



June 17, 2015

Rick Gilmore, General Manager
Byron Bethany Irrigation District
7995 Bruns Road
Byron, CA 94514-1625

Subject: ***MODIFIED LETTER AGREEMENT—2015 Water Exchange Between
Zone 7 Water Agency and BBID***

Dear Mr. Gilmore:

In accordance with our discussions, this letter agreement formalizes the terms of the proposed water exchange between Zone 7 Water Agency (Zone 7) and Byron Bethany Irrigation District (BBID).

Zone 7 and its water retailers, serving about 240,000 people in the Tri-Valley area¹, have been at the forefront of water conservation efforts in the State of California. In 2014, the Tri-Valley achieved 26% conservation relative to 2013. This year, residents continue to conserve aggressively: as of May 31, 2015, Zone 7 has had to provide 28% less water relative to 2013 for the same time period, saving 4,200 AF. With successful conservation efforts exceeding the State Water Resources Control Board's targets, Zone 7 has more flexibility in managing available water supplies this year. In contrast, BBID, which relies on the Central Valley Project (CVP) and pre-1914 water rights, is anticipating a water shortage. BBID's agricultural CVP allocation is at 0% for the second consecutive year and curtailment of BBID's pre-1914 water rights is imminent. Given these conditions, Zone 7 and BBID have agreed to a water exchange, which would benefit both parties' service areas and the public.

Under the exchange, Zone 7 would provide BBID with 2,800 acre-feet (AF) of its local water captured and stored in Lake Del Valle at this time. This water would be delivered to BBID's intakes off the Banks Pumping Plant intake channel, where DWR normally delivers BBID's pre-1914 water supply. BBID agrees to return the water, plus an additional 1,400 AF (1.5-to-1 exchange ratio), within three years (2018), depending on hydrologic and water supply conditions. Zone 7 and BBID, under mutual agreement, could extend the return window to five years (2020). The source of the BBID return water would be cropland idling in fields irrigated with pre-1914 water; this portion of the water

¹ Includes the cities of Dublin, Livermore, Pleasanton, and a portion of San Ramon.

exchange would be executed consistent with DWR's and United States Bureau of Reclamation's "Water Transfer White Paper."

If BBID agrees to the terms as described above, please sign below and return this letter agreement to Zone 7 at your earliest convenience.

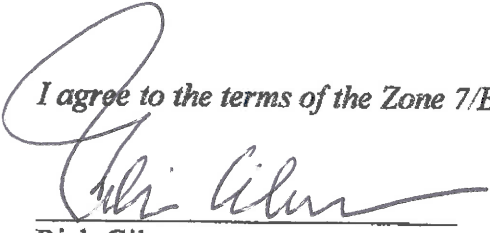
Sincerely,



G.F. Duerig
General Manager

cc: Rob Cooke (SWPAO, DWR)
Amparo Flores (Zone 7)
Eric Chapman (SWC)

I agree to the terms of the Zone 7/BBID water exchange as described above.



Rick Gilmore
General Manager, BBID