

M&I Only
R. O. CVP-Wide Draft 4/19-2004
Centerville CSD Draft 3/01-2004
Centerville CSD Draft 7/22-2003
Centerville CSD Draft 6/16/2003
Sac. Valley Division Draft 5/28-2003
CVP-Wide Draft 5/23-2003
Contract No.
14-06-200-3367X-LTR1

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
CENTERVILLE COMMUNITY SERVICES DISTRICT
PROVIDING FOR PROJECT WATER SERVICE
FROM THE TRINITY RIVER DIVISION

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10

11 THIS CONTRACT, made this _____ day of _____, 20____, in
12 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
13 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as
14 amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,
15 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986
16 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all
17 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES
18 OF AMERICA, hereinafter referred to as the United States, and CENTERVILLE COMMUNITY
19 SERVICES DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of
20 California, duly organized, existing, and acting pursuant to the laws thereof;

21 WITNESSETH, That:

EXPLANATORY RECITALS

22
23 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
24 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for
25 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and
26 restoration, generation and distribution of electric energy, salinity control, navigation and other
27 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and the
28 San Joaquin River and their tributaries; and

29 [2nd] WHEREAS, the United States constructed the Clear Creek South Unit facilities,
30 including the Muletown Conduit, which will be used in part for the furnishing of water to the
31 Contractor pursuant to the terms of this Contract; and

32 [3rd] WHEREAS, the rights to Project Water were acquired by the United States pursuant
33 to California law for operation of the Project; and

34 [4th] WHEREAS, the Contractor and the United States entered into Contract
35 No. 14-06-200-3367X, which established terms for the delivery to the Contractor of Project Water
36 from the Muletown Conduit through December 31, 2004, hereinafter referred to as the “Existing
37 Contract”; and

38 [5th] WHEREAS, the United States and the Contractor have, pursuant to subsection
39 3404(c)(3) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into a
40 binding agreement identified as Binding Agreement No. 14-06-200-3367A-BA, which sets out the
41 terms pursuant to which the Contractor agreed to renew the Existing Contract before its expiration
42 date after completion of a programmatic environmental impact statement and other appropriate
43 environmental documentation and negotiation of a renewal contract, and which also sets out the
44 consequences of a subsequent decision not to renew; and

45 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
46 Existing Contract following completion of appropriate environmental documentation, including a
47 programmatic environmental impact statement (PEIS) pursuant to the National Environmental

48 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
49 CVPIA and the potential renewal of all existing contracts for Project Water; and

50 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
51 environmental review necessary to provide for long-term renewal of the Existing Contract; and

52 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
53 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws of
54 the State of California, for water service from the Project; and

55 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all of
56 its obligations under the Existing Contract; and

57 [10th] WHEREAS, the Contractor has demonstrated to the satisfaction of the Contracting
58 Officer that the Contractor has utilized the Project Water supplies available to it for reasonable and
59 beneficial use and/or has demonstrated projected future demand for water use such that the
60 Contractor has the capability and expects to utilize fully for reasonable and beneficial use the
61 quantity of Project Water to be made available to it pursuant to this Contract; and

62 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
63 agricultural areas within California for more than 50 years, and is considered by the Contractor as
64 an essential portion of its water supply; and

65 [12th] WHEREAS, the economies of regions within the Project, including the Contractor's,
66 depend upon the continued availability of water, including water service from the Project; and

67 [12.1] WHEREAS, the Contractor has made and will continue to make substantial capital
68 investments in diversion and treatment facilities, and requires a consistent, predictable quality of
69 raw water in order to meet Safe Drinking Water Act requirements for its municipal customers, and
70 to provide a consistent and predictable quality of water for its industrial customers; and

71 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and
72 partnerships to pursue measures to improve water supply, water quality, and reliability of the
73 Project for all Project purposes; and

74 [13.1] WHEREAS, the Contractor is located in the region of the Redding Groundwater
75 Basin, and it is the desire of both the United States and the Contractor to facilitate the cooperative
76 efforts of local water service agencies to develop the Redding Groundwater Basin for conjunctive
77 management and use with Project Water supplies, to maximize the reasonable beneficial use of
78 water for the water service agencies and their customers in the region; and

79 [14th] WHEREAS, the mutual goals of the United States and the Contractor include: to
80 provide for reliable Project Water supplies; to control costs of those supplies; to achieve repayment
81 of the Project as required by law; to guard reasonably against Project Water shortages; to achieve a
82 reasonable balance among competing demands for use of Project Water; and to comply with all
83 applicable environmental statutes, all consistent with the legal obligations of the United States
84 relative to the Project; and

85 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
86 relationship in order to achieve their mutual goals; and

87 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
88 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

91 DEFINITIONS

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

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

96 (b) "Charges" shall mean the payments required by Federal Reclamation law in
97 addition to the Rates and Tiered Pricing Component specified in this Contract as determined
98 annually by the Contracting Officer pursuant to this Contract;

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

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

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

107 (f) "Contractor's Service Area" shall mean the area to which the Contractor is
108 permitted to provide Project Water under this Contract as described in Exhibit "A" attached
109 hereto, which may be modified from time to time in accordance with Article 35 of this Contract
110 without amendment of this Contract;

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

113 (h) Omitted;

114 (i) Omitted;

115 (j) "Full Cost Rate" shall mean an annual rate as determined by the Contracting
116 Officer that shall amortize the expenditures for construction properly allocable to the Project
117 irrigation or M&I functions, as appropriate, of facilities in service including all O&M deficits
118 funded, less payments, over such periods as may be required under Federal Reclamation law, or
119 applicable contract provisions. Interest will accrue on both the construction expenditures and
120 funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the date
121 incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated in
122 accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of October 12,
123 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full Cost Rate includes
124 actual operation, maintenance, and replacement costs consistent with Section 426.2 of the Rules and
125 Regulations for the RRA;

126 (k) Omitted;

127 (l) Omitted;

128 (m) Omitted;

129 (n) Omitted;

130 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water made
131 available to the Contractor for purposes other than the commercial production of agricultural crops
132 or livestock;

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

135 (q) "Operation and Maintenance" or "O&M" shall mean normal and reasonable
136 care, control, operation, repair, replacement (other than capital replacement), and maintenance of
137 Project facilities;

