SOLANO PROJECT MEMBERS' AGREEMENT AS TO DROUGHT MEASURES AND WATER ALLOCATION

THIS AGREEMENT, dated as of March 1, 1999, by and among the Solano Irrigation District, a California Irrigation District (hereinafter referred to as "SID"), Maine Prairie Water District, (hereinafter referred to as "MPWD"), the City of Fairfield, a California municipal corporation (hereinafter referred to as "Fairfield"), the City of Vacaville, a California municipal corporation (hereinafter referred to as "Vacaville"), the City of Suisun City (hereinafter referred to as "Suisun"), and the City of Vallejo, a California municipal corporation (hereinafter referred to as "Vallejo"), individually referred to or collectively referred to in this Agreement as "Party" or "Parties," respectively, is made and entered into and the Parties do, for full and adequate consideration, receipt of which is hereby acknowledged, agree as follows:

Section 1.0: Background Facts

1.1 The Parties are all, through contracts with the Solano County Water Agency ("SCWA"), Participating Agencies of the Solano Project, entitled to annual deliveries of water from the Solano Project in the following amounts:

Name of Party	Annual Entitlement (Acre-Feet ("AF")/Water Year)
Solano Irrigation District	141,000
Fairfield	9,200
Vacaville	5,600
Suisun City	1,600
Maine Prairie	15,000
Vallejo	14,750
Total:	187,150

The present contract between the United States and SCWA for Solano Project water supply ("Solano Project Master Contract") expires in 1999, and negotiations between the United States and SCWA for Solano Project Master Contract renewal and extension are underway, and the Member Unit Parties' contracts with SCWA for the annual entitlements will be extended or renewed.

(Final 1/25/99)

1.2 The Parties wish to provide for this Agreement as to the measures to be used in regard to the accounting of water not used from a Party's annual entitlement from the Solano Project in a year after renewal, and also to provide for contractually agreed-to and enforceable curtailments in the amounts of water taken under the respective Parties' annual entitlements during certain drought conditions. This Agreement provides for the accounting of and preservation of the rights of the Parties to those waters which are voluntarily or mandatorily curtailed.

1.3 The Parties wish to further provide in this Agreement for special measures which SID will implement should the drought conditions deepen and become more severe, resulting in reduction of storage in Lake Berryessa to certain levels despite all reasonable efforts of the Parties.

1.4 The Parties agree that each of the Background Facts in Section 1.0 *et seq.* is true and correct, and a portion of the consideration for this Agreement.

Section 2.0: <u>Definitions</u>.

2.1 The phrase "Storage in Lake Berryessa" shall mean the amount of water stored on the date specified in this Agreement within Lake Berryessa (i) excluding any amounts of water in dead storage which may not be physically released or diverted from Lake Berryessa for any reason, (ii) excluding any amounts of water held on that date in Voluntary Carryover Accounts by the Parties to this Agreement, but (iii) including any amounts of water held in Restricted Carryover Accounts by the Parties on that date. The Storage in Lake Berryessa shall be calculated utilizing the most current elevation capacity curve for Lake Berryessa approved by the United States.

2.2 The phrase "annual entitlements" shall mean the amount of water a Party is entitled to delivery each water year in the amounts set forth in Paragraph 1.1 above, where each "water year" begins on March 1, and ends on the last day of the following February, as set forth in the present contracts.

Section 3.0: <u>Renewal Contracts of Parties</u>

3.1. The Parties agree that the Parties shall each be entitled to renewal of their

Contract with SCWA for the purchase of water from the Solano Project annually on the basis of the annual amounts set forth in Paragraph 1.1 above.

