

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF RECLAMATION  
Central Valley Project, California

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
GLIDE WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE  
FROM THE SACRAMENTO RIVER DIVISION

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THIS CONTRACT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2004, in  
pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or  
supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as  
amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,  
1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986  
(100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all  
collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES  
OF AMERICA, hereinafter referred to as the United States, and GLIDE WATER DISTRICT,  
hereinafter referred to as the Contractor, a public agency of the State of California, duly organized,  
existing, and acting pursuant to the laws thereof, with its principal place of business in California;  
WITNESSETH, That:

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EXPLANATORY RECITALS

[1<sup>st</sup>] WHEREAS, the United States has constructed and is operating the Central Valley Project, California, for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries; and

[2<sup>nd</sup>] WHEREAS, the United States constructed the Red Bluff Diversion Dam, and the Tehama-Colusa Canal and related delivery facilities including pumping plants, hereinafter collectively referred to as the Canal Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

[3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by the United States pursuant to California law for operation of the Project; and

[4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract No. 7-07-20-W0040, which established terms for the delivery to the Contractor of Central Valley Project Water from the Canal Facilities from June 20, 1977 through February 28, 1995, and under which the initial date of water delivery to the Contractor was January 1, 1987; and

[5<sup>th</sup>] WHEREAS, the Contractor and the United States have pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into interim renewal contract(s) identified as Contract No(s). 7-07-20-W0040-IR1, 7-07-20-W0040-IR2, 7-07-20-W0040-IR3, 7-07-20-W0040-IR4, 7-07-20-W0040-IR5, 7-07-20-W0040-IR6, 7-07-20-W0040-IR7, the current of which is hereinafter referred to as the Existing Contract, which provided for the continued water service to the Contractor from March 1, 2003 through February 29, 2004; and

45           [6<sup>th</sup>]   WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of  
46 interim and existing long-term Central Valley Project Water service contracts following completion  
47 of appropriate environmental documentation, including a programmatic environmental impact  
48 statement (PEIS) pursuant to the National Environmental Policy Act analyzing the direct and  
49 indirect impacts and benefits of implementing the CVPIA and the potential renewal of all existing  
50 contracts for Project Water; and

51           [7<sup>th</sup>]   WHEREAS, the United States has completed the PEIS and all other appropriate  
52 environmental review necessary to provide for long-term renewal of the Existing Contract; and

53           [8<sup>th</sup>]   WHEREAS, the Contractor has requested the long-term renewal of the Existing  
54 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of  
55 the State of California, for water service from the Central Valley Project; and

56           [9<sup>th</sup>]   WHEREAS, the United States has determined that the Contractor has fulfilled all of  
57 its obligations under the Existing Contract; and

58           [10<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting  
59 Officer that the Contractor has utilized the Central Valley Project Water supplies available to it for  
60 reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the  
61 Contracting Officer and the Contractor, has demonstrated projected future demand for water use  
62 that exceeds the Contract Total to be made available to it pursuant to this Contract; and

63           [11<sup>th</sup>] WHEREAS, water obtained from the Central Valley Project has been relied upon by  
64 urban and agricultural areas within California for more than 50 years, and is considered by the  
65 Contractor as an essential portion of its water supply; and

66           [12<sup>th</sup>] WHEREAS, the economies of regions within the Central Valley Project, including  
67 the Contractor's, depend upon the continued availability of water, including water service from the  
68 Central Valley Project; and

69 [13<sup>th</sup>] WHEREAS, the Secretary intends through coordination, cooperation, and  
70 partnerships to pursue measures to improve water supply, water quality, and reliability of the  
71 Project for all Project purposes; and

72 [14<sup>th</sup>] WHEREAS, the mutual goals of the United States and the Contractor include: to  
73 provide for reliable Central Valley Project Water supplies; to control costs of those supplies; to  
74 achieve repayment of the Central Valley Project as required by law; to guard reasonably against  
75 Central Valley Project Water shortages; to achieve a reasonable balance among competing demands  
76 for use of Central Valley Project Water; and to comply with all applicable environmental statutes,  
77 all consistent with the legal obligations of the United States relative to the Central Valley Project;  
78 and

79 [15<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more cooperative  
80 relationship in order to achieve their mutual goals; and

81 [16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this  
82 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

83 NOW, THEREFORE, in consideration of the mutual and dependent covenants herein  
84 contained, it is hereby mutually agreed by the parties hereto as follows:

85 DEFINITIONS

86 1. When used herein unless otherwise distinctly expressed, or manifestly incompatible  
87 with the intent of the parties as expressed in this Contract, the term:

88 (a) "Calendar Year" shall mean the period January 1 through December 31, both  
89 dates inclusive;

90 (b) "Charges" shall mean the payments required by Federal Reclamation law in  
91 addition to the Rates and Tiered Pricing Components specified in this Contract as determined  
92 annually by the Contracting Officer pursuant to this Contract;

93 (c) "Condition of Shortage" shall mean a condition respecting the Project during  
94 any Year such that the Contracting Officer is unable to deliver sufficient water to meet the Contract  
95 Total;

96 (d) "Contracting Officer" shall mean the Secretary of the Interior's duly  
97 authorized representative acting pursuant to this Contract or applicable Reclamation law or  
98 regulation;

99 (e) "Contract Total" shall mean the maximum amount of water to which the  
100 Contractor is entitled under subdivision (a) of Article 3 of this Contract;

101 (f) "Contractor's **Boundaries**" shall mean the area to which the Contractor is  
102 permitted to provide Project Water under this Contract as described in Exhibit "A" attached hereto,  
103 which may be modified from time to time in accordance with Article 35 of this Contract without  
104 amendment of this Contract;

105 (g) "CVPIA" shall mean the Central Valley Project Improvement Act, Title  
106 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

107 (h) "Eligible Lands" shall mean all lands to which Irrigation Water may be  
108 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982 (96  
109 Stat. 1263), as amended, hereinafter referred to as RRA;

110 (i) "Excess Lands" shall mean all lands in excess of the limitations contained in  
111 Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal  
112 Reclamation law;

113 (j) "Full Cost Rate" shall mean an annual rate, determined by the Contracting  
114 Officer that amortizes the expenditures for construction properly allocable to the Project Irrigation  
115 or M&I functions, as appropriate, of facilities in service including operation and maintenance  
116 deficits funded, less payments, over such periods as may be required under Federal Reclamation

117 law, or applicable contract provisions. Interest will accrue on both the construction expenditures  
118 and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date  
119 incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in  
120 accordance with subsections 202(3)(B) and (3)(C) of the RRA. The Full Cost Rate includes actual  
121 operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and  
122 Regulations for the RRA;

123 (k) "Ineligible Lands" shall mean all lands to which Irrigation Water may not be  
124 delivered in accordance with Section 204 of the RRA;

125 (l) "Irrigation Full Cost Water Rate" shall mean the Full Cost Rate applicable to  
126 the delivery of Irrigation Water;

127 (m) "Irrigation Water" shall mean water made available from the Project that is  
128 used primarily in the production of agricultural crops or livestock, including domestic use incidental  
129 thereto, and watering of livestock;

130 (n) "Landholder" shall mean a party that directly or indirectly owns or leases  
131 nonexempt land, as provided in 43 CFR 426.2;

132 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other  
133 than Irrigation Water, made available to the Contractor. M&I Water shall include water used for  
134 human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)  
135 which are kept for personal enjoyment or water delivered to land holdings operated in units of less  
136 than 5 acres unless the Contractor establishes to the satisfaction of the Contracting Officer that the  
137 use of water delivered to any such landholding is a use described in subdivision (m) of this Article;

138 (p) "M&I Full Cost Water Rate" shall mean the Full Cost Rate applicable to the  
139 delivery of M&I Water;

140 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable  
141 care, control, operation, repair, replacement (other than Capital replacement), and maintenance of  
142 Project facilities;

143 (r) "Operating Non-Federal Entity" shall mean the Tehama-Colusa Canal  
144 Authority, a Non-Federal entity which has the obligation to operate and maintain all or a portion of  
145 the Canal Facilities pursuant to an agreement with the United States, and which may have funding  
146 obligations with respect thereto;

147 (s) "Project" shall mean the Central Valley Project owned by the United States  
148 and managed by the Department of the Interior, Bureau of Reclamation;

149 (t) "Project Contractors" shall mean all parties who have water service contracts  
150 for Project Water from the Project with the United States pursuant to Federal Reclamation law;

151 (u) "Project Water" shall mean all water that is developed, diverted, stored, or  
152 delivered by the Secretary in accordance with the statutes authorizing the Project and in accordance  
153 with the terms and conditions of water rights acquired pursuant to California law;

154 (v) "Rates" shall mean the payments determined annually by the Contracting  
155 Officer in accordance with the then current applicable water ratesetting policies for the Project, as  
156 described in subdivision (a) of Article 7 of this Contract;

157 (w) "Recent Historic Average" shall mean the most recent 5-year average of the  
158 final forecast of Water Made Available to the Contractor pursuant to this Contract or its preceding  
159 contract(s);

160 (x) "Secretary" shall mean the Secretary of the Interior, a duly appointed  
161 successor, or an authorized representative acting pursuant to any authority of the Secretary and  
162 through any agency of the Department of the Interior;

163 (y) "Tiered Pricing Component" shall be the incremental amount to be paid for  
164 each acre-foot of Water Delivered as described in subdivision (j) of Article 7 of this Contract;

165 (z) "Water Delivered" or "Delivered Water" shall mean Project Water diverted  
166 for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

167 (aa) "Water Made Available" shall mean the estimated amount of Project Water  
168 that can be delivered to the Contractor for the upcoming Year as declared by the Contracting  
169 Officer, pursuant to subdivision (a) of Article 4 of this Contract;

170 (bb) "Water Scheduled" shall mean Project Water made available to the  
171 Contractor for which times and quantities for delivery have been established by the Contractor and  
172 Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

173 (cc) "Year" shall mean the period from and including March 1 of each Calendar  
174 Year through the last day of February of the following Calendar Year.

