

March 21, 2014

«Address»

Subject: Notice to Cease Diversion of District Untreated Surface Water

Dear «Salutation»: Surface Water Permit No. «Permit\_»

As a surface water permittee, your diversion of District surface water is governed by the Santa Clara Valley Water District's ("District's") Rules and Regulations for the Service of Surface Water ("Surface Water Rules").<sup>1</sup> In normal years, providing untreated surface water for irrigation of landscaping, golf courses and agriculture offsets demands on the groundwater basin and helps basin replenishment. However, we all know that this is not a normal year, and that California--including Santa Clara County--is experiencing some of the driest times in recorded history.<sup>2</sup>

This letter follows up on electronic notices sent February 19, March 11, and March 12, 2014 and phone calls to each surface water permit holder, and the meeting held March 13, 2014, at District headquarters regarding plans to cease diversions on April 1, 2014. After receiving your feedback, we have modified the schedule to allow more time, if needed, for you to arrange an alternate source of supply. We understand that, for some surface water users, making this change will involve additional effort and cost, and the District is prepared to assist with pursuit of grants or other drought relief funding, expedited well permitting, and other actions. Making sure that you have an alternate source of supply is important not only for years like this, when surface water is extremely limited, but for reliability in future years as the District undertakes seismic repairs and other Water Utility infrastructure work.

Statewide drought conditions, low allocations of imported water under the District's State and federal contracts, and minimal runoff in District reservoirs are causing a critical shortage of untreated surface water this year. Locally, 2013 was the driest year on record, and 2014 is so far tracking similar critically dry conditions. On January 31, 2014, the Department of Water Resources announced a zero allocation for the State Water Project, and on February 21, 2014, the Bureau of Reclamation announced a zero allocation for Central Valley Project agricultural water service, and an allocation of only 50% of historic use for municipal and industrial purposes. The District is also facing significant operational challenges, including poor Delta water quality and extremely low storage levels in San Luis Reservoir that may interrupt imported water deliveries for up to three months this summer. Under these circumstances, the priority for limited surface water must be maintaining drinking water supplies for the county.

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<sup>1</sup> A copy of the Surface Water Rules is available on the District's Website - <http://www.valleywater.org/drought2014/>

<sup>2</sup> Drought State of Emergency Declaration by Governor Brown, January 17, 2014.



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Pursuant to Section 18.2 of the Surface Water Rules, all District water furnished to surface water permittees is subject to shortage and interruption. You are hereby notified to cease diversion of District untreated surface water by **May 1, 2014**, until further notice. An extension of time may be allowed to arrange access to groundwater or another source of supply for irrigation needs, subject to criteria included in Attachment A. Beginning May 1, 2014, District staff will be securing the valves on the District pipelines that supply untreated surface water if an extension has not been granted.

Please return a copy of the enclosed form (Attachment A) to Aaron Baker, Operations Planning and Analysis Unit Manager, by **April 15, 2014**, to coordinate next steps. He may also be contacted at (408) 630-2135 if you need additional information or assistance. We appreciate your cooperation in this historic dry period.

Sincerely,

Joan Maher  
Deputy Operating Officer  
Water Supply Division

Enclosure

**Attachment A**  
**Untreated Surface Water User Information**

Name: \_\_\_\_\_ Email Address: \_\_\_\_\_

Property Address: \_\_\_\_\_

District Surface Water Permit #: \_\_\_\_\_ Phone #: \_\_\_\_\_

Date Completed: \_\_\_\_\_

Given the critical shortage in surface water supplies in 2014, deliveries of untreated surface water will be discontinued effective **May 1, 2014**, pursuant to Section 18.2 of the Rules and Regulations for Service of Surface Water. Please indicate if you would like to discuss coordination and scheduling of District valve closure, and when you are available.

I do not need to be contacted regarding District untreated surface water valve closure.

Please contact me to coordinate and schedule District untreated surface water valve closure.  
The best time to contact me is:

\_\_\_\_\_  
\_\_\_\_\_

Permittees may request an extension of time beyond May 1, 2014, to arrange access to groundwater or an alternate source of supply for agricultural or commercial needs (see next page).

Please return completed form to the District by **April 15, 2014**, via one of the following methods:

USPS mailing address

Mr. Aaron Baker  
Santa Clara Valley Water District  
5750 Almaden Expressway  
San Jose, CA 95118-3686

Fax

(408) 979-5640

Email

abaker@valleywater.org

Express mailing address

Mr. Aaron Baker  
Santa Clara Valley Water District  
5905 Winfield Blvd.  
San Jose, CA 95123-2428

**Questions?**

Aaron Baker,  
Operations Planning & Analysis Unit Manager  
(408) 630 2135



**Application for Extension of Service Beyond May 1, 2014**

1. Extensions are available only to permittees that have been using untreated surface water for agriculture (as defined in the District Act) or commercial enterprises. Commercial enterprises must provide evidence of a current business license.
2. Provision of untreated surface water during the period of extension will be limited to minimum quantities needed to avoid undue hardship, such as maintenance of trees and vines.
3. Requests for extension must be received at the District by **April 15, 2014**.