138 (r) "Operating Non-Federal Entity" shall mean the Clear Creek Community
139 Services District, its successors or assigns, a non-Federal entity which has the obligation to operate
140 and maintain all or a portion of the Clear Creek South Unit facilities pursuant to an agreement with
141 the United States, and which may have funding obligations with respect thereto;

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

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

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

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

152 (w) “Recent Historic Average” shall mean the most recent five-year average of
153 the final forecast of Water Made Available to the Contractor pursuant to this Contract or its
154 preceding contract(s);

155 (x) “Secretary” shall mean the Secretary of the Interior, a duly appointed
156 successor, or an authorized representative acting pursuant to any authority of the Secretary and
157 through any agency of the Department of the Interior;

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

160 (z) “Water Delivered” or “Delivered Water” shall mean Project Water diverted
161 for use by the Contractor at the point(s) of delivery approved by the Contracting Officer;

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

165 (bb) “Water Scheduled” shall mean Project Water made available to the
166 Contractor for which times and quantities for delivery have been established by the Contractor and
167 Contracting Officer, pursuant to subdivision (b) of Article 4 of this Contract; and

168 (cc) “Year” shall mean the period from and including March 1 of each Calendar
169 Year through the last day of February of the following Calendar Year.

170 TERM OF CONTRACT

171 2. (a) This Contract shall be effective March 1, 20___, through February 28,
172 20___, and supercedes the Existing Contract. In the event the Contractor wishes to renew this
173 Contract beyond February 28, 20___, the Contractor shall submit a request for renewal in writing to
174 the Contracting Officer no later than two years prior to the date this Contract expires.

175 (b) Omitted.

176 (c) This Contract shall be renewed for successive periods of up to 40 years each,
177 which periods shall be consistent with then-existing Reclamation-wide policy, under terms and
178 conditions mutually agreeable to the parties and consistent with Federal and State law. The

179 Contractor shall be afforded the opportunity to comment to the Contracting Officer on the proposed
180 adoption and application of any revised policy applicable to the delivery of M&I Water that would
181 limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I
182 Water to less than 40 years.

183 (d) The Contracting Officer shall make a determination ten years after the date of
184 execution of this Contract, and every five years thereafter during the term of this Contract, of
185 whether a conversion to a contract under subsection 9(c)(1) of Section 9 of the Reclamation Project
186 Act of 1939 can be accomplished. The Contracting Officer anticipates that during the term of this
187 Contract, all authorized Project construction expected to occur will have occurred, and on that basis
188 the Contracting Officer agrees upon such completion to allocate all costs that are properly
189 assignable to the Contractor, and agrees further that, at any time after such allocation is made, and
190 subject to satisfaction of the condition set out in this subdivision, this Contract shall, at the request
191 of the Contractor, be converted to a contract under said subsection 9(c)(1), of the Reclamation
192 Project Act of 1939, subject to applicable Federal law and under stated terms and conditions
193 mutually agreeable to the Contractor and the Contracting Officer. A condition for such conversion
194 to occur shall be a determination by the Contracting Officer that, account being taken of the amount
195 credited to return by the Contractor as provided for under Federal Reclamation law, the remaining
196 amount of construction costs assignable for ultimate return by the Contractor can probably be repaid
197 to the United States within the term of a contract under said subsection 9(c)(1). If the remaining
198 amount of costs that are properly assignable to the Contractor cannot be determined during the term
199 of this Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s) why
200 such a determination could not be made. Further, the Contracting Officer shall make such a
201 determination as soon thereafter as possible so as to permit, upon request of the Contractor and
202 satisfaction of the condition set out above, conversion to a contract under said subsection 9(c)(1).

203 In the event such determination of costs has not been made at a time which allows conversion of
204 this Contract during the term of this Contract or the Contractor has not requested conversion of this
205 Contract within such term, the parties shall incorporate in any subsequent renewal contract as
206 described in subdivision (b) of this Article a provision that carries forth in substantially identical
207 terms the provisions of this subdivision.

208 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

209 3. (a) During each Year, consistent with all applicable State water rights, permits,
210 and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of this
211 Contract, the Contracting Officer shall make available for delivery to the Contractor 2,900 acre-feet
212 of Project Water for M&I purposes. Water Delivered to the Contractor in accordance with this
213 subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and 7 of this
214 Contract.

215 (b) Because the capacity of the Project to deliver Project Water has been
216 constrained in recent years and may be constrained in the future due to many factors including
217 hydrologic conditions and implementation of Federal and State laws, the likelihood of the
218 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this Article
219 in any given Year is uncertain. The Contracting Officer's modeling referenced in the PEIS
220 projected that the Contract Total set forth in this Contract will not be available to the Contractor in
221 many years. During the most recent five years, the Recent Historic Average of water made
222 available to the Contractor was 2,668 acre-feet. Nothing in subdivision (b) of this Article shall
223 affect the rights and obligations of the parties under any provision of this Contract.

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

226 (d) The Contractor shall make reasonable and beneficial use of all water
227 furnished pursuant to this Contract. Ground-water recharge programs (direct, indirect, or in lieu),
228 ground-water banking programs, surface water storage programs, and other similar programs

229 utilizing Project Water or other water furnished pursuant to this Contract conducted within the
230 Contractor's Service Area which are consistent with applicable State law and result in use
231 consistent with Federal Reclamation law will be allowed; Provided, That any direct recharge
232 program(s) is (are) described in the Contractor's water conservation plan submitted pursuant to
233 Article 26 of this Contract; Provided, further, That such water conservation plan demonstrates
234 sufficient lawful uses exist in the Contractor's Service Area so that using a long-term average, the
235 quantity of Delivered Water is demonstrated to be reasonable for such uses and in compliance with
236 Federal Reclamation law. Ground-water recharge programs, water banking programs, surface water
237 storage programs, and other similar programs utilizing Project Water or other water furnished
238 pursuant to this Contract conducted outside the Contractor's Service Area may be permitted upon
239 written approval of the Contracting Officer, which approval will be based upon environmental
240 documentation, Project Water rights, and Project operational concerns. The Contracting Officer
241 will address such concerns in regulations, policies, or guidelines.