175 TERM OF CONTRACT

176 2. (a) This Contract shall be effective March 1, 2004, through February 28, 2029.  
177 In the event the Contractor wishes to renew the Contract beyond February 28, 2029, the Contractor  
178 shall submit a request for renewal in writing to the Contracting Officer no later than 2 years prior to  
179 the date this Contract expires. The renewal of this Contract insofar as it pertains to the furnishing of  
180 Irrigation Water to the Contractor shall be governed by subdivision (b) of this Article, and the  
181 renewal of this Contract insofar as it pertains to the furnishing of M&I Water to the Contractor shall  
182 be governed by subdivision (c) of this Article.

183 (b) (1) On terms and conditions of a renewal contract that are mutually  
184 agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time  
185 of contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject

186 to Federal and State law, this Contract, insofar as it pertains to the furnishing of Irrigation Water to  
187 the Contractor, shall be renewed for a period of 25 years.

188 (2) The conditions which must be met for this Contract to be renewed  
189 are: (i) the Contractor has prepared a water conservation plan that has been determined by the  
190 Contracting Officer in accordance with Article 26 of this Contract to meet the conservation and  
191 efficiency criteria for evaluating such plans established under Federal law; (ii) the Contractor is  
192 implementing an effective water conservation and efficiency program based on the Contractor's  
193 water conservation plan as required by Article 26 of this Contract; (iii) the Contractor is maintaining  
194 all water measuring devices and implementing all water measurement methods as approved by the  
195 Contracting Officer pursuant to Article 6 of this Contract; (iv) the Contractor has reasonably and  
196 beneficially used the Project Water supplies made available to it and, based on projected demands,  
197 is reasonably anticipated and expects fully to utilize for reasonable and beneficial use the quantity  
198 of Project Water to be made available to it pursuant to such renewal; (v) the Contractor is  
199 complying with all terms and conditions of this Contract; and (vi) the Contractor has the physical  
200 and legal ability to deliver Project Water.

201 (3) The terms and conditions of the renewal contract described in  
202 subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed  
203 consistent with the parties' respective legal rights and obligations, and in consideration of all  
204 relevant facts and circumstances, as those circumstances exist at the time of renewal, including,  
205 without limitation, the Contractor's need for continued delivery of Project Water; environmental  
206 conditions affected by implementation of the Contract to be renewed, and specifically changes in  
207 those conditions that occurred during the life of the Contract to be renewed; the Secretary's progress  
208 toward achieving the purposes of the CVPIA as set out in Section 3402 and in implementing the

209 specific provisions of the CVPIA; and current and anticipated economic circumstances of the region  
210 served by the Contractor.

211 (c) This Contract, insofar as it pertains to the furnishing of M&I Water to the  
212 Contractor, shall be renewed for a period of 25 years and thereafter shall be renewed for successive  
213 periods of up to 40 years each, which periods shall be consistent with the then-existing  
214 Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and  
215 consistent with federal and state law. The Contractor shall be afforded the opportunity to comment  
216 to the Contracting Officer on the proposed adoption and application of any revised Reclamation-  
217 wide policy applicable to the delivery of Project M&I Water that would limit the term of any  
218 subsequent renewal contract with the Contractor for the furnishing of M&I Water to less than 25  
219 years.

220 (d) The Contracting Officer shall make a determination 10 years after the date of  
221 execution of this Contract, and every 5 years thereafter during the term of this Contract, of whether  
222 a conversion to a contract under said subsection 9(d) can be accomplished pursuant to the Act of  
223 July 2, 1956 (Public Law 643). Notwithstanding any provision of this Contract, the Contractor  
224 reserves and shall have all rights and benefits under Public Law 643. The Contracting Officer  
225 anticipates that during the term of this contract, all authorized Project construction expected to  
226 occur will have occurred, and on that basis the Contracting Officer agrees upon such completion to  
227 allocate all costs that are properly assignable to the Contractor, and agrees further that, at any time  
228 after such allocation is made, and subject to satisfaction of the condition set out in this subdivision,  
229 this Contract shall, at the request of the Contractor, be converted to a contract under subsection (d),  
230 Section 9 of the Reclamation Project Act of 1939, subject to applicable Federal law and under stated  
231 terms and conditions mutually agreeable to the Contractor and the Contracting Officer. A condition

232 for such conversion to occur shall be a determination by the Contracting Officer that, account being  
233 taken of the amount credited to return by the Contractor as provided for under Reclamation law, the  
234 remaining amount of construction costs assignable for ultimate return by the Contractor can  
235 probably be repaid to the United States within the term of a contract under said subsection (d). If  
236 the remaining amount of costs that are properly assignable to the Contractor cannot be determined  
237 during the term of this Contract, the Contracting Officer shall notify the Contractor, and provide the  
238 reason(s) why such a determination could not be made. Further, the Contracting Officer shall make  
239 such a determination as soon thereafter as possible so as to permit, upon request of the Contractor  
240 and satisfaction of the condition set out above, conversion to a contract under said subsection (d).  
241 In the event such determination of costs has not been made at a time which allows conversion of  
242 this Contract during the term of this Contract or the Contractor has not requested conversion of this  
243 Contract within such term, the parties shall incorporate in any subsequent renewal contract as  
244 described in subdivision (b) of this Article a provision that carries forth in substantially identical  
245 terms the provisions of this subdivision.

246 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

247 3. (a) During each Year, consistent with all applicable State water rights, permits,  
248 and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this  
249 Contract, the Contracting Officer shall make available for delivery to the Contractor 10,500 acre-  
250 feet of water for irrigation and M&I purposes. The quantity of Water Delivered to the Contractor in  
251 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of  
252 Articles 4 and 7 of this Contract.

253 (b) Because the capacity of the Central Valley Project to deliver Project Water  
254 has been constrained in recent years and may be constrained in the future due to many factors  
255 including hydrologic conditions and implementation of Federal and State laws, the likelihood of the  
256 Contractor actually receiving the amount of Water set out in subdivision (a) of this Article in any  
257 given Year is uncertain. The Contracting Officer's most recent modeling referenced in the PEIS  
258 projected that the Contract Total set forth in this Contract will not be available to the Contractor in  
259 many years. During the most recent 5 years, the Recent Historic Average of water made available  
260 to the Contractor was 9,660 acre-feet. Nothing in subdivision (b) of this Article shall affect the  
261 rights and obligations of the parties under any provision of this Contract.

262 (c) The Contractor shall utilize the Project Water in accordance with all  
263 applicable legal requirements.

264 (d) The Contractor shall make reasonable and beneficial use of all Project Water  
265 or other water furnished pursuant to this Contract. Ground-water recharge programs (direct,  
266 indirect, or in lieu), ground-water banking programs, surface water storage programs, and other  
267 similar programs utilizing Project Water or other water furnished pursuant to this Contract  
268 conducted within the Contractor's Boundaries which are consistent with applicable State law and  
269 result in use consistent with Reclamation law will be allowed; Provided, That any direct recharge  
270 program(s) is (are) described in the Contractor's Water Conservation Plan submitted pursuant to  
271 Article 26 of this Contract; Provided, further, That such Water Conservation Plan demonstrates  
272 sufficient lawful uses exist in the Contractor's Boundaries so that using a long-term average, the  
273 quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with  
274 Reclamation Law. Ground-water recharge programs, ground-water banking programs, surface

275 water storage programs, and other similar programs utilizing Project Water or other water furnished  
276 pursuant to this Contract conducted outside the Contractor's Boundaries may be permitted upon  
277 written approval of the Contracting Officer, which approval will be based upon environmental  
278 documentation, Project Water rights, and Project operational concerns. The Contracting Officer  
279 will address such concerns in regulations, policies, or guidelines.