Name: \_\_\_\_\_

District Surface Water Permit #: \_\_\_\_\_

Purpose of use for untreated surface water:

If for commercial enterprise, Business License # \_\_\_\_\_

Requested period of time for extension (e.g. 1 month):

Description of work required to establish alternate supply:

Reasons for extension request:

Quantity of untreated surface water requested during the period of extension to meet minimum needs (e.g. # acre-foot/month for # acres of orchard):

\_\_\_ I am interested in information on possible grant opportunities for agricultural or other uses.

\_\_\_ I am interested in information on the District's well permitting process.

*Attach additional sheets, if necessary, including District Surface Water Permit # on each sheet.*

**AGREEMENT FOR THE PROVISION OF CITY POTABLE WATER SERVICE  
BETWEEN THE CITY OF MILPITAS  
AND  
SPRING VALLEY GOLF COURSE, INC.**

THIS AGREEMENT made and entered into this 20th day of May, 2014, by and between the City of Milpitas, a municipal corporation of the State of California, hereinafter referred to as "CITY," and Spring Valley Golf Course, Inc., a California corporation located at 3441 East Calaveras Road, Milpitas, CA, hereinafter referred to as "SVGC."

WHEREAS, an existing untreated surface water source provides water supply for irrigation use to SVGC; and

WHEREAS, SVGC is located in the Milpitas city limits; and

WHEREAS, the Santa Clara Valley Water District has declared that the untreated surface water source will be curtailed due to insufficient water supply from the State Water Project; and

WHEREAS, SVGC desires a temporary two (2) month connection to the CITY'S municipal water supply to provide water supply for irrigation use while SVGC repairs and/or constructs private wells; and

WHEREAS, CITY finds that adequate supply and limited infrastructure capacity exists to provide such service within its San Francisco Public Utility Commission water supply service area; and

WHEREAS, SVGC is willing to design and construct a temporary water connection to the CITY'S municipal water supply in accordance with CITY standards at its own cost and to purchase water from the City; and

WHEREAS, CITY and SVGC desire to enter in this AGREEMENT to set forth the terms, conditions, and obligations relating to provision of temporary water service from CITY to SVGC for up to a two (2) month period starting from the time the City initially provides temporary water service ;

**NOW, THEREFORE**, in consideration of the promises herein and for further good and valuable consideration hereinafter set forth, IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

SECTION 1. Subject Property. The properties to be served by water supplied to SVGC by the City shall be solely that property located at 3441 East Calaveras Road ("Subject Property").

SECTION 2. Conditions for Receipt of Water Service. SVGC shall comply with all federal, State and local laws, codes, ordinances and policies relating to potable water service within the City of Milpitas ("the Rules"). Upon request by CITY, SVGC agrees to disconnect water service due to failure to comply with the Rules. Additionally, CITY may at any time reduce or disconnect water service to SVGC under this AGREEMENT for any reason whatsoever with prior written notice to SVGC.

SECTION 3. Construction of Necessary Facilities. SVGC shall prepare plans and specifications, subject to approval by the City, for installation of a connection to the Santa Clara County's existing potable water system located within Ed Levin Park through which water will be provided to the Subject Property. SVGC shall install a potable water meter and approved backflow device, all subject to approval by the City and in accordance with the then-existing CITY standards.

SECTION 4. Costs.

A. SVGC shall pay all costs and expenses to the City associated with the water system connection to provide water service to the Subject Property under this Agreement. These costs shall include the City's costs and expenses incurred in project coordination, plan check, inspection, and acceptance associated with the water system connection. The amount of such costs shall be based upon standard City of Milpitas labor and material rates paid to the City pursuant to City Private Job (PJ) cost reimbursement process. SVGC shall provide a deposit in the amount of \$2,000 on June 1, 2014. If said costs exceed the amount of the deposit, as determined by the City, SVGC agrees to immediately replenish the deposit in the amount requested by the City Engineer. If the costs do not exceed the amount of the deposit, the City shall refund the remaining deposit amount to the SVGC upon the expiration of this AGREEMENT.

B. SVGC shall pay water meter and water quantity charges to the City on the City's standard billing cycle based on the water supplied to the water meter and as required by the City's then-current water rates, whether adopted by ordinance, resolution, or otherwise. Unless otherwise set forth herein, all fees and charges described above will be due and payable at the time said fees are usually and customarily collected by CITY under its rules and regulations respecting such fees and charges.