242 (e) The Contractor shall comply with requirements applicable to the Contractor
243 in biological opinion(s) prepared as a result of a consultation regarding the execution of this
244 Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA), as
245 amended, that are within the Contractor's legal authority to implement. The Existing Contract,
246 which evidences in excess of 37 years of diversions for M&I purposes of the quantities of water
247 provided in subdivision (a) of Article 3 of this Contract, will be considered in developing an
248 appropriate baseline for biological assessment(s) prepared pursuant to the ESA, and any other
249 needed environmental review. Nothing herein shall be construed to prevent the Contractor from
250 challenging or seeking judicial relief in a court of competent jurisdiction with respect to any
251 biological opinion or other environmental documentation referred to in this Article.

252 (f) As soon as possible following each declaration of Water Made Available
253 under Article 4 of this Contract, the Contracting Officer will make a determination whether Project
254 Water, or other water available to the Project, can be made available to the Contractor in addition to
255 the Contract Total under Article 3 of this Contract during the Year without adversely impacting

256 other Project Contractors. At the request of the Contractor, the Contracting Officer will consult
257 with the Contractor prior to making such a determination. If the Contracting Officer determines
258 that Project Water, or other water available to the Project, can be made available to the Contractor,
259 the Contracting Officer will announce the availability of such water and shall so notify the
260 Contractor as soon as practical. The Contracting Officer will thereafter meet with the Contractor
261 and other Project Contractors capable of taking such water to determine the most equitable and
262 efficient allocation of such water. If the Contractor requests the delivery of any quantity of such
263 water, the Contracting Officer shall make such water available to the Contractor in accordance with
264 applicable statutes, regulations, guidelines, and policies.

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

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

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

281 (j) The Contracting Officer shall make reasonable efforts to protect the water
282 rights necessary for the Project and to provide the water available under this Contract. The

283 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the
284 extent permitted by law, in administrative proceedings related to the Project Water rights; Provided,
285 That the Contracting Officer retains the right to object to the substance of the Contractor's position
286 in such a proceeding; Provided further, That in such proceedings the Contracting Officer shall
287 recognize the Contractor has a legal right under the terms of this Contract to use Project Water.

288 TIME FOR DELIVERY OF WATER

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

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

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

307 (d) Subject to the conditions set forth in subdivision (a) of Article 3 of this
308 Contract, the United States shall deliver Project Water to the Contractor in accordance with the
309 initial schedule submitted by the Contractor pursuant to subdivision (b) of this Article, or any

310 written revision(s), satisfactory to the Contracting Officer, thereto submitted within a reasonable
311 time prior to the date(s) on which the requested change(s) is/are to be implemented.

312 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

313 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
314 Contract shall be delivered to the Contractor at Station 376+50 of the Muletown Conduit and any
315 additional point or points of delivery either on Project facilities or another location or locations
316 mutually agreed to in writing by the Contracting Officer and the Contractor.

317 (b) The Contracting Officer, the Operating Non-Federal Entity, or other
318 appropriate entity as designated by the Contracting Officer (hereinafter referred to as the “Other
319 Appropriate Entity”) shall make all reasonable efforts to maintain sufficient flows and levels of
320 water in the Muletown Conduit to deliver Project Water to the Contractor at specific turnouts
321 established pursuant to subdivision (a) of this Article.

322 (c) Omitted.

323 (d) All Water Delivered to the Contractor pursuant to this Contract shall be
324 measured and recorded with equipment furnished, installed, operated, and maintained by the United
325 States or the Operating Non-Federal Entity at the point or points of delivery established pursuant to
326 subdivision (a) of this Article. Upon the request of either party to this Contract, the Contracting
327 Officer shall investigate, or cause to be investigated by the responsible Operating Non-Federal
328 Entity, the accuracy of such measurements and shall take any necessary steps to adjust any errors
329 appearing therein. For any period of time when accurate measurements have not been made, the
330 Contracting Officer shall consult with the Contractor and the responsible Operating Non-Federal
331 Entity prior to making a final determination of the quantity delivered for that period of time.

332 (e) Neither the Contracting Officer nor any Operating Non-Federal Entity shall
333 be responsible for the control, carriage, handling, use, disposal, or distribution of Water Delivered
334 to the Contractor pursuant to this Contract beyond the delivery points specified in subdivision (a) of
335 this Article. The Contractor shall indemnify the United States, its officers, employees, agents, and
336 assigns on account of damage or claim of damage of any nature whatsoever for which there is legal

337 responsibility, including property damage, personal injury, or death arising out of or connected with
338 the control, carriage, handling, use, disposal, or distribution of such Water Delivered beyond such
339 delivery points, except for any damage or claim arising out of (i) acts or omissions of the
340 Contracting Officer or any of its officers, employees, agents, or assigns, including the Operating
341 Non-Federal Entity, with the intent of creating the situation resulting in any damage or claim, (ii)
342 willful misconduct of the Contracting Officer or any of its officers, employees, agents, or assigns,
343 including the Operating Non-Federal Entity, (iii) negligence of the Contracting Officer or any of its
344 officers, employees, agents, or assigns including the Operating Non-Federal Entity, or (iv) damage
345 or claims resulting from a malfunction of facilities owned and/or operated by the United States or
346 responsible Operating Non-Federal Entity.

347 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

348 6. (a) The Contractor has established a measuring program satisfactory to the
349 Contracting Officer. The Contractor shall ensure that all surface water delivered for M&I purposes
350 is measured at each M&I service connection. The water measuring devices or water measuring
351 methods of comparable effectiveness must be acceptable to the Contracting Officer. The Contractor
352 shall be responsible for installing, operating, and maintaining and repairing all such measuring
353 devices and implementing all such water measuring methods at no cost to the United States. The
354 Contractor shall use the information obtained from such water measuring devices or water
355 measuring methods to ensure its proper management of the water, to bill water users for water
356 delivered by the Contractor; and, if applicable, to record water delivered for M&I purposes by
357 customer class as defined in the Contractor's water conservation plan provided for in Article 26 of
358 this Contract. Nothing herein contained, however, shall preclude the Contractor from establishing
359 and collecting any charges, assessments, or other revenues authorized by California law. The
360 Contractor shall include a summary of all its annual surface water deliveries in the annual report
361 described in subdivision (c) of Article 26.

