

February 12, 2003

Via First-Class Mail and E-Mail

Michael J. Ryan
U.S. Bureau of Reclamation
Shasta Area Manager
16349 Shasta Dam Boulevard
Shasta Lake, CA 96019-8400

Re: GCID's Draft of Renewal Contract for Discussion at the
February 18, 2003 GCID/USBR Negotiating Session

Dear Mr. Ryan:

In preparation for the February 18, 2003 individual district-level negotiating session between Reclamation and GCID, I am enclosing a February 10, 2003 draft renewal Settlement Contract for GCID. As you will note, this draft incorporates the provisions tentatively agreed to by GCID and Reclamation during our previous large group negotiating sessions between Reclamation the Settlement Contractors. The provisions that have been tentatively agreed to are not shaded. In this regard, our further negotiations and discussions should primarily focus on the shaded provisions. Following is a discussion of the shaded provisions, and an explanation of the modifications proposed by GCID:

1. Recital 2 and Article 1: Definitions have been added, and some related definitions and provisions have been slightly modified, in order to comport with GCID's existing Settlement Contract. These changes are consistent with Articles 1(d), (e), (j) and (k) of GCID's existing Settlement Contract.
2. Article 3: The changes (and identical changes throughout the draft contract) appropriately reference GCID's "Source of Supply," as defined in GCID's existing Settlement Contract, rather than referencing the Sacramento River only.
3. Article 4: The modifications are consistent with Article 4 of GCID's existing Settlement Contract.
4. New Article 9(c): A redraft of the so-called water quality provision is set forth in Article 9(c). This revised provision is consistent with the proposal made on behalf of other Settlement Contractors in my letter to you of even date on that topic. The remaining sub-

articles have been renumbered accordingly. I will be prepared to further discuss this matter during the general negotiating session prior to the GCID/USBR session.

5. Article 10(a): The modifications are consistent with Article 10(a) of GCID's existing Settlement Contract.

6. Article 20(b): The modifications are consistent with Article 13(b) of GCID's existing Settlement Contract.

7. Article 30(c): The addition is consistent with Article 25(c) of GCID's existing Settlement Contract.

Finally, there may be other district-specific issues and provisions that require further discussion and negotiation. I assume that we will identify any such remaining issues during the February 18, 2003 negotiating session. I would also like to discuss timing issues associated with completion of the renewal process, including NEPA/CEQA compliance and Endangered Species Act issues.

In the meantime, please do not hesitate to contact me if you have any questions or need additional information regarding these matters.

Very truly yours,

Stuart L. Somach
General Counsel
Glenn-Colusa Irrigation District

SLS:sb

Encl.

cc: O.L. "Van" Tenney
Kevin M. O'Brien
J. Mark Atlas
Paul Bartkiewicz
William H. Baber, III
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