

R.O. Draft 05/15-2002

Contract No.  
Standard Irrigation District Form  
SRSC Draft 05/22/02  
SRSC Draft 05/31/02

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

WATER RIGHTS SETTLEMENT CONTRACT BETWEEN THE UNITED STATES  
AND

DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES PROVIDING  
FOR PROJECT WATER SERVICE AND AGREEMENT ON DIVERSION OF  
WATER

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	2-3
1	Definitions	3-6
2	Term of Contract	<del>6</del> -7
3	Water to be Furnished to Contractor	7- <del>9</del> <u>10</u>
4	Return Flow	9 <u>10-11</u>
5	Constraints on the Availability of Water	<del>10-11</del> - <u>12</u>
6	Integrated Water Management and Partnerships	<u>12-13</u>
<del>6</del> <u>7</u>	Use of Water Furnished to Contractor	<del>11</del> <u>13</u>
<del>7</del> <u>8</u>	Rate and Method of Payment for Water	<del>11-16</del> <u>14-18</u>
<del>8</del> <u>9</u>	Agreement on Water Quantities	<del>16-18</del> <u>19-21</u>
<del>9</del> <u>10</u>	Measurement of Water	<del>18-20</del> <u>21-23</u>
<del>10</del> <u>11</u>	Rules and Regulations	<del>20-21</del> <u>23</u>
<del>11</del> <u>12</u>	General Obligation – Benefits Conditioned Upon Payment	<del>21</del> <u>23-24</u>
<del>12</del> <u>13</u>	Charges For Delinquent Payments	<del>21</del> <u>24</u>
<del>13</del> <u>14</u>	Quality of Water	<del>22</del> <u>24-25</u>
<del>14</del> <u>15</u>	Water and Air Pollution Control	<del>22</del> <u>25</u>
<del>15</del> <u>16</u>	Equal Opportunity	<del>22</del> <del>23</del> <u>25-26</u>
<del>16</del> <u>17</u>	Compliance With Civil Rights Laws And Regulations	<del>23-24</del> <u>26-27</u>

Table of Contents – continued

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
<del>17</del> <u>18</u>	Mingling of Contractor’s Project and Non-Project Water	<del>24-25</del> <u>27-28</u>
<del>18</del> <u>19</u>	Books, Records, and Reports	<del>25-26</del> <u>28</u>
<del>19</del> <u>20</u>	Change Of Place Of Use Or Organization	<del>26</del> <u>28-29</u>
<del>20</del> <u>21</u>	Consolidation Of Contracting Entities	<del>26</del> <u>29</u>
<del>21</del> <u>22</u>	Notices	<del>26-27</del> <u>29</u>
<del>22</del> <u>23</u>	Assignment Limited – Successors and Assigns Obligated	<del>27</del> <u>29-30</u>
<del>23</del> <u>24</u>	Officials Not to Benefit	<del>27</del> <u>30</u>
<del>24</del> <u>25</u>	Contingent Upon Appropriation or Allotment of Funds	<del>27</del> <u>30</u>
<del>25</del> <u>26</u>	Confirmation of Contract	<del>27</del> <u>30</u>
<del>26</del> <u>27</u>	Unavoidable Groundwater Percolation	<del>28</del> <u>30</u>
<del>27</del> <u>28</u>	Privacy Act Compliance	<del>28</del> <u>31</u>
<del>28</del> <u>29</u>	<del>Water Conservation</del>	<del>29-30</del> <u>31-33</u>
<del>29</del> <u>30</u>	Opinions And Determinations	<del>30-31</del> <u>33</u>
<del>30</del> <u>31</u>	Contractor to Pay Certain Miscellaneous Costs	<del>31</del> <u>34</u>
<del>31</del> <u>32</u>	Waiver of Default	<del>31</del> <u>34</u>
	Signatures	<del>32</del> <u>35</u>
Exhibit A	Schedule of Monthly Diversions of Water	
Exhibit B	Map of Contractor’s Ownership	
Exhibit C	Unit Duties	
Exhibit D	Rates and Charges	

R.O. Draft 05/15-2002  
Contract No.  
Standard Irrigation District Form  
SRSC Draft 05/02/02  
SRSC Draft 05/22/02  
SRSC Draft 05/31/02

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

WATER RIGHTS SETTLEMENT CONTRACT BETWEEN THE UNITED STATES  
AND

\_\_\_\_\_  
DIVERTER OF WATER FROM SACRAMENTO RIVER SOURCES ~~PROVIDING~~  
~~FOR PROJECT WATER SERVICE AND AGREEMENT ON DIVERSION OF~~  
WATER

THIS CONTRACT, hereinafter referred to as "Settlement Contract," is entered into by THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, made this \_\_\_\_ day of \_\_\_\_\_, 2002, ~~in pursuance~~ pursuant to the applicable authority granted to it generally ~~of~~ in 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, including but not limited to Section 14 thereto, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), 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 \_\_\_\_\_, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and

1 acting pursuant to the laws thereof, with its principal place of business in California;  
2 *(may change depending on contracting entity)*

3 WITNESSETH, ~~That~~ that:

4 EXPLANATORY RECITALS

5 WHEREAS, the United States has constructed and is operating the Central Valley  
6 Project, California, ~~for diversion, storage, carriage, distribution and beneficial use, for~~  
7 ~~flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation,~~  
8 ~~protection and restoration, generation and distribution of electric energy, salinity control,~~  
9 ~~navigation and other beneficial uses, of waters of the Sacramento River, the American~~  
10 ~~River, the Trinity River, and the San Joaquin River and their tributaries; and~~

11 WHEREAS, the Contractor ~~asserts that it~~ has rights to divert, is diverting, and  
12 will continue to divert for reasonable beneficial use, water from the natural flow of the  
13 Sacramento River and tributaries thereto, that would have been flowing therein if the  
14 Central Valley Project were not in existence; and

15 WHEREAS, the construction and operation of the integrated and coordinated  
16 Central Valley Project has changed and will further change the regimen of the  
17 Sacramento, American, San Joaquin, and Trinity Rivers and the Sacramento-San Joaquin  
18 Delta from unregulated flow to regulated flow; and

19 WHEREAS, the United States ~~asserts that it~~ has rights to divert, is diverting, and  
20 will continue to divert waters from said Rivers and said Delta in connection with the  
21 operation of said Central Valley Project, and

22 WHEREAS, the Contractor and the United States had a dispute over the nature,  
23 extent and relative priority of their respective water rights which threatened to result in

1 the initiation of an adjudication of the relevant stream systems and as a means to settle  
2 that dispute entered into Contract No. \_\_\_\_\_, as amended, hereinafter referred  
3 to as the Existing Contract, which established terms for the delivery to the Contractor of  
4 Central Valley Project Water and the quantities of Base Supply the Contractor ~~may~~ has a  
5 right to divert from the Sacramento River from \_\_\_\_\_ through  
6 \_\_\_\_\_; and

7 WHEREAS, the United States and the Contractor have a current dispute over the  
8 meaning and intent of Articles 9 and 5 of the Existing Contract, including litigation, but  
9 nonetheless without prejudicing the respective parties' positions with respect to that  
10 litigation ~~has requested~~ desire to enter into the long-term renewal of the Existing  
11 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and  
12 the laws of the State of California, and the ~~United States has determined that the~~  
13 ~~Contractor has~~ Parties have fulfilled all of ~~its~~ their respective obligations under the  
14 Existing Contract; and

