

179



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
REGIONAL OFFICE, REGION 2
P. O. Box 2511
Sacramento 11, California

IN REPLY REFER TO

Mr. Frank Paoli, Chairman
Placer County Water Agency
Placer County Court House
Auburn, California

FE: 23102

Dear Mr. Paoli:

For the past year negotiations have been under way between my office and your Agency with respect to use of the American River water in western Placer County. These negotiations have been conducted with a view to resolving the apparent conflict between proposed diversions into western Placer County under your Middle Fork American River project and the Central Valley Project as to respective rights to the use of water from the American River; to assure the United States optimum accomplishments in the operation of Folsom Reservoir as a unit of the Central Valley Project; to assure the need for the construction of the Auburn Unit of the Central Valley Project; and to provide a firm water supply to your Agency for western Placer County's future water needs. Our negotiations have resulted in an agreement on the following terms to be incorporated in a contract between the United States and the Placer County Water Agency. The Commissioner of Reclamation and the Secretary of the Interior have approved these terms.

(a) The Agency, pursuant to water permits to be obtained by it from the State Water Rights Board, may divert the following amounts of water from the natural flow of the American River and from the natural flow of the American River as regulated by its works without charge into western Placer County during a normal year on the basis of 3-year intervals:

1967 thru 1971	5,000 acre-feet
1972 thru 1976	15,000 acre-feet
1977 thru 1981	20,000 acre-feet
1982 thru 1986	25,000 acre-feet
1987 thru 1991	30,000 acre-feet
1992 thru 1996	40,000 acre-feet
1997 thru 2001	55,000 acre-feet
2002 thru 2006	70,000 acre-feet
2007 and thereafter	120,000 acre-feet

EXHIBIT G

001449

(b) The Agency will require the following minimum amounts of water from the American River for use in its service area in western Placer County on the basis of 5-year intervals:

1967 thru 1971	5,000 acre-feet
1972 thru 1976	10,000 acre-feet
1977 thru 1981	20,000 acre-feet
1982 thru 1986	25,000 acre-feet
1987 thru 1991	30,000 acre-feet
1992 thru 1996	55,000 acre-feet
1997 thru 2001	90,000 acre-feet
2002 thru 2006	155,000 acre-feet
2007 thru 2011	237,000 acre-feet

(c) The Agency will be required to purchase the following minimum amounts of water from the Central Valley Project during normal years on the basis of 5-year intervals:

1967 thru 1971	0
1972 thru 1976	0
1977 thru 1981	0
1982 thru 1986	0
1987 thru 1991	0
1992 thru 1996	15,000 acre-feet
1997 thru 2001	35,000 acre-feet
2002 thru 2006	85,000 acre-feet
2007 thru 2011	117,000 acre-feet

(d) The definition of critical dry years will be the same as that applied to the American River service area.

(e) Deficiencies during critical dry years will be imposed on all water purchased by the Agency from the Central Valley Project but only on the agricultural portion of the water taken by the Agency without charge under its water permits to be obtained by it from the State Water Rights Board.

(f) Water the Agency will receive without charge can be used by it for either municipal, industrial or agricultural purposes upon demonstration of the such use made of those waters.

(g) The Agency will pay for Central Valley Project water a basic charge of \$1.50 per acre-foot for irrigation water and \$9.00 per acre-foot for municipal and industrial water, and in addition a surcharge,

EXHIBIT G

1051

If the Auburn Dam and Reservoir has been constructed by the Federal Government, of the following amounts:

1992-1997	--	\$ 5,000 per year
1997-2002	--	\$10,000 per year
2002-2007	--	\$30,000 per year
2007-2011	--	\$45,000 per year

(h) The Agency may divert water under the schedule set forth under (a) above either from the American River prior to the construction of Auburn Reservoir or from Auburn Reservoir after its authorization and construction.

(i) Water to be purchased from the Central Valley Project under Federal Reclamation law will be for a period of 40 years with option to renew.

(j) Acceptance by your Agency of a normal water surface elevation of the proposed Auburn Reservoir of 934.5 feet and willingness of your Agency to construct and operate the American Bar features of your plan to recognize this elevation.

Approval of terms of the agreement and execution of the agreement with these terms included is done with the understanding that your Agency will withdraw its protest to water right permit requests by the United States for Auburn Reservoir and withdrawal of protests by the United States to permits requested by the Agency for its Middle Fork American River project, which permits would be consistent with the terms of the agreement.

A formal indication of your willingness to include the above items into an agreement with the United States, and your assurance that the Agency will withdraw its protest to requests by the United States for permits for Auburn Reservoir, will be appreciated.

