maximum \$225/AF credit is competitive with other water management programs, including the SWP water management programs that average \$270/AF. Further, the power costs to move water this year is less than power costs Metropolitan would incur if the water were stored outside its service area in its SWP storage programs and then moved into Metropolitan's service area during dry years. Power costs are lower this year due to increased production of hydropower on the SWP system.

Your allegation that Metropolitan's payments for a water supply management purpose are instead a "cross-subsidy" is unsupported by any of the authorities you cite in your letter. You also provide no explanation of the alleged "cross-subsidy." However, as the Court of Appeal explained in *Capistrano Taxpayers Assoc. v. City of San Juan Capistrano*, water supply costs need not be allocated only to the specific customer *directly* receiving the water from a particular water supply source, even under the proportionality requirement of Proposition 218, which is not applicable to Metropolitan's water rates. (*Capistrano Taxpayers Assoc. v. City of San Juan Capistrano*, 235 Cal.App.4th 1493, 1502 (2015).) Metropolitan's diverse water supply management is for the benefit of *all* its member agencies. As the *Capistrano* court explained:

When each kind of water is provided by a single local agency that provides water to different kinds of users, some of whom can make use of recycled water (for example, cities irrigating parkland) while others, such as private residences, can only make use of traditional potable water, providing each kind of water is providing the *same* service. Both are getting water that meets their needs. Nonpotable water for some customers frees up potable water for

others. And since water service is already immediately available to all customers of City Water, there is no contravention of subdivision (b)(4) in including charges to construct and provide recycled water to some customers.

(*Id.* [Emphasis in original].) Metropolitan's In-Lieu Cyclic Agreements are made both for the purpose of providing deliveries to member agencies that are impacted by restrictions on the delivery of untreated water and bringing more water into the service area that would have otherwise been lost to Metropolitan. Like the recycled water in *Capistrano, supra*, in-lieu delivery of extraordinary supplies now, secures more water for all of Metropolitan's member agencies this year and frees up other water for other agencies during the term of the Agreements. This increases the reliability and resiliency of regional supplies and the total amount of water available for Metropolitan to sell to its member agencies.

Moreover, the in-lieu delivery of treated water to groundwater basins unable to take untreated water at this time frees up more storage opportunities for Metropolitan to store the nearly 400,000 acre-feet of extraordinary supplies this year. As explained at the July 10 WP&S Committee meeting, Metropolitan is working to maximize all storage opportunities. Contrary to the allegation in your letter, the driver for this program is the impact on deliveries of the unconfirmed quagga, not Metropolitan's agreement with LADWP. To date, of the potential 200,000 acre-feet authorized by the agreement, Metropolitan has only accepted approximately 700 acre-feet and no orders are pending.

SDCWA's Misrepresentation that the In-Lieu Cyclic Agreements Provide No Regional Benefits is also Unsupported by the Facts

SDCWA states there is no regional benefit to the In-Lieu Cyclic Agreements because they purportedly "do not allow MWD to call the water when MWD needs it and no other regional benefit has been demonstrated (indeed, the water can only be withdrawn when the agency overlying the basin needs the water)." The Term Sheet attached to the Board Letter clearly states, "Metropolitan and member agencies shall agree on a payment schedule for the agencies' purchase of the delivered water under the [in-lieu] cyclic agreement" and "the member agency must purchase the delivered water no later than five years from the in-lieu delivery." (7/11/17 Bd. Letter re 8-7, Attachment 1.) As noted above, the region benefits from the capture and storage of water within and available to the service area that would otherwise be lost to the ocean.

During the discussion of the program at Committee, multiple directors discussed the benefit of the program to the region and recommended that staff bring back for the Board's consideration an expanded program, not limited to the agencies impacted by quagga. Although SDCWA delegates opposed Item 8-7, they specifically asked if there is consideration of an expanded

Mark J. Hattam, Esq.
July 31, 2017
Page 4

program, whether staff would discuss the proposal with agencies (such as SDCWA) with surface water storage.

Sincerely,

A handwritten signature in blue ink that reads "M. Scully". The signature is written in a cursive, flowing style.

Marcia Scully
General Counsel

MS:jmm

cc: Metropolitan Board of Directors
SDCWA Board of Directors



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

July 9, 2017

Marcia Scully
P. O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain Municipal Water District
- Otay Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Ramona Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuima Municipal Water District

RE: Board Memo 8-7: Adopt CEQA determination and authorize the General Manager to enter into cyclic agreements providing a credit of up to \$225 per acre-foot for in-lieu deliveries in fiscal year 2017/18 – **OPPOSE**

Dear Ms. Scully:

The Water Authority opposes the action described in Board Memo 8-7, including the proposed additional term sheet for “FY 2017/2018 In-Lieu Credits” to the cyclic agreements. Board Memo 8-7 shows on its face that a \$45 million discounted water cross-subsidy is being proposed, without any cost of service analysis supporting the action. The proposed board action violates the common law, California law and the state constitution, including Proposition 26¹.

A copy of the Water Authority delegates' April 8, 2017 letter² is attached and incorporated by reference. Even though the "cyclic agreements" have been described as a MWD “storage” program, the terms approved in April do not allow MWD to call the water when MWD needs it and no other regional benefit has been demonstrated (indeed, the water can only be withdrawn when the agency overlying the basin needs the water). Moreover, the April board action already allows MWD to pre-deliver water by in-lieu. But since there apparently has been little or no interest in the cyclic storage program if agencies are required to pay MWD's full service rate, it is now proposing to sell water at a discount by offering "credits" in order to induce storage.

Board memo 8-7 attempts to justify this action by saying that MWD is “at risk” of losing up to 400,000 acre-feet of State Water Project water. But MWD placed itself at this risk by choosing to store 200,000 acre-feet of LADWP's water rather than its own at a time it knew that storage would be needed during this extraordinarily wet year (which transaction was objected to by the Water Authority). Staff assured the Board that storage of the LADWP water would not result in a lost opportunity to store regional supplies; accordingly, the

¹ Such laws are explained in detail in the rate litigation.

July 9, 2017

Chair Record and members of the Board

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LADWP supplies should now be deemed rejected under Section 2(e) of the MWD/LADWP Emergency Water Supply Agreement, and MWD must give LADWP the notice specified in that section so that MWD is not losing any stored water. This would restore the use of MWD storage facilities to regional use and obviate the need for the current proposed \$45 million illegal rate subsidy.

Sincerely,

/s/ Mark Hattam

Mark Hattam
General Counsel

cc: Water Authority Board of Directors

Attachment:

1. Water Authority's letter to MWD re cyclic storage agreements dated April 8, 2017

S



San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

April 8, 2017

Randy Record
and members of the Board
P. O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain Municipal Water District
- Otay Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Ramona Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuima Municipal Water District

RE: Board Letter 8-4 - Adopt CEQA determination and authorize the General Manager to enter into Cyclic Storage Agreements with Metropolitan's member agencies - OPPOSE

Engineering and Operations Committee Item 6b - Los Angeles Emergency Supply Management Program (posted late as Added Committee Item only)

Water Surplus and Drought Management Plan - Water Planning and Stewardship Committee - Revised, Item 6a

Chairman Record and Members of the Board:

We have reviewed Board Letter 8-4 and the attached proposed "term sheets" for "cyclic storage agreements" to store up to 200,000 acre-feet of MWD water in unidentified individual member agency storage facilities.ⁱ Although not included in any MWD board report, we have also reviewed the March 31, 2017 Los Angeles Department of Water and Power (LADWP) Board Letter Approval packet, Resolution and "Emergency Water Supply Agreement" (copies of all documents are Attachment 1 to this letter), which has been submitted to LADWP Commissioners for approval without any MWD board approval process.ⁱⁱ We have also reviewed the just recently posted Engineering and Operations Committee Item 6b, reporting on this agreement. We have reviewed these agreements together, along with this month's Water Surplus and Drought Management Plan (WSDM Plan) in an effort to understand whether MWD believes it has too little, enough or too much storageⁱⁱⁱ, as well as what regional benefits MWD expects to achieve by entering into these agreements.

OTHER REPRESENTATIVE

Storing water in wet years

While it might go without saying, we want to be clear at the outset that we support storing water in wet years as part of both MWD and member agencies' water supply

April 8, 2017

Chair Record and members of the Board

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planning. Our concerns are directed solely at flawed or questionable planning, cost and budget-impact issues that are not addressed by MWD in the cyclic storage, LADWP agreements or any other board report. While storage is an important management tool generally, it is also important that storage be prudently managed and paid for in a manner that is both cost-effective and consistent with cost of service requirements.^{iv} MWD's Inland Feeder and Diamond Valley Lake (DVL) alone cost MWD ratepayers more than \$3 billion, so it is clear that MWD's storage capacity comes at a significant cost.

Request for clarification of staff's authority and intention to enter into storage (or other) agreements without board approval

While the cyclic storage agreements have been presented for board approval, staff is not seeking board approval of the LADWP agreement. Does staff believe that it has authority to enter into this agreement without board approval? If not, why isn't the LADWP agreement being presented as a formal board memorandum and action item?

Questions and concerns about the cyclic storage agreements

We attach a copy of our October 8, 2013 letter regarding the then-proposed term sheet and amendment to MWD's cyclic storage agreement with Upper San Gabriel Valley MWD and the Main San Gabriel Basin Watermaster (Attachment 2). No response was ever received to any of the questions we asked, so the some questions and objections remain with respect to the current recommendation.

Staff states without any further explanation that the cyclic storage agreements will "enhance MWD's operational flexibility during wet and dry periods." It is difficult to understand how that can be the case, when there is no agreed-upon recovery schedule of stored water, for example, will the water be recovered when it is most needed by MWD, in dry years or during times of shortage? This is not simply a matter for agreement between MWD and its individual member agencies, because they must also have the consent and agreement of any groundwater agency or authority that actually stores the water, and that agreement must be consistent with the terms of any applicable adjudication and other legal authority. We do not question that the ability to store water in the MWD service area has value or that storage capacity has value; however, there is no equation that has been negotiated or presented to demonstrate that value to either MWD or the participating member agencies.

Staff has also failed to address whether it intends to first fill its existing central valley storage accounts (Arvin-Edison, Semitropic, Kern, and Mojave), in order to maximize

April 8, 2017

Chair Record and members of the Board

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the investments MWD ratepayers have already made in these programs. Unlike the proposed cyclic storage agreements, central valley storage would also allow MWD to avoid significant State Water Project pumping charges that would not be incurred until MWD takes water out of storage.

In addition to the pumping charges that MWD will incur now in order to store water under the proposed cyclic storage program (when there will not be any MWD sale of water), it appears that the proposal could result in a substantial 2017 sales revenue loss to MWD during an already low water demand year. In order to avoid or defer costs, member agencies would presumably shift from purchasing water for replenishment now to making space available for cyclic storage. Staff has not provided any analysis of this impact or how it would plan to cover it; we presume the alternatives would be mid-term rate increases or more unplanned borrowing. We request staff provide an analysis of these anticipated rate and budget impacts when Board Memo 8-4 is heard in the Water Planning and Stewardship Committee meeting next week.

Questions and concerns about the LADWP Emergency Supply Agreement

The first concern we have is noted above, namely, why staff has not brought information to the board about this item sooner, and why it may believe that it has the authority to enter into this or any other agreement for the use of MWD's distribution system, State Water Project capacity and storage facilities without board approval. The very premise of this agreement - that MWD has sufficient capacity and "flexibility" in its distribution system to transport water for Los Angeles - is the exact opposite position it has taken in the Water Authority's rate litigation, where it claims that any use of MWD's distribution facilities must pay its System Access Rate and Water Stewardship Rate. MWD is also making available to Los Angeles use of its regional storage facilities, without any reference or accounting of the costs MWD ratepayers have paid to have that storage capacity available. The proposed "exchange" terms have no basis whatsoever in the costs MWD has incurred to provide storage or the benefit LADWP will obtain from the use of facilities.

We would also note that at the March Water Planning and Stewardship Committee, staff stated that MWD is unable to take all of its Article 21 water from the State Water Project due to delivery capacity limitations. We would like staff to explain how this report is consistent with its report now that the transportation and storage of the LADWP water will not impact MWD's ability to store available supplies during this wet year, thus representing a lost opportunity to store regional supplies.

April 8, 2017

Chair Record and members of the Board

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We do not question for a moment the steps the Mayor and City of Los Angeles are taking to protect the City's infrastructure and environment. And while we believe the City of Los Angeles is also wisely taking steps to maximize the storage of water in this wet year, we do not believe that it is being charged properly for the costs associated with the use of MWD facilities. It does not pay the costs MWD incurs in wet years under MWD's largely volumetric rates and it is not paying these costs under the agreement it has made with MWD staff. As a result, costs are being improperly shifted to other MWD member agencies, including but not limited to the Water Authority. And for this reason, and although the board's approval has not been requested by staff, we register our objection and opposition to the storage agreement with LADWP.

Sincerely,



Michael T. Hogan
Director



Keith Lewinger
Director



Elsa Saxod
Director



Fern Steiner
Director

Attachment 1: LADWP Board Letter Approval packet, Resolution and "Emergency Water Supply Agreement"

Attachment 2: October 8, 2013 letter to MWD RE: Board Letter 8-1 - Authorize amendment to MWD's Cyclic Storage Agreement with Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster - REQUEST TO TABLE OR IN THE ALTERNATIVE TO OPPOSE

cc: Water Authority Board of Directors
Jeffrey Kightlinger, MWD General Manager

ⁱ Not all MWD member agencies have storage capabilities and many of those who do may not be interested in storing MWD water under the terms of this program. It isn't possible to fully evaluate this program without more information than is provided in the board report.

ⁱⁱ Although discussions were already underway, MWD did not include a report to the MWD board on its discussions and negotiations with LADWP at its March board meeting; however, Director Lewinger inquired about it and the following discussion occurred:

April 8, 2017

Chair Record and members of the Board

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Lewinger (55:42): And then lastly, last month at the Colorado River Board meeting, one of LA's representatives made the statement that, obviously this is a record snow year in the Sierras, and that Los Angeles will not only be able to meet all of their demands and fill all of their reservoirs, but they're going to have an extra 165,000 acre-feet of water to sell. Has Met been in any discussion with the city of Los Angeles on that?

Man: City of Los Angeles has asked us if there's any way that we can coordinate our diversions and so is there a possibility of our making good benefit out of available supplies in the LA Aqueduct. And so we are looking at testing this out. We have made no decisions or come to an agreement yet, but we have tested out whether water from the LA Aqueduct can be introduced into the Jensen Treatment Plant or into the East Branch. And so those are things that we are looking at from a technical and operational standpoint. If we do anything we will definitely report it back to the Board.

Lewinger: And are we looking at buying this water?