3.2 It shall be a precondition to the enforceability of this Agreement that each of the Parties shall have received and accepted a renewal contract for Solano Project Water in the above amounts from SCWA ("Renewal Participating Agency Contract") and that the terms of those agreements have been accepted by each Party and approved by the United States Department of Interior, Bureau of Reclamation, if such approval is required by the Solano Project Master Contract, and the Renewal Participating Agency Contracts have each been validated in accordance with the provisions of California Code of Civil Procedure section 860, *et seq.* It shall be a further precondition of the enforceability of this Agreement that no material change has been made in the terms and provisions of each Renewal Participating Agency Contract including, without excluding other material changes, that:

3.2.1 The term of all of the Renewal Participating Agency Contracts shall be equivalent to the term of the renewed Solano Project Master Contract; and

3.2.2 The proportions of payment amounts per AF of water available under the Renewal Participating Agency Contracts shall be the same as the existing Contracts of $15.00 per AF for municipal and industrial ("M&I") water use and $2.65 per AF for irrigation use or a ratio of 5.66 to 1, depending on the respective purpose of use; and

3.2.3 There shall be included within all Renewal Participating Agency Contracts provisions permitting each Party to voluntarily retain carryover storage in Lake Berryessa for any unutilized portion of that Party's annual water entitlement under its Renewal Participating Agency Contract under the following conditions:

(a) The amount so voluntarily unutilized on the last day of February shall be added on that date to a carryover account ("Voluntary Carryover Account") for the Party that did not order delivery of the amount of water, but the Party shall pay SCWA for the undelivered water as if the water was delivered to the Party in that year in accordance with the Renewal Participating Agency Contract terms. No additional payment will be required for subsequent use of that water if there is no change in type of use.

(b) Any water in a Party's Voluntary Carryover Account may be utilized by that Party, in addition to all portions of their annual entitlement, in any water year subsequent to the water year in which it is added to the Party's Voluntary Carryover Account, or may be assigned, with approval by SCWA, to another Party to this Agreement, for use by the other Party in the year of non-diversion before its addition to a Party's Voluntary Carryover Account or for use in a subsequent water year from that assignee's Voluntary Carryover Account.

(c) Any water in a Party's Voluntary Carryover Account at the time that Lake Berryessa spills, or at a time in which emergency releases are made from Lake Berryessa for any other reason which releases are not delivered by the Solano Project to SCWA, may be lost as follows: The spill or emergency release shall be charged proportionately to each Party having a Voluntary Carryover Account and subtracted from the Parties' Voluntary Carryover Accounts then having a balance in their accounts to the extent of the spill or emergency release.

Example: Party A has 20,000 AF in its Voluntary Carryover Account, Party Y has 10,000 AF in its Voluntary Carryover Account, and Party X has 2,000 AF in its Voluntary Carryover Account, as these accounts exist at the time the spill condition commences, and these are the only carryover amounts presently in Lake Berryessa. A spill condition occurs in which water is not diverted into the Putah South Canal for beneficial use, or is not credited to a release requirement of the Solano Project in Putah Creek, including carriage losses upstream of Putah Diversion Dam. Each net acre foot spilling shall be charged proportionately to each Party's Voluntary Carryover Account. In the example, the percentages are: Party A, 62.5%; Party Y, 31.25%; Party X, 6.25%. If the net spill was of 16,000 AF, the Voluntary Carryover Accounts of all Parties would be reduced by 50%. If the net spill exceeded 32,000 AF, each Party's Voluntary Carryover Account would have a zero balance.

(d) No monies shall be reimbursable from SCWA to the Parties for the amounts paid for the Voluntary Carryover Account water to SCWA which is spilled.

(e) No evaporation, measurement or carriage loss will be charged upon any Party's Voluntary Carryover Account balance. No Party shall be charged a storage charge upon its Voluntary Carryover Account balances.