362 (b) To the extent the information has not otherwise been provided, upon
363 execution of this Contract, the Contractor shall provide to the Contracting Officer a written report

364 describing the measurement devices or water measuring methods being used or to be used to
365 implement subdivision (a) of this Article and identifying the M&I service connections or alternative
366 measurement programs approved by the Contracting Officer, at which such measurement devices or
367 water measuring methods are being used, and, if applicable, identifying the locations at which such
368 devices and/or methods are not yet being used including a time schedule for implementation at such
369 locations. The Contracting Officer shall advise the Contractor in writing within 60 days as to the
370 adequacy and necessary modifications, if any, of the measuring devices or water measuring
371 methods identified in the Contractor's report and if the Contracting Officer does not respond in such
372 time, they shall be deemed adequate. If the Contracting Officer notifies the Contractor that the
373 measuring devices or methods are inadequate, the parties shall within 60 days following the
374 Contracting Officer's response, negotiate in good faith the earliest practicable date by which the
375 Contractor shall modify said measuring devices and/or measuring methods as required by the
376 Contracting Officer to ensure compliance with subdivision (a) of this Article.

377 (c) All new surface water delivery systems installed within the Contractor's
378 Service Area after the effective date of this Contract shall also comply with the measurement
379 provisions described in subdivision (a) of this Article.

380 (d) The Contractor shall inform the Contracting Officer and the State of
381 California in writing by April 30 of each Year of the monthly volume of surface water delivered
382 within the Contractor's Service Area during the previous Year.

383 (e) The Contractor shall inform the Contracting Officer and the Operating Non-
384 Federal Entity on or before the 10th calendar day of each month of the quantity of M&I Water taken
385 during the preceding month.

386 RATES AND METHOD OF PAYMENT FOR WATER

387 7. (a) The Contractor shall pay the United States as provided in this Article for all
388 Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance
389 with (i) the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policy
390 shall be amended, modified, or superceded only through a public notice and comment procedure;

391 (ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii)
392 other applicable provisions of this Contract. Payments shall be made by cash transaction, electronic
393 funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the
394 Contracting Officer. The Rates, Charges, and Tiered Pricing Component applicable to the
395 Contractor upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

396 (b) The Contracting Officer shall notify the Contractor of the Rates, Charges, and
397 Tiered Pricing Component as follows:

398 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall
399 provide the Contractor an estimate of the Charges for Project Water that will be applied to the
400 period October 1, of the current Calendar Year, through September 30, of the following Calendar
401 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months to
402 review and comment on such estimates. On or before September 15 of each Calendar Year, the
403 Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during the
404 period October 1 of the current Calendar Year, through September 30, of the following Calendar
405 Year, and such notification shall revise Exhibit "B."

406 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
407 shall make available to the Contractor an estimate of the Rates and Tiered Pricing Component for
408 Project Water for the following Year and the computations and cost allocations upon which those
409 Rates are based. The Contractor shall be allowed not less than two months to review and comment
410 on such computations and cost allocations. By December 31 of each Calendar Year, the
411 Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing Component
412 to be in effect for the upcoming Year, and such notification shall revise Exhibit "B."

413 (c) At the time the Contractor submits the initial schedule for the delivery of
414 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the Contractor
415 shall make an advance payment to the United States equal to the total amount payable pursuant to
416 the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water scheduled to be
417 delivered pursuant to this Contract during the first two calendar months of the Year. Before the end

418 of the first month and before the end of each calendar month thereafter, the Contractor shall make
419 an advance payment to the United States, at the Rate(s) set under subdivision (a) of this Article, for
420 the Water Scheduled to be delivered pursuant to this Contract during the second month immediately
421 following. Adjustments between advance payments for Water Scheduled and payments at Rates
422 due for Water Delivered shall be made before the end of the following month; Provided, That any
423 revised schedule submitted by the Contractor pursuant to Article 4 of this Contract which increases
424 the amount of Water Delivered pursuant to this Contract during any month shall be accompanied
425 with appropriate advance payment, at the Rates then in effect, to assure that Project Water is not
426 delivered to the Contractor in advance of such payment. In any month in which the quantity of
427 Water Delivered to the Contractor pursuant to this Contract equals the quantity of Water Scheduled
428 and paid for by the Contractor, no additional Project Water shall be delivered to the Contractor
429 unless and until an advance payment at the Rates then in effect for such additional Project Water is
430 made. Final adjustment between the advance payments for the Water Scheduled and payments for
431 the quantities of Water Delivered during each Year pursuant to this Contract shall be made as soon
432 as practicable, but no later than April 30th of the following Year, or 60 days after the delivery of
433 Project Water carried over under subdivision (g) of Article 3 of this Contract if such water is not
434 delivered by the last day of February.

435 (d) The Contractor shall also make a payment in addition to the Rate(s) in
436 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the
437 appropriate Tiered Pricing Component then in effect, before the end of the month following the
438 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered
439 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be consistent
440 with the quantities of M&I Water Delivered as shown in the water delivery report for the subject
441 month prepared by the Operating Non-Federal Entity/Entities or by the Contracting Officer. The
442 water delivery report shall be deemed a bill for the payment of Charges and the applicable Tiered
443 Pricing Component for Water Delivered. Adjustment for overpayment or underpayment of Charges
444 shall be made through the adjustment of payments due to the United States for Charges for the next

445 month. Any amount to be paid for past due payment of Charges and the Tiered Pricing Component
446 shall be computed pursuant to Article 20 of this Contract.

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

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

454 (g) All revenues received by the United States from the Contractor relating to the
455 delivery of Project Water or the delivery of non-Project water through Project facilities shall be
456 allocated and applied in accordance with Federal Reclamation law and the associated rules or
457 regulations, and the then-current Project ratesetting policy for M&I Water.

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

466 (i) The parties acknowledge and agree that the efficient administration of this
467 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
468 policies, and procedures used for establishing Rates, Charges, and the Tiered Pricing Components,
469 and/or for making and allocating payments, other than those set forth in this Article may be in the
470 mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements

471 to modify the mechanisms, policies, and procedures for any of those purposes while this Contract is
472 in effect without amending this Contract.