15 WHEREAS, to assure the Contractor of the enjoyment and use of the regulated  
16 flow of the said Rivers and the Delta, and to provide for the economical operation of the  
17 Central Valley Project by, and the reimbursement to, the United States for expenditures  
18 made for said Project;

19 NOW, THEREFORE, in consideration of the performance of the herein  
20 contained provisions, conditions, and covenants, it is agreed as follows:

21 DEFINITIONS

22 1. When used herein, unless otherwise expressed or incompatible with the intent  
23 hereof, the term:

1 (a) "Base Supply" shall mean the quantity of water established in Articles 3  
2 and 5 ~~which the United States agrees may be diverted by~~ that the Contractor has a right to  
3 divert from the Sacramento River each month during the period April through October of  
4 each Year without payment to the United States for such quantities diverted;

5 (b) "Charges" shall mean the payments for Project Water ~~required by Federal~~  
6 Reclamation law agreed to pursuant to this Settlement Contract in addition to the "Rates"  
7 specified in this Contract. The nature and extent of Charges as well as categories of  
8 Charges is specified in the attached Exhibit "D" as determined annually by the  
9 Contracting Officer pursuant to this Contract;

10 (c) "Contract Total" shall mean the sum of the Base Supply and Project  
11 Water available for diversion by the Contractor for the period April 1 through October  
12 31;

13 (d) "Critical Year" shall mean any Year in which either of the following  
14 eventualities exists:

15 (1) The forecasted full natural inflow to Shasta Lake for the current Water  
16 Year, as such forecast is made by the United States on or before February 15 and  
17 reviewed as frequently thereafter as conditions and information warrant, is equal to or  
18 less than ~~three million two hundred thousand (3,200,000)~~ acre-feet; or

19 (2) The total accumulated actual deficiencies below ~~four million~~  
20 ~~(4,000,000)~~ acre-feet in the immediately prior Water Year or series of successive prior  
21 Water Years each of which had inflows of less than ~~four million (4,000,000)~~ acre-feet,  
22 together with the forecasted deficiency for the current Water Year, exceed ~~eight hundred~~  
23 ~~thousand (800,000)~~ acre-feet. For the purpose of determining a Critical Year the

1 computed inflow to Shasta Lake as it would have existed under ~~present~~ upstream  
2 development above Shasta Lake as of September 1, 1963 shall be used as the full natural  
3 inflow to Shasta Lake. ~~In the event that major construction occurs above Shasta Lake~~  
4 ~~after April 1, 2004, which materially alters the present regimen of the stream systems~~  
5 ~~contributing to Shasta Lake, the computed inflow to Shasta Lake used to define a Critical~~  
6 ~~Year will, be adjusted to eliminate the effect of such material alterations.~~ After  
7 consultation with the State of California, the National Weather Service, and other  
8 recognized forecasting agencies, the Contracting Officer will select the forecast to be  
9 used and will make the details of it available to the Contractor. The same forecasts used  
10 by the United States for the operation of the Project shall be used to make the forecasts  
11 hereunder;

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

14 (f) "Eligible Lands" shall mean all lands to which Project Water may be  
15 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,  
16 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

17 (g) "Excess Lands" shall mean all lands in excess of the limitations contained  
18 in Section 204 of the RRA, other than those lands exempt from acreage limitation under  
19 Federal Reclamation law;

20 (h) "Full Cost Rate" shall mean that water rate described in Sections  
21 205(a)(3) or 202(3) of the RRA, whichever is applicable;

22 (i) "Ineligible Lands" shall mean all lands to which Project Water may not be  
23 delivered in accordance with Section 204 of the RRA;

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

3 (k) "Project" shall mean the Central Valley Project owned by the United  
4 States and managed by the Department of the Interior, Bureau of Reclamation;

5 (l) "Project Water" shall mean all water diverted or scheduled to be diverted  
6 each month during the period April through October of each Year by the Contractor from  
7 the Sacramento River which is in excess of the Base Supply. The United States  
8 recognizes the right of the Contractor to make arrangements for acquisition of water from  
9 projects of others than the United States for delivery through the Sacramento River and  
10 tributaries subject to written agreement between Contractor and the United States as to  
11 identification of such water which water when so identified shall not be deemed Project  
12 Water under this ~~contract~~ Settlement Contract;

13 (m) "Rates" shall mean the payments for Project Water determined annually  
14 by the Contracting Officer in accordance with the then current applicable water  
15 ratesetting policies for the Project, as described in subdivision (a) of Article 8 of this  
16 Settlement Contract;

17 (n) "Secretary" or "Contracting Officer" shall mean the Secretary of the  
18 Interior, a duly appointed successor, or an authorized representative acting pursuant to  
19 any authority of the Secretary and through any agency of the Department of the Interior;

20 (o) "Water Year" shall mean the period commencing with October 1 of one  
21 year and extending through September 30 of the next; and

22 (p) "Year" shall mean a calendar year.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

TERM OF SETTLEMENT CONTRACT

2. This ~~contract~~ Settlement Contract shall become effective April 1, 2004, and shall remain in effect until and including March 31, 2044: Provided, That that under terms and conditions mutually agreeable to the parties hereto, renewals may be made for successive periods not to exceed forty (40) years each. The terms and conditions of each renewal shall be agreed upon not later than one (1) year prior to the expiration of the then existing ~~contract~~ Settlement Contract: Provided further, That that, with respect to Project Water and the portions of this Settlement Contract pertaining thereto, upon written request by the Contractor of the Secretary made not later than one (1) year prior to the expiration of this ~~contract~~ Settlement Contract, whenever, account being taken of the amount then credited to the costs of construction of water supply works, the remaining amount of construction costs of water supply work which is properly assignable for ultimate return by the Contractor as established by the Secretary of the Interior pursuant to (3) of Section 1 of Public Law 643 (70 Stat. 483), probably can be repaid to the United States within the term of a contract under subsection 9(d), ~~Section 9~~ of the 1939 Reclamation Project Act (53 Stat. 1187), the relevant portions of this ~~contract~~ Settlement Contract may be converted to a contract under said subsection 9(d) upon terms and conditions mutually agreeable to the United States and the Contractor. Notwithstanding any provision of this ~~contract~~ Settlement Contract, the Contractor reserves and shall have all rights and benefits under Public Law 643.

WATER TO BE FURNISHED TO CONTRACTOR

3. (a) Subject to the conditions, limitations, and provisions hereinafter expressed, the Contractor is hereby entitled and authorized to divert from the Sacramento River at

1 the locations ~~shown in~~ identified on Exhibit A and shown on Exhibit B, for beneficial use  
2 within the area delineated on Exhibit B, (both Exhibits are attached hereto and made a  
3 part hereof), the Contract Total designated in Exhibit A, or any revision thereof, in  
4 accordance with the monthly operating schedule required by Article 3(b) of this ~~contract~~  
5 Settlement Contract. The quantity of any surface water diverted under this Settlement  
6 Contract from the Sacramento River for use on any lands delineated on Exhibit B, by the  
7 owner of such lands or otherwise shall constitute a part of the Contract Total as shown on  
8 Exhibit A and shall be subject to all the provisions of this ~~contract~~ Settlement Contract  
9 relating to such Contract Total as if such diversion were made by the Contractor.

10 [NOTE: contractor-specific language dealing with individual water rights may be  
11 needed.]