Section 4.0: Preparation of Drought Contingency Plans:

4.1 When Storage in Lake Berryessa falls below 800,000 AF as measured on December 1, the Parties will participate with SCWA staff in preparation of a Drought Contingency Plan which shall include reasonable water conservation measures, investigation of potential emergency supplies which could be imported without construction of new conveyance facilities, and other reasonable measures which could reduce the depletion of Storage in Lake Berryessa. Implementation of any of these measures by the Parties and SCWA will only be with the consent of the individual Parties electing to participate, and SCWA will not suspend or supersede provisions of the Participating Agency Renewal Contracts with SCWA. The Drought Contingency Plan shall also address terms and conditions for water sales pursuant to Paragraph 5.6(b). If Storage in Lake Berryessa exceeds 1.1 million AF on the following April 1, development of the Drought Contingency Plan shall be suspended.

Section 5.0 Mandatory Additions to Storage and Carryover Accounts by Parties ("Restricted Carryover Account"):

5.1 When Storage in Lake Berryessa is between 550,000 AF and 800,000 AF as measured on April 1 of any water year, then each of the Parties agrees to forego taking delivery of at least 5% of the Party's annual entitlement. If the Storage in Lake Berryessa is between 450,000 AF and 550,000 AF as measured on April 1, the Parties agree that they will forego taking delivery of at least 10% of their annual entitlements. On the first day of the next water year, a 5% (if Storage in Lake Berryessa had been between 550,000 AF and 800,000 AF the previous April 1) or 10% (if Storage in Lake Berryessa had been between 450,000 AF and 550,000 AF the previous April 1) portion of each Party's annual entitlement shall be credited to what will be called the Party's "Restricted Carryover Account."

5.2 Restricted Carryover shall be classified as either irrigation or M&I. For a Party that delivers only one class of water, 100% of its Restricted Carryover shall be designated of that class. For a Party that delivers both irrigation water and M&I water, the Restricted Carryover shall be segregated into irrigation ("irrigation Restricted Carryover") and M&I ("M&I Restricted Carryover") classes based on the amounts of each class of water acquired by that Party from SCWA during the water year in which the Restricted Carryover was generated.

Example: The Storage in Lake Berryessa is between 550,000 AF and 750,000 AF on April 1. Party A delivers both M&I and irrigation water, and in the current water year acquires 20% M&I and 80% irrigation from SCWA. The 5% of annual entitlement foregone amount deposited in Party A's Restricted Carryover Account the following water year would be classified as 1% M&I Restricted Carryover and 4% irrigation Restricted Carryover.

5.3 Notwithstanding the mandatory foregoance of a portion of its annual entitlement, a Party having a Voluntary Carryover Account balance from voluntary curtailment of use may take any portion of the Voluntary Carryover Account balance from that account in a water year.

5.4 A Party shall not withdraw water from its Restricted Carryover Account until either (a) the Storage in Lake Berryessa on a subsequent April 1 exceeds 800,000 AF, or (b) the Storage in Lake Berryessa on a subsequent April 1 falls below 450,000 AF. If the April 1 Storage in Lake Berryessa exceeds 800,000 AF, the Restricted Carryover Accounts shall convert to or combine with Voluntary Carryover Accounts of the respective Parties. If the April 1 Storage in Lake Berryessa falls below 450,000 AF, the water in Restricted Carryover Accounts will become available to the Member unit Parties as specified in Section 5.6 below.

Example: Party A serves only M&I water and has a Voluntary Carryover Account balance of 2,000 AF on April 1 and no Restricted Carryover Account balance. The April 1 Storage in Lake Berryessa is less than 800,000 AF but more than 550,000 AF. Party A will forego taking delivery of at least 5% of its annual entitlement in the current water year ending on the last day of February. Party A may, up to the last day of February, order and receive 95% of its annual entitlement and an additional 2,000 AF from its Voluntary Carryover Account, bringing its Voluntary Carryover Account to zero on the last day of the water year. The following water year, the Restricted Carryover Account of Party A will have the foregone amount of 5% in it, classified as 100% M&I Restricted Carryover. If the Storage in Lake Berryessa on April 1 of that year exceeds 800,000 AF, Party A's Restricted Carryover Account will convert to a Voluntary Carryover Account, and Party A is entitled to use the water at any time. If the Storage in Lake Berryessa falls below 450,000 AF on April 1 of that year, the water in Restricted Carryover Accounts will become available to the Parties as specified in Section 5.6

below. If the April 1 Storage in Lake Berryessa is any other amount (between 450,000 AF and 800,000 AF), the foregone amount remains in Party A's Restricted Carryover Account and is not available for use.

