



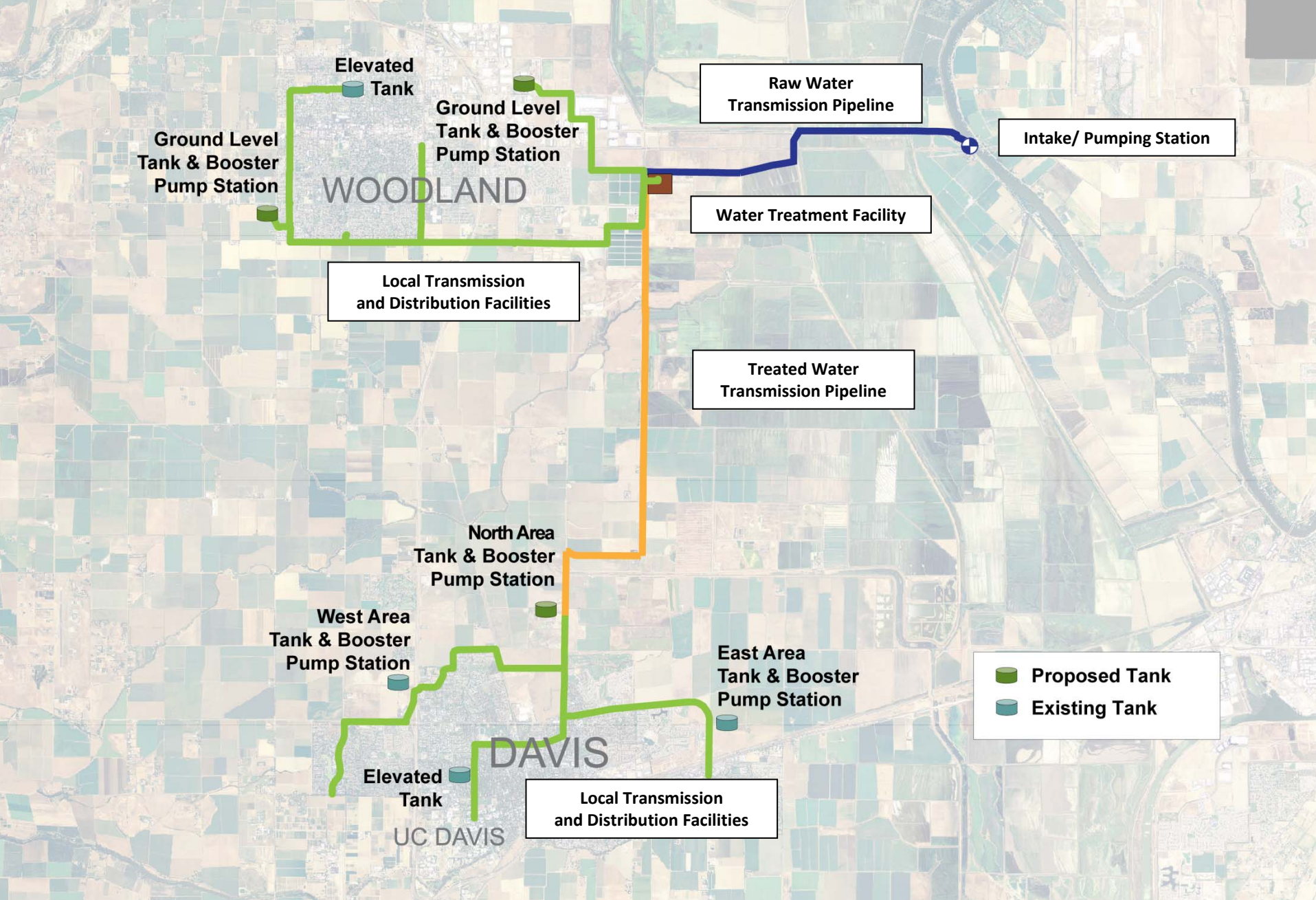
WOODLAND-DAVIS
Clean Water Agency

Water Resources Association of Yolo County

Board of Directors Meeting
January 10, 2011

Water Supply Project Objectives

- Improve water supply yield and quality
- Comply with drinking water standards
- Meet wastewater discharge regulatory requirements
- Broaden supply portfolio to increase supply reliability
- Integrate aggressive water conservation element



