

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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Exhibit A - Map of Contractor's Service Area

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1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
4 Central Valley Project, California

5 LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
6 AND  
7 CENTERVILLE COMMUNITY SERVICES DISTRICT  
8 PROVIDING FOR PROJECT WATER SERVICE  
9 FROM THE TRINITY RIVER DIVISION  
10

11 THIS CONTRACT, made this 10<sup>th</sup> day of May, 2005, 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 [1<sup>st</sup>] 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  
26 and restoration, generation and distribution of electric energy, salinity control, navigation and  
27 other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River,  
28 and the San Joaquin River and their tributaries; and

29 [2<sup>nd</sup>] 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 [3<sup>rd</sup>] WHEREAS, the rights to Project Water were acquired by the United States  
33 pursuant to California law for operation of the Project; and

34 [4<sup>th</sup>] 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  
36 Water from the Muletown Conduit through December 31, 2004, hereinafter referred to as the  
37 "Existing Contract," and

38 [5<sup>th</sup>] 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  
41 the terms pursuant to which the Contractor agreed to renew the Existing Contract before its  
42 expiration date after completion of a programmatic environmental impact statement and other  
43 appropriate environmental documentation and negotiation of a renewal contract, and which also  
44 sets out the consequences of a subsequent decision not to renew; and

45 [6<sup>th</sup>] 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 [7<sup>th</sup>] 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 [8<sup>th</sup>] 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  
54 of the State of California, for water service from the Project; and

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

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

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

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

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

73 [13<sup>th</sup>] WHEREAS, the Secretary intends through coordination, cooperation, and  
74 partnerships to pursue measures to improve water supply, water-quality, and reliability of the  
75 Project for all Project purposes; and

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

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

87 [15<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more cooperative  
88 relationship in order to achieve their mutual goals; and

89 [16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this  
90 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

93 DEFINITIONS

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

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

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

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

104                   (d)     “Contracting Officer” shall mean the Secretary of the Interior’s duly  
105    authorized representative acting pursuant to this Contract or applicable Federal Reclamation law  
106    or regulation;

107                   (e)     “Contract Total” shall mean the maximum amount of water to which the  
108    Contractor is entitled under subdivision (a) of Article 3 of this Contract;

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

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

115                   (h)     Omitted;

116                   (i)     Omitted;

117                   (j)     “Full Cost Rate” shall mean an annual rate as determined by the  
118    Contracting Officer that shall amortize the expenditures for construction properly allocable to the  
119    Project irrigation or M&I functions, as appropriate, of facilities in service including all O&M  
120    deficits funded, less payments, over such periods as may be required under Federal Reclamation  
121    law, or applicable contract provisions. Interest will accrue on both the construction expenditures  
122    and funded O&M deficits from October 12, 1982, on costs outstanding at that date, or from the  
123    date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated

124 in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of October  
125 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full Cost Rate  
126 includes actual operation, maintenance, and replacement costs consistent with Section 426.2 of  
127 the Rules and Regulations for the RRA;

128 (k) Omitted;

129 (l) Omitted;

130 (m) Omitted;

131 (n) Omitted;

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

TERM OF CONTRACT

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2. (a) This Contract shall be effective March 1, 2005, through February 28, 2045, and supersedes the Existing Contract. In the event the Contractor wishes to renew this Contract beyond February 28, 2045, the Contractor shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this Contract expires.

(b) Omitted.

(c) This Contract shall be renewed for successive periods of up to 40 years each, which periods shall be consistent with then-existing Reclamation-wide policy, under terms and conditions mutually agreeable to the parties and consistent with Federal and State law. The Contractor shall be afforded the opportunity to comment to the Contracting Officer on the proposed adoption and application of any revised policy applicable to the delivery of M&I Water that would limit the term of any subsequent renewal contract with the Contractor for the furnishing of M&I Water to less than 40 years.