5.5 After successive water years in which Storage in Lake Berryessa is between 450,000 AF and 800,000 AF on April 1, water will tend to accumulate in the Restricted Carryover Accounts. The above provisions notwithstanding, however, accumulated water in a Party's Restricted Carryover Account (combined M&I and irrigation Restricted Carryover) shall not exceed 50% of that Party's annual entitlement.

Example: Same as last example (Section 5.4) except Party A starts with a Restricted Carryover Account balance of 48% of its annual entitlement. Party A would be required to deposit only 2% of its annual entitlement into its Restricted Carryover Account to bring the Restricted Carryover Account up to the maximum 50% of annual entitlement. Party A may take delivery and use up to 98% of its annual entitlement that water year, excluding any Voluntary Carryover.

5.6 When Storage in Lake Berryessa falls to less than 450,000 AF on April 1, the Parties will not be required to deposit additional water into Restricted Carryover attributable to that water year and water from the Restricted Carryover Accounts will be released to the Parties as follows:

a. The Parties shall have access to their M&I Restricted Carryover Account balances for M&I uses; and

b. The Parties shall have access to their irrigation Restricted Carryover balances for voluntary sale to other Parties for M&I uses based on terms and conditions established through the drought contingency planning process of Section 4.0.

Example: In 2006, Storage in Lake Berryessa is between 550,000 AF and 800,000 AF on April 1 after being above 800,000 AF the previous year. A 5% Restricted Carryover amount is required of all Parties for that water year. Since water orders are submitted to SCWA prior to March 1, the order for that year will be amended to reflect the reduction in available water supply for each of the Parties and the foregone amount will be credited to the Restricted Carryover Accounts on March 1, 2007. On April 1 in each of years 2007 and 2008,

Storage in Lake Berryessa is between 450,000 AF and 550,000 AF. On March 1, 2009, each Party will have 25% of its annual entitlement in its Restricted Carryover Account. On April 1, 2009, Storage in Lake Berryessa falls below 450,000 AF. The Parties will not be required to deposit further water into their Restricted Carryover Accounts that year, and each Party may use any M&I Restricted Carryover in its Restricted Carryover Account for M&I uses that year. Furthermore, Parties with irrigation Restricted Carryover may sell all or any part of that water to other Parties for M&I use pursuant to the drought contingency plan of Section 4.0 above. Any water not sold will remain irrigation Restricted Carryover in the selling Party's Restricted Carryover Account, and such water's disposition will be determined by the April 1 Storage in Lake Berryessa in subsequent years.

5.7 Any amounts of water which are mandatorily foregone and placed into the Restricted Carryover Accounts by the Parties pursuant to Paragraph 5.1 shall be subject to payment of the water charge to SCWA for the foregone amount. No additional payment will be required for subsequent use of that water if there is no change in the type of use.

5.8 In addition to the provisions above, when Storage in Lake Berryessa is less than 400,000 AF on April 1, SID will prepare to implement a voluntary agricultural water marketing program in order to sign up growers who are willing to sell their water allocations for the next water year beginning March 1 of the following year. The water obtained by this voluntary process will be marketed by SID to the Parties to meet M&I water needs of those Parties. The process, methods of determining cost, and conditions governing the marketing to Participating Agencies shall be reasonable and are generally outlined as to form in Exhibit "A" entitled "Solano Irrigation District Drought Impact Reduction Program" (referred to herein as "Program"). The SID Board of Directors may alter and modify the conditions, charges and terms of the Program from time to time, but the purposes of the Program of providing for voluntary relinquishment of agricultural water, while avoiding permanent adverse economic, environmental and social or organizational damage to the agricultural community and to the Parties' M&I users, and retaining the viability of SID, shall be reasonably retained in the Program adopted and implemented by SID. Parties desiring to obtain water from SID for M&I purposes will be provided a reasonable opportunity to comment on any proposed Program changes in advance of their implementation by SID.