SECTION 5. SVGC shall be responsible for all acquisition of any necessary right-of-way for the water system connection, prepare necessary environmental documents, and construct the water system connection in accordance with all laws, codes, ordinances and policies of CITY in effect at the time of construction. SVGC is responsible for all coordination with the County of Santa Clara Parks Department and for obtaining all required permits and approvals.

SECTION 6. Further, CITY shall not be liable in any way for damages to SVGC or SVGC's property arising from or resulting from interruption or discontinuance of the potable water service provided hereunder.

SECTION 7. SVGC expressly agrees that all maintenance of the two (2) month temporary water connection and associated piping shall be the responsibility of SVGC. SVGC shall keep the two (2) month temporary water connection under its ownership in good condition and shall promptly repair the same following damage or disrepair in accordance with applicable laws, codes, ordinances, and policies.

SECTION 8. CITY may terminate this Agreement at any time for any reason whatsoever upon written notice to SVGC.

SECTION 9. SVGC further agrees that its on-site water system shall only serve the Subject Property for the purpose of golf course irrigation and not extend the two (2) month temporary water connection outside of said property.

SECTION 10. SVGC further agrees that it will only receive a maximum of 27 acre-feet of water during the two (2) month period the temporary water connection is in service. SVGC agrees to a maximum flow rate of 100 gallons per minute at any time; and to reduce the flow rate if required by the City of Milpitas.

SECTION 11. This Agreement shall be binding upon the successors, heirs, or assigns of SVGC.

SECTION 12. To the fullest extent permitted by law, SVGC shall defend, indemnify, and hold harmless CITY, its officers, employees, and agents against any demand, claim, loss or liability arising out of or resulting in any way from any work performed under this AGREEMENT or due to the willful or negligent acts (active or passive) or omission by SVGC, its officers, employees, or agents.

SECTION 13. The parties agree that the law governing this AGREEMENT shall be that of the State of California. In the event that suit shall be brought by either party to this AGREEMENT, the parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

SECTION 14. SCVG shall comply with all applicable laws, ordinances, codes, and regulation of the federal, state and local governments.

SECTION 15. Any written notice shall be sent to:

Dana Jetter, Owner  
Spring Valley Golf Course, Inc.  
3341 E. Calaveras Road  
Milpitas, CA 95035

Steven J. Machida, Principal Civil Engineer  
455 East Calaveras Boulevard  
Milpitas, CA 95035

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective the day and year first above written.

Dated: \_\_\_\_\_, 20\_\_

SPRING VALLEY GOLF COURSE:

\_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

CITY:

CITY OF MILPITAS, a municipal corporation

By: \_\_\_\_\_  
Thomas Williams, City Manager

By: \_\_\_\_\_  
Jeff Moneda, Public Works Director/City Engineer

APPROVED AS TO FORM:

\_\_\_\_\_  
Johnny V. Phan, Assistant City Attorney

**AGREEMENT FOR THE PROVISION OF CITY POTABLE WATER SERVICE  
BETWEEN THE CITY OF MILPITAS  
AND  
AMERICAN GOLF CORPORATION**

THIS AGREEMENT, made and entered into this 20th day of May, 2014, by and between the City of Milpitas, a municipal corporation of the State of California, hereinafter referred to as "CITY," and American Golf Corporation a California Corporation, for Summitpointe Golf Course located at 1500 Country Club Drive, Milpitas, CA, hereinafter referred to as "AGC."

WHEREAS, an existing untreated surface water source provides water supply for irrigation use to AGC; and

WHEREAS, AGC is located in the Milpitas city limits; and

WHEREAS, the Santa Clara Valley Water District has declared that the untreated surface water source will be curtailed due to insufficient water supply from the State Water Project; and

WHEREAS, AGC desires a temporary two (2) month connection to the CITY'S municipal water supply to provide water supply for irrigation use while AGC repairs and/or constructs private wells; and

WHEREAS, CITY finds that adequate supply and limited infrastructure capacity exists to provide such service within its San Francisco Public Utility Commission water supply service area; and

WHEREAS, AGC is willing to design and construct a temporary water connection to the CITY'S municipal water supply in accordance with CITY standards at its own cost and to purchase water from the City; and

WHEREAS, CITY and AGC desire to enter in this AGREEMENT to set forth the terms, conditions, and obligations relating to provision of temporary water service from CITY to AGC for up to a two (2) month period starting from the time the City initially provides temporary water service.;

**NOW, THEREFORE**, in consideration of the promises herein and for further good and valuable consideration hereinafter set forth, IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS:

SECTION 1. Subject Property. The properties to be served by water supplied to AGC by the City shall be solely that property located at 1500 Country Club Drive ("Subject Property").