(d) The Contracting Officer shall make a determination ten years after the date of execution of this Contract, and every five years thereafter during the term of this Contract, of whether a conversion to a contract under subsection 9(c)(1) of Section 9 of the Reclamation Project Act of 1939 can be accomplished. The Contracting Officer anticipates that during the term of this Contract, all authorized Project construction expected to occur will have occurred, and on that basis the Contracting Officer agrees upon such completion to allocate all costs that are properly assignable to the Contractor, and agrees further that, at any time after such allocation is made, and subject to satisfaction of the condition set out in this subdivision, this Contract shall, at the request of the Contractor, be converted to a contract under said subsection 9(c)(1), of the Reclamation Project Act of 1939, subject to applicable Federal law and under stated terms and conditions mutually agreeable to the Contractor and the Contracting Officer.

198 A condition for such conversion to occur shall be a determination by the Contracting Officer  
199 that, account being taken of the amount credited to return by the Contractor as provided for  
200 under Federal Reclamation law, the remaining amount of construction costs assignable for  
201 ultimate return by the Contractor can probably be repaid to the United States within the term of a  
202 contract under said subsection 9(c)(1). If the remaining amount of costs that are properly  
203 assignable to the Contractor cannot be determined during the term of this Contract, the  
204 Contracting Officer shall notify the Contractor, and provide the reason(s) why such a  
205 determination could not be made. Further, the Contracting Officer shall make such a  
206 determination as soon thereafter as possible so as to permit, upon request of the Contractor and  
207 satisfaction of the condition set out above, conversion to a contract under said subsection 9(c)(1).  
208 In the event such determination of costs has not been made at a time which allows conversion of  
209 this Contract during the term of this Contract or the Contractor has not requested conversion of  
210 this Contract within such term, the parties shall incorporate in any subsequent renewal contract  
211 as described in subdivision (c) of this Article a provision that carries forth in substantially  
212 identical terms the provisions of this subdivision.

213 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

214 3. (a) During each Year, consistent with all applicable State water rights,  
215 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of  
216 this Contract, the Contracting Officer shall make available for delivery to the Contractor 2,900  
217 acre-feet of Project Water for M&I purposes. Water Delivered to the Contractor in accordance  
218 with this subdivision shall be scheduled and paid for pursuant to the provisions of Articles 4 and  
219 7 of this Contract.

220 (b) Because the capacity of the Project to deliver Project Water has been  
221 constrained in recent years and may be constrained in the future due to many factors including

222 hydrologic conditions and implementation of Federal and State laws, the likelihood of the  
223 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this  
224 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the  
225 PEIS projected that the Contract Total set forth in this Contract will not be available to the  
226 Contractor in many years. During the most recent five years, the Recent Historic Average of  
227 water made available to the Contractor was 2,668 acre-feet. Nothing in subdivision (b) of this  
228 Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

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

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

258           (f)     As soon as possible following each declaration of Water Made Available  
259 under Article 4 of this Contract, the Contracting Officer will make a determination whether  
260 Project Water, or other water available to the Project, can be made available to the Contractor in  
261 addition to the Contract Total under Article 3 of this Contract during the Year without adversely  
262 impacting other Project Contractors. At the request of the Contractor, the Contracting Officer  
263 will consult with the Contractor prior to making such a determination. If the Contracting Officer  
264 determines that Project Water, or other water available to the Project, can be made available to  
265 the Contractor, the Contracting Officer will announce the availability of such water and shall so  
266 notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the  
267 Contractor and other Project Contractors capable of taking such water to determine the most  
268 equitable and efficient allocation of such water. If the Contractor requests the delivery of any  
269 quantity of such water, the Contracting Officer shall make such water available to the Contractor  
270 in accordance with applicable statutes, regulations, guidelines, and policies.

271           (g)     The Contractor may request permission to reschedule for use during the  
272 subsequent Year some or all of the Water Made Available to the Contractor during the current

273 Year, referred to as "carryover." The Contractor may request permission to use during the  
274 current Year a quantity of Project Water which may be made available by the United States to  
275 the Contractor during the subsequent Year, referred to as "preuse." The Contracting Officer's  
276 written approval may permit such uses in accordance with applicable statutes, regulations,  
277 guidelines, and policies.