Elevated Tank

Ground Level Tank & Booster Pump Station

WOODLAND

Raw Water Transmission Pipeline

Intake/ Pumping Station

Water Treatment Facility

Local Transmission and Distribution Facilities

Treated Water Transmission Pipeline

North Area Tank & Booster Pump Station

West Area Tank & Booster Pump Station

East Area Tank & Booster Pump Station

DAVIS

Elevated Tank

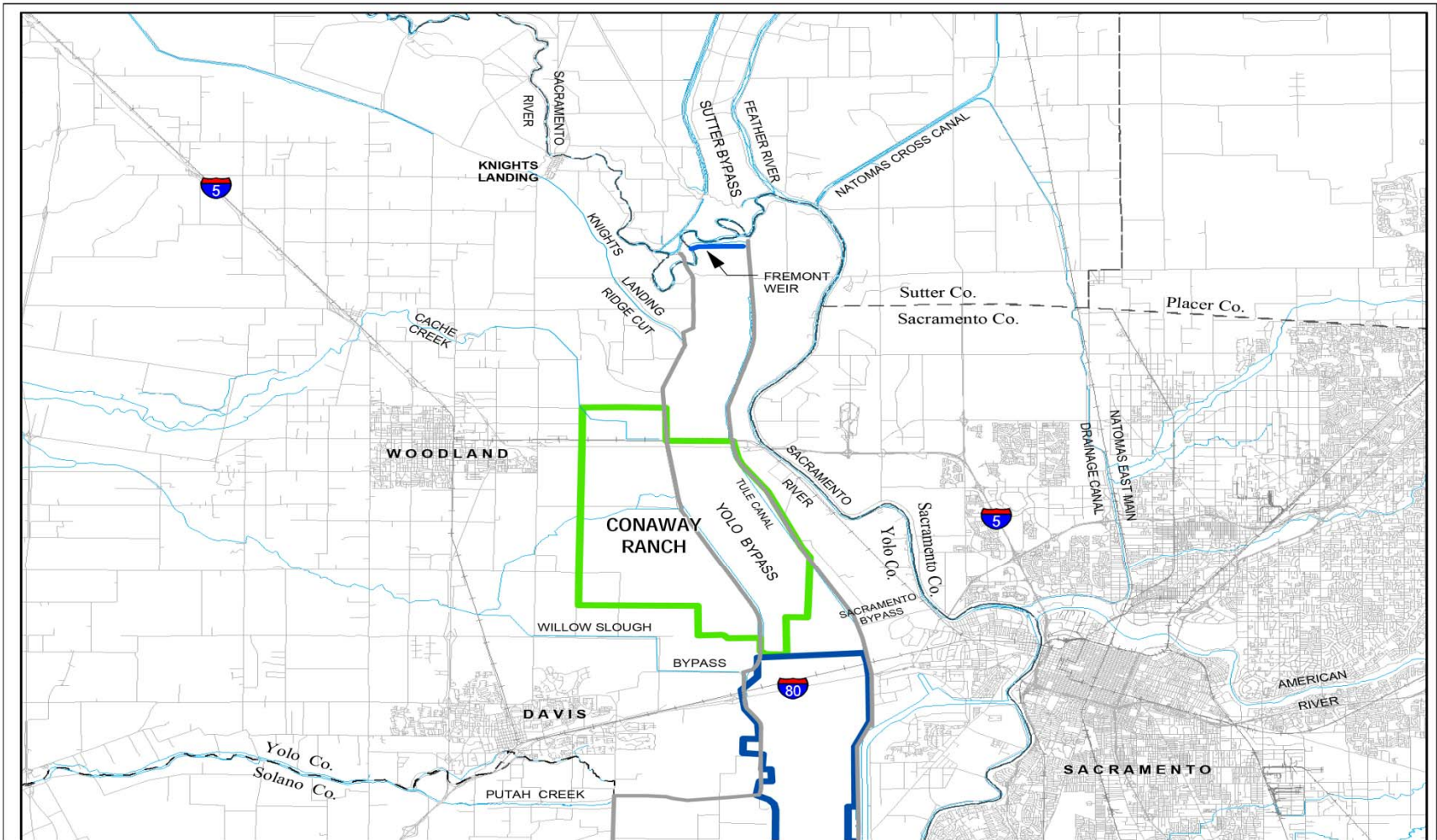
UC DAVIS

Local Transmission and Distribution Facilities

Proposed Tank

Existing Tank

Conaway Ranch



Project Needs Leading to Conaway Negotiations

- Intake Site
- Pipeline easements
- Summer Water Transfer

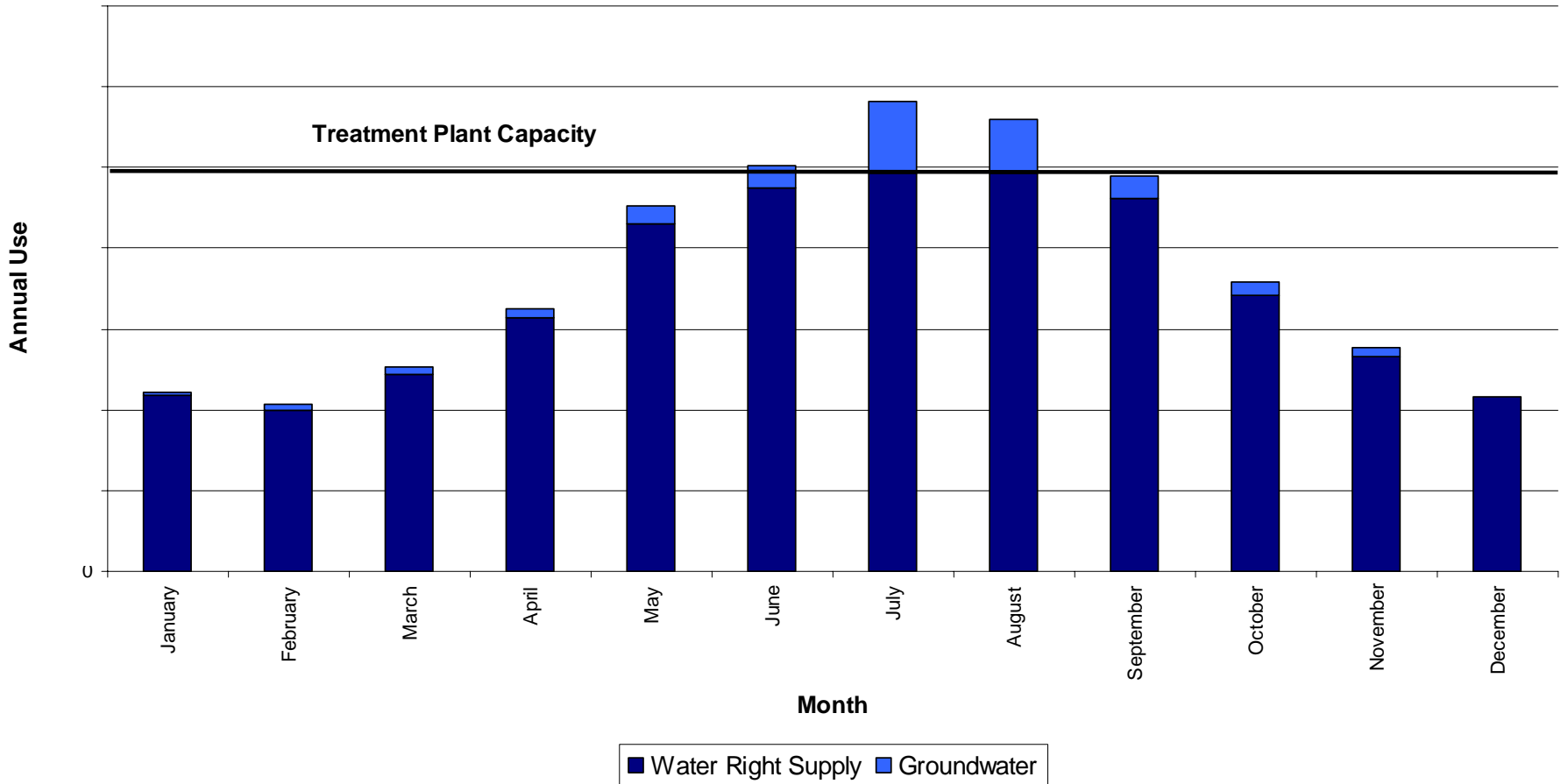
RD 2035 Intake



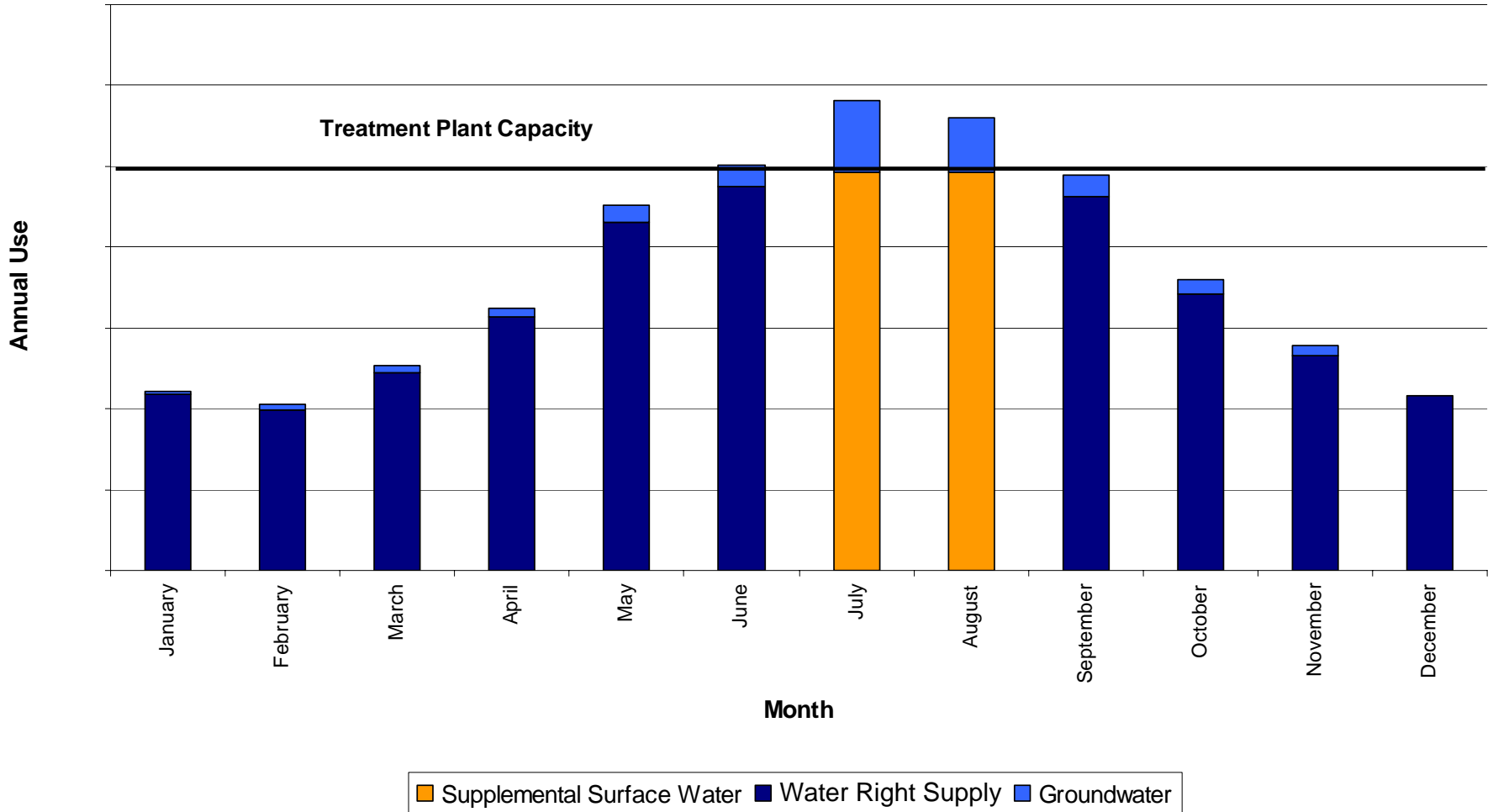
Water Rights, Term 91

- New Agency water-right permits will be subject to condition (known as Term 91) that will limit right to divert water in many summer and other dry and low flow times of the year (which will vary from year to year)
- Effective Project operation necessitates Agency contract for senior water rights for use when Term 91 is implemented