Man: No sir, we are not. We are discussing whether there could be a diversion of potential unbalanced exchanges or it we could basically make sure that this does not put us in any way, at any adverse impact to our water supplies. So water supplies would be kept whole for Metropolitan, costs would remain whole for Metropolitan, and operations would not be impacted. So those are the objectives that we have in any discussions we're having between our agencies.

Lewinger: Thank you, looking forward to seeing that report next month and where we expect to end the year up. And it would be interesting to include any update on the discussions with LA and how that might impact our water reserves. Thank you.

ⁱⁱⁱ We are mindful that storage "capacity" alone is not the only relevant issue, and that available capacity is also a function of put and take limitations.

^{iv} MWD reports in this month's Water Surplus and Drought Management (WSDM) Plan report available storage in the amount of 5,685,000 AF of available storage, exclusive of 626,000 AF of emergency storage and subtracting the newly proposed "To Be Determined Storage Action" of 200,000 AF noted in footnote 3 (under 60% SWP allocation; the number grows to 5,734,000 AF of total capacity under a 70% SWP allocation).



RESOLUTION NO. _____

BOARD LETTER APPROVAL

A handwritten signature in black ink, appearing to read 'R. Harasick', written over a horizontal line.

RICHARD F. HARASICK
Senior Assistant General Manager
Water System

A handwritten signature in black ink, appearing to read 'M. Adams', written over a horizontal line.

MARTIN L. ADAMS
Chief Operating Officer

A handwritten signature in black ink, appearing to read 'D. Wright', written over a horizontal line.

DAVID H. WRIGHT
General Manager

DATE: March 31, 2017

SUBJECT: Approval of Emergency Water Supply Agreement With the Metropolitan Water District of Southern California

SUMMARY

On March 21, the Board of Water and Power Commissioners authorized the General Manager to implement actions set forth in Mayor Eric Garcetti's Emergency Proclamation of March 20, pertaining to the Los Angeles Aqueduct (LAA). LADWP is taking extraordinary measures to conserve and maximize the amount of water delivered to Los Angeles, including the reasonable and beneficial use of such water through storage in all available locations. Approval of the Emergency Water Supply Agreement (Agreement) will allow the Metropolitan Water District of Southern California (Metropolitan), on an emergency basis, to take excessive runoff from LADWP's LAA through March 31, 2018, in exchange for their later return of water. Approval of the Agreement will authorize the Senior Assistant General Manager – Water System, to execute on behalf of LADWP.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending execution of Agreement with Metropolitan.

ALTERNATIVES CONSIDERED

Other alternatives are to put this year's LAA excessive runoff to beneficial use. LADWP is taking all feasible steps to manage excessive runoff within its system and manage flood waters to the maximum extent possible. This Agreement is part of LADWP's plan to conserve and maximize the water delivered through the LAA.

FINANCIAL INFORMATION

LADWP will reimburse Metropolitan for the costs of any work required to prepare, add, or modify Metropolitan's facilities or processes for receipt and treatment of the LAA excess runoff.

LADWP will be responsible for all solids resulting from the commingling of this water with Metropolitan's supplies at the Jensen Treatment Plant.

BACKGROUND

On March 21, the Board authorized the General Manager to implement actions set forth in Mayor Garcetti's Emergency Proclamation of March 20, pertaining to the LAA. LADWP is taking extraordinary measures to conserve and maximize the amount of water delivered to Los Angeles, including the reasonable and beneficial use of such water through storage in all available locations. The Agreement will allow Metropolitan, on an emergency basis, take excess runoff from LADWP's LAA through March 31, 2018, in exchange for the later return of water by Metropolitan, subject to the following provisions:

- Metropolitan may, in its sole discretion, accept LAA excess runoff on an emergency basis (Emergency Supplies) at a combination of the Jensen Treatment Plant and the East Branch of the California Aqueduct.
- If LADWP requests that Metropolitan return water during 2017, for every three acre-feet of emergency supplies Metropolitan accepts through December 31, 2017, Metropolitan will return to LADWP two acre-feet of water by December 31, 2017.
- If LADWP requests that Metropolitan return water during 2018 or 2019, for every two acre-feet of Emergency Supplies Metropolitan accepts through March 31, 2018, Metropolitan will return to LADWP one acre-foot by December 31, 2019.
- Balance of any Emergency Supplies not returned to LADWP by December 31, 2019, will be purchased by LADWP at Metropolitan's full service rate, plus Metropolitan's treatment surcharge if returned at a treated water service connection, in accordance with Metropolitan's administrative code in effect at the time the water is returned.

- Metropolitan will return water only at times when Metropolitan determines that it has sufficient capacity to return the water through a Metropolitan service connection with LADWP or at another mutually agreed upon location.
- Any Emergency Supplies accepted that cause Metropolitan to lose water that would otherwise be available to Metropolitan is deemed rejected and returned to LADWP.

Agreement terminates after LADWP has purchased the balance of any remaining water after 2019.

ENVIRONMENTAL DETERMINATION

Determine that the water exchange is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines 15269 (c). In accordance with Section 15269 (c) of the CEQA Guidelines, an activity is not subject to CEQA the actions are specific to event or mitigate an emergency. Therefore, in response to the Mayor's proclamation of emergency regarding LAA water, an Agreement to allow Metropolitan, on an emergency basis, to take excess runoff from LADWP's LAA through March 31, 2018, in exchange for the later return of water by Metropolitan is not subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and Agreement as to form and legality.

ATTACHMENTS

- Resolution
- Agreement

Resolution No. _____

WHEREAS, pursuant to this Emergency Water Supply Agreement (Agreement) between the Los Angeles Department of Water and Power (LADWP) and the Metropolitan Water District of Southern California (Metropolitan), Metropolitan will take, on an emergency basis, excess runoff from LADWP's Los Angeles Aqueduct (LAA) through March 31, 2018, in exchange for the later return of water by Metropolitan; and

WHEREAS, on March 20, 2017, the Mayor of the City of Los Angeles (City) proclaimed and declared a local emergency has arisen based on conditions of extreme peril to the safety of public property, infrastructure and environment and that such peril will impact the LAA, water gathering and delivery facilities, and its air quality mitigation facilities located within Mono, Inyo, Kern, and Los Angeles Counties and the City; and

WHEREAS, on March 21, 2017, the Board of Water and Power Commissioners authorized the General Manager to implement actions set forth in Mayor Eric Garcetti's Emergency Proclamation of March 20, 2017, pertaining to the LAA; and

WHEREAS, LADWP is taking extraordinary measures to conserve and maximize the amount of water delivered to Los Angeles, including the reasonable and beneficial use of such water through storage in all available locations.

NOW, THEREFORE, BE IT RESOLVED that the Agreement between LADWP and Metropolitan, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, is hereby approved.

BE IT FURTHER RESOLVED that the President or Vice President, or the General, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said contract for and on behalf of LADWP.

BE IT FURTHER RESOLVED that the Senior Assistant General Manager – Water System is hereby authorized and directed to execute said agreement for and on behalf of LADWP.

BE IT FURTHER RESOLVED, that the Senior Assistant General Manager – Water System is hereby authorized to execute, deliver and perform such ancillary documents and minor amendments, subject to City Attorney approval as to form and legality, in order to implement the provisions of the Agreement, provided any such amendments or ancillary documents do not increase the rates to be charged to LADWP under the Agreement.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

~~MAR 31 2017~~

BY _____

JOHN A. CARVALHO
DEPUTY CITY ATTORNEY

Secretary

EMERGENCY WATER SUPPLY AGREEMENT

THIS AGREEMENT (Agreement) is made and effective as of _____, 2017 (Effective Date) by and between The Metropolitan Water District of Southern California (Metropolitan) and the Los Angeles Department of Water and Power (LADWP), (collectively the "Parties").

A. WHEREAS, on March 20, 2017, the Mayor of Los Angeles issued an Emergency Proclamation based on a finding that, "conditions of extreme peril to the safety of public property, infrastructure and environment have arisen and will impact the City of Los Angeles' Aqueduct, its water gathering facilities, its water delivery facilities and its air quality control facilities located within Mono, Inyo, Kern, Los Angeles Counties and the City of Los Angeles."

B. WHEREAS, the Emergency Proclamation states that massive amounts of snow and rain in the Eastern Sierra "has produced a snowpack equal to 241 percent of normal-to-date" and that LADWP "expects that it must manage an amount of water that is twice the amount of the Los Angeles' annual demand." The Emergency Proclamation further states that LADWP is taking extraordinary steps to conserve water, avoid inundating environmentally sensitive areas, protect the safety of dams, protect the endangered Owens Tui Chub habitat, and protect infrastructure associated with air quality improvements at Owens Lake.

C. WHEREAS, the Emergency Proclamation further states that, "the City of Los Angeles requests that all relevant California State and local agencies cooperate and assist in expediting a coordinated response..." to the current emergency.

D. WHEREAS, on March 28, 2017, the Los Angeles City Council adopted resolutions by four-fifths vote ratifying the Emergency Proclamation.

E. WHEREAS, in order to avoid potential adverse impacts to its facilities and the environment as described in the Emergency Declaration, LADWP has requested that, on an emergency basis, Metropolitan take excess supplies from LADWP's Los Angeles Aqueduct (LAA) through March 31, 2018 in exchange for the later return of water by Metropolitan.

F. WHEREAS, on March 6, 2017, the Parties entered into an agreement entitled, "Agreement for Flow Testing Treatment of LADWP Supplies at the Jensen Plant, Agreement No. AR1173," in order to evaluate the feasibility of longer term delivery and treatment of LAA supplies at Metropolitan's Joseph Jensen Water Treatment Plant (Jensen Plant). The Parties conducted such a test during March 7 through March 9, 2017.

G. WHEREAS, Metropolitan, under its State Water Project (SWP) contract, has participation rights in the SWP that include the right to transport non-SWP water through SWP facilities. Metropolitan will rely on this right to transport water under this

Agreement through the East Branch of the California Aqueduct from the LAA to Metropolitan.

H. WHEREAS, the Parties desire to enter into an exchange of water under the terms of this Agreement.

THEREFORE, the Parties agree as follows:

1. Delivery of Emergency Supplies from LADWP to Metropolitan. Beginning on the Effective Date of this Agreement and continuing through March 31, 2018, Metropolitan may, in its sole discretion, accept LAA emergency excess supplies (Emergency Supplies) at a combination of the Jensen Plant and the East Branch of the California Aqueduct (East Branch). Metropolitan has sole discretion to determine the maximum amount of Emergency Supplies it will accept from LADWP and whether to accept water, and how much to accept, at the Jensen Plant and at the East Branch. Metropolitan's ability to accept Emergency Supplies on the East Branch is expressly conditioned upon DWR approval pursuant to Section 7.

2. Return of Water from Metropolitan to LADWP. Metropolitan will return water to LADWP according to the following:

- a. If LADWP requests that Metropolitan return water during 2017, for every three acre-feet of Emergency Supplies Metropolitan accepts through December 31, 2017, Metropolitan will return to LADWP two acre-feet of water by December 31, 2017, subject also to Sections 2(d) and (e).
- b. If LADWP requests that Metropolitan return water during 2018 or 2019, for every two acre-feet of Emergency Supplies Metropolitan accepts through March 31, 2018, Metropolitan will return to LADWP one acre-foot by December 31, 2019, subject also to Sections 2(d) and (e).
- c. The balance of any Emergency Supplies not returned to LADWP by December 31, 2019, will be returned to LADWP at Metropolitan's full service rate, plus Metropolitan's treatment surcharge if returned at a treated water service connection, in accordance with Metropolitan's administrative code in effect at the time the water is returned, subject also to Section 2(e).
- d. Metropolitan will return water under Section 2(a) or (b) only at times when Metropolitan determines, in its sole discretion, that it has sufficient capacity to return the water through a Metropolitan service connection with LADWP or at another mutually agreed upon location. If water is returned at a service connection, LADWP will pay Metropolitan's readiness-to-serve charge, and additionally, if water is returned at a treated water service connection, LADWP will pay Metropolitan's treatment surcharge.

- e. Any Emergency Supplies accepted under Section 1 that cause Metropolitan to lose water that would otherwise be available to Metropolitan is deemed rejected and returned to LADWP thereby reducing the amount of water to be returned under Section 2(a)-(c) by an equivalent amount. For example, if accepting Emergency Supplies prevents Metropolitan from taking SWP Article 21 water, forces Metropolitan to spill SWP supplies, or interferes with the delivery of Metropolitan's Colorado River water supplies, such loss will be calculated as returned to LADWP reducing the amount of water subject to return under Section 2(a)-(c) by an equivalent amount. Metropolitan shall, at the earliest opportunity, notify LADWP of any lost water. LADWP understands that Metropolitan may not know of lost water until after it is lost.
- f. As an example of how the Parties agree that Section 2 will operate: If Metropolitan accepts a total of 100,000 acre-feet of Emergency Supplies under Section 1 which displaces 40,000 acre-feet of supplies that would otherwise be available to Metropolitan, and LADWP requests the maximum Metropolitan return water available during 2019, Metropolitan would be obligated to return 30,000 acre-feet in 2019, assuming available capacity $((100,000 - 40,000) \times 0.5 = 30,000)$. The balance of 30,000 AF $(100,000 - 40,000 - 30,000 = 30,000)$ would then be purchased after December 31, 2019, by LADWP at Metropolitan's full service rate, plus Metropolitan's treatment surcharge if returned at a treated water service connection, in accordance with Metropolitan's administrative code. Further examples are attached as Exhibit A.

3. Additional Costs. LADWP will reimburse Metropolitan for the costs for any work required, in Metropolitan's sole discretion, to prepare, add to, or modify Metropolitan's facilities or processes for receipt and treatment of the Emergency Supplies, including for all additional costs required for corrosion control and installation of a temporary meter at the Magazine Canyon Connection.

4. Operations. LADWP is responsible for controlling the Emergency Supplies flow into Metropolitan's system at its 72-inch diameter valve adjacent to Metropolitan's Magazine Canyon facility. Metropolitan will determine, at its sole discretion, the flow rate of LAA water that will be delivered to the Jensen Plant. Metropolitan may stop the introduction of Emergency Supplies at either the Jensen Plant or the East Branch at Metropolitan's sole discretion should Metropolitan determine that there is a negative impact, such as a negative impact to water quality, increase in costs, distribution capacity restrictions, or inability to manage the supplies. In no event will Metropolitan accept more water at the Jensen Plant than LADWP's sludge lagoons can accommodate.

5. Metering. LADWP will not challenge the accuracy or dispute the amount of Emergency Supplies delivered to Metropolitan as measured by Metropolitan or DWR.