280 (e) The Contractor shall comply with requirements applicable to the Contractor  
281 in biological opinion(s) prepared as a result of a consultation regarding the execution of this  
282 Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended, that  
283 are within the Contractor's legal authority to implement. The Existing Contract, which evidences in  
284 excess of 16 years of diversions for irrigation and/or municipal and industrial purposes of the  
285 quantities of water provided in subdivision (a) of Article 3 of this Contract, will be considered in  
286 developing an appropriate baseline for the Biological Assessment prepared pursuant to the  
287 Endangered Species Act, and any other needed environmental review. Nothing herein shall be  
288 construed to prevent the Contractor from challenging or seeking judicial relief in a court of  
289 competent jurisdiction with respect to any biological opinion or other environmental documentation  
290 referred to in this Article.

291 (f) As soon as possible following each declaration of Water Made Available  
292 under Article 4 of this Contract, the Contracting Officer will make a determination whether Project  
293 Water, or other water available to the Project, can be made available to the Contractor in addition to  
294 the Contract Total under Article 3 of this Contract during the Year without adversely impacting  
295 other Project Contractors. At the request of the Contractor, the Contracting Officer will consult  
296 with the Contractor prior to making such a determination. If the Contracting Officer determines

297 that Project Water, or other water available to the Project, can be made available to the Contractor,  
298 the Contracting Officer will announce the availability of such water and shall so notify the  
299 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor  
300 and other Project Contractors capable of taking such water to determine the most equitable and  
301 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such  
302 water, the Contracting Officer shall make such water available to the Contractor in accordance with  
303 applicable statutes, regulations, guidelines, and policies.

304 (g) The Contractor may request permission to reschedule for use during the  
305 subsequent Year some or all of the Water Made Available to the Contractor during the current Year  
306 referred to as “carryover.” The Contractor may request permission to use during the current Year a  
307 quantity of Project Water which may be made available by the United States to the Contractor  
308 during the subsequent Year referred to as “preuse.” The Contracting Officer’s written approval may  
309 permit such uses in accordance with applicable statutes, regulations, guidelines, and policies.

310 (h) The Contractor’s right pursuant to Federal Reclamation law and applicable  
311 State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract during  
312 the term thereof and any subsequent renewal contracts, as described in Article 2 of this Contract,  
313 during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all of its  
314 obligations under this Contract and any renewals thereof. Nothing in the preceding sentence shall  
315 affect the Contracting Officer’s ability to impose shortages under Article 11 or subdivision (b) of  
316 Article 12 of this Contract or applicable provisions of any subsequent renewal contracts.

317 (i) Project Water furnished to the Contractor pursuant to this Contract may be  
318 delivered for other than irrigation or M&I purposes upon written approval by the Contracting  
319 Officer in accordance with the terms and conditions of such approval.

320 (j) The Contracting Officer shall make reasonable efforts to protect the water  
321 rights necessary for the Project and to provide the water available under this Contract. The  
322 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the  
323 extent permitted by law, in administrative proceedings related to the Project Water rights; Provided,  
324 however, That the Contracting Officer retains the right to object to the substance of the Contractor's  
325 position in such a proceeding; Provided further, that in such proceedings the Contracting Officer  
326 shall recognize the Contractor has a legal right under the terms of this Contract to use Project  
327 Water.

328 TIME FOR DELIVERY OF WATER

329 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer shall  
330 announce the Contracting Officer's expected declaration of the Water Made Available. Such  
331 declaration will be expressed in terms of both Water Made Available and the Recent Historic  
332 Average and will be updated monthly, and more frequently if necessary, based on then-current  
333 operational and hydrologic conditions and a new declaration with changes, if any, to the Water  
334 Made Available will be made. The Contracting Officer shall provide forecasts of Project operations  
335 and the basis of the estimate, with relevant supporting information, upon the written request of the  
336 Contractor. Concurrently with the declaration of the Water Made Available, the Contracting  
337 Officer shall provide the Contractor with the updated Recent Historic Average.

338 (b) On or before each March 1 and at such other times as necessary, the  
339 Contractor shall submit to the Contracting Officer a written schedule, satisfactory to the Contracting  
340 Officer, showing the monthly quantities of Project Water to be delivered by the United States to the  
341 Contractor pursuant to this Contract for the Year commencing on such March 1. The Contracting  
342 Officer shall use all reasonable means to deliver Project Water according to the approved schedule  
343 for the Year commencing on such March 1.

344 (c) The Contractor shall not schedule Project Water in excess of the quantity of  
345 Project Water the Contractor intends to put to reasonable and beneficial use within the Contractor's  
346 Boundaries or to sell, transfer, or exchange pursuant to Article 9 of this Contract during any Year.

347 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this  
348 Contract, the United States shall deliver Project Water to the Contractor in accordance with the  
349 initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any  
350 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable  
351 time prior to the date(s) on which the requested change(s) is/are to be implemented.

352 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

353 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this  
354 Contract shall be delivered to the Contractor at approved turnouts on the Canal Facilities and any  
355 additional point or points of delivery either on Project facilities or another location or locations  
356 mutually agreed to in writing by the Contracting Officer and the Contractor. **The United States**  
357 **shall furnish such power as may be necessary to pump Project Water at the existing Tehama-Colusa**  
358 **Canal side pumping plants and at existing relift stations at heads and elevations sufficient to irrigate**  
359 **by gravity all areas within the Contractor's Boundaries below elevation 300 (MSL).**

360 (b) The Contracting Officer, the Operating Non-Federal Entity, or other appropriate entity shall  
361 make all reasonable efforts to maintain sufficient flows and levels of water in the Canal Facilities to  
362 deliver Project Water to the Contractor at specific turnouts established pursuant to subdivision (a) of  
363 this Article. The parties acknowledge that it may be necessary from time to time to shut down the  
364 canal for maintenance or emergencies. Except in the case of emergency, the Contracting Officer  
365 shall consult with the Contractor to schedule the shut down at such times and for such duration as  
366 will allow for the work to be accomplished completely and efficiently, and with a minimum of  
367 disruption of water service to the Contractor. In this regard, shut downs will, to the extent  
368 reasonably possible, be limited to the months of December and January.

369 (c) The Contractor shall deliver Irrigation Water in accordance with any  
370 applicable land classification provisions of Federal Reclamation law and the associated regulations.  
371 The Contractor shall not deliver Project Water to land outside the Contractor's Boundaries unless  
372 approved in advance by the Contracting Officer.

373 (d) All Water Delivered to the Contractor pursuant to this Contract shall be  
374 measured and recorded with equipment furnished, installed, operated, and maintained by the United  
375 States, the Operating Non-Federal Entity or other appropriate entity as designated by the  
376 Contracting Officer (hereafter "other appropriate entity") at the point or points of delivery  
377 established pursuant to subdivision (a) of this Article. Upon the request of either party to this  
378 Contract, the Contracting Officer shall investigate, or cause to be investigated by the responsible  
379 Operating Non-Federal Entity, the accuracy of such measurements and shall take any necessary  
380 steps to adjust any errors appearing therein. For any period of time when accurate measurements  
381 have not been made, the Contracting Officer shall consult with the Contractor and the responsible

382 Operating Non-Federal Entity prior to making a final determination of the quantity delivered for  
383 that period of time.

384 (e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall  
385 be responsible for the control, carriage, handling, use, disposal, or distribution of Project Water  
386 Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in  
387 subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,  
388 employees, agents, and assigns on account of damage or claim of damage of any nature whatsoever  
389 for which there is legal responsibility, including property damage, personal injury, or death arising  
390 out of or connected with the control, carriage, handling, use, disposal, or distribution of such Project  
391 Water beyond such delivery points, except for any damage or claim arising out of (i) acts or  
392 omissions of the Contracting Officer or any of its officers, employees, agents, or assigns, including  
393 any responsible Operating Non-Federal Entity, with the intent of creating the situation resulting in  
394 any damage or claim, (ii) willful misconduct of the Contracting Officer or any of its officers,  
395 employees, agents, or assigns, including any responsible Operating Non-Federal Entity, (iii)  
396 negligence of the Contracting Officer or any of its officers, employees, agents, or assigns including  
397 any responsible Operating Non-Federal Entity, or (iv) damage or claims resulting from a  
398 malfunction of facilities owned and/or operated by the United States or responsible Operating Non-  
399 Federal Entity; Provided, That the Contractor is not the Operating Non-Federal Entity that owned or  
400 operated the malfunctioning facility(ies) from which the damage claim arose.