5.9 If the Solano Irrigation District Drought Impact Reduction Program shall have been implemented for two or more successive years in the previous three years, and a total of more than 35,000 AF of water are subscribed during the three years to meet M&I water needs of Parties, and on the following April 1 Storage in Lake Berryessa is less than 400,000 AF, the amounts of water to be made available under the Program in that year shall be reduced by SID to a maximum of 5,000 AF.

Example A: Same as last example (Section 5.6), with the additional facts that Storage in Lake Berryessa drops below 400,000 AF on April 1 in years 2010 through 2012, and in year 2009 and 2010, the Program provides for the subscription of 20,000 AF annually for M&I use. Because in the successive years 2009 and 2010 the Program is utilized to provide 35,000 AF or more to M&I users, each Party would have the additional right to participate in the Program in year 2011, but only to the extent of the Party's share of a total Program amount not to exceed 5,000 AF. In year 2012, because more than 35,000 AF were subscribed to under the Program over the past three years and the program was in effect in at least two successive years within the previous three years, the Program shall be reduced again to a maximum of 5,000 AF. If Storage in Lake Berryessa continues below 400,000 AF on April 1, 2013, the 5,000 AF restriction would not be in effect because the Program did not provide 35,000 AF or more to M&I users over the past three years.

Example B: Same as last example, except Storage in Lake Berryessa is above 400,000 AF on April 1, 2010, and therefore the Program is not in effect that year. In year 2011 the program provides for the subscription of 20,000 AF for M&I use. In year 2012, the 5,000 AF restriction would not be in effect because, although the Program provided over 35,000 AF to M&I users over the past three years, the Program was not in effect in at least two successive years during that period. If Storage in Lake Berryessa continues below 400,000 AF on April 1, 2013, the 5,000 AF restriction would be in effect if the 2012 subscription was 15,000 AF or more (so that the combined 2011 and 2012 subscription was 35,000 AF or more).

5.10 Except as provided otherwise by this Section, Restricted Carryover will be treated the same as Voluntary Carryover.

Section 6.0: **No Assignments**

6.1 This Agreement, and the rights, duties and benefits given in it, may not be assigned by a Party to a non-Party without the advance written consent of all other Parties, and any attempted direct or indirect assignment without such consent is void. The amounts of water in a Party's Voluntary or Restricted Carryover Accounts may not be assigned directly or indirectly for the benefit of non-Parties and SCWA must consent to any such assignments between Parties. Approval of assignment of portions of a Party's annual entitlement to water under its Renewal Participating Agency Contract by SCWA shall carry with it the obligation to provide the Restricted Carryover Account amounts attributable to that entitlement.

Section 7.0: **Counterparts**

7.1 This Agreement may be executed in several duplicate counterparts, each of which shall be an original.

Section 8.0: **SCWA Consent**

8.1 The Solano County Water Agency executes this Agreement for the purposes of consenting to the terms hereof. Each Party shall have the right to enforce the terms of this Agreement against any or all other Parties.