473 (j) (1) Beginning at such time as deliveries of Project Water in a Year
474 exceed 80 percent of the Contract Total, then before the end of the month following the month of
475 delivery the Contractor shall make an additional payment to the United States equal to the
476 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water
477 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the
478 Contract Total, shall equal one-half of the difference between the Rate established under
479 subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing Component
480 for the amount of Water Delivered which exceeds 90 percent of the Contract Total shall equal the
481 difference between (i) the Rate established under subdivision (a) of this Article and (ii) the M&I
482 Full Cost Water Rate.

483 (2) Omitted.

484 (3) For purposes of determining the applicability of the Tiered Pricing
485 Component pursuant to this Article, Water Delivered shall include Project Water that the
486 Contractor transfers to others but shall not include Project Water transferred to the Contractor, nor
487 shall it include the additional water provided to the Contractor under the provisions of subdivision
488 (f) of Article 3 of this Contract.

489 (k) For the term of this Contract, Rates under the respective ratesetting policies
490 will be established to recover only reimbursable O&M (including any deficits) and capital costs of
491 the Project, as those terms are used in the then-current Project ratesetting policies, and interest,
492 where appropriate, except in instances where a minimum Rate is applicable in accordance with the
493 relevant Project ratesetting policy. Changes of significance in practices which implement the
494 Contracting Officer's ratesetting policies will not be implemented until the Contracting Officer has
495 provided the Contractor an opportunity to discuss the nature, need, and impact of the proposed
496 change.

497 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the CVPIA,
498 the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates adjusted
499 adjusted or downward to reflect the changed costs, if any, incurred by the Contracting Officer in the
500 delivery of the transferred Project Water to the transferee's point of delivery in accordance with the
501 then applicable Project ratesetting policy. If the Contractor is receiving lower Rates and Charges
502 because of inability to pay and is transferring Project Water to another entity whose Rates and
503 Charges are not adjusted due to inability to pay, the Rates and Charges for transferred Project Water
504 shall be the Contractor's Rates and Charges and will not be adjusted to reflect the Contractor's
505 inability to pay.

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

508 (n) With respect to the Rates for M&I Water, the Contractor asserts that it is not
509 legally obligated to pay any Project deficits claimed by the United States to have accrued as of the
510 date of this Contract or deficit-related interest charges thereon. By entering into this Contract, the
511 Contractor does not waive any legal rights or remedies that it may have with respect to such
512 disputed issues. Notwithstanding the execution of this Contract, and payments made hereunder, the
513 Contractor may challenge in the appropriate administrative or judicial forums: (1) the existence,
514 computation, or imposition of any deficit charges accruing during the term of the Existing Contract
515 and any preceding interim renewal contracts, if applicable; (2) interest accruing on any such
516 deficits; (3) the inclusion of any such deficit charges or interest in the Rates; (4) the application by
517 the United States of payments made by the Contractor under its Existing Contract and any
518 preceding interim renewal contracts, if applicable; and (5) the application of such payments in the
519 Rates. The Contracting Officer agrees that the Contractor shall be entitled to the benefit of any
520 administrative or judicial ruling in favor of any Project M&I contractor on any of these issues, and
521 credits for payments heretofore made, Provided, That the basis for such ruling is applicable to the
522 Contractor.

523 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

524 8. The Contractor and the Contracting Officer concur that, as of the effective date of
525 this Contract, the Contractor has no non-interest bearing O&M deficits and shall have no further
526 liability therefor.

527 SALES, TRANSFERS, OR EXCHANGES OF WATER

528 9. (a) The right to receive Project Water provided for in this Contract may be sold,
529 transferred, or exchanged to others for reasonable and beneficial uses within the State of California
530 if such sale, transfer, or exchange is authorized by applicable Federal and State laws, and applicable
531 guidelines or regulations then in effect. No sale, transfer, or exchange of Project Water under this
532 Contract may take place without the prior written approval of the Contracting Officer, except as
533 provided for in subdivision (b) of this Article, and no such sales, transfers, or exchanges shall be
534 approved absent all appropriate environmental documentation, including but not limited to
535 documents prepared pursuant to NEPA and ESA. Such environmental documentation should
536 include, as appropriate, an analysis of ground-water impacts and economic and social effects,
537 including environmental justice, of the proposed water transfers on both the transferor and
538 transferee.

539 (b) In order to facilitate efficient water management by means of water transfers
540 of the type historically carried out among Project Contractors located within the same geographical
541 area and to allow the Contractor to participate in an accelerated water transfer program during the
542 term of this Contract, the Contracting Officer shall prepare, as appropriate, all necessary
543 environmental documentation including, but not limited to, documents prepared pursuant to NEPA
544 and ESA, analyzing annual transfers within such geographical areas, and the Contracting Officer
545 shall determine whether such transfers comply with applicable law. Following the completion of
546 the environmental documentation, such transfers addressed in such documentation shall be
547 conducted with advance notice to the Contracting Officer, but shall not require prior written
548 approval by the Contracting Officer. Such environmental documentation and the Contracting
549 Officer's compliance determination shall be reviewed every five years and updated, as necessary,

550 prior to the expiration of the then-existing five-year period. All subsequent environmental
551 documentation shall include an alternative to evaluate not less than the quantity of Project Water
552 historically transferred within the same geographical area.

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

563 (d) For the purpose of determining whether Section 3405(a)(1)(M) of the CVPIA
564 applies to the Contractor as a transferor or transferee of Project Water, the Contracting Officer
565 acknowledges that the Contractor is within a county, watershed, or other area of origin, as those
566 terms are utilized under California law, of water that constitutes the natural flow of the Sacramento
567 River and its tributaries above the confluence of the American and Sacramento Rivers.

568 APPLICATION OF PAYMENTS AND ADJUSTMENTS

569 10. (a) The amount of any overpayment by the Contractor of the Contractor's O&M,
570 capital, and deficit (if any) obligations for the Year shall be applied first to any current liabilities of
571 the Contractor arising out of this Contract then due and payable. Overpayments of more than
572 \$1,000 shall be refunded at the Contractor's request. In lieu of a refund, any amount of such
573 overpayment, at the option of the Contractor, may be credited against amounts to become due to the
574 United States by the Contractor. With respect to overpayment, such refund or adjustment shall
575 constitute the sole remedy of the Contractor or anyone having or claiming to have the right to the
576 use of any of the Project Water supply provided for herein. All credits and refunds of overpayments

577 shall be made within 30 days of the Contracting Officer obtaining direction as to how to credit or
578 refund such overpayment in response to the notice to the Contractor that it has finalized the
579 accounts for the Year in which the overpayment was made.

