

**MEMORANDUM OF AGREEMENT
BETWEEN
TROUT UNLIMITED'S WASHINGTON WATER PROJECT
AND
METHOW VALLEY IRRIGATION DISTRICT**

I. PURPOSE OF AGREEMENT AND STATEMENT OF INTENT

The purpose of this MOA is to set forth the terms, obligations, and responsibilities by which TROUT UNLIMITED'S WASHINGTON WATER PROJECT (TU) and METHOW VALLEY IRRIGATION DISTRICT (MVID) will work together to accomplish planning, design, and construction of an alternative delivery system for it's members on the West Canal and lay the ground work for future upgrades to the East Canal.

TU has applied for funding for the West Canal project. If for some reason that funding is not available then this agreement is void.

II. PARTIES TO THIS AGREEMENT

This MOA is between the Trout Unlimited's Washington Water Project, a non-profit corporation at 103 Palouse, Suite 14, WA 98801 and the Methow Valley Irrigation District, formed pursuant to chapter 87.03 RCW at PO Box 860, Twisp, WA 98856. The laws of the State of Washington govern the MOA. In consideration of the promises and mutual agreements herein, TU and MVID agree as stated in this document.

III. RECITALS

1. MVID is an irrigation district operating an irrigation system including a West Canal with a diversion from the Twisp River and an East Canal with a diversion from the Methow River.

2. MVID holds Surface Water Right Claim No. 003935, filed with Ecology on April 1, 1971. This claim has a priority date preceding the enactment of the surface water code in 1917. The claim is for the right to divert 120 cubic feet per second (cfs) from the Twisp River, for the irrigation of 705 acres of land within the MVID, lying west of the Methow River. Water from this diversion flows into the West Canal.

3. MVID also holds Surface Water Certificate No. 945, with a priority date of 1936. Certificate 945 authorizes the diversion of 150 cfs from the Methow River for the irrigation of up to 1,366.66 acres of land lying east of the Methow River. Water from this diversion flows into the East Canal.

4. MVID holds Water Right Claim No. 123748, which authorizes the diversion of 2 cfs from Alder Creek, a tributary to the Methow River.

5. Under the terms of the March 2011 Methow Valley Irrigation District Water Right Settlement Agreement between MVID and Ecology (Settlement Agreement), MVID agreed to reduce, by the beginning of the 2016 irrigation season, its instantaneous diversion from the Twisp River into the West Canal to 11 cfs over the course of the entire irrigation season.

6. MVID further agreed to limit its diversions from the Methow River into the East Canal to 20 cfs less inflow from the Barkley Canal. Through the 2013 season MVID may request authorization to divert an additional 2 cfs during July and August.

7. Ecology agreed, pursuant to the terms of the Settlement Agreement, to expedite the processing of applications to change points of diversion to groundwater wells or add wells as additional points of withdrawal, under the MVID water rights, subject to availability of staffing resources.

8. MVID recognizes the benefits to its members of operating and maintaining a more modern and efficient delivery system.

9. MVID and TU recognize the benefits to ESA-listed fish species of increasing instream flows in the Twisp River through development of and implementation of increased irrigation water delivery efficiency.

IV. OBLIGATIONS OF THE PARTIES

Given the Purpose and Intent of this MOA, and the information in the Recitals, the Parties agree to the following obligations and responsibilities.

MVID agrees to the following as to the West Canal Project:

1. To participate in a project that will result In District wide improvements including a pressurized pipe/pump system with one or more points of surface and/or groundwater point(s) of withdrawal.
2. In exchange for financial and technical support for this project to
 - (a) change the point of diversion for Water Right Claim No. 003935 from the Twisp River into the West Canal to a point of diversion from the Methow River or to one or more points of withdrawal from wells, all downstream of the Town of Twisp, and
 - (b) transfer 11 cfs under Water Right Claim No. 003935 to trust for instream flows in the Twisp River from the existing point of diversion for the West Canal downstream to the most upstream new point of diversion or withdrawal established by this project,
3. To retain within the MVID for use to the extent permitted by law, any saved water that results from this project not otherwise transferred to trust by MVID pursuant

to the terms of this MOA. This saved water may be placed in an internal MVID water bank for use by members within the District or transferred to trust for instream flows at MVID's discretion. Further, MVID agrees not to market any non-consumptive use water outside the MVID. Any MVID member who decides to no longer use the consumptive use water pursuant to his/her/its assessed water allocation may place that water in a water bank and that water may be marketed outside of the District, provided the use of less water by a member is not the direct result of improved efficiencies resulting from this project.