401 MEASUREMENT OF WATER WITHIN THE BOUNDARIES

402 6. (a) By \_\_\_\_\_ [DATE] \_\_\_\_\_, the The Contractor shall  
403 ensure that, unless the Contractor has established an alternative measurement program satisfactory

404 to the Contracting Officer, all surface water delivered for irrigation purposes within the Contractor's  
405 Boundaries is measured at each agricultural turnout and such water delivered for municipal and  
406 industrial purposes is measured at each municipal and industrial service connection. The water  
407 measuring devices or water measuring methods of comparable effectiveness must be acceptable to  
408 the Contracting Officer. The Contractor shall be responsible for installing, operating, and  
409 maintaining and repairing all such measuring devices and implementing all such water measuring  
410 methods at no cost to the United States. The Contractor shall use the information obtained from  
411 such water measuring devices or water measuring methods to ensure its proper management of the  
412 water, to bill water users for water delivered by the Contractor; and, if applicable, to record water  
413 delivered for municipal and industrial purposes by customer class as defined in the Contractor's  
414 water conservation plan provided for in Article 26 of this Contract. Nothing herein contained,  
415 however, shall preclude the Contractor from establishing and collecting any charges, assessments,  
416 or other revenues authorized by California law. The Contractor shall include a summary of all its  
417 annual surface water deliveries in the annual report described in subdivision (c) of Article 26.

418 (b) (Contractor Specific) To the extent the information has not otherwise been  
419 provided, upon execution of this Contract, the Contractor shall provide to the Contracting Officer a  
420 written report describing the measurement devices or water measuring methods being used or to be  
421 used to implement subdivision (a) of this Article and identifying the agricultural turnouts and the  
422 municipal and industrial service connections or alternative measurement programs approved by the  
423 Contracting Officer, at which such measurement devices or water measuring methods are being  
424 used, and, if applicable, identifying the locations at which such devices and/or methods are not yet  
425 being used including a time schedule for implementation at such locations. The Contracting Officer

426 shall advise the Contractor in writing within 60 days as to the adequacy of, and necessary  
427 modifications, if any, of the measuring devices or water measuring methods identified in the  
428 Contractor's report and if the Contracting Officer does not respond in such time, they shall be  
429 deemed adequate. If the Contracting Officer notifies the Contractor that the measuring devices or  
430 methods are inadequate, the parties shall within 60 days following the Contracting Officer's  
431 response, negotiate in good faith the earliest practicable date by which the Contractor shall modify  
432 said measuring devices and/or measuring methods as required by the Contracting Officer to ensure  
433 compliance with subdivision (a) of this Article.

434 (c) All new surface water delivery systems installed within the Contractor's  
435 Boundaries after the effective date of this Contract shall also comply with the measurement  
436 provisions described in subdivision (a) of this Article.

437 (d) The Contractor shall inform the Contracting Officer and the State of  
438 California in writing by April 30 of each Year of the monthly volume of surface water delivered  
439 within the Contractor's Boundaries during the previous Year.

440 (e) The Contractor shall inform the Contracting Officer and the Operating Non-  
441 Federal Entity on or before the 20<sup>th</sup> calendar day of each month of the quantity of Irrigation and  
442 M&I Water taken during the preceding month.

#### 443 RATES AND METHOD OF PAYMENT FOR WATER

444 7. (a) The Contractor shall pay the United States as provided in this Article for all  
445 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance  
446 with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and the Secretary's  
447 then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be amended,

448 modified, or superseded only through a public notice and comment procedure; (ii) applicable  
449 Reclamation law and associated rules and regulations, or policies; and (iii) other applicable  
450 provisions of this Contract. Payments shall be made by cash transaction, wire, or any other  
451 mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The  
452 Rates, Charges, and Tiered Pricing Components applicable to the Contractor upon execution of this  
453 Contract are set forth in Exhibit "B," as may be revised annually.

454 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and  
455 Tiered Pricing Components as follows:

456 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall  
457 provide the Contractor an estimate of the Charges for Project Water that will be applied to the  
458 period October 1, of the current Calendar Year, through September 30, of the following Calendar  
459 Year, and the basis for such estimate. The Contractor shall be allowed not less than 2 months to  
460 review and comment on such estimates. On or before September 15 of each Calendar Year, the  
461 Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the  
462 period October 1 of the current Calendar Year, through September 30, of the following Calendar  
463 Year, and such notification shall revise Exhibit "B."

464 (2) Prior to October 1 of each Calendar Year, the Contracting Officer  
465 shall make available to the Contractor an estimate of the Rates and Tiered Pricing Components for  
466 Project Water for the following Year and the computations and cost allocations upon which those  
467 Rates are based. The Contractor shall be allowed not less than 2 months to review and comment on  
468 such computations and cost allocations. By December 31 of each Calendar Year, the Contracting

469 Officer shall provide the Contractor with the final Rates and Tiered Pricing Components to be in  
470 effect for the upcoming Year, and such notification shall revise Exhibit "B."

471 (c) At the time the Contractor submits the initial schedule for the delivery of  
472 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor  
473 shall make an advance payment to the United States equal to the total amount payable pursuant to  
474 the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be  
475 delivered pursuant to this Contract during the first 2 calendar months of the Year. Before the end of  
476 the first month and before the end of each calendar month thereafter, the Contractor shall make an  
477 advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for the  
478 Water Scheduled to be delivered pursuant to this Contract during the second month immediately  
479 following. Adjustments between advance payments for Water Scheduled and payments at Rates  
480 due for Water Delivered shall be made before the end of the following month; Provided, That any  
481 revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases  
482 the amount of Water Delivered pursuant to this Contract during any month shall be accompanied  
483 with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not  
484 delivered to the Contractor in advance of such payment. In any month in which the quantity of  
485 Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled  
486 and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor  
487 unless and until an advance payment at the Rates then in effect for such additional Project Water is  
488 made. Final adjustment between the advance payments for the Water Scheduled and payments for  
489 the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon  
490 as practicable but no later than April 30th of the following Year, or 60 days after the delivery of

491 Project Water carried over under subdivision (f) of Article 3 of this Contract if such water is not  
492 delivered by the last day of February.

493 (d) The Contractor shall also make a payment in addition to the Rate(s) in  
494 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the  
495 appropriate Tiered Pricing Component then in effect, before the end of the month following the  
496 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered  
497 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be consistent  
498 with the quantities of Irrigation Water and M&I Water Delivered as shown in the water delivery  
499 report for the subject month prepared by the Operating Non-Federal Entity or, if there is no  
500 Operating Non-Federal Entity, by the Contracting Officer. The water delivery report shall be  
501 deemed a bill for the payment of Charges and the applicable Tiered Pricing Component for Water  
502 Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the  
503 adjustment of payments due to the United States for Charges for the next month. Any amount to be  
504 paid for past due payment of Charges and the Tiered Pricing Component shall be computed  
505 pursuant to Article 20 of this Contract.

506 (e) The Contractor shall pay for any Water Delivered under subdivision (d), (f),  
507 or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to applicable  
508 statutes, associated regulations, any applicable provisions of guidelines or ratesetting policies;  
509 Provided, That the Rate for Water Delivered under subdivision (d) or (f) of Article 3 of this  
510 Contract shall be no more than the otherwise applicable Rate for Irrigation Water or M&I Water  
511 under subdivision (a) of this Article.

512 (f) Payments to be made by the Contractor to the United States under this  
513 Contract may be paid from any revenues available to the Contractor.

514 (g) All revenues received by the United States from the Contractor relating to the  
515 delivery of Project Water or the delivery of non-project water through Project facilities shall be  
516 allocated and applied in accordance with Federal Reclamation law and the associated rules or  
517 regulations, and the then current Project ratesetting policies for M&I Water or Irrigation Water.

518 (h) The Contracting Officer shall keep its accounts pertaining to the  
519 administration of the financial terms and conditions of its long-term contracts, in accordance with  
520 applicable Federal standards, so as to reflect the application of Project costs and revenues. The  
521 Contracting Officer shall, each Year upon request of the Contractor, provide to the Contractor a  
522 detailed accounting of all Project and Contractor expense allocations, the disposition of all Project  
523 and Contractor revenues, and a summary of all water delivery information. The Contracting Officer  
524 and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes  
525 relating to accountings, reports, or information.

526 (i) The parties acknowledge and agree that the efficient administration of this  
527 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,  
528 policies, and procedures used for establishing Rates, Charges, and Tiered Pricing Components,  
529 and/or for making and allocating payments, other than those set forth in this Article may be in the  
530 mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements  
531 to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is  
532 in effect without amending this Contract.