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

585 TEMPORARY REDUCTIONS--RETURN FLOWS

586 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the
587 requirements of Federal law; and (ii) the obligations of the United States under existing contracts, or
588 renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make
589 all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in this
590 Contract.

591 (b) The Contracting Officer or Operating Non-Federal Entity/Entities may
592 temporarily discontinue or reduce the quantity of Water Delivered to the Contractor as herein
593 provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of
594 the Project facilities or any part thereof necessary for the delivery of Project Water to the
595 Contractor, but so far as feasible the Contracting Officer or Operating Non-Federal Entity will give
596 the Contractor due notice in advance of such temporary discontinuance or reduction, except in case
597 of emergency, in which case no notice need be given; Provided, That the United States shall use its
598 best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service
599 after such reduction or discontinuance, and if requested by the Contractor, the United States will, if
600 possible, deliver the quantity of Project Water which would have been delivered hereunder in the
601 absence of such discontinuance or reduction.

602 (c) The United States reserves the right to all seepage and return flow water
603 derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond

604 the Contractor's Service Area; Provided, That this shall not be construed as claiming for the United
605 States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this
606 Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or
607 under the Contractor.

608 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

619 (c) Omitted.

620 (d) Project Water furnished under this long-term renewal contract will be
621 allocated in accordance with the then-existing Project M&I Water Shortage Policy. Such policy
622 shall be amended, modified, or superceded only through a public notice and comment procedure.

623 (e) By entering into this Contract, the Contractor does not waive any legal rights
624 or remedies it may have to file or participate in any administrative or judicial proceeding contesting
625 (i) the sufficiency of the manner in which any Project M&I Water Shortage Policy adopted after the
626 effective date of this Contract was promulgated; (ii) the substance of such a policy; or (iii) the
627 applicability of such a policy. By agreeing to the foregoing, the Contracting Officer does not waive
628 any legal defenses or remedies that it may then have to assert in such a proceeding.

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UNAVOIDABLE GROUNDWATER PERCOLATION

13. Omitted.

RULES AND REGULATIONS

14. The parties agree that the delivery of Project Water or use of Federal facilities pursuant to this Contract is subject to Federal Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation law.

WATER AND AIR POLLUTION CONTROL

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

QUALITY OF WATER

16. (a) Project facilities used to deliver Project Water to the Contractor pursuant to this Contract shall be operated and maintained to enable the United States to deliver Project Water to the Contractor in accordance with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no obligation to construct or furnish water treatment facilities to maintain or to improve the quality of Water Delivered to the Contractor pursuant to this Contract. The United States does not warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

(b) The O&M of Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water made available through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The Contractor shall be responsible for compliance with all State and Federal water quality standards applicable to surface and subsurface agricultural drainage discharges generated through the use of Federal or Contractor facilities or Project Water provided by the Contractor within the Contractor's Service Area.

655 WATER ACQUIRED BY THE CONTRACTOR
656 OTHER THAN FROM THE UNITED STATES

657 17. (a) Omitted.

658 (b) Except as provided in Contract Nos. 00-WC-20-1719-A and
659 00-WC-20-1708, water or water rights now owned or hereafter acquired by the Contractor, other
660 than from the United States, may be stored, conveyed, and/or diverted through Project facilities,
661 subject to the completion of appropriate environmental documentation, with the approval of the
662 Contracting Officer and the execution of any contract determined by the Contracting Officer to be
663 necessary, consistent with the following provisions:

664 (1) The Contractor may introduce non-Project water into Project facilities
665 and deliver said water to lands within the Contractor's Service Area subject to payment to the
666 United States and/or to any applicable Operating Non-Federal Entity of an appropriate rate as
667 determined by the applicable Project ratesetting policy, the RRA, and the Project use power policy,
668 if such Project use power policy is applicable, each as amended, modified, or superceded from time
669 to time.

670 (2) Delivery of such non-Project water in and through Project facilities
671 shall only be allowed to the extent such deliveries do not: (i) interfere with other Project purposes
672 as determined by the Contracting Officer; (ii) reduce the quantity or quality of water available to
673 other Project Contractors; (iii) interfere with the delivery of contractual water entitlements to any
674 other Project Contractors; or (iv) interfere with the physical maintenance of the Project facilities.

675 (3) Neither the United States nor the Operating Non-Federal Entity shall
676 be responsible for control, care, or distribution of the non-Project water before it is introduced into
677 or after it is delivered from the Project facilities. The Contractor hereby releases and agrees to
678 defend and indemnify the United States and the Operating Non-Federal Entity, and their respective
679 officers, agents, and employees, from any claim for damage to persons or property, direct or
680 indirect, resulting from the acts of the Contractor, its officers', employees', agents' or assigns',

681 act(s) in (i) extracting or diverting non-Project water from any source, or (ii) diverting such non-
682 Project water into Project facilities.

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

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

691 OPINIONS AND DETERMINATIONS

692 18. (a) Where the terms of this Contract provide for actions to be based upon the
693 opinion or determination of either party to this Contract, said terms shall not be construed as
694 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
695 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
696 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious, or
697 unreasonable opinion or determination. Each opinion or determination by either party shall be
698 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended to
699 or shall affect or alter the standard of judicial review applicable under Federal law to any opinion or
700 determination implementing a specific provision of Federal law embodied in statute or regulation.

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

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COORDINATION AND COOPERATION

19. (a) In order to further their mutual goals and objectives, the Contracting Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and with other affected Project Contractors, in order to improve the operation and management of the Project. The communication, coordination, and cooperation regarding operations and management shall include, but not be limited to, any action which will or may materially affect the quantity or quality of Project Water supply, the allocation of Project Water supply, and Project financial matters including, but not limited to, budget issues. The communication, coordination, and cooperation provided for hereunder shall extend to all provisions of this Contract. Each party shall retain exclusive decision making authority for all actions, opinions, and determinations to be made by the respective party.