4. To continue their cooperation and negotiations in good faith with the Bureau of Reclamation, Washington Water Project of Trout Unlimited (WWPTU), the Washington State Department of Ecology, the National Marine Fisheries Service and other regulatory and funding organizations to achieve the Items 1-3 listed above.
5. To seek assistance from Ecology and/or TU to establish an internal water bank for MVID.
6. To cooperate with TU in applying for all necessary permits and approvals required by the project.

MVID agrees to the following as to the East Canal project:

1. To continue to seek funding for East Canal improvements such as lateral repair and replacement, main canal piping and/or conversion to wells.
2. In exchange for financial and technical support for the project to: (a) transfer 2 cfs under Water Right Claim No. 003935 to trust for instream flows in the Methow River, and (b) to transfer 2 cfs under Water Right Claim No. 123748 from Alder Creek to trust for instream flow in Alder Creek and the Methow River.

TU agrees to the following as to the West Canal Project:

1. To obtain funding for construction and completion of the West Canal project.
2. To apply for all necessary permits and approvals required by the project, including necessary changes to the MVID water rights. The existing priority date of the water right will not be changed as a result of the water right change process.
3. To be the Project Manager, organize member/landowner cooperation, and work cooperatively with MVID to provide complete and serviceable efficiency improvements to MVID by the completion of the project.
4. To obtain, in addition to project funding, \$500,000 to be paid to MVID to mitigate the additional pumping costs associated with the new system.
5. To provide MVID with an alternatives analysis report detailing the different options for improving water delivery efficiency and to respond to any MVID request for additional information. If the Directors of MVID believe that a vote of the members is warranted, TU agrees to send out a white paper analysis, and attend and participate in a meeting of the members at which the members shall vote to select MVID's preferred alternative.

6. TU agrees to obtain, easements and rights of way necessary to effectuate any improved delivery system including funding for required easements or rights of way.
7. TU agrees to obtain funding to cover any cost overruns.
8. TU will seek funding for examination and decommissioning of all abandoned portions of the MVID system including project works and rights of way.

TU agrees to the following as to the East Canal Project:

1. To assist MVID in obtaining a \$500,000 grant from Washington Department of Ecology for Eastside canal improvements and/or conversion to wells.

TU and MVID agree to the following:

1. MVID may, at their discretion, withdraw from the project if it becomes apparent during the water right change application process that a change in the District's water right would result in substantial reductions from the present amount of authorized instantaneous or annual quantities of water or irrigated acres under the District's water right. If MVID withdraws from the project for this reason, TU agrees to help MVID seek funding for improvements to its existing West Canal intake structure.
2. A 1-year "break-in" period for the new system during which the funding agencies agree to remedy any failures in the system related to design errors and omissions, and to assist MVID in obtaining recourse from the construction contractor for faulty installation or materials, and to continue to provide technical support during this period for improving operation and maintenance of the canal systems. At the end of this period, MVID will assume full ownership of and responsibility for the maintenance and operation of the canal system improvements funded by this project. Enter into a complete and binding agreement by April 15, 2013, which will include specific details and provisions of the MVID West Canal pipe and pump project. TU agrees that a 3-year break-in period would be of further assistance to MVID and will collaborate with the Bureau of Reclamation to seek funding beyond the 1-year break-in period, if necessary..
3. All obligations of TU to obtain funding are conditioned upon the availability of such funds. TU shall not be held liable for the unavailability of funding.

METHOW VALLEY IRRIGATION DISTRICT

TROUT UNLIMITED'S
WASHINGTON WATER PROJECT

Stephen Henry Dixon, Director

Lisa Pelly, Executive Director

Greg Nordang, Director

Date

John Richardson, Director

Date