12 (b) The United States recognizes the need of the Contractor to vary from time  
13 to time its monthly diversions of water from the quantities shown in Exhibit A, or any  
14 revision thereof. Before April 1 of each Year the Contractor shall submit a written  
15 schedule to the Contracting Officer indicating the Contract Total to be diverted by the  
16 Contractor during each month. The United States shall furnish water to the Contractor in  
17 accordance with the monthly operating schedule or any revisions thereof: Provided, That  
18 that in no event shall the total quantity scheduled for diversion by the Contractor from the  
19 Sacramento River:

20 (1) During the period April through October exceed the aggregate of the  
21 Contract Total for those months shown in Exhibit A or any revision thereof;

22 (2) During the period July through September exceed the aggregate of the  
23 Contract Total for those months shown in Exhibit A or any revision thereof; and

1 Provided, further, That that with the prior written approval of the Contracting Officer,  
2 water to be diverted in April, May, or June may be diverted in September or October, or  
3 vice versa. ~~The Contractor shall be charged a fee based upon the appropriate components~~  
4 ~~of the water ratesetting policy for the Project for the Base Supply scheduled for diversion~~  
5 ~~in April, May, or June that is diverted in September or October, or vice versa.~~

6 (c) In the event conditions warrant, the Contracting Officer reserves the right  
7 to require the Contractor to submit, at least ~~seventy-two (72)~~ hours prior to the beginning  
8 of each weekly period, its estimate of daily diversion requirements for each such period  
9 from the Sacramento River: Provided, however, That that changes during any such  
10 period may be made upon the giving of ~~seventy-two (72)~~ hours' notice thereof to the  
11 Contracting Officer.

12 (d) No sale, transfer, exchange, or other disposal of any ~~water~~ Project Water  
13 or the right to the use thereof for use on land other than that shown on Exhibit B shall be  
14 made by the Contractor without:

15 (1) First obtaining the written consent of the Contracting Officer; and

16 (2) Compliance with all applicable State and Federal laws, including but  
17 not limited to the National Environmental Policy Act and the Endangered Species Act,  
18 and applicable guidelines or regulations then in effect.

19 (e) The sale, transfer, exchange, or other disposal of any Base Supply or the  
20 right to the use thereof for use on land other than that shown on Exhibit B shall be made  
21 by the Contractor in compliance with all applicable State laws.

22 (e f) Nothing herein contained shall prevent the Contractor from diverting  
23 water ~~during the months of November through March~~ for beneficial use on the land

1 shown on Exhibit B or elsewhere to the extent authorized under the laws of the State of  
2 California.

3 (f g) The United States assumes no responsibility for and neither it nor its  
4 officers, agents, or employees shall have any liability for or on account of:

5 (1) The quality of water to be diverted by the Contractor;

6 (2) The control, carriage, handling, use, disposal, or distribution of water  
7 diverted by the Contractor outside the facilities constructed and then being operated and  
8 maintained by or on behalf of the United States;

9 (3) Claims of damage of any nature whatsoever, including but not limited  
10 to, property loss or damage, personal injury, or death arising out of or connected with the  
11 control, carriage, handling, use, disposal, or distribution of said water outside of the  
12 hereinabove referred to facilities; and

13 (4) Any damage whether direct or indirect arising out of or in any manner  
14 caused by a shortage of water whether such shortage be on account of ~~errors in operation,~~  
15 drought, or unavoidable causes.

16 RETURN FLOW

17 4. The United States reserves the right to the use of all waste, seepage, and return  
18 flow water derived from ~~water~~ Project Water diverted by the Contractor hereunder and  
19 which escapes or is discharged beyond the boundaries of the lands shown on Exhibit B.  
20 Nothing herein shall be construed as an abandonment or a relinquishment by the United  
21 States of the right to the use of any such ~~water~~ Project Water; Provided, That that this  
22 shall not be construed as claiming for the United States any right to such ~~water~~ Project  
23 Water which is recovered by the Contractor pursuant to California law from within the

1 boundaries of the lands shown on Exhibit B, and which is being used pursuant to this  
 2 ~~contract~~ Settlement Contract for surface irrigation or underground storage on the lands  
 3 shown on Exhibit B by the Contractor, nor is it intended to apply to waste, seepage, and  
 4 return flow water derived from Base Supply or other non-Project Water diverted or  
 5 otherwise obtained by Contractor. (*Colusa Basin Drain language may be required*)

6 CONSTRAINTS ON THE AVAILABILITY OF WATER

7 5. (a) In any Water Year that (1) the forecasted full natural inflow to Shasta Lake  
 8 for the current Water Year, as such forecast is made by the United States on or before  
 9 February 15 and reviewed as frequently thereafter as conditions and information warrant,  
 10 is equal to or less than ~~three million eight hundred thousand~~ (3,800,000) acre-feet; or  
 11 (2) If the total accumulated actual deficiencies in the full natural inflow to Shasta Lake in  
 12 the immediately prior Water Year or series of successive prior Water Years, each of  
 13 which had inflows of less than ~~four million~~ (4,000,000) acre-feet, together with the  
 14 forecasted deficiency for the current Water Year, are between 200,000 acre-feet and  
 15 800,000 acre-feet, then the following reductions in the Contractor's monthly Contract  
 16 Total shall be imposed:

<u>Deficiency (acre-feet)</u>	<u>Reduction</u>
200,000 – 400,000	10 percent
400,001 – 600,000	15 percent
600,001 – 800,000	20 percent

21  
 22 (b) In consideration for the reductions in the Contractor's monthly Contract  
 23 Total imposed pursuant to the provisions of Article 5(a) above, the United States shall  
 24 pay Contractor as follows:

<u>Reduction</u>	<u>Per Acre-Foot Compensation</u>
26 <u>10 percent</u>	<u>\$ X</u>



1 and re-use of water within the Colusa Basin Drain, and the Basin-Wide Water  
2 Management Plan process.

3 USE OF WATER FURNISHED TO CONTRACTOR

4 ~~6~~ 7. (a) Project Water furnished to the Contractor pursuant to this ~~contract~~  
5 Settlement Contract shall not be delivered or furnished by the Contractor for any  
6 purposes other than agricultural purposes without the written consent of the Contracting  
7 Officer. ~~, including.~~ For purposes of this contract, “agricultural purposes” includes, but is  
8 not restricted to, the watering of livestock, incidental domestic use including landscape  
9 irrigation, or underground water replenishment without written consent of the  
10 Contracting Officer.

11 (b) Assuming a base-line that includes in excess of 40 years of diversions for  
12 agricultural uses of the quantities of water provided for in Article 3, the Contractor shall  
13 comply with requirements applicable to the Contractor in biological opinion(s) prepared  
14 as a result of a consultation regarding the execution of this Settlement Contract  
15 undertaken pursuant to Section 7 of the Endangered Species Act of 1973, as amended,  
16 that are within the Contractor’s legal authority to implement. The Contractor shall  
17 comply with the limitations or requirements imposed by environmental documentation  
18 applicable to the Contractor and within its legal authority to implement regarding specific  
19 activities, including conversion of Irrigation Water to M&I Water. Nothing herein shall  
20 be construed to prevent the Contractor from challenging or seeking judicial relief in a  
21 court of competent jurisdiction with respect to any biological opinion or other  
22 environmental documentation referred to in this Article.