SECTION 2. Conditions for Receipt of Water Service. AGC shall comply with all federal, State and local laws, codes, ordinances and policies relating to potable water service within the City of Milpitas ("the Rules"). Upon request by CITY, AGC agrees to disconnect water service due to failure to comply with

the Rules. Additionally, CITY may at any time reduce or disconnect water service to AGC under this AGREEMENT for any reason whatsoever with prior written notice to AGC.

SECTION 3. Construction of Necessary Facilities. AGC shall prepare plans and specifications, subject to approval by the City, for installation of a connection to the City's existing potable water system that terminates at the City's water main on Country Club Drive through which water will be provided to the Subject Property. AGC shall install a potable water meter and approved backflow device, all subject to approval by the City and in accordance with the then-existing CITY standards.

SECTION 4. Costs.

A. AGC shall pay all costs and expenses to the City associated with the water system connection to provide water service to the Subject Property under this Agreement. These costs shall include the City's costs and expenses incurred in project coordination, plan check, inspection, and acceptance associated with the water system connection. The amount of such costs shall be based upon standard City of Milpitas labor and material rates paid to the City pursuant to City Private Job (PJ) cost reimbursement process. AGC shall provide a deposit in the amount of \$2,000 on June 1, 2014. If said costs exceed the amount of the deposit, as determined by the City, AGC agrees to immediately replenish the deposit in the amount requested by the City Engineer. If the costs do not exceed the amount of the deposit, the City shall refund the remaining deposit amount to the AGC upon the expiration of this AGREEMENT.

B. AGC shall pay water meter and water quantity charges to the City on the City's standard billing cycle based on the water supplied to the water meter and as required by the City's then-current water rates, whether adopted by ordinance, resolution, or otherwise. Unless otherwise set forth herein, all fees and charges described above will be due and payable at the time said fees are usually and customarily collected by CITY under its rules and regulations respecting such fees and charges.

SECTION 5. AGC shall be responsible for all acquisition of any necessary right-of-way for the water system connection, prepare necessary environmental documents, and construct the water system connection in accordance with all laws, codes, ordinances and policies of CITY in effect at the time of construction. AGC is responsible for obtaining all required permits and approvals.

SECTION 6. Further, CITY shall not be liable in any way for damages to AGC or AGC's property arising from or resulting from interruption or discontinuance of the potable water service provided hereunder.

SECTION 7. AGC expressly agrees that all maintenance of the two (2) month temporary water connection and associated piping shall be the responsibility of AGC. AGC shall keep the two (2) month temporary water connection under its ownership in good condition and shall promptly repair the same following damage or disrepair in accordance with applicable laws, codes, ordinances, and policies.

SECTION 8. CITY may terminate this Agreement at any time for any reason whatsoever upon written notice to ACG.

SECTION 9. AGC further agrees that its on-site water system shall only serve the Subject Property for the purpose of golf course irrigation and not extend the (2) month temporary water connection outside of said property.

SECTION 10. AGC further agrees that it will only receive a maximum of 27 acre-feet of water during the two (2) month period the temporary water connection is in service. AGC agrees to a maximum flow rate of 100 gallons per minute at any time; and to reduce the flow rate if required by the City of Milpitas.

SECTION 11. This Agreement shall be binding upon the successors, heirs, or assigns of AGC.

SECTION 12. To the fullest extent permitted by law, AGC shall defend, indemnify, and hold harmless CITY, its officers, employees, and agents against any demand, claim, loss or liability arising out of or resulting in any way from any work performed under this AGREEMENT or due to the willful or negligent acts (active or passive) or omission by AGC, its officers, employees, or agents.

SECTION 13. The parties agree that the law governing this AGREEMENT shall be that of the State of California. In the event that suit shall be brought by either party to this AGREEMENT, the parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San Jose, California.

SECTION 14. AGC shall comply with all applicable laws, ordinances, codes, and regulation of the federal, state and local governments.

SECTION 15. Any written notice shall be sent to:

Keith Brown, Chief Executive Officer

Or

Robert Billings, General Manager  
American Golf Course Corporation.

6080 Center Drive

Suite 500

Los Angeles, CA 90045

Steven J. Machida, Principal Civil Engineer

455 East Calaveras Boulevard

Milpitas, CA 95035

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective the day and year first above written.

Dated: \_\_\_\_\_, 20\_\_

AMERICAN GOLF CORPORATION:

\_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

CITY:

CITY OF MILPITAS, a municipal corporation

By: \_\_\_\_\_  
Thomas Williams, City Manager

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Jeff Moneda, Public Works Director/City Engineer

\_\_\_\_\_  
Johnny V. Phan, Assistant City Attorney