6. Solids Handling. In recognition of the unique chemistry and content of the Emergency Supplies from the LAA, LADWP agrees to take sole responsibility for all solids resulting from the commingling of this water with Metropolitan's supplies at the Jensen Plant, including sole responsibility for the handling and processing of any and all resulting solids generated at the Jensen Plant. LADWP expressly agrees to prepare for, provide for, and pay any costs for storage and processing of any and all resulting solids in solids handling lagoons owned and operated by LADWP, and not in those lagoons controlled and used by Metropolitan. LADWP will store and process the resulting solids in its solids lagoon numbers 6, 5, 4, and/or 1. See attached map of the relevant solids handling facilities on LADWP's LAA Filtration Plant property.

7. Approvals. The effectiveness of this Agreement, and each action contemplated by this Agreement, is expressly conditioned on the receipt of any necessary consents and approvals and compliance with any applicable environmental laws. The Parties shall cooperate and diligently pursue all necessary consents and approvals, including without limitation, DWR approval to accept Emergency Supplies on the East Branch and to deliver such Emergency Supplies to MWD on the East Branch.

8. Compliance with Laws. LADWP is the lead agency for purposes of compliance with all applicable laws and regulations, including the California Environmental Quality Act (CEQA). LADWP shall ensure that Metropolitan has an opportunity to review any draft CEQA documentation or analysis, and is timely informed of any regulatory notice, approval, claims, or disputes arising out of this Agreement.

9. Further Action. The Parties agree to perform all further acts, and to execute, acknowledge, and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement. Such documents may include, without limitation, subsequent agreements or instructions for delivery to DWR to implement this Agreement and the Parties shall diligently prepare such documents. The Parties acknowledge that the actions contemplated by this Agreement will require regular consultation and coordination and the Parties shall in good faith engage in all such consultation and coordination necessary or appropriate to facilitate the arrangements contemplated by this Agreement.

10. Responsibility and Indemnity. LADWP is solely responsible for any negative impacts resulting from Metropolitan's receipt, conveyance, and treatment of the Emergency Supplies. Except for negligent or willful misconduct of Metropolitan, LADWP will indemnify, defend, release, and hold harmless Metropolitan, its employees, agents, representatives, servants, or independent contractors from and against any cause of action, loss, liability, damage, cost or expense of any nature whatsoever, including the payment of any sums of money as damages to any third party on account of liabilities, liens, garnishments, or attachments arising from injuries to persons, including death or damages to property, whether accrued, absolute, contingent or otherwise, including costs, arising out of or related to:

- a. Any act or omission of LADWP, its employees, agents, representatives, servants, or independent contractors in connection with this Agreement and Metropolitan's receipt and treatment of Emergency Supplies at the Jensen Plant and at the East Branch.
- b. The commingling of LADWP's solids with those of Metropolitan as a result of this Agreement and the commingling of LADWP's water with SWP water and Metropolitan's water resulting from this Agreement.
- c. The presence of toxic or hazardous materials that may exist in water from the LAA or on LADWP's property as a result of any past or future act or omission by LADWP or as a result of this Agreement, including any resulting soil, water, or groundwater contamination.

11. Term. This Agreement terminates after LADWP has purchased the balance of any remaining water after 2019; however, the indemnity provisions of this Agreement, in Section 10, shall survive the termination of this Agreement.

12. Recitals. The introductory recitals constitute valid and binding terms of this Agreement.

13. Authority. Each Party represents and warrants to the other that the execution, delivery, election to participate in and performance of this Agreement (i) are within its powers, (ii) have been duly authorized by all necessary actions on its behalf and all necessary consents or approvals have been obtained and are in full force and effect, and (iii) does not violate any of the terms and conditions of any applicable law, or materially violate any contracts to which it is a party. LADWP warrants that no other approvals from any other subdivisions of the City of Los Angeles are required to consent to or approve this Agreement or any of the proposed construction or operation activities on LADWP's property necessary to implement this Agreement.

14. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. All prior agreements with respect to that subject matter, whether verbal or written, are hereby superseded in their entirety by this Agreement and are of no further force or effect. Amendments to this Agreement shall be effective only if in writing, and then only when signed by the authorized representatives of the respective Parties.

15. Force Majeure. Notwithstanding any other provision of this Agreement, no Party shall be liable for any failure to perform resulting from any cause outside the reasonable control of such Party.

16. Ambiguities. This Agreement shall be interpreted as if it had been jointly drafted by both Parties. Therefore, the normal rule of construction that ambiguities are construed against the drafter is hereby waived.

17. No Third Party Beneficiaries. This Agreement does not create, and shall not be construed to create, any rights enforceable by any person, partnership, corporation, joint venture, limited liability company or other form of organization or association of any kind that is not a party to this Agreement.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and may be signed in any number of counterparts.

19. Waiver. Any waiver of the provisions of this Agreement by the Party entitled to the benefits thereof as to any instance must be in writing and shall in no event be deemed a waiver of the same provision with respect to any other instance or a waiver of any other provision of this Agreement.

20. Assignment. The obligations of the Parties under this Agreement may not be delegated or assigned by the Parties to any third party without the prior written consent of the other Parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate as of the date and year first above written.

Approved as to form:

The Metropolitan Water District
of Southern California

By: _____
Marcia L. Scully
General Counsel

By: _____
Jeffrey Kightlinger
General Manager

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate as of the date and year first above written.

DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES BY
BOARD OF WATER AND POWER COMMISSIONERS

By: _____
DAVID H. WRIGHT
General Manager

Date: _____

And: _____
BARBARA E. MOSCHOS
Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

MAR 31 2017

BY _____
JOHN A. CARVALHO
DEPUTY CITY ATTORNEY

Exhibit A - Metropolitan/LADWP Emergency Supply Management Program Examples

Example 1 – Return in 2018 and 2019. For every two acre-foot provided, one acre-foot will be returned at no cost and one acre-foot will be returned at the full service water rate. No lost water under Section 2(e).

Calendar Year	LADWP Provides Water to Metropolitan	Metropolitan Lost Water Section 2(e)	Metropolitan Returns Water to LADWP at no cost	Metropolitan Returns Water at Full Service Rate after 2019	LADWP End of Year Section 2(b) Balance
2017	100,000 AF	0 AF	0 AF	50,000 AF	50,000 AF
2018	50,000 AF (thru March 31, 2018)	0 AF	50,000 AF	25,000 AF	25,000 AF
2019	NA	0 AF	25,000 AF	0 AF	0 AF
2020	NA	0 AF	NA	0 AF	NA
Totals:	150,000 AF	0 AF	75,000 AF	75,000 AF	NA

Example 2 – Returns in 2017, 2018, and 2019. For every two acre-feet returned in 2017, LADWP provided three acre-feet to Metropolitan in 2017 and Metropolitan will return one acre-foot at the Full Service Rate after 2019. For every one acre-foot returned in 2018 or 2019, LADWP would have provided two acre-feet and Metropolitan will return one acre-foot at the Full Service Water Rate after 2019. No lost water under Section 2(e).

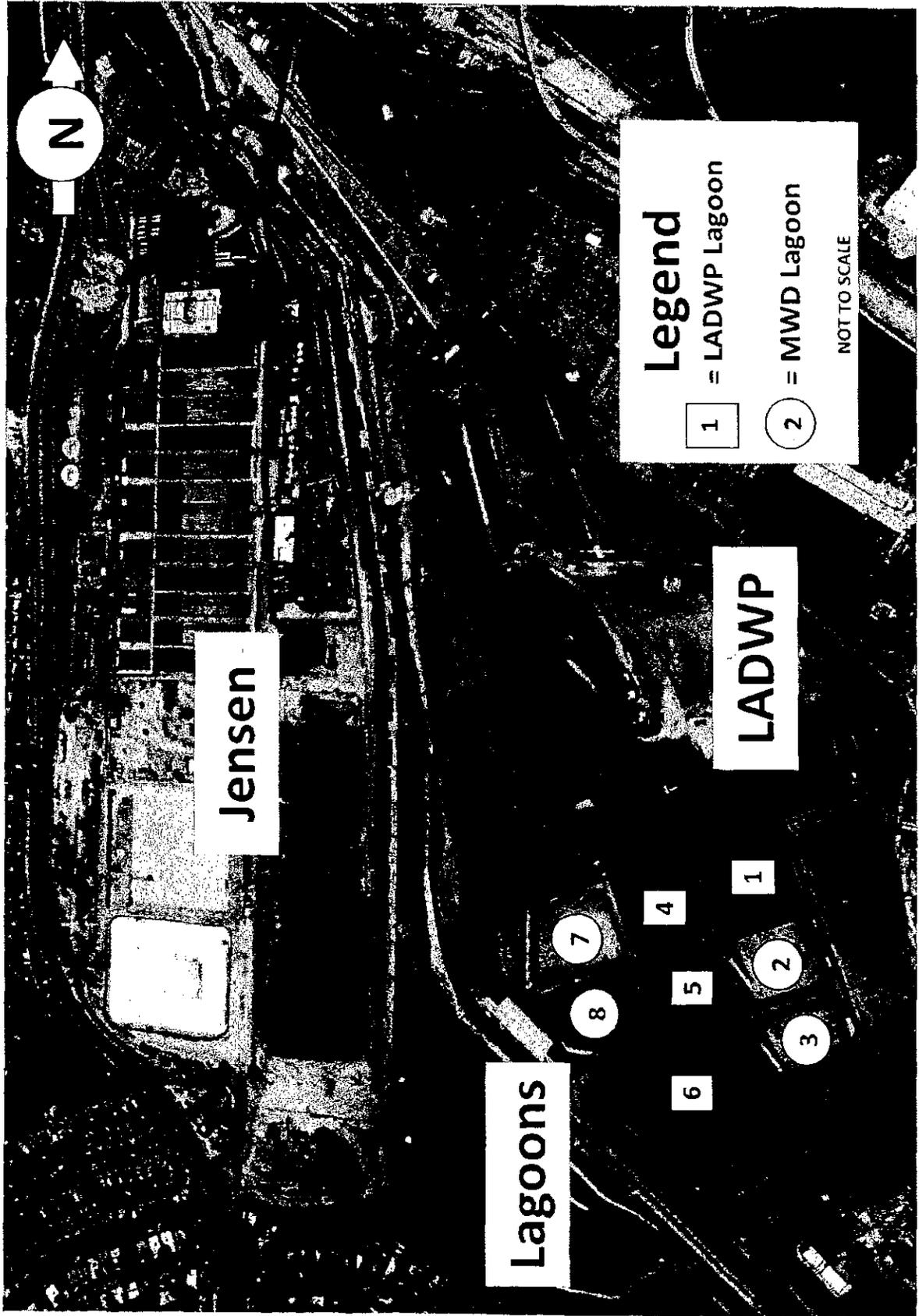
Calendar Year	LADWP Provides Water to Metropolitan	Metropolitan Lost Water Section 2(e)	Metropolitan Returns Water to LADWP at no cost	Metropolitan Returns Water at Full Service Rate after 2019	LADWP End of Year Section 2(b) Balance
2017	100,000 AF	0 AF	20,000 AF	10,000 AF + 35,000 AF	35,000 AF
2018	50,000 AF (thru March 31, 2018)	0 AF	25,000 AF	25,000 AF	35,000 AF
2019	NA	0 AF	35,000 AF	0 AF	0 AF
2020	NA	0 AF	NA	0 AF	0 AF
Totals:	150,000 AF	0 AF	80,000 AF	70,000 AF	NA

Example 3 – Returns in 2017 and 2018. For every two acre-feet returned in 2017, LADWP provided three acre-feet to Metropolitan in 2017 and Metropolitan will return one acre-foot at the Full Service Rate after 2019. For every one acre-foot returned in 2018, LADWP would have provided two acre-feet and Metropolitan will return one acre-foot at the Full Service Water Rate after 2019. Lost water under Section 2(e) in both 2017 and 2018. Any return balance remaining at end of 2019 calendar year converts according to Section 2(c) and will be returned at the Full Service Rate after 2019.

Calendar Year	LADWP Provides Water to Metropolitan	Metropolitan Lost Water Section 2(e)	Metropolitan Returns Water to LADWP at no cost	Metropolitan Returns Water at Full Service Rate after 2019	LADWP End of Year Section 2(b) Balance
2017	100,000 AF	10,000 AF	20,000 AF	10,000 AF + 30,000 AF	30,000 AF
2018	50,000 AF (thru March 31, 2018)	10,000 AF	15,000 AF	20,000 AF	35,000 AF
2019	NA	0 AF	0 AF	0 AF	35,000 AF
2020	NA	NA	NA	35,000 AF	0 AF
Totals:	150,000 AF	20,000 AF	35,000 AF	95,000 AF	NA

Example 4 – Return in 2019. For every two acre-foot provided, one acre-foot will be returned at no cost and one acre-foot will be returned at the full service water rate. Lost water under Section 2(e) in 2018.

Calendar Year	LADWP Provides Water to Metropolitan	Metropolitan Lost Water Section 2(e)	Metropolitan Returns Water to LADWP at no cost	Metropolitan Returns Water at Full Service Rate after 2019	LADWP End of Year Section 2(b) Balance
2017	100,000 AF	0 AF	0 AF	50,000 AF	50,000 AF
2018	0 AF (thru March 31, 2018)	20,000 AF	0 AF	0 AF	30,000 AF
2019	NA	0 AF	30,000 AF	0 AF	0 AF
2020	NA	0 AF	NA	0 AF	NA
Totals:	100,000 AF	20,000 AF	30,000 AF	50,000 AF	NA





San Diego County Water Authority

4677 Overland Avenue • San Diego, California 92123-1233
(858) 522-6600 FAX (858) 522-6568 www.sdcwa.org

October 8, 2013

John (Jack) V. Foley and
Members of the Board of Directors
Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, CA 90054-0153

MEMBER AGENCIES

Carlsbad
Municipal Water District

City of Del Mar

City of Escondido

City of National City

City of Oceanside

City of Poway

City of San Diego

Fallbrook
Public Utility District

Helix Water District

Lakeside Water District

Olivenhain
Municipal Water District

Otay Water District

Padre Dam
Municipal Water District

Camp Pendleton
Marine Corps Base

Rainbow
Municipal Water District

Ramona
Municipal Water District

Rincon del Diablo
Municipal Water District

San Dieguito Water District

Santa Fe Irrigation District

South Bay Irrigation District

Vallecitos Water District

Valley Center
Municipal Water District

Vista Irrigation District

Yuima
Municipal Water District

OTHER REPRESENTATIVE

County of San Diego

RE: Board Letter 8-1 – Authorize amendment to Metropolitan’s Cyclic Storage Agreement with Upper San Gabriel Valley Municipal Water District and the Main San Gabriel Basin Watermaster – REQUEST TO TABLE OR IN THE ALTERNATIVE TO OPPOSE

Dear Chair Foley and Members of the Board:

We have reviewed Board Letter 8-1 and the attached proposed term sheet; although not provided with the Board Letter, we have also reviewed prior Cyclic Storage Agreements between Metropolitan (MWD), Upper San Gabriel Valley Municipal Water District (Upper District) and Main San Gabriel Basin Watermaster (Watermaster), copies of which are attached to this letter (Agreements).