23

1                                    RATE AND METHOD OF PAYMENT FOR WATER

2                    7 8. (a) The Contractor shall make payments to the United States as provided in  
3 this Article for all Project Water shown in Exhibit A of this ~~contract~~ Settlement Contract  
4 and which is actually diverted by Contractor at Rates and Charges established in  
5 accordance with: (i) the Secretary’s then-current ratesetting policies for the Project; and  
6 (ii) applicable Reclamation law and associated rules and regulations, or policies.÷  
7 ~~Provided, That if the Contractor desires to use Project Water for other than agricultural~~  
8 ~~use the Rates and Charges set forth above will be adjusted by the Contracting Officer to~~  
9 ~~the applicable Rates and Charges for such use.~~ The Rates and Charges applicable to the  
10 Contractor upon execution of this Settlement Contract are set forth in Exhibit “D”, as  
11 may be revised annually. The Secretary’s ratesetting policies for the Project shall be  
12 amended, modified, or superseded only through a public notice and comment procedure.

13                    (b) The Contracting Officer shall notify the Contractor of the Rates and  
14 Charges as follows:

15                    [(1) Prior to July 1 of each Year, the Contracting Officer shall provide the  
16 Contractor an estimate of the Charges for Project Water that will be applied to the period  
17 October 1, of the current Year, through September 30, of the following Year, and the  
18 basis for such estimate. The Contractor shall be allowed not less than two (2) months to  
19 review and comment on such estimates. On or before September 15 of each Year, the  
20 Contracting Officer shall notify the Contractor in writing of the Charges to be in effect  
21 during the period October 1 of the current Year, through September 30, of the following  
22 Year, and such notification shall revise Exhibit “D.”<sup>1</sup>]

---

<sup>1</sup>                    We need a more specific idea and limit on what charges can be for. We need to define categories of acceptable Charges.

1                   (2) Prior to October 1 of each Year, the Contracting Officer shall make  
2 available to the Contractor an estimate of the Rates for Project Water for the following  
3 Year and the computations and cost allocations upon which those Rates are based. The  
4 Contractor shall be allowed not less than two (~~2~~) months to review and comment on such  
5 computations and cost allocations. By December 31 of each Year, the Contracting  
6 Officer shall provide the Contractor with the final Rates to be in effect for the upcoming  
7 Year, and such notification shall revise Exhibit "D".

8                   (c) The Contractor shall pay the United States for Project Water in the  
9 following manner:

10                   (1) With respect to Rates, prior to May 1 of each Year, the Contractor  
11 shall pay the United States one-half (~~1/2~~) the total amount payable pursuant to  
12 subdivision (a) of this Article and the remainder shall be paid prior to July 1 or such later  
13 date or dates as may be specified by the United States in a written notice to the  
14 Contractor: Provided, however, That that if at any time during the Year the amount of  
15 Project Water diverted by the Contractor shall equal the amount for which payment has  
16 been made, the Contractor shall pay for the remaining amount of such water as shown in  
17 Exhibit A in advance of any further diversion of Project Water.

18                   (2) With respect to Charges, the Contractor shall also make a payment to  
19 the United States, in addition to the Rate(s) in subdivision (c)(1) of this Article, at the  
20 Charges then in effect, before the end of the month following the month of delivery or  
21 transfer. The payments shall be consistent with the quantities of Project Water delivered  
22 or transferred. Adjustment for overpayment or underpayment of Charges shall be made  
23 through the adjustment of payments due to the United States for Charges for the next

1 month. Any amount to be paid for past due payment of Charges shall be computed  
2 pursuant to Article 12 of this ~~contract~~ Settlement Contract.

3 (d) Payments to be made by the Contractor to the United States under this  
4 ~~contract~~ Settlement Contract may be paid from any revenues available to the Contractor.

5 ~~(d1) (Contractor Specific) All revenues received by the United States from~~  
6 ~~the Contractor relating to the delivery of Project Water or the delivery of non-Project~~  
7 ~~water through Project facilities shall be allocated and applied in accordance with Federal~~  
8 ~~Reclamation law and the associated rules or regulations, and the then current Project~~  
9 ~~ratesetting policies for Irrigation Water.~~

10 (e) In order to allow Contractor to monitor the development of Rates and  
11 Charges, the Contracting Officer shall keep its accounts pertaining to the administration  
12 of the financial terms and conditions of its long-term water service and Settlement  
13 Contracts, in accordance with applicable Federal standards, so as to reflect the application  
14 of Project costs and revenues. The Contracting Officer shall, each Year upon request of  
15 the Contractor, provide to the Contractor a detailed accounting of all Project and  
16 Contractor expense allocations, the disposition of all Project and Contractor revenues,  
17 and a summary of all water delivery information. The Contracting Officer and the  
18 Contractor shall enter into good faith negotiations to resolve any discrepancies or  
19 disputes relating to accountings, reports, or information.

20 (f) The parties acknowledge and agree that the efficient administration of this  
21 Settlement Contract is their mutual goal. Recognizing that experience has demonstrated  
22 that mechanisms, policies, and procedures used for establishing Rates and Charges and/or  
23 for making and allocating payments, other than those set forth in this Article may be in

1 the mutual best interest of the parties, it is expressly agreed that the parties may enter into  
2 agreements to modify the mechanisms, policies, and procedures for any of those purposes  
3 while this Settlement Contract is in effect without amendment of this Settlement  
4 Contract.

5 (g) For the term of this ~~contract~~ Settlement Contract, Rates under the  
6 respective ratesetting policies for the Project will be established to recover only  
7 reimbursable operation and maintenance (including any deficits) and capital costs of the  
8 Project, as those terms are used in the then-current Project ratesetting policies, and  
9 interest, where appropriate, except in instances where a minimum Rate is applicable in  
10 accordance with the relevant Project ratesetting policy. Proposed changes of significance  
11 in practices which implement the ratesetting policies for the Project will not be  
12 implemented until the Contracting Officer has provided the Contractor an opportunity to  
13 discuss the nature, need, and impact of the proposed change.

14 (h) Except as provided in subsections [3405(a)(1)(B) and 3405(f)] of the  
15 CVPIA, the Rates for Project Water transferred, exchanged, or otherwise disposed of, by  
16 the Contractor shall be the Contractor's Rates adjusted upward or downward to reflect the  
17 changed costs of delivery (if any) of the transferred, exchanged, or otherwise disposed of  
18 Project Water to the transferee's point of delivery in accordance with the then-current  
19 ratesetting policies for the Project. If the Contractor is receiving lower Rates and  
20 Charges because of inability to pay and is transferring, exchanging, or otherwise  
21 disposing of Project Water to another entity whose Rates and Charges are not adjusted  
22 due to inability to pay, the Rates and Charges for transferred, exchanged, or otherwise

1 disposed of Project Water shall be the Contractor's Rates and Charges unadjusted for  
2 ability to pay.

3 (i) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting  
4 Officer is authorized to adjust determinations of ability to pay every five ~~(5)~~ years.

5 (j) Each payment to be made pursuant to subdivisions (a) and (b) of this  
6 Article shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region,  
7 File No. 11546, P.O Box 6000, San Francisco, California, 94160-1546, or at such other  
8 place as the United States may designate in a written notice to the said Contractor.