533                   (j)     (1)     Beginning at such time as deliveries of Project Water in a Year  
534 exceed 80 percent of the Contract Total, then before the end of the month following the month of  
535 delivery the Contractor shall make an additional payment to the United States equal to the  
536 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
537 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
538 Contract Total, shall equal one-half of the difference between the Rate established under  
539 subdivision (a) of this Article and the Irrigation Full Cost Water Rate or M&I Full Cost Water Rate,  
540 whichever is applicable. The Tiered Pricing Component for the amount of Water Delivered which  
541 exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate established  
542 under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water Rate or M&I Full Cost  
543 Water Rate, whichever is applicable. For all Water Delivered pursuant to subdivision (a) of Article  
544 3 of this Contract which is in excess of 80 percent of the Contract Total, this increment shall be  
545 deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual  
546 deliveries of each bear to the cumulative total Water Delivered.

547                   (2)     Subject to the Contracting Officer's written approval, the Contractor  
548 may request and receive an exemption from such Tiered Pricing Components for Project Water  
549 delivered to produce a crop which the Contracting Officer determines will provide significant and  
550 quantifiable habitat values for waterfowl in fields where the water is used and the crops are  
551 produced; Provided, That the exemption from the Tiered Pricing Components for Irrigation Water  
552 shall apply only if such habitat values can be assured consistent with the purposes of CVPIA  
553 through binding agreements executed with or approved by the Contracting Officer prior to use of  
554 such water.

555                           (3)     For purposes of determining the applicability of the Tiered Pricing  
556    Components pursuant to this Article, Water Delivered shall include Project Water that the  
557    Contractor transfers to others but shall not include Project Water transferred and delivered to the  
558    Contractor nor shall it include the additional water provided to the Contractor under the provisions  
559    of subdivision (f) of Article 3 of this Contract.

560                           (k)     For the term of this Contract, Rates under the respective ratesetting policies  
561    will be established to recover only reimbursable “operation and maintenance” (including any  
562    deficits) and capital costs of the Project, as those terms are used in the then-current Project  
563    ratesetting policies, and interest, where appropriate, except in instances where a minimum Rate is  
564    applicable in accordance with the relevant Project ratesetting policy. Changes of significance in  
565    practices which implement the Contracting Officer’s ratesetting policies will not be implemented  
566    until the Contracting Officer has provided the Contractor an opportunity to discuss the nature, need,  
567    and impact of the proposed change.

568                           (l)     Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,  
569    the Rates for Project Water transferred by the Contractor shall be the Contractor’s Rates adjusted  
570    upward or downward to reflect the changed costs, (if any), incurred by the Contracting Officer in  
571    the delivery of the transferred Project Water to the transferee’s point of delivery in accordance with  
572    the then applicable CVP Ratesetting Policy. If the Contractor is receiving lower Rates and Charges  
573    because of inability to pay and is transferring Project Water to another entity whose Rates and  
574    Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water  
575    shall be the Contractor’s Rates and Charges unadjusted for inability to pay.

576 (m) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting  
577 Officer is authorized to adjust determinations of ability to pay every 5 years.

578 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

579 8. The Contractor and the Contracting Officer concur that, as of the effective date of  
580 this Contract, the Contractor has no non-interest bearing operation and maintenance deficits and  
581 shall have no further liability therefor.

582 SALES, TRANSFERS, OR EXCHANGES OF WATER

583 9. (a) The right to receive Project Water provided for in this Contract may be sold,  
584 transferred, or exchanged to others for reasonable and beneficial uses within the State of California  
585 if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable  
586 guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this  
587 Contract may take place without the prior written approval of the Contracting Officer, except as  
588 provided for in subdivision (b) of this Article, and no such sales, transfers, or exchanges shall be  
589 approved absent compliance with appropriate environmental documentation including but not  
590 limited to the National Environmental Policy Act and the Endangered Species Act. Such  
591 environmental documentation should include, as appropriate, an analysis of ground-water impacts  
592 and economic and social effects, including environmental justice, of the proposed water transfers on  
593 both the transferor and transferee.

594 (b) In order to facilitate efficient water management by means of water transfers  
595 of the type historically carried out among Project Contractors located within the same geographical  
596 area and to allow the Contractor to participate in an accelerated water transfer program during the  
597 term of this Contract, the Contracting Officer shall prepare, as appropriate, necessary environmental

598 documentation including, but not limited to, the National Environmental Policy Act and the  
599 Endangered Species Act analyzing annual transfers within such geographical areas and the  
600 Contracting Officer shall determine whether such transfers comply with applicable law. Following  
601 the completion of the environmental documentation, such transfers addressed in such  
602 documentation shall be conducted with advance notice to the Contracting Officer, but shall not  
603 require prior written approval by the Contracting Officer. Such environmental documentation and  
604 the Contracting Officer's compliance determination shall be reviewed every 5 years and updated, as  
605 necessary, prior to the expiration of the then-existing 5-year period. All subsequent environmental  
606 documentation shall include an alternative to evaluate not less than the quantity of Project Water  
607 historically transferred within the same geographical area.

608 (c) For a water transfer to qualify under subdivision (b) of this Article, such  
609 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous 3 years, for  
610 M&I use, groundwater recharge, groundwater banking, similar groundwater activities, surface water  
611 storage, or fish and wildlife resources; not lead to land conversion; and be delivered to established  
612 cropland, wildlife refuges, ground-water basins or municipal and industrial use; (ii) occur within a  
613 single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through  
614 existing facilities with no new construction or modifications to facilities and be between existing  
615 Project Contractors and/or the Contractor and the United States, Department of the Interior; and (v)  
616 comply with all applicable Federal, State, and local or tribal laws and requirements imposed for  
617 protection of the environment and Indian Trust Assets, as defined under Federal law.

618 (d) For the purpose of determining whether section 3405(a)(1)(M) of the CVPIA  
619 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer

620 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those  
621 terms are utilized under California law, of water that constitutes the natural flow of the Sacramento  
622 River and its tributaries above the confluence of the American and Sacramento Rivers.

623 APPLICATION OF PAYMENTS AND ADJUSTMENTS

624 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,  
625 Capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of  
626 the Contractor arising out of this Contract then due and payable. Overpayments of more than  
627 \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such  
628 overpayment at the option of the Contractor, may be credited against amounts to become due to the  
629 United States by the Contractor. With respect to overpayment, such refund or adjustment shall  
630 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the  
631 use of any of the Project Water supply provided for herein. All credits and refunds of overpayments  
632 shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or  
633 refund such overpayment in response to the notice to the Contractor that it has finalized the  
634 accounts for the Year in which the overpayment was made.

635 (b) All advances for miscellaneous costs incurred for work requested by the  
636 Contractor pursuant to Article 25 of this Contract shall be adjusted to reflect the actual costs when  
637 the work has been completed. If the advances exceed the actual costs incurred, the difference will  
638 be refunded to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor  
639 will be billed for the additional costs pursuant to Article 25 of this Contract.



661 Contract within the Contractor's Boundaries by the Contractor or those claiming by, through, or  
662 under the Contractor.

663 CONSTRAINTS ON THE AVAILABILITY OF WATER

664 12. (a) In its operation of the Project, the Contracting Officer will use all reasonable  
665 means to guard against a Condition of Shortage in the quantity of water to be made available to the  
666 Contractor pursuant to this Contract. In the event the Contracting Officer determines that a  
667 Condition of Shortage appears probable, the Contracting Officer will notify the Contractor of said  
668 determination as soon as practicable.

669 (b) If there is a Condition of Shortage because of errors in physical operations of  
670 the Project, drought, other physical causes beyond the control of the Contracting Officer or actions  
671 taken by the Contracting Officer to meet legal obligations then, except as provided in subdivision  
672 (a) of Article 18 of this Contract, no liability shall accrue against the United States or any of its  
673 officers, agents, or employees for any damage, direct or indirect, arising therefrom.

674 (c) In any Year in which there may occur a shortage for any of the reasons  
675 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project  
676 Water supply among the Contractor and others entitled, under existing contracts and future  
677 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section  
678 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual  
679 obligations of the United States.

680 (d) ~~DIVISIONAL ISSUE – M&I Water Service Contracts~~ Omitted

681

UNAVOIDABLE GROUNDWATER PERCOLATION

682           13.     To the extent applicable, the Contractor shall not be deemed to have delivered  
683 Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this Contract if such  
684 lands are irrigated with groundwater that reaches the underground strata as an unavoidable result of  
685 the delivery of Irrigation Water by the Contractor to Eligible Lands.