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

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

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

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

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

735 (3.1) The Secretary and the Contractor desire to work together to maximize
736 the reasonable beneficial use of water for their mutual benefit. As a consequence, the Secretary and
737 the Contractor will work in partnership and with others in the region of the Redding Groundwater
738 Basin, including other Contractors in the Shasta and Trinity Divisions of the Project, to facilitate the
739 better integration with the region of the Redding Groundwater Basin of all water supplies including,
740 but not limited to, the better management and integration of surface water and groundwater,
741 transfers and exchanges of water, the development and better utilization of surface water storage,
742 the effective utilization of waste, seepage and return flow water, and other operational and
743 management options that may be identified in the future.

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

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

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

754 CHARGES FOR DELINQUENT PAYMENTS

755 20. (a) The Contractor shall be subject to interest, administrative and penalty charges
756 on delinquent installments or payments. When a payment is not received by the due date, the
757 Contractor shall pay an interest charge for each day the payment is delinquent beyond the due date.
758 When a payment becomes sixty (60) days delinquent, the Contractor shall pay an administrative
759 charge to cover additional costs of billing and processing the delinquent payment. When a payment
760 is delinquent ninety (90) days or more, the Contractor shall pay an additional penalty charge of six
761 (6%) percent per year for each day the payment is delinquent beyond the due date. Further, the

762 Contractor shall pay any fees incurred for debt collection services associated with a delinquent
763 payment.

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

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

772 EQUAL OPPORTUNITY

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

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

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

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

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

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

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

807 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
808 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
809 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
810 provisions will be binding upon each subcontractor or vendor. The Contractor will take such action
811 with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a
812 means of enforcing such provisions, including sanctions for noncompliance: Provided, however,
813 That in the event the Contractor becomes involved in, or is threatened with, litigation with a
814 subcontractor or vendor as a result of such direction, the Contractor may request the United States
815 to enter into such litigation to protect the interests of the United States.

816 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

829 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

830 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
831 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
832 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws,
833 as well as with their respective implementing regulations and guidelines imposed by the U.S.
834 Department of the Interior and/or Bureau of Reclamation.

835 (b) These statutes require that no person in the United States shall, on the
836 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
837 denied the benefits of, or be otherwise subjected to discrimination under any program or activity

838 receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the
839 Contractor agrees to immediately take any measures necessary to implement this obligation,
840 including permitting officials of the United States to inspect premises, programs, and documents.

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

848 PRIVACY ACT COMPLIANCE

849 24. Omitted.

850 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

851 25. In addition to all other payments to be made by the Contractor pursuant to this
852 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and
853 detailed statement submitted by the Contracting Officer to the Contractor for such specific items of
854 direct cost incurred by the United States for work requested by the Contractor associated with this
855 Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies and
856 procedures. All such amounts referred to in this Article shall not exceed the amount agreed to in
857 writing in advance by the Contractor. This Article shall not apply to costs for routine contract
858 administration.

859 WATER CONSERVATION

860 26. (a) Prior to the delivery of water provided from or conveyed through Federally
861 constructed or Federally financed facilities pursuant to this Contract, the Contractor shall be
862 implementing an effective water conservation and efficiency program based on the Contractor's
863 water conservation plan that has been determined by the Contracting Officer to meet the
864 conservation and efficiency criteria for evaluating water conservation plans established under
865 Federal law. The water conservation and efficiency program shall contain definite water
866 conservation objectives, appropriate economically feasible water conservation measures, and time
867 schedules for meeting those objectives. Continued Project Water delivery pursuant to this Contract

868 shall be contingent upon the Contractor's continued implementation of such water conservation
869 program. In the event the Contractor's water conservation plan or any revised water conservation
870 plan completed pursuant to subdivision (d) of Article 26 of this Contract have not yet been
871 determined by the Contracting Officer to meet such criteria, due to circumstances which the
872 Contracting Officer determines are beyond the control of the Contractor, water deliveries shall be
873 made under this Contract so long as the Contractor diligently works with the Contracting Officer to
874 obtain such determination at the earliest practicable date, and thereafter the Contractor immediately
875 begins implementing its water conservation and efficiency program in accordance with the time
876 schedules therein.

877 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of
878 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall implement
879 the Best Management Practices identified by the time frames issued by the California Urban Water
880 Conservation Council for such M&I Water unless any such practice is determined by the
881 Contracting Officer to be inappropriate for the Contractor.

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

885 (d) At five-year intervals, the Contractor shall revise its water conservation plan
886 to reflect the then-current conservation and efficiency criteria for evaluating water conservation
887 plans established under Federal law and submit such revised water management plan to the
888 Contracting Officer for review and evaluation. The Contracting Officer will then determine if the
889 water conservation plan meets Reclamation's then-current conservation and efficiency criteria for
890 evaluating water conservation plans established under Federal law.

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

893 EXISTING OR ACQUIRED WATER OR WATER RIGHTS
894 27. Except as specifically provided in Article 17 of this Contract, the provisions of this
895 Contract shall not be applicable to or affect non-Project water or water rights now owned or
896 hereafter acquired by the Contractor or any user of such water within the Contractor's Service Area.
897 Any such water shall not be considered Project Water under this Contract. In addition, this Contract
898 shall not be construed as limiting or curtailing any rights which the Contractor or any water user
899 within the Contractor's Service Area acquires or has available under any other contract pursuant to
900 Federal Reclamation law.

901 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

902 28. (a) The O&M of a portion of the Project facilities which serve the Contractor,
903 and responsibility for funding a portion of the costs of such O&M, have been transferred to the
904 Operating Non-Federal Entity by separate agreement between the United States and the Operating
905 Non-Federal Entity. That separate agreement shall not interfere with or affect the rights or
906 obligations of the Contractor or the United States hereunder.