9 Payments shall be made by cash transaction, wire, or any other mechanism as may be  
10 agreed to in writing by the Contractor and the Contracting Officer. In event there should  
11 be a default in the payment of the amount due, the delinquent payment provisions of  
12 Article 12 shall apply. The Contractor shall not be relieved of the whole or any part of its  
13 said obligation by, on account of, or notwithstanding, as the case may be:

14 (1) Its failure, refusal, or neglect to divert the quantity of Project Water as  
15 hereinabove provided;

16 (2) The default in payment to it by any water user of assessments, tolls, or  
17 other charges levied by or owing to said Contractor;

18 (3) Any judicial determination that any assessment, toll, or other charge  
19 referred to in subsection 8(c)(2) of this Settlement Contract is irregular, void, or  
20 ineffectual; or

21 (4) Any injunctive process enjoining or restraining the Contractor from  
22 making or collecting any such assessment, toll, or other charge referred to in subsection  
23 8(c)(2) of this Settlement Contract.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

AGREEMENT ON WATER QUANTITIES

§ 9. (a) During the term of this ~~contract~~ Settlement Contract and any renewals thereof:

(1) It shall constitute full agreement as between the United States and the Contractor as to the quantities of water and the allocation thereof between Base Supply and Project Water which may be diverted by the Contractor from the Sacramento River for beneficial use on the land shown on Exhibit B which said diversion, use, and allocation shall not be disturbed so long as the Contractor shall fulfill all of its obligations hereunder;

(2) The Contractor shall not claim any right against the United States in conflict with the provisions hereof, nor shall the United States claim any right against the Contractor in conflict with the provisions hereof.

(b) Nothing herein contained is intended to or does limit rights of the Contractor against others than the United States or of the United States against any person other than the Contractor: Provided, however, That that in the event the Contractor, the United States, or any other person shall become a party to a general adjudication of rights to the use of water of the Sacramento River system, this ~~contract~~ Settlement Contract shall not jeopardize the rights or position of either party hereto or of any other person and the rights of all such persons in respect to the use of such water shall be determined in such proceedings the same as if this ~~contract~~ Settlement Contract had not been entered into, and if final judgment in any such general adjudication shall determine that the rights of the parties hereto are different from the rights as assumed herein, the ~~United States shall submit it to the Contractor~~ parties shall negotiate an

1 amendment to give effect to such judgment. In the event the parties are unable to agree  
2 on an appropriate amendment they shall, within 60 days of determining that there is an  
3 impasse, employ the services of a neutral mediator to assist in resolving the impasse. The  
4 cost of the mediation will be shared equally. A failure to reach agreement on an  
5 amendment within 60 days of the end of mediation will cause the immediate termination  
6 of this Settlement Contract. ~~and the contract shall be deemed to have been amended~~  
7 ~~accordingly unless within sixty (60) days after submission of such amendment to the~~  
8 ~~Contractor, the Contractor elects to terminate the contract or within the same period of~~  
9 ~~time the parties agree upon mutually satisfactory amendments to give effect to such~~  
10 ~~judgment: Provided, further, That if, during the term of this Contract, the Contractor's or~~  
11 ~~the United States' water rights are adjusted or affected, or the responsibility to meet flow,~~  
12 ~~water quality and/or environmental requirements under those water rights is modified~~  
13 ~~(e.g., changes to the Delta Water Quality Control Plan and associated water right~~  
14 ~~actions), by or through any final administrative or judicial proceeding, the Contractor and~~  
15 ~~the United States shall negotiate appropriate adjustments to this contract.~~

16 (c) In the event this ~~contract~~ Settlement Contract terminates, the rights of the  
17 parties to thereafter divert and use water shall exist as if this ~~contract~~ Settlement Contract  
18 had not been entered into; and the fact that as a compromise settlement of a controversy  
19 as to the respective rights of the parties to divert and use water and the yield of such  
20 rights during the term hereof, this ~~contract~~ Settlement Contract places a limit on the  
21 Contract Total to be diverted annually by the Contractor during the ~~contract~~ Settlement  
22 Contract term and segregates it into Base Supply and Project Water shall not jeopardize  
23 the rights or position of either party with respect to its water rights or the yield thereof at

1 all times after the ~~contract~~ Settlement Contract terminates. It is further agreed that the  
2 Contractor at all times will first use water to the use of which it is entitled by virtue of its  
3 own water rights, and neither the provisions of this ~~contract~~ Settlement Contract, action  
4 taken thereunder, nor payments made thereunder to the United States by the Contractor  
5 shall be construed as an admission that any part of the water used by the Contractor  
6 during the term of this ~~contract~~ Settlement Contract was in fact water to which it would  
7 not have been entitled under water rights owned by it nor shall receipt of payments  
8 thereunder by the United States from the Contractor be construed as an admission that  
9 any part of the water used by the Contractor during the term of this ~~contract~~ Settlement  
10 Contract was in fact water to which it would have been entitled under water rights owned  
11 by it.

12 MEASUREMENT OF WATER

13 9 10. (a) All water diverted by the Contractor from Sacramento River will be  
14 diverted at the existing point or points of diversion shown on Exhibit A or at such other  
15 points as may be mutually agreed upon in writing by the Contracting Officer and the  
16 Contractor.

17 (b) All water diverted from the Sacramento River pursuant to this ~~contract~~  
18 Settlement Contract will be measured or caused to be measured by the United States at  
19 each point of diversion with existing equipment or equipment to be installed, operated,  
20 and maintained by the United States, and/or others, under contract with and at the option  
21 of the United States. The equipment and methods used to make such measurement shall  
22 be in accordance with sound engineering practices. Upon request of the Contractor, the

1 accuracy of such measurements will be investigated by the Contracting Officer and any  
2 errors appearing therein will be corrected.

3 (c) The right of ingress to and egress from all points of diversion is hereby  
4 granted to all authorized employees of the United States. The Contractor also hereby  
5 grants to the United States the right to install, operate, maintain and replace such  
6 equipment on diversion or carriage facilities at each point of diversion as the Contracting  
7 Officer deems necessary.

8 (d) The Contractor shall not modify, alter, remove, or replace diversion  
9 facilities or do any other act which would alter the effectiveness or accuracy of the  
10 measuring equipment installed by the United States or its representatives unless and until  
11 the Contracting Officer has been notified with due diligence and has been given an  
12 opportunity to modify such measuring equipment in such manner as may be necessary or  
13 appropriate. In the event of an emergency the Contractor shall notify the United States  
14 within a reasonable time thereafter as to the existence of the emergency and the nature  
15 and extent of such modification, alteration, removal, or replacement of diversion  
16 facilities.

17 (e) Unless the Contractor has itself already incurred the relevant expenses, the  
18 Contractor shall pay the United States for the costs to repair, relocate, or replace  
19 measurement equipment when the Contractor modifies, alters, removes, or replaces  
20 diversion or carriage facilities.

21 (f) ~~(Contractor Specific)~~ By \_\_\_\_\_ [DATE] \_\_\_\_\_, the  
22 Contractor shall ensure that, unless the Contractor establishes an alternative measurement  
23 program satisfactory to the Contracting Officer, all surface water delivered for irrigation

1 ~~purposes on the lands delineated on Exhibit B is measured at each agricultural turnout.~~  
2 ~~The water measuring devices or water measuring methods of comparable effectiveness~~  
3 ~~must be acceptable to the Contracting Officer. The Contractor shall be responsible for~~  
4 ~~installing, operating, and maintaining and repairing all such measuring devices and~~  
5 ~~implementing all such water measuring methods at no cost to the United States. The~~  
6 ~~Contractor shall inform the Contracting Officer in writing by April 30 of each Year of the~~  
7 ~~monthly volume of surface water delivered to the lands delineated on Exhibit B during~~  
8 ~~the previous Year. This information will be used by Reclamation to satisfy the water~~  
9 ~~measurement requirements of the Contractor's water conservation plan, as set forth in~~  
10 ~~Article 28 of this Contract.~~

11 ~~(g) All new surface water delivery systems installed within the lands~~  
12 ~~delineated on Exhibit B after the effective date of this Contract shall also comply with the~~  
13 ~~measurement provisions described in this Article.~~

14 RULES AND REGULATIONS

15 ~~11.~~ The parties agree that the delivery of Project Water for irrigation use or  
16 use of Federal facilities pursuant to this Settlement Contract is subject to Federal  
17 Reclamation law, including but not limited to, the Reclamation Reform Act of 1982 (43  
18 U.S.C.390aa et seq.), as amended and supplemented, and the rules and regulations  
19 promulgated by the Secretary of the Interior under Federal Reclamation law.