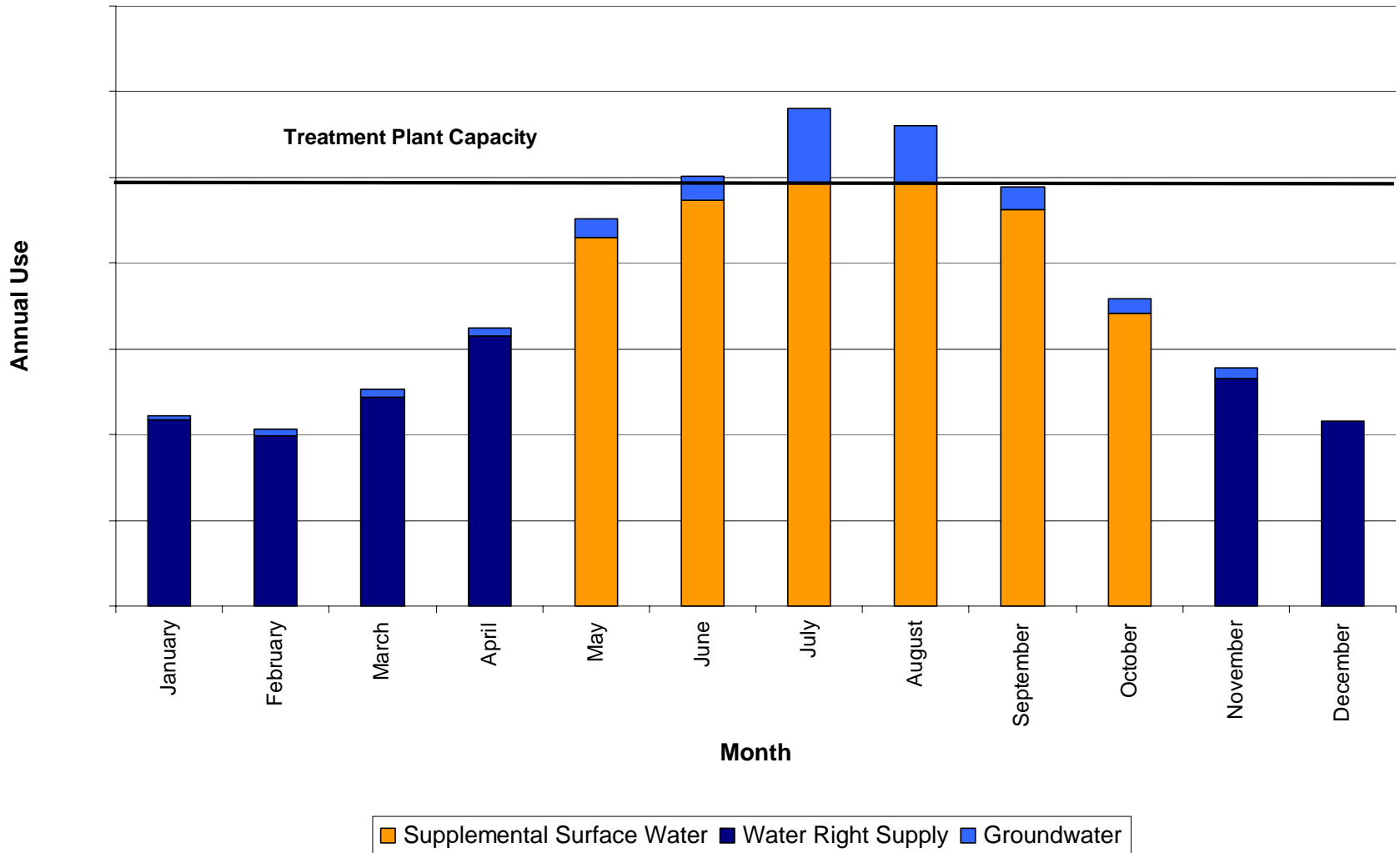
Estimated DWWSP Water Use - Year 2052, Term 91 Not Imposed