907 (b) The Contracting Officer has previously notified the Contractor in writing that
908 the O&M of a portion of the Project facilities which serve the Contractor has been transferred to the
909 Operating Non-Federal Entity, and therefore, the Contractor shall pay directly to the Operating
910 Non-Federal Entity, or to any successor approved by the Contracting Officer under the terms and
911 conditions of the separate agreement between the United States and the Operating Non-Federal
912 Entity described in subdivision (a) of this Article, all rates, charges, or assessments of any kind,
913 including any assessment for reserve funds, which the Operating Non-Federal Entity or such
914 successor determines, sets, or establishes for the O&M of the portion of the Project facilities
915 operated and maintained by the Operating Non-Federal Entity or such successor. Such direct
916 payments to the Operating Non-Federal Entity or such successor shall not relieve the Contractor of
917 its obligation to pay directly to the United States the Contractor's share of the Project Rates,
918 Charges, and Tiered Pricing Component(s) except to the extent the Operating Non-Federal Entity

919 collects payments on behalf of the United States in accordance with the separate agreement
920 identified in subdivision (a) of this Article.

921 (c) For so long as the O&M of any portion of the Project facilities serving the
922 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the
923 Contracting Officer shall adjust those components of the Rates for Water Delivered under this
924 Contract representing the cost associated with the activity being performed by the Operating
925 Non-Federal Entity or its successor.

926 (d) In the event the O&M of the Project facilities operated and maintained by
927 the Operating Non-Federal Entity is re-assumed by the United States during the term of this
928 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the
929 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the
930 Contractor for Project Water under this Contract representing the O&M costs of the portion of
931 such Project facilities which have been re-assumed. The Contractor shall, thereafter, in the
932 absence of written notification from the Contracting Officer to the contrary, pay the Rates,
933 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the
934 United States in compliance with Article 7 of this Contract.

935 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

936 29. The expenditure or advance of any money or the performance of any obligation of
937 the United States under this Contract shall be contingent upon appropriation or allotment of
938 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
939 obligations under this Contract. No liability shall accrue to the United States in case funds are
940 not appropriated or allotted.

941 BOOKS, RECORDS, AND REPORTS

942 30. (a) The Contractor shall establish and maintain accounts and other books and
943 records pertaining to administration of the terms and conditions of this Contract, including: the
944 Contractor's financial transactions, water supply data, and Project land and right-of-way
945 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use
946 data; and other matters that the Contracting Officer may require. Reports thereon shall be
947 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
948 Officer may require. Subject to applicable Federal laws and regulations, each party to this

949 Contract shall have the right during office hours to examine and make copies of the other party's
950 books and records relating to matters covered by this Contract

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

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

959 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

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

968 SEVERABILITY

969 32. In the event that a person or entity who is neither (i) a party to a Project contract,
970 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
971 an association or other form of organization whose primary function is to represent parties to
972 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
973 enforceability of a provision included in this Contract and said person, entity, association, or
974 organization obtains a final court decision holding that such provision is legally invalid or
975 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
976 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such

977 final court decision identify by mutual agreement the provisions in this Contract which must be
978 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).
979 The time periods specified above may be extended by mutual agreement of the parties. Pending
980 the completion of the actions designated above, to the extent it can do so without violating any
981 applicable provisions of law, the United States shall continue to make the quantities of Project
982 Water specified in this Contract available to the Contractor pursuant to the provisions of this
983 Contract which were not found to be legally invalid or unenforceable in the final court decision.

984 RESOLUTION OF DISPUTES

985 33. Should any dispute arise concerning any provisions of this Contract, or the
986 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
987 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
988 Officer referring any matter to Department of Justice, the party shall provide to the other party
989 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
990 required where a delay in commencing an action would prejudice the interests of the party that
991 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
992 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
993 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
994 United States may have.

995 OFFICIALS NOT TO BENEFIT

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

999 CHANGES IN CONTRACTOR'S SERVICE AREA

1000 35. (a) While this Contract is in effect, no change may be made in the
1001 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,
1002 or otherwise, except upon the Contracting Officer's written consent.

1003 (b) Within 30 days of receipt of a request for such a change, the Contracting
1004 Officer will notify the Contractor of any additional information required by the Contracting

1005 Officer for processing said request, and both parties will meet to establish a mutually agreeable
1006 schedule for timely completion of the process. Such process will analyze whether the proposed
1007 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;
1008 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
1009 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)
1010 have an impact on any Project Water rights applications, permits, or licenses. In addition, the
1011 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
1012 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
1013 be paid in accordance with Article 25 of this Contract.

1014 FEDERAL LAWS

1015 36. By entering into this Contract, the Contractor does not waive its rights to contest
1016 the validity or application in connection with the performance of the terms and conditions of this
1017 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
1018 the terms and conditions of this Contract unless and until relief from application of such Federal
1019 law or regulation to the implementing provision of the Contract is granted by a court of
1020 competent jurisdiction.

1021 NOTICES

1022 37. Any notice, demand, or request authorized or required by this Contract shall be
1023 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1024 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349
1025 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when
1026 mailed, postage prepaid, or delivered to the Board of Directors of the Centerville Community
1027 Services District, 8930 Placer Road, P.O. Box 990431, Redding, California 96099. The
1028 designation of the addressee or the address may be changed by notice given in the same manner
1029 as provided in this Article for other notices.

1030

CONFIRMATION OF CONTRACT

1031

38. The Contractor, after the execution of this Contract, shall furnish to the

1032

Contracting Officer evidence that pursuant to the laws of the State of California, the Contractor is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor.

1033

1034

This Contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer's satisfaction.

1035

1036

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of

1037

the day and year first above written.

1038

THE UNITED STATES OF AMERICA

1039

By: _____

1040

Regional Director, Mid-Pacific Region

1041

Bureau of Reclamation

1042

CENTERVILLE COMMUNITY

1043

SERVICES DISTRICT

1044

By: _____

1045

President of the Board of Directors

1046

Attest:

1047

By: _____

1048

Secretary of the Board of Directors

1049

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EXHIBIT A

[Map or Description of Contractor's Service Area]

EXHIBIT B

2004 Water Rates and Charges
Centerville Community Services District– Clear Creek South

M&I COST OF SERVICE RATES:

Capital Rate:	\$ 8.52
O&M Rates:	
Water Marketing	5.01
Storage	6.38
Deficit Rate:	6.41
CFO/PRF Adjustment Rate 1/	<u>0.03</u>
TOTAL	<u>\$26.36</u>
<u>M&I FULL COST RATE:</u>	<u>\$32.36</u>

CHARGES UNDER P.L. 102-575 TO THE
RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A))	<u>\$15.64</u>
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1/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).