20 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

21  
22 ~~12.~~ (a) The obligation of the Contractor to pay the United States as provided  
23 in this Settlement Contract is a general obligation of the Contractor notwithstanding the  
24 manner in which the obligation may be distributed among the Contractor's water users  
25 and notwithstanding the default of individual water users in their obligations to the  
26 Contractor.  
27

1 (b) The payment of Charges becoming due hereunder is a condition precedent  
2 to receiving benefits under this Settlement Contract. The United States shall not make  
3 water available to the Contractor through Project facilities during any period in which the  
4 Contractor may be in arrears in the advance payment of water Rates due the United  
5 States. The Contractor shall not furnish water made available pursuant to this Settlement  
6 Contract for lands or parties which are in arrears in the advance payment of water rates  
7 levied or established by the Contractor.

8  
9 (c) With respect to subdivision (b) of this Article, the Contractor shall have  
10 no obligation to require advance payment for water Rates which it levies.

11  
12 CHARGES FOR DELINQUENT PAYMENTS

13  
14 ~~12~~ 13. (a) The Contractor shall be subject to interest, administrative and penalty  
15 charges on delinquent installments or payments. When a payment is not received by the  
16 due date, the Contractor shall pay an interest charge for each day the payment is  
17 delinquent beyond the due date. When a payment becomes ~~sixty (60)~~ days delinquent,  
18 the Contractor shall pay an administrative charge to cover additional costs of billing and  
19 processing the delinquent payment. When a payment is delinquent ~~ninety (90)~~ days or  
20 more, the Contractor shall pay an additional penalty charge of six ~~(6%)~~ percent per year  
21 for each day the payment is delinquent beyond the due date. Further, the Contractor shall  
22 pay any fees incurred for debt collection services associated with a delinquent payment.

23  
24 (b) The interest charge rate shall be the greater of the rate prescribed quarterly  
25 in the Federal Register by the Department of the Treasury for application to overdue  
26 payments, or the interest rate of ~~one-half of one (0.5%)~~ percent per month prescribed by  
27 Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest  
28 charge rate shall be determined as of the due date and remain fixed for the duration of the  
29 delinquent period.

30  
31 (c) When a partial payment on a delinquent account is received, the amount  
32 received shall be applied, first to the penalty, second to the administrative charges, third  
33 to the accrued interest, and finally to the overdue payment.

34  
35 QUALITY OF WATER

36 ~~13~~ 14. The operation and maintenance of Project facilities shall be performed in  
37 such manner as is practicable to maintain the quality of raw water made available through  
38 such facilities at the highest level reasonably attainable as determined by the Contracting  
39 Officer. The United States does not warrant the quality of water and is under no

1 obligation to construct or furnish water treatment facilities to maintain or better the  
2 quality of water.

3 WATER AND AIR POLLUTION CONTROL

4 ~~14~~ 15. The Contractor, in carrying out this Settlement Contract, shall comply  
5 with all applicable water and air pollution laws and regulations of the United States and  
6 the State of California, and shall obtain all required permits or licenses from the  
7 appropriate Federal, State, or local authorities.

8 EQUAL OPPORTUNITY

9

10 ~~15~~ 16. During the performance of this Settlement Contract, the Contractor agrees  
11 as follows:

12

13 (a) The Contractor will not discriminate against any employee or applicant  
14 for employment because of race, color, religion, sex, or national origin. The Contractor  
15 will take affirmative action to ensure that applicants are employed, and that employees  
16 are treated during employment, without regard to their race, color, religion, sex, or  
17 national origin. Such action shall include, but not be limited to, the following:  
18 Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;  
19 layoff or termination, rates of payment or other forms of compensation; and selection for  
20 training, including apprenticeship. The Contractor agrees to post in conspicuous places,  
21 available to employees and applicants for employment, notices to be provided by the  
22 Contracting Officer setting forth the provisions of this nondiscrimination clause.

23

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

28

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

35

36 (d) The Contractor will comply with all provisions of Executive Order No.  
37 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant  
38 orders of the Secretary of Labor.

39

1 (e) The Contractor will furnish all information and reports required by said  
2 amended Executive Order and by the rules, regulations, and orders of the Secretary of  
3 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by  
4 the Contracting Officer and the Secretary of Labor for purposes of investigation to  
5 ascertain compliance with such rules, regulations, and orders.  
6

7 (f) In the event of the Contractor's noncompliance with the nondiscrimination  
8 clauses of this Settlement Contract or with any of the said rules, regulations, or orders,  
9 this Settlement Contract may be canceled, terminated, or suspended, in whole or in part,  
10 and the Contractor may be declared ineligible for further Government contracts in  
11 accordance with procedures authorized in said amended Executive Order, and such other  
12 sanctions may be imposed and remedies invoked as provided in said Executive Order, or  
13 by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.  
14

15 (g) The Contractor will include the provisions of paragraphs (a) through (g)  
16 in every subcontract or purchase order unless exempted by the rules, regulations, or  
17 orders of the Secretary of Labor issued pursuant to Section 204 of said amended  
18 Executive Order, so that such provisions will be binding upon each subcontractor or  
19 vendor. The Contractor will take such action with respect to any subcontract or purchase  
20 order as may be directed by the Secretary of Labor as a means of enforcing such  
21 provisions, including sanctions for noncompliance: Provided, however, ~~That~~ that in the  
22 event the Contractor becomes involved in, or is threatened with, litigation with a  
23 subcontractor or vendor as a result of such direction, the Contractor may request the  
24 United States to enter into such litigation to protect the interests of the United States.  
25

26 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS  
27 *(For Districts Only)*  
28

29 17. (a) The Contractor shall comply with Title VI of the Civil Rights Act of  
30 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as  
31 amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other  
32 applicable civil rights laws, as well as with their respective implementing regulations and  
33 guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.  
34

35 (b) These statutes require that no person in the United States shall, on the  
36 grounds of race, color, national origin, handicap, or age, be excluded from participation  
37 in, be denied the benefits of, or be otherwise subjected to discrimination under any  
38 program or activity receiving financial assistance from the Bureau of Reclamation. By  
39 executing this Settlement Contract, the Contractor agrees to immediately take any  
40 measures necessary to implement this obligation, including permitting officials of the  
41 United States to inspect premises, programs, and documents.  
42

43 (c) The Contractor makes this agreement in consideration of and for the  
44 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or  
45 other Federal financial assistance extended after the date hereof to the Contractor by the  
46 Bureau of Reclamation, including installment payments after such date on account of

1 arrangements for Federal financial assistance which were approved before such date.  
2 The Contractor recognizes and agrees that such Federal assistance will be extended in  
3 reliance on the representations and agreements made in this Article, and that the United  
4 States reserves the right to seek judicial enforcement thereof.

5  
6 MINGLING OF CONTRACTOR'S PROJECT AND NON-PROJECT WATER

7 ~~17~~ 18. (a) Project Water must of necessity be transported by the Contractor to its  
8 water users by means of the same works and channels used for the transport of its non-  
9 Project Water including Base Supply. Notwithstanding such mingling of water, the  
10 provisions of Article 11 hereof shall be applicable only to Project Water, and such  
11 mingling of water shall not in any manner subject to the provisions of Article 11 hereof  
12 the Contractor's non-Project water including Base Supply.