Estimated DWWSP Water Use - Year 2052, Normal Year



Estimated DWWSP Water Use - Year 2052, Critically Dry Year



Objectives of Agreements

- To acquire permanent senior water rights
- To acquire river intake site and arrange for construction and operation of new screened intake
- To acquire pipeline and associated easements over Conaway Ranch
- To acquire environmental mitigation land for project construction

List of Negotiating Parties

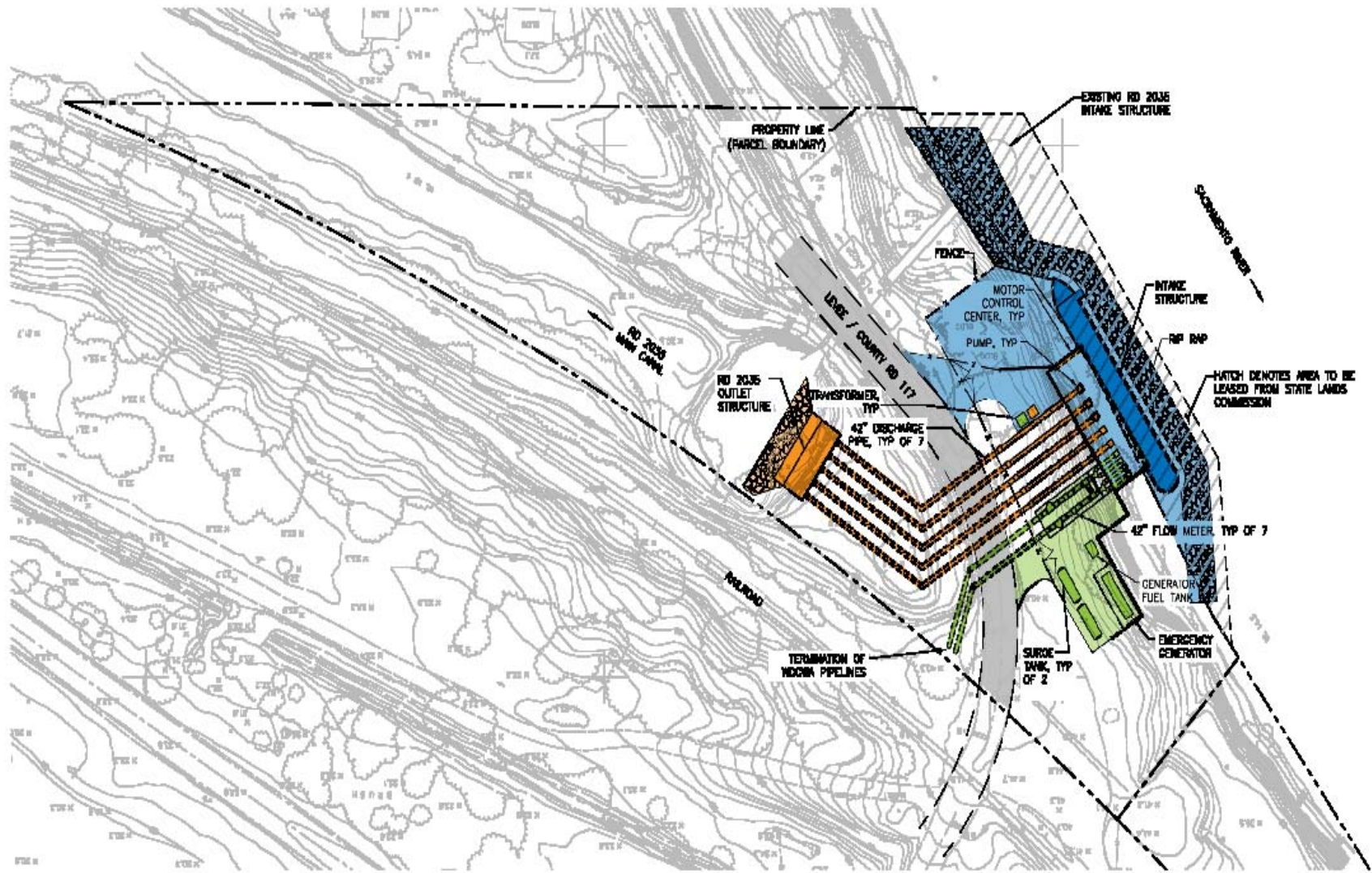
- WDCWA
- Conaway Preservation Group, LLC
 - Owner of Conaway Ranch and water rights
- Tri-City Water and Farm, LLC
 - Company acquiring controlling interest in CPG
- Reclamation District 2035
 - Owner/operator of existing river intake
- Cities of Davis and Woodland

