

MEMORANDUM OF UNDERSTANDING BETWEEN
NAMED SACRAMENTO RIVER SETTLEMENT CONTRACTORS
AND THE UNITED STATES OF AMERICA
FOR THE PREPARATION OF DATA IN AID OF THE RENEWAL OF
SETTLEMENT CONTRACTS

1. Execution and implementation of this Memorandum of Understanding ("MOU") is an essential element in the settlement of an action entitled *Glenn-Colusa Irrigation District, et al. v. United States of America, et al.*, Civ. No. S 96-942 EJG/GGH (E.D. Cal.).

2. The parties to this MOU, at the time of its initial execution, are the Bureau of Reclamation, on behalf of the United States, and the plaintiffs in the above-referenced litigation:

- a. Glenn-Colusa Irrigation District
- b. Maxwell Irrigation District
- c. Princeton-Codora-Glenn Irrigation District
- d. Reclamation District 108
- e. Natomas Central Mutual Water Co.
- f. Provident Irrigation District
- g. Sutter Mutual Water Co.
- h. Pelger Mutual Water Co.

3. This MOU is intended to establish a basis upon which additional cooperative work can be undertaken to insure that the parties are prepared, at the appropriate time, to renew the Sacramento River Settlement Contracts, as defined in the Stipulation for Dismissal of the above-referenced litigation.

4. The parties to this MOU agree to actively encourage the participation in this MOU of the non-federal parties to other Sacramento River Settlement Contracts, who were not parties to the above-referenced litigation. As a consequence, the parties agree that additional Sacramento River Settlement Contractors may join in this MOU through its execution, or through the forwarding of a letter to the parties evidencing a commitment to fully participate in this MOU, pursuant to all of its terms and conditions.

5. (a) The parties agree that the updated and extended 1956 Cooperative Study identified in 5(b) below, the basin-wide water management plan identified in paragraph 6 below, and any other applicable existing past or ongoing reports or studies shall be considered part of the common set of data on which the negotiations associated with the renewal of the existing Sacramento River Settlement Contracts shall be based.

(b) The parties agree to update and extend the 1956 Cooperative Study which was a basis for the existing Sacramento River Settlement Contracts. The necessary revisions to the study shall be completed by no later than January 1, 2000. The data to be collected as part of the update and extension of the 1956 Cooperative Study shall include, but need not be limited to, a review and analysis of Sacramento River hydrology, current and historic uses of water by the contractors and for other uses within the Sacramento Valley, and the operation of and alternatives to the current critical year water allocations under the Sacramento River Settlement Contracts.

6. The Sacramento River Settlement Contractors who are parties to this MOU, shall develop, in cooperation with the Bureau of Reclamation, a mutually acceptable basin-wide water management plan in consultation with the State of California and other interested parties. Such Plan shall include:

(1) Water Conservation Plans required under the Reclamation Reform Act and consistent with applicable California law; (2) an evaluation of water delivery and use within the Sacramento Valley; (3) a water balance for the Sacramento River Watershed, including the identification of opportunities to meet full wildlife refuge water supply needs within the Sacramento Valley; (4) best management practices and opportunities for conjunctive use of surface and groundwater resources consistent with protecting safe yield of both resources and applicable law; (5) opportunities for using incentives to improve water management, such as approaches to improving water measurement and for incentive pricing structures; (6) opportunities for environmental enhancement through modification in water management, such as decreasing diversion of surface water and altering the timing of diversions and releases to coincide with fishery needs; and (7) an analysis of the use of water transfers to improve the water supplies of other water users within the Sacramento Valley.

7. The Sacramento River Settlement Contractors who are parties to this MOU shall complete, in cooperation with the Bureau of Reclamation, the mutually acceptable and agreed upon basin-wide water management plan by January 1, 1999. The Sacramento River Settlement Contractors who are parties to this MOU agree to fully implement such plan by January 1, 2000, to ensure that the results of the plan's implementation can be fully considered in the development of environmental documents, including documents required by

the National Environmental Policy Act, as amended, and the Endangered Species Act, as amended, relating to the renewal of the Sacramento River Settlement Contracts.

8. The parties to this MOU agree to work with each other and with all Sacramento River Settlement Contractors to develop "contracting principles" that can be used during the negotiations for the renewal of the Sacramento River Settlement Contracts. This process will include public meetings and the consideration of public comments. The "contracting principles" will include, but not necessarily be limited to: (a) the form of contract to be negotiated (e.g., separate contracts to address base supply water and project water supply, rather than the renewal of the existing form of contract); (b) the length of the proposed renewal contract(s) (e.g., ranging from contracts, or parts of contracts, that run "in perpetuity" to contracts, or parts of contracts, with a term not to exceed 25 years); and (c) the manner in which water will be allocated to the contractors during a "critical year" to provide greater operational flexibility.

9. Negotiations for the renewal of any Sacramento River Settlement Contracts that have not been renewed prior to that time shall begin as soon as possible after January 1, 2002.

10. As part of the overall Sacramento River Settlement Contract renewal process, the parties agree to discuss the obligations, if any, of the respective Sacramento River Settlement Contractors to meet water quality, endangered species and other environmental needs including the needs of the

San Francisco Bay/Sacramento-San Joaquin River Delta and alternative means, if any, by which those obligations can be met.

11. Nothing within this MOU is intended to pre-determine the outcome of the studies and work outlined herein; nor to pre-determine the nature or extent of the renewal contracts to be negotiated with the parties to this MOU. In this regard, the parties hereby reserve all rights that they otherwise may have at the time of contract renewal, and the parties neither expressly nor by implication intend to waive or otherwise affect their respective rights or obligations under the Sacramento River Settlement Contracts.

GLENN-COLUSA IRRIGATION DISTRICT

DATED: 1/24/97

By *Donald R. Bramford*

PRINCETON-CODORA-GLENN IRRIGATION DISTRICT

DATED: _____

By _____

PROVIDENT IRRIGATION DISTRICT

DATED: _____

By _____

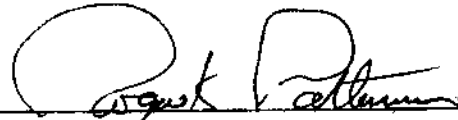
Consent signed

UNITED STATES DEPARTMENT OF
THE INTERIOR, BUREAU OF
RECLAMATION

DATED: _____

1/31/97

By _____



Roger Patterson

Regional Director, Mid-Pacific Region,
United States Bureau of Reclamation