13 (b) If required in accordance with subdivision (c) of this Article, the  
14 Contractor shall install and maintain such measuring equipment and distribution facilities  
15 and maintain such records as may be necessary to determine the amounts of water  
16 delivered to Excess Lands served by the Contractor. The Contractor shall not within any  
17 month deliver to Ineligible Lands water in excess of the non-Project Water, including  
18 Base Supply, for that month. The Contracting Officer or authorized representative shall  
19 have the right at all reasonable times to inspect such records and measuring equipment.

20 (c) The Contractor will not be considered in violation of the requirement that  
21 Project Water be delivered only to Eligible Lands during any month of the irrigation  
22 season that the water requirement for beneficial use on Eligible Lands for that month is  
23 equal to or in excess of the Project Water for that month as shown on Exhibit A or any  
24 revision thereof pursuant to subdivision (b) of Article 3. The water requirement for  
25 beneficial use on Eligible Lands will be determined by multiplying:

1 (1) the number of irrigable acres of the particular types of crops grown in  
2 that year on the acreage designated as eligible by

3 (2) the Unit Duties as set forth in Exhibit C attached hereto and made a  
4 part hereof, or by such other Unit Duties mutually agreed upon by the Contractor and the  
5 Contracting Officer. In order to make the computation of the water requirement for  
6 Eligible Lands, on April 1 of each Year and concurrently with its order for water for the  
7 irrigation season, the Contractor shall designate the acreage of and type of crops to be  
8 grown on its Eligible Lands that irrigation season. During any month the water  
9 requirement as above determined for crops growing on Eligible Lands during such month  
10 is equal to or in excess of the Project Water for that month as provided herein the  
11 Contractor shall not be required to measure the water delivered to Excess Lands. Any  
12 month the said water requirement is less than the amount of Project Water as provided  
13 herein, the Contractor will be required to measure water delivered to excess land in  
14 accordance with subdivision (b) hereof.

15 BOOKS, RECORDS, AND REPORTS

16 ~~18~~ 19. The Contractor shall establish and maintain accounts and other books and  
17 records pertaining to administration of the terms and conditions of this Settlement  
18 Contract, including: the Contractor's financial transactions, water supply data, and  
19 Project land and right-of-way agreements; the water users' land-use (crop census), land  
20 ownership, land-leasing and water use data; and other matters that the Contracting  
21 Officer may require. Reports thereon shall be furnished to the Contracting Officer in  
22 such form and on such date or dates as the Contracting Officer may require. Subject to  
23 applicable Federal laws and regulations, each party to this Settlement Contract shall have  
24 the right during office hours to examine and make copies of each other's books and  
25 official records relating to matters covered by this Settlement Contract.

26  
27 CHANGE OF PLACE OF USE OR ORGANIZATION

28 ~~19~~ 20. (a) Unless the ~~written consent of the~~ United States is first ~~obtained~~  
29 consulted no change shall be made in the place of water use shown on Exhibit B.

1 (b) While this ~~contract~~ Settlement Contract is in effect, no change shall be  
2 made in the area of the Contractor as shown on its Exhibit B, by inclusion or exclusion of  
3 lands, by dissolution, consolidation, or merger or otherwise, ~~except upon~~ unless the  
4 Contracting Officer's ~~written assent thereto~~ Officer is first consulted.

5 (c) In the event lands are excluded from the area of the Contractor, as  
6 provided herein, the quantity of Project Water to be diverted may be decreased pursuant  
7 to a supplemental agreement to be executed in respect thereto.

8 CONSOLIDATION OF CONTRACTING ENTITIES

9  
10 ~~20~~ 21. Consolidation of Contractors ~~may~~ will be approved by the Contracting  
11 Officer upon request provided: ~~(i) the Contracting Officer approves the form and~~  
12 ~~organization of the resulting entity and the utilization by it of the Contract Total; and (ii)~~  
13 the obligations of the Contractors ~~are~~ are assumed by such the resulting entity.

14 ~~No such consolidation shall be valid unless and until approved by the Contracting~~  
15 ~~Officer.~~

16 NOTICES

17 ~~21~~ 22. Any notice, demand, or request authorized or required by this Settlement  
18 Contract shall be deemed to have been given, on behalf of the Contractor, when mailed,  
19 postage prepaid, or delivered to the Area Manager, Northern California Area Office,  
20 Bureau of Reclamation, 16349 Shasta Dam Blvd., Shasta Lake, California, 96019, and on  
21 behalf of the United States, when mailed, postage prepaid, or delivered to the Board of  
22 Directors /City Council of the \_\_\_\_\_. The designation of the  
23 addressee or the address may be changed by notice given in the same manner as provided  
24 in this Article for other notices.

25  
26 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

27  
28 ~~22~~ 23. (a) The provisions of this Settlement Contract shall apply to and bind the  
29 successors and assigns of the parties hereto, but no assignment or transfer of this  
30 Settlement Contract or any right or interest therein shall be valid until approved in writing  
31 by the Contracting Officer.  
32

1 (b) The assignment of any right or interest in this Settlement Contract by  
2 either party shall not interfere with the rights or obligations of the other party to this  
3 Settlement Contract absent the written concurrence of said other party.  
4

5 (c) The Contracting Officer shall not unreasonably condition or withhold his  
6 approval of any proposed assignment.  
7

8 OFFICIALS NOT TO BENEFIT  
9

10 ~~23~~ 24. (a) No Member of or Delegate to Congress, Resident Commissioner, or  
11 official of the Contractor shall benefit from this Settlement Contract other than as a water  
12 user or landowner in the same manner as other water users or landowners.  
13

14 (b) No officer or member of the governing board of the Contractor shall  
15 receive any benefit that may arise by reason of this ~~contract~~ Settlement Contract other  
16 than as a landowner within the Contractor's service area and in the same manner as other  
17 landowners within the said service area.  
18

19 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS  
20

21 ~~24~~ 25. The expenditure or advance of any money or the performance of any  
22 obligation of the United States under this Settlement Contract shall be contingent upon  
23 appropriation or allotment of funds. Absence of appropriation or allotment of funds shall  
24 not relieve the Contractor from any obligations under this Settlement Contract. No  
25 liability shall accrue to the United States in case funds are not appropriated or allotted.  
26

27 CONFIRMATION OF SETTLEMENT CONTRACT

28 ~~25~~ 26. The Contractor, after the execution of this Settlement Contract, shall  
29 promptly seek to secure a decree of a court of competent jurisdiction of the State of  
30 California, if appropriate, confirming the execution of this ~~contract~~ Settlement Contract.  
31 The Contractor shall furnish the United States a certified copy of the final decree, the  
32 validation proceedings, and all pertinent supporting records of the court approving and  
33 confirming this Settlement Contract, and decreeing and adjudging it to be lawful, valid,  
34 and binding on the Contractor. This Settlement Contract shall not be binding on the  
35 United States until such final decree has been secured.  
36

37 UNAVOIDABLE GROUNDWATER PERCOLATION

38 ~~26~~ 27. To the extent applicable, the Contractor shall not be deemed to have  
39 delivered Project Water to Excess Lands or Ineligible Lands if such lands are irrigated  
40 with groundwater that reaches the underground strata as an unavoidable result of the  
41 delivery of Project Water by the Contractor to Eligible Lands.