SOLANO IRRIGATION DISTRICT

Dated: By: _____
President, Board of Directors

[SEAL] Attest:

_____
Secretary, Board of Directors

Approved as to form:

_____
District Counsel, Solano Irrigation District

MAINE PRAIRIE WATER DISTRICT

Dated: By: _____

President, Board of Directors

[SEAL] Attest:

_____

Secretary, Board of Directors

Approved as to form:

_____

District Counsel

CITY OF FAIRFIELD

Dated: By: _____

Mayor

[SEAL] Attest:

_____

Clerk, City of Fairfield

Approved as to form:

_____

City Attorney, City of Fairfield

CITY OF SUISUN CITY

Dated: By: _____

Mayor

[SEAL] Attest:

_____

Clerk of the City of Suisun City

Approved as to form:

_____

City Attorney, City of Suisun City

CITY OF VACAVILLE

Dated: By: _____
Mayor

[SEAL] Attest:

_____
Clerk of the City of Vacaville

Approved as to form:

_____
City Attorney, City of Vacaville

CITY OF VALLEJO

Dated: By: _____
City Manager

[SEAL] Attest:

_____
Clerk of the City of Vallejo

Approved as to form:

_____
City Attorney, City of Vallejo

CONSENTED TO:

SOLANO COUNTY WATER AGENCY

Dated: By: _____
President, Board of Directors

[SEAL] Attest:

_____
Secretary, Board of Directors

Approved as to form:

_____
District Counsel

EXHIBIT "A"

SOLANO IRRIGATION DISTRICT
DROUGHT IMPACT REDUCTION PROGRAM ELEMENTS

The Program will include the following elements:

1.0 The District's Contract with the Parties requesting Municipal and Industrial Water:

1.1 Proportions in Program: On or about April 1 when it is determined that the amount of water in Storage in Lake Berryessa is less than 400,000 AF, excluding water which is in dead storage and water which is in the voluntary carryover accounts of the Parties to the Agreement, the Parties, including SID, delivering municipal and industrial water in proportion to the average annual amounts of municipal and industrial water ordered and paid for from the Solano Project by those Parties during the preceding five (5) full water years, shall be entitled to participate in the SID Drought Impact Reduction Program ("The Program").

1.2 No Assignment of Proportion of Program Water: All Parties seeking water under the Program for municipal and industrial use shall be entitled to their proportional share of the water made available by the Program. If a Party desires less than their proportional share of the Drought Impact Reduction Program water, they may not assign their relinquished portion of the Program water to any other Party, and the relinquished portion of the water will be divided in accordance with the percentage of the Program water requested by Parties, if any Party requests less than their proportional share.

1.3 District Target Price: On or before May 1, SID will establish and announce a target price per AF for the amount of water which will be deemed relinquished by a Landowner and/or Tenant within SID for the Program in the following water year.

1.4 Additional Costs: In addition to the target price payable to the Landowner and/or Tenant for each acre foot, SID shall establish the additional amounts payable to SID for its operation and maintenance costs, lost water revenues and other reasonable costs to be incurred in implementing the Program. SID will establish the amounts of water which will be allocated to each acre of land under the rules and regulations in the following water year in which the Program is to be implemented and to which the target price and charges of SID would apply if the Landowner and/or Tenant elect to participate in the Program.

1.5 Contract with District: Upon establishing the economic terms of the Program, ninety (90) days notice shall be provided to the Parties serving Municipal and Industrial water of their right to subscribe and contract to the terms of the Program and their right to purchase upon those terms their proportionate share of the Program water in the following water year. The Program water to be made available to the Parties providing for municipal and industrial water service, including SID, shall not exceed twenty thousand (20,000) AF in a water year, or the water allocation from 7,500 acres of SID land, whichever sum is less. A Party declining to or omitting to subscribe to its proportionate share of the Program water may subscribe to a lesser amount of water, or if no election to subscribe is made, their proportionate share shall be divided among the other participants in proportion to requests of the remaining Parties limited by those Parties' proportions established under Paragraph 1.1 above (five years' historic ordering of M & I water from Solano Project). All subscription requests shall be submitted in writing.

1.6 Solicitation Period: Because the terms will be announced and the subscriptions sought approximately 9 months before the relinquishment would commence to take effect, a period of at least 45 days beginning on or before August 1 will be provided for Landowners and Tenants within the boundaries of SID to offer in writing the amounts of water specified and committed to be purchased by the Parties for municipal and industrial purposes in the following water year under the Program.