We are unable to reconcile the term sheet as described in the board attachment with the terms of the existing Agreements. Additional information is also needed in order to assess any benefits to MWD under these agreements (other than to the service area of the agencies with the cyclic storage accounts). Finally, there are a number of important policy issues that are not discussed in the Board Letter.

1. Is MWD contractually limited to delivery of only State Water Project water under the Agreements? What is the purpose of this limitation? And, how is this consistent with the MWD Purchase Orders signed by Upper District and Three Valleys Municipal Water District (Three Valleys)?
2. The Board Letter says that there is no cost to MWD and “no put losses.” However, the Agreements provide that cyclic-stored water floats on top of groundwater supplies. A question is also raised how the loss of natural water that would have replenished the basin but for the cyclic storage water is accounted for. Please provide the Watermaster accounting of MWD losses over the life of the Agreements.
3. MWD has also agreed to indemnify Watermaster and the agencies who are parties to the cyclic agreements; we request the General Counsel provide an analysis of the risks MWD

A public agency providing a safe and reliable water supply to the San Diego region

Chairman Foley and Members of the Board

October 8, 2013

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may be assuming in providing such an indemnification (including any reduced risk associated with later amendments relieving each of the parties from indemnification for negligence).

4. Please explain why the capacity charge would not apply to these water sales. The board presentation states that it is because deliveries are “at MWD’s discretion.” However, it is clear under the Agreements that Watermaster, *not* MWD, has discretion and control over deliveries under the cyclic storage agreements. Moreover, while MWD states in its cost-of-service that the capacity charge is intended to pay for the cost of peaking capacity on MWD’s system, these pre-deliveries of MWD water allow these agencies to *avoid peaking*. The capacity charge should apply to these water sales.

6. The Agreements allow for termination in the event that, “water rates, classes of water service or conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform water rates, classes of water service or conditions of water service to all of Metropolitan’s member public agencies.” What is the purpose and meaning of this provision?

7. Please provide data that supports the idea that agencies other than the contracting parties have benefitted from “operational flexibility” as a result of the Agreements? As noted above, it appears from the Agreements that the Watermaster has total discretion under the court judgment and operating Rules.

Based on the information provided in the Board Letter, we do not believe that the Agreements – even with the proposed amendment to require payment of the full service rate for water – meets applicable California law and cost-of-service requirements including but not limited to Proposition 26. We believe the Board would benefit from a full discussion of these issues and recommend this matter be tabled; absent that, we must oppose Board Letter 8-1.

Sincerely,



Michael T. Hogan
Director



Keith Lewinger
Director



Vincent Mudd
Director



Fern Steiner
Director

Attachments

Cyclic Storage Agreements with Three Valleys Municipal Water District:

- | | |
|--------------|--|
| Attachment 1 | Cyclic Storage Agreement dated July 1, 1991 |
| Attachment 2 | First Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1996 |
| Attachment 3 | Second Amendment to Cyclic Storage Agreement with Three Valleys Municipal Water District and Main San Gabriel Basin dated July 1, 2001 |

Chairman Foley and Members of the Board

October 8, 2013

Page 3

- Attachment 4 Third Amendment to Cyclic Storage Agreement with Three Valleys Municipal Water District and Main San Gabriel Basin dated July 1, 2004
- Attachment 5 Fourth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2009
- Attachment 6 Fifth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2011
- Attachment 7 Sixth Amendatory Agreement to Cyclic Storage Agreement Between The Metropolitan Water District of Southern California, Three Valleys Municipal Water District and Main San Gabriel Basin Watermaster dated June 30, 2013

Cyclic Storage Agreements with Upper San Gabriel Valley Municipal Water District:

- Attachment 8 Cyclic Storage Agreement Main San Gabriel Basin dated January 17, 1975
- Attachment 9 Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1985
- Attachment 10 Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1990
- Attachment 11 Second Amendment to Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 1995
- Attachment 12 June 21, 2000 letter from MWD's General Manager to Upper San Gabriel Municipal Water District's General Manager RE Second Amendatory Agreement – 60 Day Extension
- Attachment 13 August 2000 letter from MWD's General Manager to Upper San Gabriel Municipal Water District's General Manager RE Second Amendatory Agreement – Three Month Extension
- Attachment 14 Third Amendatory Cyclic Storage Agreement Main San Gabriel Basin dated July 1, 2000
- Attachment 15 Fourth Amendatory Cyclic Storage Agreement Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2001
- Attachment 16 Fifth Amendatory Cyclic Storage Agreement Metropolitan Water District of Southern California Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2004
- Attachment 17 Sixth Amendatory Cyclic Storage Agreement Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2009
- Attachment 18 Seventh Amendatory Agreement to Cyclic Storage Agreement between Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated July 1, 2011
- Attachment 19 Eighth Amendatory Agreement to Cyclic Storage Agreement between Metropolitan Water District of Southern California, Upper San Gabriel Valley Municipal Water District and Main San Gabriel Basin Watermaster dated June 30, 2013

CYCLIC STORAGE AGREEMENT

THIS AGREEMENT, entered into as of this 1st day of JULY, 1991, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California (herein referred to as "Metropolitan"); the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, (herein referred to as "Three Valleys"); and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, (herein referred to as "Watermaster").

RECITALS

- A. Water rights have been adjudicated in the Main San Gabriel Basin (herein referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court, Civil Action No. 924128 entitled "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water for replenishment of the Basin (herein referred to as "supplemental water"). Such purchase of supplemental water is confined to three Responsible Agencies, as defined in the Judgment, which have a source of supplemental water to the Basin.
- B. Three Valleys is named as one of the Responsible Parties, and is a public agency member of Metropolitan which has necessary distribution facilities to provide supplemental water to Three Valleys, on an interruptible basis, for use in the Basin. Three Valleys has entered into an agreement with Metropolitan (Agreement 2106) to provide for groundwater storage accounts in Three Valleys to be used by Metropolitan to store, either

Post Net brand fax transmittal memo 7871		# of pages > 10
To: <u>LARRY GREEN</u>	From: <u>RICK HANSEN</u>	
Co. <u>MWD</u>	Co. <u>TUMWD</u>	
Dept.	Phone # <u>(714) 621-5568</u>	
Fax <u>(213) 250-6610</u>	Fax #	

directly or indirectly, imported water. Said agreement provides that the storage accounts may be established in the name of either Metropolitan, Three Valleys, or a member agency of Three Valleys.

- C. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project, hereafter referred to as "State Project Water." A portion of this water supply will be used to meet supplemental water requirements placed on Three Valleys by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times, Metropolitan may have quantities of State Project Water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no State Project Water to deliver into the Basin. Furthermore, Watermaster's projected need for water is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State Project Water is not as readily adjustable without possible adverse financial consequences.
- D. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 25 of the Amended Judgment; however, pursuant to Section 34(n) of said Amended Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage

capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.

- E. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby the Flood Control District will undertake the responsibilities associated with actual spreading operations in the Basin.
- F. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

COVENANTS

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties hereto do hereby agree as follows:

1. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

2. Agreement Status

Since Three Valleys is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of State Project Water to Three Valleys and will be providing such water when available to enable Three Valleys to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other

cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

3. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State Project Water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Three Valleys to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 25,000 acre-feet at any point in time. In the event this Agreement is terminated for any reason whatsoever, Metropolitan shall retain ownership of all water stored for its account and the terms and conditions of this Agreement affecting disposition of said stored water is to continue until such time as ownership of said water or any portion thereof is transferred by Metropolitan to Three Valleys and such transfer is recorded by Watermaster.

4.0. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster

provided that when the water level of the Baldwin Park Key Well is at or above elevation 250, Watermaster shall direct Metropolitan not to spread in the Basin unless otherwise approved by the Court; or to limit its spreading activities to such spreading grounds as directed by Watermaster.

4.1. Controls by Watermaster

Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

- (a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operations; or
- (b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
- (c) that the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

4.2. Reports of spreading

Metropolitan shall issue a quarterly report to Three Valleys and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be

due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.

5. Metropolitan's Delivery Prerogative

Subject to the provisions of Sections 4.0 and 4.1 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored for its account in the Basin or from surplus water that may be available to its distribution system.

If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan's Administrative Code, during the monthly billing period for which the water is requested.

6. Loss of Water

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the Basin, assuming that cyclic stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

7.0. Obligation for Payment by Watermaster

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State Project Water, which may subsequently be purchased by Watermaster from Three Valleys to meet the supplemental water requirements of Three Valleys producers within the Basin. Watermaster shall pay to Three Valleys its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water transfer or delivery.

7.1. Obligations for Payment by Three Valleys

Three Valleys shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Three Valleys in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment in effect at the time of such transfer or delivery.

8. Rent or Offset Credit

It is hereby agreed that there is no charge, rent assessment

or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.

9. Indemnity Clause

Metropolitan shall save and hold harmless Watermaster and Three Valleys, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Three Valleys with the defense or costs of defense of any action brought against Watermaster and/or Three Valleys, their officers, agents, or employees arising or alleged to arise by reasons of the storage of water in the Basin for Metropolitan's account.

10. Term

The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.

11. Effective Date of Agreement

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

12. Termination

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty (30) days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty (60) days' written notice, if the conditions of water services established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sales to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sales which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract may be terminated by Metropolitan upon sixty (60) days' written notice to the other parties hereto.

13. Notices

Any notice require hereunder may be given by mail, postage prepaid, addressed as follows:

TO: Watermaster
11310 East Valley Boulevard
El Monte, CA 91731

TO: Three Valleys Municipal Water District
P.O. Box 1300
Claremont, CA 91711

TO: Metropolitan Water District of Southern California
1111 Sunset Boulevard
P.O. Box 54153
Los Angeles, CA 90054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

MAIN SAN GABRIEL BASIN WATERMASTER

ATTEST:

By Donald J. Black Secretary By L. E. Maffei Chairman

APPROVED AS TO FORM AND EXECUTION:

D. J. Black
Attorney for Watermaster

THREE VALLEYS MUNICIPAL WATER DISTRICT

ATTEST:

By Richard H. Hansen Asst. Secretary By Donald J. Black President

APPROVED AS TO FORM AND EXECUTION:

Richard H. Hansen
Attorney for District

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

ATTEST:

By _____ Secretary By Gary M. Snyder General Manager

APPROVED AS TO FORM AND EXECUTION:

Vicki E. Hill
General Counsel

AV-992

FIRST AMENDMENT TO
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS FIRST AMENDATORY AGREEMENT ("Amendatory Agreement"), is made as of the 1st day of July 1996, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "*Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.*", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Amendatory Agreement entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin.

B. Water stored under this Amendatory Agreement will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

C. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

D. The Parties to this Amendatory Agreement desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue the benefits that the Agreement provides.

COVENANTS

1. Paragraph 18 is amended by extending the term of the Agreement an additional five years to June 30, 2001.

2. Paragraph 7.1 of the Agreement is amended by eliminating the last sentence of said paragraph and replacing it with the following two sentences:

“Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment. For purposes of this Agreement, said rate shall be Metropolitan's lowest rate for water sold for groundwater replenishment in effect at any time during the fiscal year in which such transfers occur.”

3. Except as hereby amended, the Agreement shall remain in full force and effect.

4. Upon execution, this Amendatory Agreement shall be effective as of July 1, 1996.

IN WITNESS THEREOF, the Parties hereto have caused this

Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

Sherry G. Mojana
Secretary

By *Reginald A. Stone*
Chairman

APPROVED AS TO FORM
AND EXECUTION:

By *R. A. F.*
Attorney for Watermaster

ATTEST:

THREE VALLEYS MUNICIPAL WATER
DISTRICT

Marlene Lechter
Secretary

By *[Signature]*

APPROVED AS TO FORM
AND EXECUTION:

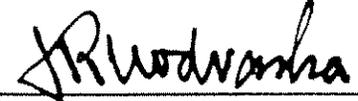
By *[Signature]*
Attorney for Three Valleys

ATTEST:

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA



Executive Secretary

By 

General Manager

APPROVED AS TO FORM
AND EXECUTION:

N. Gregory Taylor
General Counsel

By 

Jeffrey Kightlinger
Deputy General Counsel

A0-992

**SECOND AMENDMENT TO
CYCLIC STORAGE AGREEMENT WITH
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN**

This SECOND AMENDATORY AGREEMENT ("Second Amendment"), is made as of the 1st day of July 2001, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Second Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1996.

B. The Agreement has been extended by a FIRST AMENDATORY AGREEMENT ("First Amendment") to June 30, 2001.

C. Water stored under this Second Amendment will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.

D. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

E. The Parties to this Second Amendment desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

1. Paragraph 18 is amended by extending the term of the Agreement an additional three years to June 30, 2004.
2. Paragraph 3 is amended by increasing the maximum amount of water stored in the account to 40,000 acre-feet.

3. Paragraph 7.1 is amended to read in its entirety:

7.1 Obligations for Payment by Three Valleys

Three Valleys shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Three Valleys in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment. For purposes of this Agreement, said rate shall be Metropolitan's lowest rate for water sold for groundwater replenishment in effect at any time during the fiscal year in which such transfers occur. Should Metropolitan's Board of Directors not adopt a

replenishment rate, the rate shall be the most recent replenishment rate adopted by the Board.

4. Paragraph 9 is amended to read as follows:

9. Indemnity Clause

As to negligent actions, if any, arising under this Agreement, Three Valleys shall indemnify and hold harmless Metropolitan, its officers, agents and employees from any and all costs, damages or liability resulting or alleged to result from such actions of Three Valleys and Watermaster, and shall provide Metropolitan with the defense or pay the cost of defense of any action brought against Metropolitan or its officers, agents or employees arising or alleged to arise by reason of negligent actions of Three Valleys and Watermaster.

As to negligent actions, if any, arising under this Agreement, Metropolitan shall indemnify and hold harmless Three Valleys or Watermaster, their officers, agents and employees, from any and all costs, damages or liability resulting or alleged to result from such actions of Metropolitan and shall provide Three Valleys or Watermaster with the defense or pay the cost of defense of any action brought against Three Valleys or Watermaster, or their officers, agents or employees arising or alleged to arise by reason of negligent actions of Metropolitan.

5. Paragraph 12.1 is added as follows:

12.1 Purchase of Water after Termination

Upon termination, Three Valleys shall continue to purchase supplemental water from the account until the account is depleted. During this period, Three Valleys shall not obtain supplemental water from sources other than Metropolitan with the exception of local resource projects developed to offset supplemental imported water requirement.