Sincerely yours,


Regional Director

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EXHIBIT G

001451

RESOLUTION NO. 62 - 3

1 WHEREAS, for some months the Placer County Water Agency
2 and the United States Department of the Interior have endeavored
3 through cooperative negotiations to resolve any conflict that
4 might occur between the Agency's Middle Fork American River Pro-
5 ject and the Federal Government's existing and future facilities;
6 and

7 WHEREAS, these negotiations have resulted in a February
8 24, 1962, letter to Mr. Frank J. Paoli, Chairman of the Board of
9 Directors of the Placer County Water Agency from Mr. H. P. Dugan,
10 Regional Director, Region 2, United States Bureau of Reclamation,
11 setting forth basic terms to be included in a formal agreement
12 between the Agency and the United States; and

13 WHEREAS, said letter states that the Commissioner of Re-
14 claimation and the Secretary of the Interior have approved these
15 terms; and

16 WHEREAS, the Board of Directors of the Placer County Water
17 Agency desires at this time to indicate formally its willingness
18 to include the terms of said letter in a formal agreement with
19 the United States;

20 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors
21 of the Placer County Water Agency that this Board hereby accepts
22 and agrees to the basic terms for an agreement between the Agency
23 and the United States set forth in the February 23, 1962, letter
24 to Mr. Frank J. Paoli from Mr. H. P. Dugan, Regional Director,
25 Region 2, United States Bureau of Reclamation;

26 BE IT FURTHER RESOLVED by this Board that the firm of
27 Kronick, Moskowitz & Vanderloan, legal counsel for the Agency, be
28 and hereby is instructed to proceed to meet with the appropriate
29 officials of the United States to draft a formal agreement between
30 the Agency and the United States incorporating the terms in said
31 letter;

32 The foregoing resolution was duly passed by the Board of

1 Directors of the Placer County Water Agency at a regular meeting
2 thereof held on the 13th day of March, 1962, by the following vote
3 on roll call.

4 AYES DIRECTORS: Doyle, Radovich, Anderson, Briner and
5 Raoli

6 NOES DIRECTORS: None

7 ABSENT DIRECTORS: None

8 Signed and approved by me after its passage this 13th day
9 of March, 1962.

10

Frank J. Raoli

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Chairman, Board of Directors
Placer County Water Agency

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I, Elynor Freeman, Clerk of the Placer County Water Agency
15 certify that the above is a true copy of a resolution adopted at
16 a regular meeting of the Board of Directors of the Placer County
17 Water Agency held on March 13, 1962.

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Elynor Freeman
Clerk, Placer County Water Agency

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M A R C H 1 3 T H 1 9 6 2

The Placer County Water Agency met in regular session Tuesday, March 13, 1962, at 2:00 p. m. with all members present, Chairman Frank J. Paoli presiding; Elynor Freeman, Clerk. Also present were John M. Bernard, County Executive, and Stanley Kronick of the law firm of Kronick, Moskovitz and Vanderlaan, attorneys for the Agency.

MINUTES

Motion was made by Briner, seconded by Radovich, all members voting aye, that the minutes of February 13, 1962, and the minutes of the special meeting of January 30, 1962, be approved as submitted.

✓ WATER APPLICATIONS - Report Received on Subcommittee Hearing Requests for Dispositions of State Applications by Placer County Water Agency and Carmichael Irrigation District

Mr. Kronick read a memorandum to the California Water Commission from the members of the subcommittee hearing the Agency's request for release from priority on State Applications 7936 and 7937 in favor of the Agency's Applications 18084 through 18087. Kronick reported that the subcommittee recommends that no further action be taken until there has been an examination of the agreement with the Bureau. No action was taken.

✓ BUREAU OF RECLAMATION - Resolution No. 62-3 Passed Accepting and Agreeing to the Basic Terms for an Agreement Between the Agency and the United States; Kronick, Moskovitz and Vanderlaan Instructed to Proceed with Draft of Formal Agreement

Stanley Kronick of the law firm of Kronick, Moskovitz and Vanderlaan read a letter from Mr. H. P. Dugan, Regional Director of the Bureau of Reclamation, Department of Interior, outlining the basic terms for an agreement between the Agency and the United States.

Motion was made by Briner, seconded by Doyle, all members voting aye on roll call, that Resolution No. 62-3 be passed and adopted accepting and agreeing to the basic terms for an agreement between the Agency and the United States as set forth in a letter from Mr. Dugan to Frank J. Paoli, Chairman Placer County Water Agency, dated February 23, 1962, and directing the attorneys to proceed with preparation of a formal contract.