686

RULES AND REGULATIONS

687           14.     The parties agree that the delivery of Irrigation Water or use of Federal facilities  
688 pursuant to this Contract is subject to Federal Reclamation law, including but not limited to, the  
689 Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and the  
690 rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

691

WATER AND AIR POLLUTION CONTROL

692           15.     The Contractor, in carrying out this Contract, shall comply with all applicable water  
693 and air pollution laws and regulations of the United States and the State of California, and shall  
694 obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

695

QUALITY OF WATER

696           16.     (a)     Project facilities used to deliver Project Water to the Contractor pursuant to  
697 this Contract shall be operated and maintained to enable the United States to deliver Project Water  
698 to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the  
699 Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100  
700 Stat. 3050) or other existing Federal laws. The United States is under no obligation to construct or  
701 furnish water treatment facilities to maintain or to improve the quality of Water Delivered to the

702 Contractor pursuant to this Contract. The United States does not warrant the quality of Water  
703 Delivered to the Contractor pursuant to this Contract.

704 (b) The Operation and Maintenance of Project facilities shall be performed in  
705 such manner as is practicable to maintain the quality of raw water made available through such  
706 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The  
707 Contractor shall be responsible for compliance with all State and Federal water quality standards  
708 applicable to surface and subsurface agricultural drainage discharges generated through the use of  
709 Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's  
710 Boundaries.

711 WATER ACQUIRED BY THE CONTRACTOR  
712 OTHER THAN FROM THE UNITED STATES

713 17. (a) Water or water rights now owned or hereafter acquired by the Contractor  
714 other than from the United States and Irrigation Water furnished pursuant to the terms of this  
715 Contract may be simultaneously transported through the same distribution facilities of the  
716 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water  
717 and non-Project water were constructed without funds made available pursuant to Federal  
718 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the  
719 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive Irrigation  
720 Water must be established through the certification requirements as specified in the Acreage  
721 Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of Eligible Lands  
722 within the Contractor's Boundaries can be established and the quantity of Irrigation Water to be  
723 utilized is less than or equal to the quantity necessary to irrigate such Eligible Lands; and (iv) if the  
724 facilities utilized for commingling Irrigation Water and non-Project water are/were constructed with  
725 funds made available pursuant to Federal Reclamation law, the non-Project water will be subject to

726 the acreage limitation provisions of Federal Reclamation law, unless the Contractor pays to the  
727 United States the incremental fee described in 43 CFR 426.15. In determining the incremental fee,  
728 the Contracting Officer will calculate annually the cost to the Federal Government, including  
729 interest of on storing or delivering non-Project water, which for purposes of this Contract shall be  
730 determined as follows: The quotient shall be the unpaid distribution system costs divided by the  
731 total irrigable acreage within the Contractor's Boundaries. The incremental fee per acre is the  
732 mathematical result of such quotient times the interest rate determined using Section 202 (3) of the  
733 Act of October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of  
734 excess or full cost land within the Contractor's Boundaries that receives non-Project water through  
735 Federally financed or constructed facilities. The incremental fee calculation methodology will  
736 continue during the term of this Contract absent the promulgation of a contrary Reclamation-wide  
737 rule, regulation, or policy adopted after the Contractor has been afforded the opportunity to review  
738 and comment on the proposed rule, regulation, or policy. If such rule, regulation, or policy is  
739 adopted it shall supersede this provision.

740 (b) Water or water rights now owned or hereafter acquired by the Contractor,  
741 other than from the United States, may be stored, conveyed, and/or diverted through Project  
742 facilities, subject to the completion of appropriate environmental documentation, with the approval  
743 of the Contracting Officer and the execution of any contract determined by the Contracting Officer  
744 to be necessary, consistent with the following provisions:

745 (1) The Contractor may introduce non-Project water into Project facilities  
746 and deliver said water to lands within the Contractor's Boundaries, including Ineligible Lands,  
747 subject to payment to the United States and/or to any applicable Operating Non-Federal Entity of an  
748 appropriate rate as determined by the CVP Ratesetting Policy and the RRA of 1982, each as  
749 amended, modified, or superceded from time to time. In addition, if electrical power is required to

750 pump non-Project water through the facilities, the Contractor shall be responsible for obtaining the  
751 necessary power and paying the necessary charges therefor.

752 (2) Delivery of such non-Project water in and through Project facilities  
753 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes  
754 as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to  
755 other Project water service contractors; (iii) interfere with the delivery of contractual water  
756 entitlements to any other Project water service contractors; or (iv) interfere with the physical  
757 maintenance of the Project facilities.

758 (3) Neither the United States nor the Operating Non-Federal Entity shall  
759 be responsible for control, care, or distribution of the non-Project water before it is introduced into  
760 or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to  
761 defend and indemnify the United States and the Operating Non-Federal Entity, and their respective  
762 officers, agents, and employees, from any claim for damage to persons or property, direct or  
763 indirect, arising out of or relating to the Contractor's or its officer's, employee's, agent's or  
764 assign's, act of (i) extracting or diverting non-Project water from any source, or (ii) diverting such  
765 non-Project water into Project facilities.

766 (4) Diversion of such non-Project water into Project facilities shall be  
767 consistent with all applicable laws, and if involving groundwater, consistent with any applicable  
768 ground-water management plan for the area from which it was extracted.

769 (5) After Project purposes are met, as determined by the Contracting  
770 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity of  
771 the facilities declared to be available by the Contracting Officer for conveyance and transportation  
772 of non-Project water prior to any such remaining capacity being made available to non-Project  
773 contractors.

774 OPINIONS AND DETERMINATIONS  
775 18. (a) Where the terms of this Contract provide for actions to be based upon the  
776 opinion or determination of either party to this Contract, said terms shall not be construed as  
777 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or  
778 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly  
779 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or  
780 unreasonable opinion or determination. Each opinion or determination by either party shall be  
781 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to  
782 or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or  
783 determination implementing a specific provision of Federal law embodied in statute or regulation.

784 (b) The Contracting Officer shall have the right to make determinations  
785 necessary to administer this Contract that are consistent with the provisions of this Contract, the  
786 laws of the United States and of the State of California, and the rules and regulations promulgated  
787 by the Secretary of the Interior. Such determinations shall be made in consultation with the  
788 Contractor to the extent reasonably practicable.

789 COORDINATION AND COOPERATION  
790 19. (a) In order to further their mutual goals and objectives, the Contracting Officer  
791 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other  
792 affected Project Contractors, in order to improve the operation and management of the Project. The  
793 communication, coordination, and cooperation regarding operations and management shall include,  
794 but not be limited to, any action which will or may materially affect the quantity or quality of  
795 Project Water supply, the allocation of Project Water supply, and Project financial matters  
796 including, but not limited to, budget issues. The communication, coordination, and cooperation  
797 provided for hereunder shall extend to all provisions of this Contract. Each party shall retain

798 exclusive decision making authority for all actions, opinion, and determinations to be made by the  
799 respective party.

800 (b) Within 120 days following the effective date of this Contract, the Contractor,  
801 other affected Project Contractors, and the Contracting Officer shall arrange to meet with interested  
802 Project Contractors to develop a mutually agreeable, written Project-wide process, which may be  
803 amended as necessary separate and apart from this Contract. The goal of this process shall be to  
804 provide, to the extent practicable, the means of mutual communication and interaction regarding  
805 significant decisions concerning Project operation and management on a real-time basis.

806 (c) In light of the factors referred to in subdivision (b) of Article 3 of this  
807 Contract, it is the intent of the Secretary to improve water supply reliability. To carry out this  
808 intent:

809 (1) The Contracting Officer will, at the request of the Contractor, assist in  
810 the development of integrated resource management plans for the Contractor. Further, the  
811 Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to  
812 improve water supply, water quality, and reliability.

813 (2) The Secretary will, as appropriate, pursue program and project  
814 implementation and authorization in coordination with Project Contractors to improve the water  
815 supply, water quality, and reliability of the Project for all Project purposes.

816 (3) The Secretary will coordinate with Project Contractors and the State  
817 of California to seek improved water resource management.

818 (4) The Secretary will coordinate actions of agencies within the  
819 Department of the Interior that may impact the availability of water for Project purposes.

820 (5) The Contracting Officer shall periodically, but not less than annually,  
821 hold division level meetings to discuss Project operations, division level water management  
822 activities, and other issues as appropriate.

823 (d) Without limiting the contractual obligations of the Contracting Officer under  
824 the other Articles of this Contract, nothing in this Article shall be construed to limit or constrain the  
825 Contracting Officer's ability to communicate, coordinate, and cooperate with the Contractor or  
826 other interested stakeholders or to make decisions in a timely fashion as needed to protect health,  
827 safety, physical integrity of structures or facilities.

828 CHARGES FOR DELINQUENT PAYMENTS

829 20. (a) The Contractor shall be subject to interest, administrative and penalty charges  
830 on delinquent installments or payments. When a payment is not received by the due date, the  
831 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.  
832 When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative  
833 charge to cover additional costs of billing and processing the delinquent payment. When a payment  
834 is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six  
835 (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the  
836 Contractor shall pay any fees incurred for debt collection services associated with a delinquent  
837 payment.