- 6. Except as thereby amended, the Agreement shall remain in full force and effect.
- 7. Upon execution, this Second Amendment shall be effective as of July 1, 2001.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

MAIN SAN GABRIEL BASIN WATERMASTER

ATTEST:

By: *Mamuff Meyers*
Secretary

By: *Reginald A. Stone*
Chairman

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Watermaster

(SEAL)

THREE VALLEYS MUNICIPAL WATER DISTRICT

ATTEST:

Shelley Leutz
Secretary

By: *M. F. O'Brien*
President

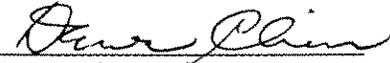
APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for District

(SEAL)

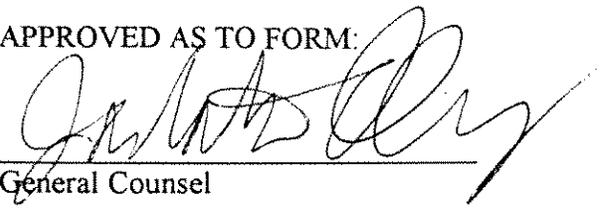
THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

ATTEST:

By: 
Executive Secretary

By: 
General Manager

APPROVED AS TO FORM:


FOR General Counsel

(SEAL)

**THIRD AMENDMENT TO
CYCLIC STORAGE AGREEMENT WITH
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN**

This THIRD AMENDATORY AGREEMENT ("Third Amendment"), is made as of the 1st day of July 2004, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

- A. The Parties to this Third Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement expired June 30, 1996.
- B. The Agreement has been extended by a FIRST AMENDATORY AGREEMENT ("First Amendment") to June 30, 2001.
- C. A SECOND AMENDATORY AGREEMENT ("Second Amendment") increased Metropolitan's storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water following the Agreement's termination, specified a rate for replenishment water in absence of a Board adopted

replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others' negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

- D. Water stored under this Third Amendment will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
- E. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.
- F. The Parties to this Third Amendment desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

- 1. Paragraph 10 is amended by extending the term of the Agreement for an additional five years through June 30, 2009.
- 2. Except as thereby amended, the Agreement shall remain in full force and effect.
- 3. Upon execution, this Third Amendment shall be effective as of July 1, 2004.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: 
Secretary

By: 
Chairman

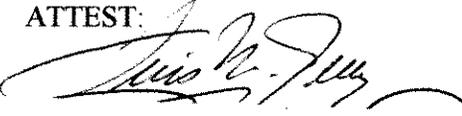
APPROVED AS TO FORM
AND EXECUTION:

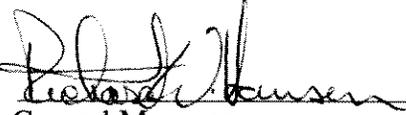

Attorney for Watermaster

(SEAL)

ATTEST:

THREE VALLEYS MUNICIPAL WATER
DISTRICT


Secretary

By: 
General Manager

APPROVED AS TO FORM
AND EXECUTION:


Attorney for District

(SEAL)

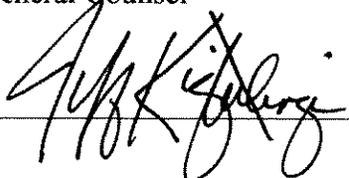
ATTEST:

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: 
Executive Secretary

By: 
Chief Executive Officer

APPROVED AS TO FORM:
General Counsel



(SEAL)

**FOURTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This FOURTH AMENDATORY AGREEMENT ("Fourth Amendment"), is made as of the 1st day of July 2009, to the Cyclic Storage Agreement ("Agreement"), dated July 1, 1991, including all subsequent amendments thereto (collectively, "Agreement"), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Three Valleys", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

- A. The Parties to this Fourth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin ("Main Basin"). The Agreement was originally set to expire June 30, 1996.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.
- C. A Second Amendatory Agreement increased Metropolitan's storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted

replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others' negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

- D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
- E. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.
- F. The Parties to this Fourth Amendment desire to extend the term of the Agreement for two years because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Fourth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended by extending the term of the Agreement for an additional two years through June 30, 2011.
2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Fourth Amendment shall be subject to all provisions of the Agreement.
3. Upon execution, this Fourth Amendment shall be effective as of July 1, 2009.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: *Don Amigo*
Secretary

By: *Jim By*
Chairman

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Watermaster

(SEAL)

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

By: *Brian Bennett*
Secretary

By: *Robert Hansen*
General Manager

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: *Dawn Cain*
Executive Secretary

By: *[Signature]*
General Manager

APPROVED AS TO FORM: General Counsel

[Signature]
CATHERINE M. STILES
Deputy General Counsel

(SEAL)

**FIFTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This FIFTH AMENDATORY AGREEMENT (“Fifth Amendment”), is made as of the 1st day of July 2011, to the Cyclic Storage Agreement (“Agreement”), dated July 1, 1991, including all subsequent amendments thereto (collectively, “Agreement”), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Three Valleys”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

- A. The Parties to this Fifth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin (“Main Basin”). The Agreement was originally set to expire June 30, 1996.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.
- C. A Second Amendatory Agreement increased Metropolitan’s storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted

replenishment rate, incorporated an indemnity provision to hold Metropolitan and Three Valleys harmless from each others' negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

- D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
- E. The Fourth Amendment extended the Agreement for two years to June 30, 2011.
- F. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto. The Parties to this Fifth Amendment desire to extend the term of the Agreement for two years because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Fifth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

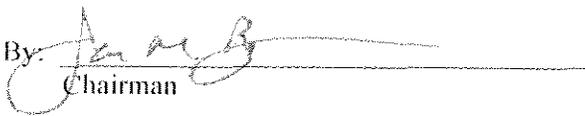
1. Paragraph 10 is amended by extending the term of the Agreement for an additional two years through June 30, 2013.
2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Fifth Amendment shall be subject to all provisions of the Agreement.
3. Upon execution, this Fifth Amendment shall be effective as of July 1, 2011.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: 
Secretary

By: 
Chairman

APPROVED AS TO FORM AND EXECUTION:


Attorney for Watermaster

(SEAL)

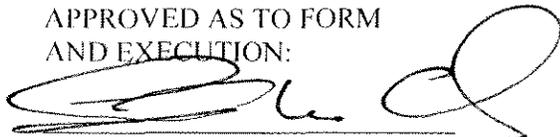
ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

Secretary

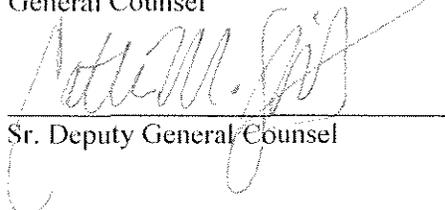
By: 
General Manager

APPROVED AS TO FORM AND EXECUTION:

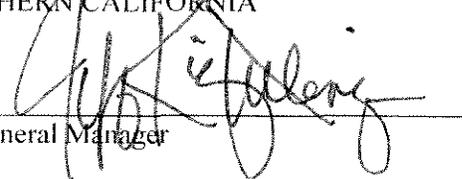

Attorney for District

(SEAL)

APPROVED AS TO FORM:
General Counsel


Sr. Deputy General Counsel

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: 
General Manager

(SEAL)

**SIXTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
THREE VALLEYS MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This SIXTH AMENDATORY AGREEMENT (“Sixth Amendment”), is made as of the 30th day of June 2013, to the Cyclic Storage Agreement (“Agreement”), dated July 1, 1991, including all subsequent amendments thereto (collectively, “Agreement”), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the THREE VALLEYS MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Three Valleys”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

- A. The Parties to this Sixth Amendment entered into the Agreement, for the purpose of giving Metropolitan the right to store up to 25,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin (“Main Basin”). The Agreement was originally set to expire June 30, 1996.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 2001.
- C. A Second Amendatory Agreement increased Metropolitan’s storage right in the Main Basin to 40,000 acre-feet, adopted provisions for the purchase of supplemental water, specified a rate for replenishment water in absence of a Board adopted replenishment rate, incorporated an indemnity provision to hold Metropolitan and

Three Valleys harmless from each others' negligent actions arising under this Agreement, and extended the term of the Agreement thru June 30, 2004.

- D. Water stored under the Third Amendatory Agreement will be used to meet Three Valleys' groundwater replenishment demands pursuant to specific criteria set forth in Paragraphs 5 and 7 of the Agreement.
- E. The Fourth Amendment extended the Agreement for two years to June 30, 2011.
- F. The Fifth Amendment extended the Agreement for two years to June 30, 2013.
- G. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto. The Parties to this Sixth Amendment desire to extend the term of the Agreement for one year because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Sixth Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended by extending the term of the Agreement for an additional one year through June 30, 2014.
2. Except as expressly modified in this Amendment, the Agreement shall remain in full force and effect, and this Sixth Amendment shall be subject to all provisions of the Agreement.
3. This Sixth Amendment shall be effective as of June 30, 2013.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: [Signature]
Chairman

Date: _____

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Watermaster

(SEAL)

Date: _____

ATTEST:

THREE VALLEYS MUNICIPAL WATER DISTRICT

[Signature]
Secretary

By: [Signature]
General Manager

Date: 6/10/13

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for District

(SEAL)

Date: 6/19/13

APPROVED AS TO FORM: General Counsel

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

[Signature]
Sr. Deputy General Counsel

By: [Signature]
General Manager

Date: 5/13/13

Date: 5/15/13

(SEAL)

CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AGREEMENT, is made this 17th day of January 1975 between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan"; the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District"; and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, herein referred to as "Watermaster."

EXPLANATORY RECITALS

1. Water rights have been adjudicated in the Main San Gabriel Basin (hereinafter referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase replacement water when production in the Basin exceeds operating safe yield. Such purchase of replacement water is confined to three Responsible Agencies, as defined in the Judgment, which have a source of supplemental water to the Basin.

-2-

2. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District, on an interruptible basis, for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by the Watermaster to furnish water imported by Metropolitan for replacement purposes.
3. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project (hereinafter referred to as "State project water"). A portion of this water supply will be used to meet water requirements placed on Upper District by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times Metropolitan may have quantities of State project water in excess of Watermaster's immediate water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for water

-3-

is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State project water is not as readily adjustable without possible adverse financial consequence.

4. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of cyclic storage agreements to provide for utilization of available storage capacity in Southern California groundwater basins in conjunction with the operation of the State Water Project during its early years of operation, to take advantage of relatively low energy costs, and to reduce future State Water Project construction burdens to the extent reasonably practicable.
5. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 17 of the Judgment; however, pursuant to Section 26(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.

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6. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby said District will undertake the responsibilities associated with actual spreading operations in the Basin.
7. It is the intent and desire of the parties hereto to enter into such a cyclic storage agreement so that State project water may be spread and stored within the Basin for Metropolitan for subsequent use by Upper District for Watermaster credit.
8. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

AGREEMENTS

9. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by reference and made a part hereof.

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10. Agreement Status

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy replacement water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

11. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State project water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet replacement water requirements as established by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 85,000 acre-feet at any point in time. Metropolitan shall retain ownership of all water stored for its account until such time as said water or any portion thereof is ordered

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by Upper District hereunder. Should this Agreement be terminated for any reason by any party, Metropolitan shall retain continuing ownership of water stored for its account in the amount that existed at the time of such termination, subject to subsequent losses as may be determined by Watermaster, until such time as the water is purchased by Upper District to meet replacement water requirements as established by Watermaster.

12. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that at no time shall any spreading in the Basin be authorized when the water level of the Baldwin Park Key Well is at or above elevation 250 unless otherwise approved by the Court. The ultimate disposition of water stored for Metropolitan's account shall be to Upper District on behalf of its producers, pursuant to replacement water requirements established by Watermaster.

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Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

- (a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the Baldwin Park Key Well to exceed elevation 250; or
- (b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
- (c) that the spreading of replacement water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

Metropolitan shall issue a quarterly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.

13. Metropolitan's Delivery Prerogative

Subject to the provisions of Paragraph 12 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored for its account in the Basin or from surplus water that may be available in its distribution system.

14. Loss of Water

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

15. Obligation for Payment

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State project water, which may subsequently be purchased by Watermaster from Upper District to meet the replacement water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan

-9-

will have caused to be spread more supplemental water than required on behalf of Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water delivery. Upper District shall pay Metropolitan its charges for such water according to the payment provisions contained in Metropolitan's water service resolution (Resolution 3896, as amended). Payments to Metropolitan shall be based on whatever Metropolitan's rate is for State project water used for groundwater replenishment purposes at the time the water stored under this Agreement is ordered by Upper District pursuant to direction from Watermaster.

16. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.

17. Indemnity Clause

Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

18. Term

The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in minutes of its meetings at least sixty days prior to any such extension.

19. Effective Date of Agreement

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

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20. Termination

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice, if the conditions established in its water rate resolution, Resolution 5170, as amended, or in its water service resolution, Resolution 3896, as amended, are further amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sale to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sale which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract cannot be obtained, this contract may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

21. Notices

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To Watermaster at 11310 East Valley Boulevard,
El Monte, California 91731 and

To Upper District at 11310 East Valley Boulevard,
El Monte, California 91731 and

To Metropolitan at 1111 Sunset Boulevard, Box 54153
Los Angeles, California 90054

IN WITNESS WHEREOF, the parties hereto have caused this
Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

Richard T. Rowland
Secretary

By Robert J. Bolch
Chairman

APPROVED AS TO FORM
AND EXECUTION:

Robert B. Ash
Attorney for Watermaster

(SEAL)

ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

Mavis Manning
Secretary

By Harold W. Hanks
President

APPROVED AS TO FORM
AND EXECUTION:

Robert B. Ash
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Dorothy L. Norris
Executive Secretary

By John C. ...
General Manager

APPROVED AS TO FORM

(SEAL)

General Counsel

GENERAL COUNSEL
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AGREEMENT, is made as of the 1st day of July, 1985, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan"; the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District"; and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, herein referred to as "Watermaster".

EXPLANATORY RECITALS

1. Water rights have been adjudicated in the Main San Gabriel Basin (hereinafter referred to as "the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled, "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." Said Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water when an individual producer defendant's production in the Basin exceeds his share of the operating safe yield, and for other purposes, hereafter referred to as "supplemental water requirements". Such purchase of supplemental water is confined to three Responsible Agencies, as defined in the

Judgment, which have a source of supplemental water to the Basin.

2. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District, on an interruptible basis, for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by Watermaster to furnish water imported by Metropolitan for supplemental water purposes.
3. Metropolitan, which also is a party to said Judgment, has contracted with the California State Department of Water Resources for a water supply from the California State Water Project, hereafter referred to as "State Project Water". A portion of this water supply will be used to meet supplemental water requirements placed on Upper District by Watermaster; however, it may not always be possible to correlate Watermaster's requirements with the availability of such water from Metropolitan. At times, Metropolitan may have quantities of State Project Water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for water is subject to significant change annually, depending on hydrologic conditions, while Metropolitan's six-year advance forecast for State Project

Water is not as readily adjustable without possible adverse financial consequence.

4. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of cyclic storage agreements to provide for utilization of available storage capacity in Southern California groundwater basins in conjunction with the operation of the State Water Project during its early years of operation, to take advantage of relatively low energy costs, and to reduce future State Water Project construction burdens to the extent reasonably practicable.
5. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 17 of the Judgment; however, pursuant to Section 26(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accord with Uniform Rules and Conditions adopted by Watermaster.
6. To provide for the spreading of water for cyclic storage, Watermaster and the Los Angeles County Flood Control District have heretofore entered into an agreement whereby said District will undertake the responsibilities associated with actual spreading operations in the Basin.

7. Metropolitan entered into an Agreement titled, "Cyclic Storage Agreement - Main San Gabriel Basin," on January 17, 1975, with Upper District and Watermaster. The Agreement granted Metropolitan the right to store 85,000 acre-feet of State Project Water in the Main San Gabriel Basin. That amount was increased to 142,000 acre-feet in 1980 when the Agreement was extended for a second five-year term. The Agreement expired on January 16, 1985. During the past ten years, the Agreement provided Metropolitan with increased operating flexibility at minimum cost, the ability to store water in the Basin during years of abundant water supply, and made such stored water available for transfer and sale to Upper District when Metropolitan could not make, or it was operationally inconvenient to make, deliveries to meet replenishment water requirements. All parties have benefited from the cyclic storage program during the past ten years, therefore, it is the intent and desire of the parties hereto to enter into another five year cyclic storage agreement so that State Project Water may be spread and stored within the Basin for Metropolitan for subsequent use by Upper District for Watermaster credit.

8. The following cyclic storage agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND CONDITIONS HEREINAFTER SET FORTH, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

AGREEMENTS

9. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

10. Agreement Status

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is the sole supplier of supplemental water to Upper District and will be providing such water when available to enable Upper District to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and Conditions of Cyclic Storage Agreements.

11. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, State project water which will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 142,000 acre-feet at any point in time.

On January 16, 1985, there was 4,862.4 acre-feet of cyclic stored water that remained in Metropolitan's storage account in the Basin at the time the January 17, 1975, cyclic storage agreement was terminated. That amount shall be transferred to Metropolitan's cyclic storage account under this Agreement on the effective date described under Paragraph 19. In the event this Agreement is terminated for any reason whatsoever, Metropolitan shall retain ownership of all water stored for its account and the terms and conditions of this Agreement affecting disposition of said stored water is to continue until such time as ownership of said water or any portion thereof is transferred by Metropolitan to Upper District and such transfer is recorded by Watermaster.

12. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its said agreement with Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that when the water level of the Baldwin Park Key Well is at or above elevation 250 Watermaster shall direct Metropolitan not to spread in the Basin; or to limit its spreading activities to the Ben Lomond, Citrus, Forbes, Irwindale, Live Oak, San Dimas and Walnut Creek Spreading Grounds, or any one of them, as directed by Watermaster, unless otherwise approved by the Court.

Notwithstanding any other provisions of this Agreement, Watermaster reserves the right to order the cessation or reduction in delivery rate of water being spread for cyclic storage if, in its judgment, Watermaster determines:

- (a) that water previously authorized to be stored under this Cyclic Storage Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operation; or
- (b) that such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
- (c) that the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well.

Metropolitan shall issue a quarterly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such reports shall be due on the last day of the month next succeeding the end of the relevant quarter, i.e., April 30, July 31, October 31, and January 31, and shall be subject to Watermaster's verification.

13. Metropolitan's Delivery Prerogative

Subject to the provisions of Paragraph 12 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored

for its account in the Basin or from surplus water that may be available in its distribution system.

If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan's Administrative Code, during the monthly billing period for which the water is requested.

14. Loss of Water

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

15. Obligation for Payment

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, State Project Water, which may subsequently be purchased by Watermaster from Upper District to meet the supplemental water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan will have caused to be spread more supplemental

water than required on behalf of Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and Watermaster has received payment of its assessments therefor and does, under the terms of said Judgment, order such supplemental water transfer or delivery. Upper District shall be billed by and shall pay to Metropolitan for all such water which has been so delivered or whose ownership is so transferred from Metropolitan to Upper District in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment in effect at the time of such transfer or delivery.

16. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services

utilized in connection with the storage rights granted herein.

17. Indemnity Clause

Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

18. Term

The term of this Agreement shall commence on the day, month, and year first above written and shall terminate five years thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Agreement may be extended for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider an extension of this Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.

19. Effective Date of Agreement

This Agreement shall become effective only upon Court approval hereof and Watermaster shall petition the Court for such approval.

20. Termination

For a material breach hereunder, any party hereto may terminate this Agreement upon thirty days' written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice, if the conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform conditions of water service and water sales to all of Metropolitan's member public agencies; and in the event this contract must be so amended, it shall be amended to provide conditions of water service and water sales which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies; and in the event such an amendment to this contract cannot be obtained from Watermaster, this contract may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

21. Notices

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Watermaster
11310 E. Valley Boulevard
El Monte, CA 91731

To: Upper San Gabriel Valley Municipal Water District
11310 E. Valley Boulevard
El Monte, CA 91731

To: Metropolitan
1111 Sunset Boulevard
P.O. Box 54153
Los Angeles, CA 90054

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

MAIN SAN GABRIEL BASIN WATERMASTER

ATTEST:

By Robert B. Berken
Secretary

By Lin E. Mapp
Chairman

APPROVED AS TO FORM AND EXECUTION:

Joseph B. Arden
Attorney for Watermaster

(SEAL)

ATTEST:

Cheryl R. Wotey
Secretary

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By John E. Halliday
President

APPROVED AS TO FORM AND EXECUTION:

Arthur S. Kichma
Attorney for District

(SEAL)

ATTEST:

By Sarah E. Coff
Executive Secretary

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By Carl J. Brunkow
General Manager

APPROVED AS TO FORM:
Warren J. Abbott
General Counsel

By Warren J. Abbott

(SEAL)

AMENDMENT TO
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN

THIS AMENDATORY AGREEMENT, is made as of the 1st day of July 1990, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan"; the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District"; and the MAIN SAN GABRIEL BASIN WATERMASTER, a regulatory agency appointed by the Superior Court of the State of California in and for the County of Los Angeles, herein referred to as "Watermaster".

RECITALS

- A. The parties to this Amendatory Agreement entered into an agreement titled Cyclic Storage Agreement Main San Gabriel Basin ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State project water in the Main San Gabriel Basin.
- B. Water stored under this Amendatory Agreement will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria

set forth in Article 13 of the Cyclic Storage Agreement.

- C. Under its terms the Agreement expires on June 30, 1990, five years after its effective date of July 1, 1985. The Agreement further provides that it may be extended for additional terms, not to exceed five years each, by mutual agreement of the parties thereto.

- D. The parties to this Amendatory Agreement desire to extend the term of the Cyclic Storage Agreement because from time to time there may be State project water available for storage under the Cyclic Storage Agreement and in addition desire to continue the benefits that the Cyclic Storage Agreement provides.

COVENANTS

- 1. Extension of Term. Article 18 is amended by extending the term of the Agreement an additional five years to June 30, 1995.

- 2. Remaining Provisions. Except as hereby amended, the Agreement shall remain in full force and effect.

3. This Amendatory Agreement shall become effective July 1, 1990 and Watermaster shall petition the Court for ratification of such approval.

IN WITNESS WHEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

Donald J. Black
Secretary

By Lin E. Maggi
Chairman

APPROVED AS TO FORM AND EXECUTION:

David B. Ark
Attorney for Watermaster

(SEAL)

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Raymond R. Willey
Secretary

By Brent E. Johnson
President

APPROVED AS TO FORM AND EXECUTION:

Arthur S. Kildner
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By *Karen E. Duff*
Executive Secretary

By *R. W. Balcerzak*
General Manager

APPROVED AS TO FORM:
F. Vendig
General Counsel

By *David S. Glenn*

(SEAL)

**SECOND AMENDMENT TO
CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN**

THIS SECOND AMENDATORY AGREEMENT ("Amendatory Agreement"), is made as of the 1st day of July 1995, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "*Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.*", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Amendatory Agreement entered into an agreement titled Cyclic Storage Agreement Main San Gabriel Basin ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project (SWP) water in the Main San Gabriel Basin.

B. Water stored under this Amendatory Agreement will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in Paragraph 13 of the Agreement.

C. The Agreement has been extended by a previous amendment to June 30, 1995. The Agreement provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

D. The Parties to this Amendatory Agreement desire to extend the term of the Agreement because from time to time there may be SWP water available for storage under the Agreement and in addition desire to continue the benefits that the Agreement provides.

COVENANTS

1. Paragraph 18 is amended by extending the term of the Agreement an additional five years to June 30, 2000.

2. Paragraph 11 is amended by deleting the portion of said paragraph that reads "The amount of water . . . date described under Paragraph 19." and inserting in its place:

"The amount of water to be stored in the Basin for Metropolitan hereunder shall not exceed 100,000 acre-feet at any point in time including the quantity of water in storage on the date of execution of this Agreement."

3. Paragraph 15 of the Agreement is amended by eliminating the last sentence of said paragraph and replacing it with the following two sentences:

"Payments to Metropolitan for such transfers of water from its Cyclic Storage Account shall be calculated by using Metropolitan's rate for water sold for groundwater replenishment. For purposes of this Agreement said rate shall be Metropolitan's lowest rate for water sold for

groundwater replenishment in effect at any time during the fiscal year in which such transfers occur."

4. Except as hereby amended, the Agreement shall remain in full force and effect.

5. Upon execution, this Amendatory Agreement shall be effective as of July 1, 1995.

IN WITNESS THEREOF, the Parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

Murray J. Magana
Secretary

By Reginald A. Stone
Chairman

APPROVED AS TO FORM AND EXECUTION:

By F. A. Fuchs
Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

Arnold P. Pava
Secretary

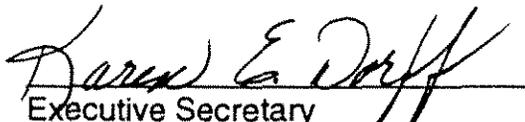
By [Signature]

APPROVED AS TO FORM AND EXECUTION:

By W. M. Mosley
Attorney for Upper District

ATTEST:

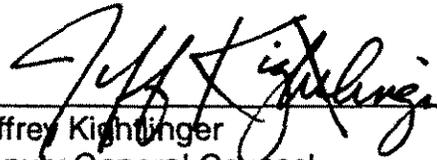
THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA


Executive Secretary

By 
General Manager

APPROVED AS TO FORM
AND EXECUTION:

N. Gregory Taylor
General Counsel

By 
Jeffrey Kightlinger
Deputy General Counsel

RECEIVED
JUL 06 2000
USGVMWD

MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Office of the General Manager

June 21, 2000

Mr. Robert G. Berlien
General Manager
Upper San Gabriel Municipal Water District
11310 East Valley Boulevard
El Monte, CA 91731

Dear Mr. Berlien:

Second Amendatory Agreement -- 60 Day Extension

The Metropolitan Water District of Southern California (Metropolitan) appreciated the opportunity to meet with you and Ms. Carol Williams of the Main San Gabriel Basin Watermaster (Watermaster) on May 24, 2000 regarding a Third Amendatory Agreement (Third Amendment) for cyclic storage in the Main San Gabriel Basin. As discussed in the meeting, the Second Amendatory Agreement (Second Amendment) between Upper San Gabriel Municipal Water District (Upper District), Watermaster and Metropolitan expires June 30, 2000, before a Third Amendment is likely to be executed.

To avoid a lapse in the cyclic storage agreement, we agreed that a 60-day extension of the Second Amendment is necessary. Please confirm your concurrence with the 60-day extension by signing these three final letter agreements below. After you have signed the letters, please forward them to Watermaster for its signature. Please have Watermaster return the signed letter agreements to Metropolitan for distribution. If you have any questions in regard to this matter, please do not hesitate to call Cindi La Camera at (213) 217-7221 or Nina Jazmadarian at (213) 217-6583.

Paragraph 1 of the Second Amendatory Agreement -- Main San Gabriel Basin is amended as follows:

1. Paragraph 18 is amended by extending the term of the Agreement an additional 60 days to August 30, 2000.

Very truly yours,



Ronald Gastelum
General Manager

CL/ms

(c:\opsexec\contradm\agreements\2ndamendment-extension.doc)

cc: Mr. Anthony R. Fellows
Mr. Frank F. Forbes

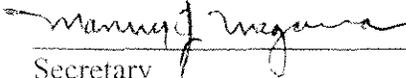
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

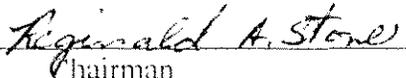
Mr. Robert G. Berlien
Page 2
June 21, 2000

IN WITNESS THEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

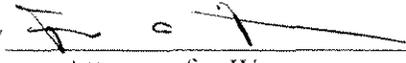
ATTEST:

MAIN SAN GABRIEL BASIN
WATERMASTER


Secretary

By 
Chairman

APPROVED AS TO FORM
AND EXECUTION:

By 
Attorney for Watermaster

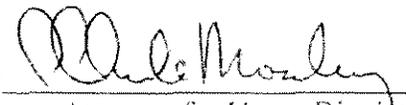
ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

Secretary

By 

APPROVED TO AS TO FORM
AND EXECUTION:

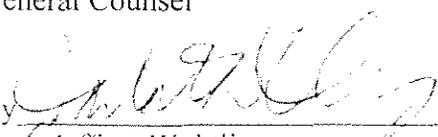
By 
Attorney for Upper District

THE METROPOLITAN WATER
DISTRICT OF SOUTHERN
CALIFORNIA

By 
General Manager

APPROVED AS TO FORM
AND EXECUTION:

N. Gregory Taylor
General Counsel

By 
Jeffrey Kightlinger
Senior Deputy General Counsel

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Office of the General Manager

AD-992

Mr. Timothy C. Jochem
 General Manager
 Upper San Gabriel Municipal Water District
 11310 East Valley Boulevard
 El Monte, CA 91731

Dear Mr. Jochem:

Second Amendatory Agreement – Three Month Extension

The Metropolitan Water District of Southern California (Metropolitan) has been negotiating with your agency, Upper San Gabriel Municipal Water District (Upper District), and the Main San Gabriel Basin Watermaster (Watermaster), a Third Amendatory Agreement to the Main San Gabriel Basin Cyclic Storage Agreement (Third Amendment). The Second Amendatory Agreement to the Cyclic Storage Agreement (Second Amendment) expired June 30, 2000. To avoid a lapse in the cyclic storage agreement, Upper District, Watermaster and Metropolitan extended the Second Amendment for 60 days, to August 30, 2000.