✓ FEDERAL POWER COMMISSION - Resolution No. 62-4 Passed Authorizing Chairman to Sign and Verify Application for Federal Power Commission License for Middle Fork American River Project

Motion was made by Radovich, seconded by Anderson, all members voting aye on roll call, that Resolution No. 62-4 be passed authorizing Frank J. Paoli as Chairman to sign and verify the application for Federal Power Commission license for the Middle Fork American River Project.

✓ WATER RIGHTS - Reports Received on Pending Proceedings in California Supreme Court re Validity of Contract between Metropolitan Water District of Southern California and the State of California

Robert Radovich, Chairman of the Mountain Counties Water Resources Association, announced that the Association has adopted a resolution to support Contra Costa and San Joaquin County as a friend of Court in the mandamus proceedings in the California Supreme Court for the purpose of testing the validity of the contract between the Metropolitan Water District of Southern California and the State of California.

Receipt of resolutions from the Directors of the Plumas County Flood Control and Water Conservation District, the Supervisors of the County of Plumas, and the Northern California Counties Supervisors Association, Water Resources Committee concerning the pending suit were acknowledged.

The matter was deferred.

MARCH 13TH 1962

WATER RIGHTS - Meeting to be Arranged with El Dorado County Water Agency

John M. Bernard, County Executive, reported that El Dorado County Water Agency, is requesting a meeting with the Placer County Water Agency before the water rights hearings, and it was directed that the County Executive arrange a meeting with them and include the Georgetown Divide Utility District.

SALE OF POWER - PACIFIC GAS AND ELECTRIC - Chairman Authorized to Sign a Letter to P.G. & E. re Negotiations for Sale of Power

Motion was made by Doyle, seconded by Briner, all members voting aye, that the Chairman of the Board of Directors of the Placer County Water Agency be authorized to sign the letter to S. L. Sibley, Vice-President and General Manager of Pacific Gas and Electric, which was read before the Agency and that the letter be forwarded immediately. The letter asked that arrangements be made for a meeting to proceed with negotiations for the sale of power.

ROADS - Letter from Western States Trail Ride, Inc., Read and Filed

A letter from Wendell T. Robie of Western States Trail Organization was read in which it was requested that the trails in Placer County which will be affected by the Agency's project be given consideration.

A copy of a letter from U. S. Senator Clair Engle to Mr. Robie on this matter was acknowledged.

ROADS - Letters from Placer County Chamber of Commerce and Placer County Board of Realtors re Access Roads for the Agency Read and Filed

Letters from the Placer County Chamber of Commerce and Placer County Board of Realtors re access roads for the Agency were read and action deferred.

FINANCING - Receipt of Monies from Housing and Home Finance Agency Acknowledged

Motion was made by Radovich, seconded by Doyle, all members voting aye, that the receipt of a check from Housing and Home Finance Agency in the amount of \$277,425.00 be acknowledged.

CLAIMS APPROVED

Motion was made by Radovich, seconded by Briner, all members voting aye, that the claim of McCreary-Koretsky Engineers in the amount of \$90,315.00 be paid from the monies received from Housing and Home Finance Agency.

Motion was made by Doyle, seconded by Briner, all members voting aye, that the following claims be paid:

McCreary-Koretsky Engineers - February retainer	\$ 300.00
Leeds, Hill & Jewett, Inc. - Recreation study	1,827.22
Leeds, Hill & Jewett, Inc. - Water rights investigations	2,394.63
Kronick, Moskovitz and Vanderlaan - legal services and expenses for February	2,662.53

INSURANCE

Upon the request of Fred Festeren, Placer County Water Agency Insurance Servicing Agent, motion was made by Radovich, seconded by Doyle, all members voting aye, that copies of any letters to the Agency concerning insurance, be forwarded to the Agency insurance servicing agent.

Motion was made by Radovich, seconded by Doyle, all members voting aye, that the Agency Insurance Servicing Agent be instructed to proceed with obtaining additional insurance coverage in the amount of five million dollars for a premium of \$3000.00 as outlined by Mr. Festeren.

ADJOURNMENT

The Placer County Water Agency adjourned to the next regular meeting on Tuesday, April 10, 1962 at 2:30 p. m.

ATTEST:
L. RECHENMACHER, COUNTY CLERK
By: ELYNOR FREEMAN, DEPUTY

Elynor Freeman

Frank J. Paoli
Frank J. Paoli, Chairman

Thomas E. Doyle
Secretary