838 (b) The interest charge rate shall be the greater of the rate prescribed quarterly in  
839 the Federal Register by the Department of the Treasury for application to overdue payments,  
840 or the interest rate of one-half of one (0.5%) percent per month prescribed by Section 6 of the  
841 Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined  
842 as of the due date and remain fixed for the duration of the delinquent period.

843 (c) When a partial payment on a delinquent account is received, the amount  
844 received shall be applied, first to the penalty, second to the administrative charges, third to the  
845 accrued interest, and finally to the overdue payment.

846 EQUAL OPPORTUNITY

847 21. During the performance of this Contract, the Contractor agrees as follows:

848 (a) The Contractor will not discriminate against any employee or applicant for  
849 employment because of race, color, religion, sex, or national origin. The Contractor will take

850 affirmative action to ensure that applicants are employed, and that employees are treated during  
851 employment, without regard to their race, color, religion, sex, or national origin. Such action shall  
852 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;  
853 recruitment or recruitment advertising; layoff or termination, rates of payment or other forms of  
854 compensation; and selection for training, including apprenticeship. The Contractor agrees to post in  
855 conspicuous places, available to employees and applicants for employment, notices to be provided  
856 by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

857 (b) The Contractor will, in all solicitations or advertisements for employees  
858 placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration  
859 for employment without discrimination because of race, color, religion, sex, or national origin.

860 (c) The Contractor will send to each labor union or representative of workers  
861 with which it has a collective bargaining agreement or other contract or understanding, a notice, to  
862 be provided by the Contracting Officer, advising the said labor union or workers' representative of  
863 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965,  
864 and shall post copies of the notice in conspicuous places available to employees and applicants for  
865 employment.

866 (d) The Contractor will comply with all provisions of Executive Order  
867 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of  
868 the Secretary of Labor.

869 (e) The Contractor will furnish all information and reports required by said  
870 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or  
871 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting  
872 Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such  
873 rules, regulations, and orders.

874 (f) In the event of the Contractor's noncompliance with the nondiscrimination  
875 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be  
876 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared  
877 ineligible for further Government contracts in accordance with procedures authorized in said  
878 amended Executive Order, and such other sanctions may be imposed and remedies invoked as  
879 provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as  
880 otherwise provided by law.

881 (g) The Contractor will include the provisions of paragraphs (a) through (g) in  
882 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the  
883 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such  
884 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action  
885 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a  
886 means of enforcing such provisions, including sanctions for noncompliance: Provided, however,

887 That in the event the Contractor becomes involved in, or is threatened with, litigation with a  
888 subcontractor or vendor as a result of such direction, the Contractor may request the United States  
889 to enter into such litigation to protect the interests of the United States.

890 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

891 22. (a) The obligation of the Contractor to pay the United States as provided in this  
892 Contract is a general obligation of the Contractor notwithstanding the manner in which the  
893 obligation may be distributed among the Contractor's water users and notwithstanding the default of  
894 individual water users in their obligations to the Contractor.

895 (b) The payment of charges becoming due hereunder is a condition precedent to  
896 receiving benefits under this Contract. The United States shall not make water available to the  
897 Contractor through Project facilities during any period in which the Contractor may be in arrears in  
898 the advance payment of water rates due the United States. The Contractor shall not furnish water  
899 made available pursuant to this Contract for lands or parties which are in arrears in the advance  
900 payment of water rates levied or established by the Contractor.

901 (c) With respect to subdivision (b) of this Article, the Contractor shall have no  
902 obligation to require advance payment for water rates which it levies.

903 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

904 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
905 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
906 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws,  
907 as well as with their respective implementing regulations and guidelines imposed by the U.S.  
908 Department of the Interior and/or Bureau of Reclamation.

909 (b) These statutes require that no person in the United States shall, on the  
910 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be  
911 denied the benefits of, or be otherwise subjected to discrimination under any program or activity  
912 receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the  
913 Contractor agrees to immediately take any measures necessary to implement this obligation,  
914 including permitting officials of the United States to inspect premises, programs, and documents.

915 (c) The Contractor makes this agreement in consideration of and for the purpose  
916 of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal  
917 financial assistance extended after the date hereof to the Contractor by the Bureau of Reclamation,  
918 including installment payments after such date on account of arrangements for Federal financial  
919 assistance which were approved before such date. The Contractor recognizes and agrees that such  
920 Federal assistance will be extended in reliance on the representations and agreements made in this  
921 Article, and that the United States reserves the right to seek judicial enforcement thereof.

922

PRIVACY ACT COMPLIANCE

923           24.   (a)    The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)  
924 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et  
925 seq.) in maintaining Landholder acreage certification and reporting records, required to be  
926 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform  
927 Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

928                   (b)    With respect to the application and administration of the criminal penalty  
929 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsible  
930 for maintaining the certification and reporting records referenced in (a) above are considered to be  
931 employees of the Department of the Interior. See 5 U.S.C. 552a(m).

932                   (c)    The Contracting Officer or a designated representative shall provide the  
933 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau of  
934 Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--Interior,  
935 Reclamation-31) which govern the maintenance, safeguarding, and disclosure of information  
936 contained in the Landholder's certification and reporting records.

937                   (d)    The Contracting Officer shall designate a full-time employee of the Bureau of  
938 Reclamation to be the System Manager who shall be responsible for making decisions on denials  
939 pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The Contractor is  
940 authorized to grant requests by individuals for access to their own records.

941                   (e)    The Contractor shall forward promptly to the System Manager each proposed  
942 denial of access under 43 CFR 2.64; and each request for amendment of records filed under 43 CFR  
943 2.71; notify the requester accordingly of such referral; and provide the System Manager with  
944 information and records necessary to prepare an appropriate response to the requester. These  
945 requirements do not apply to individuals seeking access to their own certification and reporting  
946 forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester elects to cite the  
947 Privacy Act as a basis for the request.

948                   CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

949           25.    In addition to all other payments to be made by the Contractor pursuant to this  
950 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and  
951 detailed statement submitted by the Contracting Officer to the Contractor for such specific items of  
952 direct cost incurred by the United States for work requested by the Contractor associated with this  
953 Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and

954 procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in  
955 writing in advance by the Contractor. This Article shall not apply to costs for routine contract  
956 administration.

957 WATER CONSERVATION

958 26. (a) Prior to the delivery of water provided from or conveyed through Federally  
959 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be  
960 implementing an effective water conservation and efficiency program based on the Contractor's  
961 water conservation plan that has been determined by the Contracting Officer to meet the  
962 conservation and efficiency criteria for evaluating water conservation plans established under  
963 Federal law. The water conservation and efficiency program shall contain definite water  
964 conservation objectives, appropriate economically feasible water conservation measures, and time  
965 schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract  
966 shall be contingent upon the Contractor's continued implementation of such water conservation  
967 program. In the event the Contractor's water conservation plan or any revised water conservation  
968 plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been  
969 determined by the Contracting Officer to meet such criteria, due to circumstances which the  
970 Contracting Officer determines are beyond the control of the Contractor, water deliveries shall be  
971 made under this Contract so long as the Contractor diligently works with the Contracting Officer to  
972 obtain such determination at the earliest practicable date, and thereafter the Contractor immediately  
973 begins implementing its water conservation and efficiency program in accordance with the time  
974 schedules therein.

975 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of  
976 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement  
977 the Best Management Practices identified by the time frames issued by the California Urban Water

978 Conservation Council for such M&I Water unless any such practice is determined by the  
979 Contracting Officer to be inappropriate for the Contractor.

980 (c) The Contractor shall submit to the Contracting Officer a report on the status  
981 of its implementation of the water conservation plan on the reporting dates specified in the then  
982 existing conservation and efficiency criteria established under Federal law.

983 (d) At 5-year intervals, the Contractor shall revise its water conservation plan to  
984 reflect the then current conservation and efficiency criteria for evaluating water conservation plans  
985 established under Federal law and submit such revised water management plan to the Contracting  
986 Officer for review and evaluation. The Contracting Officer will then determine if the water  
987 conservation plan meets Reclamation's then current conservation and efficiency criteria for  
988 evaluating water conservation plans established under Federal law.

989 (e) If the Contractor is engaged in direct ground-water recharge, such activity  
990 shall be described in the Contractor's water conservation plan.

991 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

992 27. Except as specifically provided in Article 17 of this Contract, the provisions of this  
993 Contract shall not be applicable to or affect non-Project water or water rights now owned or  
994 hereafter acquired by the Contractor or any user of such water within the Contractor's Boundaries.  
995 Any such water shall not be considered Project Water under this Contract. In addition, this Contract  
996 shall not be construed as limiting or curtailing any rights which the Contractor or any water user  
997 within the Contractor's Boundaries acquires or has available under any other contract pursuant to  
998 Federal Reclamation law.