Although negotiations on the Third Amendment are progressing, it will not be executed by August 30, 2000, as originally anticipated. Therefore a second extension of the Second Amendment is necessary. The attached letter agreements will extend the Second Amendment for an additional three months, through November 30, 2000.

Please confirm your concurrence with the three-month extension by signing the three final letter agreements enclosed. After you have signed the letters, please forward them to Watermaster for its signature. Please have Watermaster return the signed letter agreements to Metropolitan for distribution. If you have any questions in regard to this matter, please do not hesitate to call Cindi La Camera at (213) 217-7221 or Nina Jazmadarian at (213) 217-6583.

Very truly yours,

Ronald R. Gastelum
 General Manager

CL/ms
 (o:\topsexec\contradm\agreemts\MainSanGabriel\2ndamendmentext#3.doc)

cc: Director Anthony R. Fellow
 Director Frank F. Forbes

RECEIVED

AUG 21 2000

USGVMWD

Mr. Timothy C. Jochem
Page 2
Second Amendatory Agreement - Three Month Extension

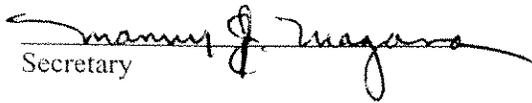
Paragraph 1 of the Second Amendatory Agreement – Main San Gabriel Basin is amended as follows:

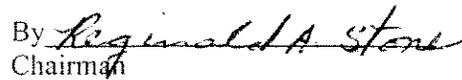
1. Paragraph 18 is amended by extending the term of the Agreement an additional 152 days to November 30, 2000.

IN WITNESS THEREOF, the parties hereto have caused this Amendatory Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER


Secretary

By 
Chairman

APPROVED AS TO FORM
AND EXECUTION:

By 
Attorney for Watermaster

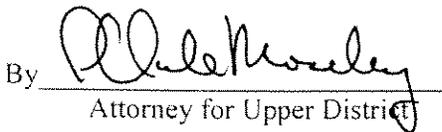
ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT


Secretary

By 

APPROVED AS TO FORM
AND EXECUTION:

By 
Attorney for Upper District

ATTEST:

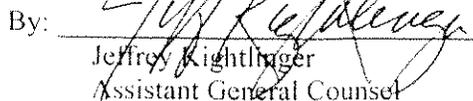
THE METROPOLITAN WATER
DISTRICT OF SOUTHERN CALIFORNIA


Secretary

By: 
General Manager

APPROVED AS TO FORM
AND EXECUTION:

Roderick E. Walston
General Counsel

By: 
Jeffrey Kightlinger
Assistant General Counsel

A0-992

**THIRD AMENDATORY CYCLIC STORAGE AGREEMENT
MAIN SAN GABRIEL BASIN**

This THIRD AMENDATORY AGREEMENT, is made as of the 1st day of July, 2000, by and between THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, ("Metropolitan"); the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, ("Upper District"); and the MAIN SAN GABRIEL BASIN WATERMASTER, a court-empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, ("Watermaster").

RECITALS

- A. Water rights have been adjudicated in the Main San Gabriel Basin ("the Basin") according to the Judgment in Los Angeles County Superior Court Civil Action No. 924128 entitled, "Upper San Gabriel Valley Municipal Water District vs. City of Alhambra, et al." The Judgment established Watermaster as the regulatory agency responsible for managing the Basin and authorized Watermaster to purchase supplemental water when an individual producer defendant's production in the Basin exceeds his share of the operating safe yield, and for other purposes, hereafter referred to as "supplemental water requirements". Watermaster may purchase supplemental water from any and all sources permitted by the Judgment. In particular but without limitation, Watermaster may purchase reclaimed water from Upper District, in accordance with its existing commitments and the provisions of the Judgment, to meet any portion of its supplemental water requirements.
- B. Upper District presently has no water distribution system; however, it is a party to the Judgment and is a member public agency of Metropolitan which has the necessary distribution facilities to provide water to Upper District on an interruptible basis for use in the Basin. With this source of supplemental water, Upper District has been classified as a "Responsible Agency" in the Judgment and as such may be requested by Watermaster to furnish water imported by Metropolitan for supplemental water purposes.
- C. Metropolitan, which also is a party to the Judgment, imports water from the California State Water Project. A portion of this State Water Project (SWP) will be used to meet supplemental water requirements placed on Upper District by Watermaster; however, it

may not always be possible to correlate Watermaster's requirements with the availability of such SWP surplus water from Metropolitan. At times, Metropolitan may have quantities of SWP water in excess of Watermaster's immediate supplemental water requirements while on other occasions Metropolitan may have no surplus water to deliver into the Basin. Furthermore, Watermaster's projected need for the water is subject to significant change annually, depending on hydrologic conditions, as is the availability of replenishment water from Metropolitan, particularly Metropolitan's SWP supplies.

- D. The Southern California Water Conference, Metropolitan, the California State Department of Water Resources, and other public entities have strongly encouraged implementation of conjunctive-use and groundwater storage programs to provide for utilization of available storage capacity in Southern California groundwater basins to the advantage of sound water management practices.
- E. Spreading, injecting or otherwise recharging water in the Basin is restricted according to Section 25 of the Judgment; however, pursuant to Section 34(n) of said Judgment, Watermaster is authorized to enter into cyclic storage agreements for utilization of groundwater storage capacity in the Basin for cyclic or regulatory storage of supplemental water, for subsequent recovery or Watermaster credit by the storing entity, with all such agreements to be in accordance with Uniform Rules and Conditions adopted by Watermaster.
- F. The parties to this Third Amendatory Agreement first entered into an agreement titled "Cyclic Storage Agreement – Main San Gabriel Basin" on January 17, 1975. That agreement gave Metropolitan the right to store 85,000 acre-feet of SWP water in the Basin. That amount increased to 142,000 acre-feet in 1980 when the agreement was extended for a second five-year term. This agreement expired on January 16, 1985.
- G. The parties to this Third Amendatory Agreement entered into another agreement titled "Cyclic Storage Agreement Main San Gabriel Basin" ("Agreement") on July 1, 1985. That Agreement gave Metropolitan the right to store up to 142,000 acre-feet of SWP water in the Basin. The Agreement provided for its extension for additional terms, not to exceed five years each, by mutual consent of the parties thereto.

- H. A First Amendatory Agreement, dated July 1, 1990, extended the Agreement to June 30, 1995.
- I. A Second Amendatory Agreement, dated July 1, 1995, extended the Agreement to June 30, 2000, and reduced Metropolitan's right to store water to a maximum of 100,000 acre-feet in the Basin.
- J. The Agreement has provided Metropolitan with increased operating flexibility at minimum cost, enabled Metropolitan to store water in the Basin during years of abundant water supply and made stored water available for transfer and sale to the Upper District when Metropolitan could not make, or it was operationally inconvenient to make, deliveries to meet supplemental water requirements.
- K. The parties hereto desire to continue the benefits provided by the Agreement by entering into a Third Amendatory Agreement which will extend the term of the Agreement for an additional twelve months. Benefits will include continued spreading and storage of SWP water within the Basin by and for Metropolitan and its subsequent use by Upper District for Watermaster credit.
- L. The following Third Amendatory Agreement is made pursuant to the Uniform Rules and Conditions adopted by Watermaster.

COVENANTS

1. Definitions

The definitions contained in the above-mentioned Judgment are hereby incorporated by this reference and made a part hereof.

2. Agreements Status

Since Upper District is a Responsible Agency, as defined in the Judgment, and since Metropolitan is a supplier of supplemental water to Upper District and will be providing

such water when available to enable Upper District to satisfy supplemental water requirements placed on it by Watermaster, the rights granted under this Agreement shall have equivalent priority with rights granted Responsible Agencies under other cyclic storage agreements entered into by Watermaster pursuant to its Uniform Rules and conditions of Cyclic Storage Agreements.

3. Delivery, Amount, and Ownership of Stored Water

Metropolitan may, subject to the conditions hereinafter set forth, deliver, and cause to be spread in the Basin, SWP water for replenishment purposes. This water will be stored for Metropolitan's purposes and credited by Watermaster to Metropolitan's account until such time as needed by Upper District to meet supplemental water requirements placed on it by Watermaster. The amount of water to be stored in the Basin for Metropolitan shall not exceed 100,000 acre-feet at any point in time. In the event this Agreement is terminated for any reason whatsoever, Upper District shall continue to meet an appropriate portion of its supplemental water needs through the purchase of water in the account until the account is depleted. Until such water is purchased, Metropolitan shall retain ownership of all water stored in this account and the terms and conditions of this Third Amendatory Agreement affecting disposition of said stored water shall continue until water is transferred to Upper District and the transfer is recorded by Watermaster.

4. Watermaster Control of Spreading, Storage, and Use of Stored Water

All water stored for Metropolitan's account pursuant to this Third Amendatory Agreement shall be spread by the Los Angeles County Flood Control District in accordance with its agreement with Watermaster or pursuant to other arrangements approved by Watermaster. The time, place, and amount of such spreading within the Basin shall be approved in advance by Watermaster provided that when the water level of the Baldwin Park Key Well is at or above elevation 250 feet mean sea level Watermaster shall direct Metropolitan not to spread in the Basin; or to limit its spreading activities to the Ben Lomond, Citrus, Forbes, Irwindale, Live Oak, San Dimas and Walnut Creek Spreading Grounds, or any one of them, as directed by Watermaster, unless otherwise approved by Court. Notwithstanding any other provisions of the Third Amendatory Agreement, Watermaster reserves the right to order the

cessation or reduction in delivery rate of water being spread for cyclic storage if, in its Judgment, Watermaster determines:

- a) That water previously authorized to be stored under this Third Amendatory Agreement would cause the elevation of the groundwater in the Basin to adversely affect the Basin's highest utilitarian operation; or
- b) That such cessation or reduction in delivery rate is necessary to prorate the cyclic storage rights of all Responsible Agencies in the Basin; or
- c) That the spreading of supplemental water would be jeopardized by the continued spreading of water for cyclic storage when considering the necessity to protect the elevation of the Baldwin Park Key Well or to protect basin water quality.

Metropolitan shall issue a monthly report to Upper District and to Watermaster indicating the amount of water which Metropolitan has delivered and caused to be spread hereunder for storage for Metropolitan's account. Such report shall be included with the monthly billing package distributed to Upper District and shall be subject to Watermaster's verification.

5. Metropolitan's Delivery Prerogative

Subject to the provisions of Paragraph 4 above, Metropolitan retains the prerogative to meet supplemental water requirements within the Basin either from water stored in its account in the Basin or from surplus water that may be available in its distribution system. If Metropolitan provides the supplemental water from its storage account it reserves the right to transfer only an amount equal to what could be delivered from its surface distribution system for spreading purposes in the Basin under Metropolitan's Administrative Code, during the monthly billing period for which the water is requested.

6. Loss of Water

Watermaster shall determine and assign losses in water stored for Metropolitan's account in the Basin, assuming that cyclic-stored water floats on top of the groundwater supplies. Such losses shall be determined by accounting for all losses of natural water which would have replenished the Basin had water not been in cyclic storage, and Watermaster shall apportion such losses among all storing entities pursuant to and in accordance with Watermaster's Uniform Rules and Conditions governing cyclic storage by Responsible Agencies.

7. Obligation for Payment

Metropolitan may, subject to the conditions herein set forth, deliver, and cause to be spread in the Basin, SWP water, which may subsequently be purchased by Watermaster from Upper District to meet the supplemental water requirements of Upper District's producers. By reason of such proposed operations, there may be times when Metropolitan will have caused to be spread more supplemental water than required by Upper District's producers, and there may be other times when Metropolitan will not have caused to be spread sufficient quantities of such water. In any event, Watermaster shall pay to Upper District its charges for such supplemental water when the same has actually been transferred or delivered by Metropolitan and spread in the Basin and, under the terms of the Judgment, Watermaster has received payment of its assessments and has ordered the transfer or delivery of such supplemental water.

Upper District shall be billed by and shall pay to Metropolitan for all such water which has been delivered or whose ownership has been transferred from Metropolitan to Upper District in accordance with the billing and payment provisions in Metropolitan's Administrative Code. Such transfer of ownership shall be equivalent to the sale and delivery of water for purposes of applying the provisions of said Code. Payments to Metropolitan for such transfer of water from its cyclic storage account shall be calculated using Metropolitan's rate for water sold for groundwater replenishment. For purposes of this Agreement this rate shall be Metropolitan's lowest rate of water for groundwater replenishment in effect any time during the fiscal year in which such transfers occur. Should Metropolitan's Board not adopt a replenishment rate, the rate shall be the last replenishment rate adopted by the Board.

8. Rent, or Offset Credit

It is hereby agreed that there is no charge, rent assessment or expense incurred by reason of the storage rights granted hereunder, nor is there any credit or offset for the benefits thereof. Nor shall there be any charge for the use of physical facilities including service connections, flood control channels, spreading basins or hydrologic services utilized in connection with the storage rights granted herein.

9. Indemnity Clause

Metropolitan shall save and hold harmless Watermaster and Upper District, their officers, agents, and employees from any and all costs, damages or liability resulting or alleged to result from the storage of water pursuant to this Amendatory Agreement and shall provide Watermaster and Upper District with the defense or costs of defense of any action brought against Watermaster and/or Upper District, their officers, agents or employees arising or alleged to arise by reason of the storage of water in the Basin for Metropolitan's account.

10. Term

The term of this Amendatory Agreement shall commence on the day, month, and year first above written and shall terminate twelve months thereafter unless previously terminated or extended as hereinafter provided. By the mutual agreement of the parties hereto, this Amendatory Agreement may be renewed for additional terms, not to exceed five years each, provided, Watermaster shall report its intention to consider a renewal of this Amendatory Agreement in its minutes of a meeting held prior to its meeting when any such extension request shall be acted upon.

Upon execution and subsequent court approval, this Third Amendatory Agreement shall be effective as of July 1, 2000.

11. Termination

For a material breach hereunder, any party hereto may terminate this Third Amendatory Agreement upon thirty days written notice to the other parties hereto. Metropolitan may require amendment of the contract, or its termination upon sixty days' written notice if water rates, classes of water service or conditions of water service established in its Administrative Code are amended in a manner which requires amendment of this contract so as to provide uniform water rates, classes of water service or conditions of water service to all of Metropolitan's member public agencies. In the event this contract must be so amended, it shall be amended to provide water rates, classes of water service or conditions of water service which correspond to the uniform conditions applicable to all of Metropolitan's member public agencies. In the event such an amendment to this contract cannot be obtained from Watermaster, this Third Amendatory Agreement may be terminated by Metropolitan upon sixty days' written notice to the other parties hereto.