List of Agreements

1. Joint Diversion and Intake Agreement with RD 2035
2. Agreement for Conveyance of Real Property and Easements with RD 2035, Tri-City and CPG
3. Water Agreement with Tri-City and CPG
4. Installment Purchase Agreement with City of Davis
5. Installment Purchase Agreement with City of Woodland

Intake Agreement

- Long-term agreement to collaborate on permitting, design, engineering, funding, land and rights-of-way acquisition, construction, management, operation, maintenance, repair and replacement of a joint intake, diversion and fish screen facility
- Intake design: 400 cfs, with 320 cfs for RD 2035 and 80 cfs for Agency



LEGEND:

- COMMON FACILITIES
- SEPARATE RD 2036 FACILITIES
- SEPARATE WDCWA FACILITIES

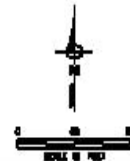


Exhibit A-2

**PRELIMINARY PROJECT
DRAWING**

Intake Agreement

Design and construction cost funding:

- RD 2035 share: 100% of its separate facilities and 80-100% of common facilities (less Agency local share)
 - Funded by Bureau of Reclamation and Department of Fish and Game grants
- Agency share: 100% of its separate facilities; 5% local share of common and RD 2035 separate facilities; and, up to 20% of the costs of common facilities
 - Funded by Agency or city bonds

Intake Agreement

Operation and maintenance cost funding:

- Each party pays for its separate facilities
- For common facilities:
 - Fixed costs allocated 20% Agency and 80% RD 2035
 - Some minor fixed costs allocated 50% - 50%
 - Variable costs allocated based on proportionate water pumping

Intake Agreement

- Contract “off-ramps” for Agency
 - Uncertainty concerning grant funding
 - Preserves option for alternate intake site
- Management Committee created to address project details
- Policy Committees to oversee Management Committee
- Dispute resolution

Real Property Agreement

- Grantor – CPG
- Grantees
 - Agency
 - RD 2035
 - Cities
- Purchase price – covered by Water Agreement

Real Property Agreement – Interests to be Conveyed

- Intake site land to Agency and RD 2035 as tenants in common with 20% and 80% interests
- Pipeline and related easements to Agency and cities
- Conservation easements to Agency and RD 2035
- Construction dewatering disposal easements to Agency

Real Property Agreement – Other Covenants

Commitment by Tri-City/CPG to cooperate with the cities on future potential projects:

- Woodland flood protection improvement project
- Davis pipeline easements and use of CPG canals
- Sierra Northern Railway railroad track relocation

Water Agreement

Senior water rights held by CPG:

- Water-right License 904, with 1919 priority date, for April – September
- Water-right License 5487, with 1947 priority date, for October
- Bureau of Reclamation settlement contract, dated 2005, renewing prior contract and with provisions for subsequent renewals
- Long history of diversion and use at Conaway Ranch
- These rights are not subject to Term 91

Water Agreement

- Agency buys 10,000 af/yr of senior water rights, effective January 1, 2016
- Maximum of 7,500 af/yr for July - September
- Subject to approvals from State Water Resources Control Board and Bureau of Reclamation
- Agency to pay \$2,600,000/year for 24 years (2016-2039); annual payment increases 2%/year
- After 24 years, Agency owns water rights free and clear

Installment Purchase Agreements

- Agency is joint powers authority with only revenue provided by the cities
- Installment purchase agreements add security for CPG to ensure payments under the Water Agreement
- Each city would approve a separate agreement

Installment Purchase Agreements

- Agency sells to city beneficial use of the water rights (Davis - 46.1%; Woodland - 53.9%)
- City agrees to make annual payments to the Agency from water enterprise revenues; limited obligation
- Agency assigns to CPG rights to receive payments from cities