999 OPERATION AND MAINTENANCE BY NON-FEDERAL ENTITY

1000 28. (a) The Operation and Maintenance of a portion of the Project facilities which  
1001 serve the Contractor, and responsibility for funding a portion of the costs of such Operation and

1002 Maintenance, have been transferred to the Operating Non-Federal Entity by separate agreement  
1003 between the United States and the Operating Non-Federal Entity. That separate agreement shall not  
1004 interfere with or affect the rights or obligations of the Contractor or the United States hereunder.

1005 (b) The Contracting Officer has previously notified the Contractor in writing that  
1006 the Operation and Maintenance of a portion of the Project facilities which serve the Contractor has  
1007 been transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay  
1008 directly to the Operating Non-Federal Entity, or to any successor approved by the Contracting  
1009 Officer under the terms and conditions of the separate agreement between the United States and the  
1010 Operating Non-Federal Entity described in subdivision (a) of this Article, all rates, charges, or  
1011 assessments of any kind, including any assessment for reserve funds, which the Operating Non-  
1012 Federal Entity or such successor determines, sets, or establishes for the Operation and Maintenance  
1013 of the portion of the Project facilities operated and maintained by the Operating Non-Federal Entity  
1014 or such successor. Such direct payments to the Operating Non-Federal Entity or such successor  
1015 shall not relieve the Contractor of its obligation to pay directly to the United States the Contractor's  
1016 share of the Project Rates, Charges, and Tiered Pricing Components except to the extent the  
1017 Operating Non-Federal Entity collects payments on behalf of the United States in accordance with  
1018 the separate agreement identified in subdivision (a) of this Article.

1019 (c) For so long as the Operation and Maintenance of any portion of the Project  
1020 facilities serving the Contractor is performed by the Operating Non-Federal Entity, or any successor  
1021 thereto, the Contracting Officer shall adjust those components of the Rates for Water  
1022 Delivered under this Contract representing the cost associated with the activity being performed by  
1023 the Operating Non-Federal Entity or its successor.

1024 (d) In the event the Operation and Maintenance of the Project facilities  
1025 operated and maintained by the Operating Non-Federal Entity is re-assumed by the United States

1026 during the term of this Contract, the Contracting Officer shall so notify the Contractor, in  
1027 writing, and present to the Contractor a revised Exhibit "B" which shall include the portion of  
1028 the Rates to be paid by the Contractor for Project Water under this Contract representing the  
1029 Operation and Maintenance costs of the portion of such Project facilities which have been re-  
1030 assumed. The Contractor shall, thereafter, in the absence of written notification from the  
1031 Contracting Officer to the contrary, pay the Rates, Charges, and Tiered Pricing Component(s)  
1032 specified in the revised Exhibit "B" directly to the United States in compliance with Article 7 of  
1033 this Contract.

1034 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1035 29. The expenditure or advance of any money or the performance of any obligation of  
1036 the United States under this Contract shall be contingent upon appropriation or allotment of  
1037 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
1038 obligations under this Contract. No liability shall accrue to the United States in case funds are  
1039 not appropriated or allotted.

1040 BOOKS, RECORDS, AND REPORTS

1041 30. (a) The Contractor shall establish and maintain accounts and other books and  
1042 records pertaining to administration of the terms and conditions of this Contract, including: the  
1043 Contractor's financial transactions, water supply data, and Project land and right-of-way  
1044 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use  
1045 data; and other matters that the Contracting Officer may require. Reports thereon shall be  
1046 furnished to the Contracting Officer in such form and on such date or dates as the Contracting  
1047 Officer may require. Subject to applicable Federal laws and regulations, each party to this  
1048 Contract shall have the right during office hours to examine and make copies of the other party's  
1049 books and records relating to matters covered by this Contract.

1050 (b) Notwithstanding the provisions of subdivision (a) of this Article, no  
1051 books, records, or other information shall be requested from the Contractor by the Contracting  
1052 Officer unless such books, records, or information are reasonably related to the administration or  
1053 performance of this Contract. Any such request shall allow the Contractor a reasonable period of  
1054 time within which to provide the requested books, records, or information.

1055 (c) At such time as the Contractor provides information to the Contracting  
1056 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided  
1057 to the Operating Non-Federal Entity.

1058 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1059 31. (a) The provisions of this Contract shall apply to and bind the successors and  
1060 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest  
1061 therein shall be valid until approved in writing by the Contracting Officer.

1062 (b) The assignment of any right or interest in this Contract by either party  
1063 shall not interfere with the rights or obligations of the other party to this Contract absent the  
1064 written concurrence of said other party.

1065 (c) The Contracting Officer shall not unreasonably condition or withhold his  
1066 approval of any proposed assignment.

1067 SEVERABILITY

1068 32. In the event that a person or entity who is neither (i) a party to a Project contract,  
1069 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
1070 an association or other form of organization whose primary function is to represent parties to  
1071 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
1072 enforceability of a provision included in this Contract and said person, entity, association, or  
1073 organization obtains a final court decision holding that such provision is legally invalid or  
1074 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),  
1075 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such  
1076 final court decision identify by mutual agreement the provisions in this Contract which must be  
1077 revised, and (ii) within 3 months thereafter promptly agree on the appropriate revision(s). The  
1078 time periods specified above may be extended by mutual agreement of the parties. Pending the  
1079 completion of the actions designated above, to the extent it can do so without violating any

1080 applicable provisions of law, the United States shall continue to make the quantities of Project  
1081 Water specified in this Contract available to the Contractor pursuant to the provisions of this  
1082 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1083 RESOLUTION OF DISPUTES

1084 33. Should any dispute arise concerning any provisions of this Contract, or the  
1085 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to  
1086 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting  
1087 Officer referring any matter to Department of Justice, the party shall provide to the other party  
1088 30 days' written notice of the intent to take such action; Provided, That such notice shall not be  
1089 required where a delay in commencing an action would prejudice the interests of the party that  
1090 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer  
1091 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,  
1092 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the  
1093 United States may have.

1094 OFFICIALS NOT TO BENEFIT

1095 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1096 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
1097 manner as other water users or landowners.

1098 CHANGES IN CONTRACTOR'S BOUNDARIES

1099 35. (a) While this Contract is in effect, no change may be made in the  
1100 Contractor's **Boundaries**, by inclusion or exclusion of lands, dissolution, consolidation, merger,  
1101 or otherwise, except upon the Contracting Officer's written consent.

1102 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1103 Officer will notify the Contractor of any additional information required by the Contracting  
1104 Officer for processing said request, and both parties will meet to establish a mutually agreeable

1105 schedule for timely completion of the process. Such process will analyze whether the proposed  
1106 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;  
1107 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or  
1108 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)  
1109 have an impact on any Project Water rights applications, permits, or licenses. In addition, the  
1110 Contracting Officer shall comply with the National Environmental Policy Act and the  
1111 Endangered Species Act. The Contractor will be responsible for all costs incurred by the  
1112 Contracting Officer in this process, and such costs will be paid in accordance with Article 25 of  
1113 this Contract.

1114 FEDERAL LAWS

1115 36. By entering into this Contract, the Contractor does not waive its rights to contest  
1116 the validity or application in connection with the performance of the terms and conditions of this  
1117 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with  
1118 the terms and conditions of this Contract unless and until relief from application of such Federal  
1119 law or regulation to the implementing provision of the Contract is granted by a court of  
1120 competent jurisdiction.

1121 NOTICES

1122 37. Any notice, demand, or request authorized or required by this Contract shall be  
1123 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
1124 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349  
1125 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when  
1126 mailed, postage prepaid, or delivered to the Board of Directors of the Glide Water District, P. O.  
1127 Box 1054, 360 North County Road G, Willows, California 95988. The designation of the

1128 addressee or the address may be changed by notice given in the same manner as provided in this  
1129 Article for other notices.

1130 CONFIRMATION OF CONTRACT

1131 38. The Contractor, after the execution of this Contract, shall promptly seek to secure  
1132 a decree of a court of competent jurisdiction of the State of California, confirming the execution  
1133 of this Contract. The Contractor shall furnish the United States a certified copy of the final  
1134 decree, the validation proceedings, and all pertinent supporting records of the court approving  
1135 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on  
1136 the Contractor.



Glide WD Draft 6/25-2003  
R.O. Final CVP-Wide 6/10-2003  
Sac. Valley Division Draft 5/28-2003  
CVP-Wide Draft 5/23-2003  
Contract No. 7-07-20-W0040-LTR1

EXHIBIT A

[Map or Description of Boundaries]

Glide WD Draft 6/25-2003  
R.O. Final CVP-Wide 6/10-2003  
Sac.Valley Division Draft 5/28-2003  
CVP-Wide Draft 5/23-2003  
Contract No. 7-07-20-W0040-LTR1

**EXHIBIT B**  
[Initial Rates and Charges]