12. Purchase of Water After Termination

Upon termination, Upper District shall continue to purchase supplemental water from the account until the account is depleted. During this period, Upper District shall not obtain supplemental water from sources other than Metropolitan with the exception of local resource projects developed to offset supplemental imported water requirements.

13. Notices

Any notice required hereunder may be given by mail, postage prepaid, addressed as follows:

To: Main San Gabriel Basin Watermaster
725 N. Azusa Ave.
Azusa, CA 91702

Attention: Carol Williams

To: Upper San Gabriel Valley Municipal Water District
11310 E. Valley Boulevard
El Monte, CA 91731

Attention: Timothy C. Jochem

To: Metropolitan Water District
700 N. Alameda Street
Los Angeles, CA 90012

Attention: Jill T. Wicke

14. Termination of Pre-existing Provisions

All pre-existing provisions of the Agreement and first and second amendments are terminated.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: Reginald A. Stone
Chairman

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Watermaster

(SEAL)

ATTEST:

UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT

[Signature]
Secretary

By: [Signature]
President

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

By: [Signature]
Executive Secretary

By: [Signature]
General Manager

APPROVED AS TO FORM: General Counsel

APPROVED AS TO FORM
Roderick E. Walston
General Counsel
[Signature]
MARLATH OLEY
DEPUTY GENERAL COUNSEL

(SEAL)



A0-992

**FOURTH AMENDATORY
CYCLIC STORAGE AGREEMENT WITH
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This FOURTH AMENDATORY AGREEMENT ("Fourth Amendment"), is made as of the 1st day of July 2001, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan", the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District", and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles, in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster".

RECITALS

A. The Parties to this Fourth Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1996.

B. A FIRST AMENDATORY AGREEMENT ("First Amendment") dated July 1, 1990, extended the Agreement to June 30 1995.

C. A SECOND AMENDATORY AGREEMENT ("Second Amendment") dated July 1, 1995, extended the Agreement to June 30 2000, and reduced Metropolitan's right to store water to a maximum of 100,000 acre-feet.

D. A THIRD AMENDATORY AGREEMENT ("Third Amendment") dated July 1, 2000 amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendments, adopted provisions for the purchase of supplemental water following the Third Amendment's termination, and specified a rate for replenishment water in absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendment, and Second Amendment. The Third Amendment will expire on June 30, 2001.

E. Water stored under this Fourth Amendment will be used to meet Upper Districts' groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

F. The Third Amendment provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties hereto.

G. The Parties to this Fourth Amendment desire to extend the term of the Third Amendment because from time to time there may be SWP water available for storage under the Agreement and in addition, the Parties desire to continue benefits that the Agreement provides.

COVENANTS

1. Paragraph 10 is amended by extending the term of the Agreement an additional three years to June 30, 2004.
2. Paragraph 9 is amended to read as follows:

9. Indemnity Clause

As to negligent actions, if any, arising under this Agreement, Upper District shall indemnify and hold harmless Metropolitan, its officers, agents and employees from any and all costs, damages or liability resulting or alleged to result from such actions of Upper District and Watermaster, and shall provide Metropolitan with the defense or pay the cost of defense of any action brought against Metropolitan or its officers, agents or employees arising or alleged to arise by reason of negligent actions of Upper District and Watermaster.

As to negligent actions, if any, arising under this Agreement, Metropolitan shall indemnify and hold harmless Upper District and Watermaster, their officers, agents and employees, from any and all costs, damages or liability resulting or alleged to result from such actions of Metropolitan and shall provide Upper District and Watermaster with the defense or pay the cost of defense of any action brought against Upper District and Watermaster, or their officers, agents or employees arising or alleged to arise by reason of negligent actions of Metropolitan.

3. Except as thereby amended, the Third Amendment shall remain in full force and effect.
4. Upon execution, this Fourth Amendment shall be effective as of July 1, 2001.
5. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: [Signature]
Chairman

APPROVED AS TO FORM
AND EXECUTION:

[Signature]
Attorney for Watermaster

(SEAL)

ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By: [Signature]
Secretary

By: [Signature]
President

APPROVED AS TO FORM
AND EXECUTION:

[Signature]
Attorney for District

(SEAL)

ATTEST:

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: [Signature]
Executive Secretary

By: [Signature]
General Manager

APPROVED AS TO FORM:
General Counsel

[Signature]
Attorney for Metropolitan

(SEAL)

**FIFTH AMENDATORY
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This FIFTH AMENDATORY AGREEMENT ("Fifth Amendment") is made as of the 1st day of July, 2004, by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as "Metropolitan," the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as "Upper District," and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 "Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.", herein referred to as "Watermaster."

RECITALS

- A. The parties to this Fifth Amendment entered into an agreement titled Cyclic Storage Agreement ("Agreement"), dated July 1, 1985, for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project ("SWP") water in the Main San Gabriel Basin. The Agreement expired June 30, 1990, and was extended by First Amendatory Agreement ("First Amendment") and Second Amendatory Agreement ("Second Amendment") through June 30, 1995 and June 30, 2000, respectively. The Second Amendment also reduced Metropolitan's maximum storage right from 142,000 acre-feet to 100,000 acre-feet.
- B. A Third Amendatory Agreement ("Third Amendment") dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated

provisions of the First and Second Amendment, adopted provisions for the purchase of supplemental water following the Third Amendment's termination, and specified a rate for replenishment water in absence of a Board adopted replenishment rate. The Third Amendment terminated all preexisting provisions of the Agreement, First Amendment, and Second Amendment. The Third Amendment expired on June 30, 2001.

- C. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. A Fourth Amendatory Agreement ("Fourth Amendment") extended the Third Amendment to June 30, 2004.
- D. The Third Amendment provides that it may be extended for additional terms, not to exceed five years each, by mutual consent of the parties. The Parties to this Fifth Amendment desire to extend the term of the Third Amendment because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional five years to June 30, 2009.
2. Except as thereby amended, the Third Amendment shall remain in full force and effect.
3. Upon execution, this Fifth Amendment shall be effective as of July 1, 2004.
4. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN
WATERMASTER

By: [Signature]
Secretary:

By: [Signature]
Chairman

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By: [Signature]
Secretary

By: [Signature]
President

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Upper District

ATTEST:

METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: [Signature]
Secretary

By: [Signature]
Interim Chief Executive Officer

APPROVED AS TO FORM AND EXECUTION:

[Signature]
Attorney for Metropolitan

**SIXTH AMENDATORY
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This SIXTH AMENDATORY AGREEMENT (“Sixth Amendment”), is made as of the 1st day of July, 2009, to the Cyclic Storage Agreement (“Agreement”), dated July 1, 1985, including all subsequent amendments thereto (collectively, “Agreement”), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Upper District”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

- A. The parties to this Sixth Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.
- C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.
- D. A Third Amendatory Agreement (“Third Amendment”) dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for the purchase of supplemental water following the termination of the Third

Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

- E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.
- F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.
- G. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Sixth Amendment desire to extend the term of the Third Amendment for two years because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Third Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional two years to June 30, 2011.

2. Except as expressly modified in this Amendment, the Third Amendment shall remain in full force and effect, and this Sixth Amendment shall be subject to all provisions of the Third Amendment.
3. Upon execution, this Sixth Amendment shall be effective as of July 1, 2009.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: [Signature]
Chairman

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By: [Signature]
Secretary

By: [Signature]
General Manager

By: [Signature]
President

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for USGBVMWD

ATTEST:

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: [Signature]
Executive Secretary

By: [Signature]
General Manager

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Metropolitan

**SEVENTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This SEVENTH AMENDATORY AGREEMENT (“Seventh Amendment”), is made as of the 1st day of July, 2011, to the Cyclic Storage Agreement (“Agreement”), dated July 1, 1985, including all subsequent amendments thereto (collectively, “Agreement”), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Upper District”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

- A. The parties to this Seventh Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.
- C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.
- D. A Third Amendatory Agreement (“Third Amendment”) dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for

the purchase of supplemental water following the termination of the Third Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

- E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.
- F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.
- G. The Sixth Amendatory Agreement extended the Third Amendment for two years to June 30, 2011.
- H. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Seventh Amendment desire to extend the term of the Third Amendment for two years because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

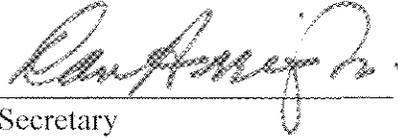
NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Seventh Amendment and for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

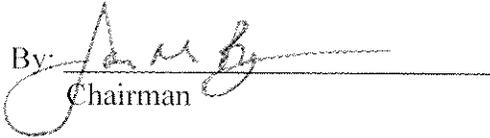
1. Paragraph 10 is amended to extend the term of the Third Amendment an additional two years to June 30, 2013.
2. Except as expressly modified in this Amendment, the Agreement and the Third Amendment, both shall remain in effect to the extent not revised by the Seventh Amendment.
3. Upon execution, this Seventh Amendment shall be effective as of July 1, 2011.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

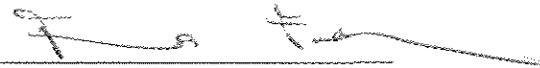
ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: 
Secretary

By: 
Chairman

APPROVED AS TO FORM AND EXECUTION:

By: 
Attorney for Watermaster

ATTEST:

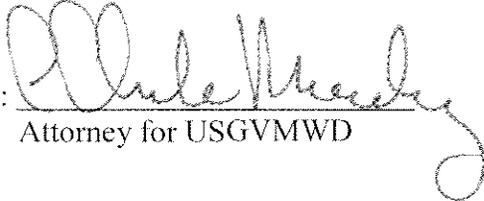
UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By: 
Secretary

By: 
General Manager

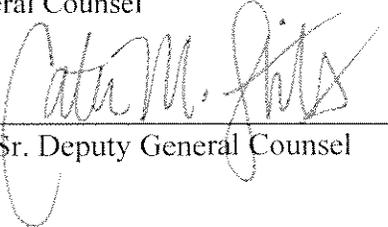
By: 
President

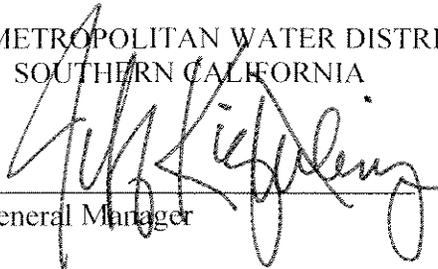
APPROVED AS TO FORM AND EXECUTION:

By: 
Attorney for USGVMWD

APPROVED AS TO FORM:
General Counsel

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: 
Sr. Deputy General Counsel

By: 
General Manager

**EIGHTH AMENDATORY AGREEMENT TO
CYCLIC STORAGE AGREEMENT BETWEEN
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
AND MAIN SAN GABRIEL BASIN WATERMASTER**

This EIGHTH AMENDATORY AGREEMENT (“Eighth Amendment”), is made as of the 30th day of June, 2013, to the Cyclic Storage Agreement (“Agreement”), dated July 1, 1985, including all subsequent amendments thereto (collectively, “Agreement”), by and between the METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, a public corporation of the State of California, herein referred to as “Metropolitan”, the UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT, a public corporation of the State of California, herein referred to as “Upper District”, and the MAIN SAN GABRIEL BASIN WATERMASTER, a court empowered entity appointed by the Superior Court of the State of California in and for the County of Los Angeles in connection with Civil Action No. 924128 “Upper San Gabriel Valley Municipal Water District v. City of Alhambra, et al.”, herein referred to as “Watermaster”.

RECITALS

- A. The parties to this Eighth Amendment entered into the Agreement for the purpose of giving Metropolitan the right to store up to 142,000 acre-feet of State Water Project (“SWP”) water in the Main San Gabriel Basin. The Agreement was originally set to expire June 30, 1990.
- B. The Agreement was extended by a First Amendatory Agreement to June 30, 1995.
- C. The Second Amendatory Agreement reduced Metropolitan’s maximum storage right from 142,000 acre-feet to 100,000 acre-feet and extended the term of the Agreement thru June 30, 2000.
- D. A Third Amendatory Agreement (“Third Amendment”) dated July 1, 2000, amended and restated the Agreement. The Third Amendment incorporated provisions of the First and Second Amendatory Agreements, adopted provisions for the purchase of supplemental water following the termination of the Third

Amendment, and specified a rate for replenishment water in the absence of a Board adopted replenishment rate. The Third Amendment terminated all pre-existing provisions of the Agreement, First Amendatory Agreement, and Second Amendatory Agreement. The Third Amendment extended the term for 12 months and expired on June 30, 2001.

- E. Water stored under the Fourth Amendatory Agreement was used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment; the indemnity clause was also modified to incorporate changes to provide for mutual indemnification and extended the Third Amendment to June 30, 2004.
- F. A Fifth Amendatory Agreement extended the Third Amendment to June 30, 2009.
- G. The Sixth Amendatory Agreement extended the Third Amendment for two years to June 30, 2011.
- H. The Seventh Amendatory Agreement extended the Third Amendment to June 30, 2013.
- I. The Third Amendment provides for its extension for additional terms, not to exceed five years each, by mutual consent of the Parties hereto. The Parties to this Eighth Amendment desire to extend the term of the Third Amendment for one year because from time to time there may be SWP water available for storage under the Third Amendment, and in addition the Parties desire to continue benefits that the Third Amendment provides. Stored water will be used to meet Upper District's groundwater replenishment demands pursuant to specific criteria set forth in the Third Amendment.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in the Eighth Amendment and for good and valuable

consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereto agree as follows:

1. Paragraph 10 is amended to extend the term of the Third Amendment an additional one year through June 30, 2014.
2. Except as expressly modified in this Amendment, the Agreement and the Third Amendment, both shall remain in effect to the extent not revised by the Eighth Amendment.
3. This Eighth Amendment shall be effective as of June 30, 2013.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its authorized officers.

ATTEST:

MAIN SAN GABRIEL BASIN WATERMASTER

By: [Signature]
Secretary

By: [Signature]
Chairman
Date: _____

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for Watermaster

ATTEST:

UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT

By: [Signature]
Secretary

By: [Signature]
General Manager

By: [Signature]
President

Date: 6-25-13

APPROVED AS TO FORM AND EXECUTION:

By: [Signature]
Attorney for USGVMWD

APPROVED AS TO FORM:
General Counsel

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

By: [Signature]
Sr. Deputy General Counsel
5/13/13

By: [Signature]
General Manager
Date: 5/15/13