PRIVACY ACT COMPLIANCE

1  
2  
3       27 28. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C.  
4 552a) (the Act) and the Department of the Interior rules and regulations under the Act (43  
5 CFR 2.45 et seq.) in maintaining Landholder acreage certification and reporting records,  
6 required to be submitted to the Contractor for compliance with Sections 206 and 228 of  
7 the Reclamation Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

8  
9       (b) With respect to the application and administration of the criminal penalty  
10 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees  
11 responsible for maintaining the certification and reporting records referenced in (a) above  
12 are considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

13  
14       (c) The Contracting Officer or a designated representative shall provide the  
15 Contractor with current copies of the Interior Department Privacy Act regulations and the  
16 Bureau of Reclamation Federal Register Privacy Act System of Records Notice (Acreage  
17 Limitation--Interior, Reclamation-31) which govern the maintenance, safeguarding, and  
18 disclosure of information contained in the Landholder's certification and reporting  
19 records.

20  
21       (d) The Contracting Officer shall designate a full-time employee of the  
22 Bureau of Reclamation to be the System Manager who shall be responsible for making  
23 decisions on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to  
24 43 CFR 2.72. The Contractor is authorized to grant requests by individuals for access to  
25 their own records.

26  
27       (e) The Contractor shall forward promptly to the System Manager each  
28 proposed denial of access under 43 CFR 2.64; and each request for amendment of records  
29 filed under 43 CFR 2.71; notify the requester accordingly of such referral; and provide  
30 the System Manager with information and records necessary to prepare an appropriate  
31 response to the requester. These requirements do not apply to individuals seeking access  
32 to their own certification and reporting forms filed with the Contractor pursuant to 43  
33 CFR 426.18, unless the requester elects to cite the Privacy Act as a basis for the request.

WATER CONSERVATION

34  
35  
36       28 29. ~~[TO BE REPLACED]. (a) Prior to the diversion of Project Water, the~~  
37 ~~Contractor shall be implementing an effective water conservation and efficiency program~~  
38 ~~based on the Contractor's water conservation plan that has been determined by the~~  
39 ~~Contracting Officer to meet the conservation and efficiency criteria for evaluating water~~  
40 ~~conservation plans established under Federal law. The water conservation and efficiency~~

1 ~~program shall contain definite water conservation objectives, appropriate economically~~  
2 ~~feasible water conservation measures, and time schedules for meeting those objectives.~~  
3 ~~Continued diversion of Project Water pursuant to this Settlement Contract shall be~~  
4 ~~contingent upon the Contractor's continued implementation of such water conservation~~  
5 ~~program. In the event the Contractor's water conservation plan or any revised water~~  
6 ~~conservation plan completed pursuant to subdivision (c) of Article 28 of this Settlement~~  
7 ~~Contract have not yet been determined by the Contracting Officer to meet such criteria,~~  
8 ~~due to circumstances which the Contracting Officer determines are beyond the control of~~  
9 ~~the Contractor, Project Water deliveries shall be made under this Settlement Contract so~~  
10 ~~long as the Contractor diligently works with the Contracting Officer to obtain such~~  
11 ~~determination at the earliest practicable date, and thereafter the Contractor immediately~~  
12 ~~begins implementing its water conservation and efficiency program in accordance with~~  
13 ~~the time schedules therein.~~

14           ~~(b) The Contractor shall submit to the Contracting Officer a report on the~~  
15 ~~status of its implementation of the water conservation plan on the reporting dates~~  
16 ~~specified in the then existing conservation and efficiency criteria established under~~  
17 ~~Federal law.~~

18           ~~(c) At five (5) year intervals, the Contractor shall revise its water~~  
19 ~~conservation plan to reflect the then current conservation and efficiency criteria for~~  
20 ~~evaluating water conservation plans established under Federal law and submit such~~  
21 ~~revised water management plan to the Contracting Officer for review and evaluation.~~  
22 ~~The Contracting Officer will then determine if the water conservation plan meets~~

1 ~~Reclamation's then current conservation and efficiency criteria for evaluating water~~  
2 ~~conservation plans established under Federal law.~~

3 ~~(d) If the Contractor is engaged in direct ground water recharge, such activity~~  
4 ~~shall be described in the Contractor's water conservation plan.~~

5 OPINIONS AND DETERMINATIONS

6  
7 ~~29~~ 30. (a) Where the terms of this Settlement Contract provide for actions to be  
8 based upon the opinion or determination of either party to this Settlement Contract, said  
9 terms shall not be construed as permitting such action to be predicated upon arbitrary,  
10 capricious, or unreasonable opinions or determinations. Both parties, notwithstanding  
11 any other provisions of this Settlement Contract, expressly reserve the right to seek relief  
12 from and appropriate adjustment for any such arbitrary, capricious, or unreasonable  
13 opinion or determination. Each opinion or determination by either party shall be  
14 provided in a timely manner. Nothing in subdivision (a) of Article 29 of this Settlement  
15 Contract is intended to or shall affect or alter the standard of judicial review applicable  
16 under federal law to any opinion or determination implementing a specific provision of  
17 federal law embodied in statute or regulation.

18 (b) The Contracting Officer shall have the right to make determinations  
19 necessary to administer this Settlement Contract that are consistent with the provisions of  
20 this Settlement Contract, the laws of the United States and of the State of California, and  
21 the rules and regulations promulgated by the Secretary of the Interior. Such  
22 determinations shall be made in consultation with the Contractor to the extent reasonably  
23 practicable.

1                    CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

2                    ~~30~~ 31. (a) In addition to all other payments to be made by the Contractor  
3 pursuant to this Settlement Contract, the Contractor shall pay to the United States, within  
4 ~~sixty (60)~~ days after receipt of a bill and detailed statement submitted by the Contracting  
5 Officer to the Contractor for such specific items of direct cost incurred by the United  
6 States for work requested by the Contractor associated with this Settlement Contract plus  
7 indirect costs in accordance with applicable Bureau of Reclamation policies and  
8 procedures. All such amounts referred to in this Article shall not exceed the amount  
9 agreed to in writing in advance by the Contractor. This Article shall not apply to costs  
10 for routine ~~contract~~ Settlement Contract administration.

11                    (b) All advances for miscellaneous costs incurred for work requested by the  
12 Contractor pursuant to Article 30 of this Settlement Contract shall be adjusted to reflect  
13 the actual costs when the work has been completed. If the advances exceed the actual  
14 costs incurred, the difference will be refunded to the Contractor. If the actual costs  
15 exceed the Contractor's advances, the Contractor will be billed for the additional costs  
16 pursuant to Article 30 of this Settlement Contract.

17                    WAIVER OF DEFAULT

18                    ~~31~~ 32. The waiver by either party to this ~~contract~~ Settlement Contract as to any  
19 default shall not be construed as a waiver of any other default or as authority of the other  
20 party to continue such default or to make, do, or perform, or not to make, do, or perform,  
21 as the case may be, any act or thing which would constitute a default.

22

1 IN WITNESS WHEREOF, the parties hereto have executed this ~~contract~~  
2 Settlement Contract as of the day and year first hereinabove written.

3  
4 THE UNITED STATES OF AMERICA

5  
6  
7  
8 By: \_\_\_\_\_  
9 Regional Director, Mid-Pacific Region  
10 Bureau of Reclamation

11  
12  
13 (SEAL)

14  
15  
16 (Contractor)

17  
18  
19 By: \_\_\_\_\_  
20 President

21  
22  
23 ATTEST:

24  
25  
26 \_\_\_\_\_  
27 Secretary

28  
29  
30 (I:\sac river renewal\Sac R Long Form Draft.doc)

31