1.7 Solicitation Complete - Finalization of Contract Amounts: If sufficient Landowner and/or Tenant participants are received within the initial 45-day period by SID, a final binding contract for these amounts shall be delivered by the Parties to SID for the purchases, and SID will submit contracts to the participating SID landowners and/or tenants for the relinquishment to take effect in the following water year.

1.8 Insufficient or Excessive Landowner Offers: If insufficient lands subscribe to the SID Program in the solicitation, and insufficient amounts of water are obtained to meet the total demand of the requesting Parties, which demand shall not exceed 20,000 AF or water from 7,500 acres, whichever is less in any water year, the Parties shall nevertheless be bound to purchase those amounts tendered by landowners and/or tenants from SID.

If the participating landowners and/or tenants offer amounts of water in excess of subscriptions of the Parties, the amounts tendered by each participant will be reduced by a factor representing the excess amount as a percent of the subscribed amount.

Final contracts with participants and the subscribing Parties shall be delivered to SID for approval on or before October 15.

1.9 Payment to District: The monies due to SID from the Parties shall be paid on or before October 15, and shall be obtained by SID and distributed by SID in accordance with its contractual terms with the Landowners and Tenants. Interest earned upon the payments prior to disbursement shall be credited to the Parties participating in the Program. The participating Parties shall pay to SCWA the municipal and industrial rate for the water so assigned by SID to the Parties prior to the Parties participating in the Program ordering and delivery of the water in the following water year.

1.10 No Upset Price: The provisions of the Parties' agreement with SID and the Landowner/Tenant agreement with SID will not provide for an upset price, and thus if the following water year is a plentiful water year, nevertheless the water to be transferred by SID to the Parties will be transferred on the first day of the subsequent water year and will be added to the account of the participating Parties in the Program on that day. Participating Parties should recognize that it is possible that spills of Lake Berryessa may occur after March 1, and thus it is theoretically possible to obtain water pursuant to the Program and to lose it forthwith without the ability to use it or hold it in a carryover account. Water transferred by SID to participating Parties will be treated as voluntarily added to the Party's carryover account if not utilized in the water year.

1.11 No Waiver or Transfer of Water Outside Solano Project Service Areas: As a condition of participating in the Program, no Party participating in the receipt of water from the Program shall directly or indirectly in the water year that deliveries are made under the Program (i) waive the ability to receive water from other sources available to it, or (ii) transfer directly or indirectly the amounts held by the Party in their Solano Project account or held by them pursuant to their State Water Project contracts or held as other water rights to any non-Party, or (iii) allow amounts to be received by the Party pursuant to the Solano Irrigation District Drought

Impact Reduction Program to be used for the benefit of a non-Party or for use outside the service area of the Solano Project.

1.12 Solano County Water Agency will be paid for the water transferred by SID at the municipal industrial rate by the purchaser in accordance with the schedule for payments by the Party to SCWA under the Renewal Member Unit Contract.

2.0 SIDs' Contract with Landowners/Tenants: The Program will be implemented with voluntarily participating landowners and tenants by SID determining an amount of water to be allocated by SID in the ensuing water year for each acre of participating land, and a price per acre divided by the number of AF to be allocated yielding a per AF price for water tendered by landowner and tenant to SID. Landowners will be required to allocate full measurable fields or tracts to the Program. Parcels of 20 acres or less in size will not be eligible. Water from land with permanent crops such as trees and vines will not be eligible for transfer. Participants in this relinquishment program shall not supplement their allocation with ground water at levels which exceed the historical average over the previous four (4) years. No more than 7,500 acres of SID lands will be removed from production in a water year under the Program. Specific guidelines and contract forms will be developed by SID prior to the beginning of the landowner solicitation period and that information will be provided in a notice to owners of eligible lands.

(Final 11/30/98)