

FIRST IMPLEMENTATION AND MEDIATION SETTLEMENT AGREEMENT

THIS First Implementation and Settlement Agreement ("Implementation Agreement") is entered into by and between the City of Ione, a municipal corporation ("Ione") and the Amador Regional Sanitation Authority, a joint powers agency ("ARSA") to amend and clarify that certain Agreement to Regulate Use of Henderson/Preston Wastewater Disposal System entered into by and between the California Department of Corrections and Rehabilitation ("CDCR"), Ione and ARSA dated September 18, 2007 (commonly known as the "2007 Agreement"). Ione and ARSA agree as follows:

WHEREAS, Ione and ARSA desire to clarify some of the terms and conditions of the 2007 Agreement as set forth herein, and

WHEREAS, CDCR has agreed to pay 54% of the agreed upon cost of the operations and maintenance of the Ione tertiary plant; and

WHEREAS, Ione and ARSA have met through a mediation process to resolve their differences regarding the matters covered by this Implementation Agreement; and

WHEREAS, this Implementation Agreement will implement the terms agreed to through the mediation process to provide for an agreed upon calculation of ARSA's annual payment towards the operations and maintenance of the Ione Tertiary Plant, as set forth herein, and Ione's obligation to take secondary treated water from the ARSA system, if available.

Now, therefore, Ione and ARSA agree follows:

Section 1.

A. Notwithstanding any other terms of the 2007 Agreement, Ione agrees to take from the ARSA system (combined from ARSA and CDCR), no less than 650 acre feet of secondarily treated water per year as set forth in section 2 of the 2007 Agreement. To the extent that monthly secondarily treated water take amounts in section 5 of the 2007 Agreement do not add up to 650 acre feet, section 5 shall be deemed to include a revised table that adds 2 acre feet per month for the months of April, and May (for a total for each of these months of 12 acre feet per month) and 4 acre feet per the months of June, July, August and September (for a total of each of these months of 99 acre feet

per month) each year, so that the total adds to 650 acre fee. Section 5 shall be deemed a guide as to the general volume of water to be taken each month and shall not reduce the obligation to take at least 650 acre feet annually as set forth herein.

B. ARSA agrees that it will not shut its Preston Reservoir discharge valve, except in cases of emergency. If there is such an emergency ARSA shall notify Ione as soon as possible that the valve has been shut and will reopen the valve as soon as feasible. Ione and ARSA operators shall monitor the water balances and shall cooperate to facilitate Ione's obligation to take the full 650 acre feet per year.

C. ARSA operators shall have unrestricted access to the flow meter and totalizer at the Ione tertiary plant during regular business hours for the purpose of allowing ARSA to properly operate and monitor the ARSA system.

Section 2. To implement section 9 of the 2007 Agreement, Ione and ARSA agree that the annual payment for the operations and maintenance costs of the Ione Tertiary Plant for each of the calendar years 2015, 2016 and 2017 shall be as follows:

- a. The total cost of operating and maintaining the Tertiary plant is agreed to be \$274,284 per calendar year ("the agreed upon cost").
- b. The current Portlock/golf course payment amount to Ione ("Portlock Payment") of \$70,000 shall be deducted from this total cost for a net annual cost of \$204,284.
- c. The agreed upon net cost shall be divided as follows: CDCR shall pay 54% and ARSA shall pay 46% of the net cost. (The CDCR annual payment shall be \$110,313.00; the ARSA annual payment shall be \$93,971.00 and then shall be adjusted as set forth below below), Ione and CDCR shall agree on how the CDCR payment is to be made and whether and at what times the CDCR payments are made shall not impact or affect the ARSA payments as set forth in this Implementation Agreement.
- d. ARSA's annual net cost payment to Ione shall be first reduced by two-third's (2/3rds) of the cost of the annual permit paid, or to be paid, by ARSA to the Regional Board for the ARSA, Ione Tertiary Plant, and Castle Oaks golf course permit because this cost is included in the agreed

upon net annual operations and net maintenance cost set forth in Subsection a.

- e. ARSA's annual net cost payment shall be further reduced by one-fourth of the difference between the Portlock Payment of \$70,000 and the \$134,000 payment that existed at the time the 2007 Agreement was executed (or \$16,000). If Ione does not take 650 acre feet of the secondarily treated water from the ARSA System annually, as set forth in section 1 of this Implementation Agreement and this amount of treated wastewater was available from the ARSA System, ARSA's annual net cost payment shall be further reduced on a pro rata basis per acre foot to account for the reduction in the amount taken. The reduction amount shall be \$245 per acre foot not taken. (In other words, if Ione takes 640 acre feet in a calendar year, when 650 acre feet was available, ARSA's payment shall be reduced for that year by \$245 times 10 acre feet or \$2450.) The reduction may be taken quarterly based on the adjusted monthly flows set forth in section 1.A.; however, if Ione increases flows in the following quarter(s) of the calendar year, any prior reduction in the calendar year shall be trued up to the flows and the payment adjusted accordingly. This reduction is an agreed upon amount to account for the added costs of disposal ARSA incurs for disposing of the water not taken by Ione.

Section 3. The provisions of the cost split set forth in Section 2 shall remain in effect until December 31, 2017 at which point these provisions shall stay in place from year to year, unless terminated by any party. Any termination of this Implementation Agreement shall not terminate the 2007 Agreement, which may be terminated as set forth in the 2007 Agreement. Any party may notify the other in writing no later than 120 days prior to the end of a calendar year if that party desires to review and potentially adjust the cost split set forth in Section 2. Upon such notice, the parties shall meet and confer in good faith to reach agreement on the cost split for the following year.

Section 4. ARSA shall pay to Ione ARSA's 2015 payment for its share of the Tertiary Plant costs not later than thirty days after this Implementation Agreement is executed by both Ione and ARSA. ARSA shall pay the 2016 and future years annual net

costs on a quarterly basis which each quarterly payment due on or before the thirtieth day following the end of each quarter.

Section 5. Except as provided in this Implementation Agreement, all other terms and provisions of the 2007 Agreement shall remain in full force and effect, unless and until modified or terminated as maybe provide in the 2007 Agreement or by agreement of the Parties.

Section 6. Attorneys' Fees and Costs The Parties shall each bear their own costs, expenses and attorneys' fees associated with this Implementation Agreement and the mediation. However, if any action or other proceeding is brought for the enforcement or interpretation of the 2007 Agreement, attorney's fees, if any, shall be governed by the 2007 Agreement.

Section 7. Execution in Counter-parts. This Agreement may be executed in any number of counterparts, each of which may be deemed an original and all of which together shall constitute a single instrument.

Section 8. Effective Date. This Agreement shall become effective immediately following execution by all of the Parties, on the latest date appearing below.

IN WITNESS WHEREOF, the Parties hereto have executed this First Amendment and Settlement Agreement.

CITY OF IONE

By: [Signature]

Dan Epperson, Mayor

Date: 5/6/2016

ARSA

By: [Signature]
ROBIN D. PETERS, CHAIR

Date: 05.09.16