278 (h) The Contractor's right pursuant to Federal Reclamation law and applicable  
279 State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract  
280 during the term thereof and any subsequent renewal contracts, as described in Article 2 of this  
281 Contract, during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all  
282 of its obligations under this Contract and any renewals thereof. Nothing in the preceding  
283 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or  
284 subdivision (b) of Article 12 of this Contract or applicable provisions of any subsequent renewal  
285 contracts.

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

289 (j) The Contracting Officer shall make reasonable efforts to protect the water  
290 rights necessary for the Project and to provide the water available under this Contract. The  
291 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the  
292 extent permitted by law, in administrative proceedings related to the Project Water rights;  
293 Provided, That the Contracting Officer retains the right to object to the substance of the  
294 Contractor's position in such a proceeding; Provided further, That in such proceedings the  
295 Contracting Officer shall recognize the Contractor has a legal right under the terms of this  
296 Contract to use Project Water.

TIME FOR DELIVERY OF WATER

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

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

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

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

322 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

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

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

332 (c) Omitted.

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

343 (e) Neither the Contracting Officer nor any Operating Non-Federal Entity  
344 shall be responsible for the control, carriage, handling, use, disposal, or distribution of Water  
345 Delivered to the Contractor pursuant to this Contract beyond the delivery points specified in  
346 subdivision (a) of this Article. The Contractor shall indemnify the United States, its officers,  
347 employees, agents, and assigns on account of damage or claim of damage of any nature



348 whatsoever for which there is legal responsibility, including property damage, personal injury, or  
349 death arising out of or connected with the control, carriage, handling, use, disposal, or  
350 distribution of such Water Delivered beyond such delivery points, except for any damage or  
351 claim arising out of (i) acts or omissions of the Contracting Officer or any of its officers,  
352 employees, agents, or assigns, including the Operating Non-Federal Entity, with the intent of  
353 creating the situation resulting in any damage or claim, (ii) willful misconduct of the Contracting  
354 Officer or any of its officers, employees, agents, or assigns, including the Operating Non-Federal  
355 Entity, (iii) negligence of the Contracting Officer or any of its officers, employees, agents, or  
356 assigns including the Operating Non-Federal Entity, or (iv) damage or claims resulting from a  
357 malfunction of facilities owned and/or operated by the United States or responsible Operating  
358 Non-Federal Entity.

359 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

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

374           (b)     To the extent the information has not otherwise been provided, upon  
375 execution of this Contract, the Contractor shall provide to the Contracting Officer a written  
376 report describing the measurement devices or water measuring methods being used or to be used  
377 to implement subdivision (a) of this Article and identifying the M&I service connections or  
378 alternative measurement programs approved by the Contracting Officer, at which such  
379 measurement devices or water measuring methods are being used, and, if applicable, identifying  
380 the locations at which such devices and/or methods are not yet being used including a time  
381 schedule for implementation at such locations. The Contracting Officer shall advise the  
382 Contractor in writing within 60 days as to the adequacy and necessary modifications, if any, of  
383 the measuring devices or water measuring methods identified in the Contractor's report and if the  
384 Contracting Officer does not respond in such time, they shall be deemed adequate. If the  
385 Contracting Officer notifies the Contractor that the measuring devices or methods are  
386 inadequate, the parties shall within 60 days following the Contracting Officer's response,  
387 negotiate in good faith the earliest practicable date by which the Contractor shall modify said  
388 measuring devices and/or measuring methods as required by the Contracting Officer to ensure  
389 compliance with subdivision (a) of this Article.

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

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

396           (e)     The Contractor shall inform the Contracting Officer and the Operating  
397 Non-Federal Entity on or before the 10<sup>th</sup> calendar day of each month of the quantity of M&I  
398 Water taken during the preceding month.

RATES AND METHOD OF PAYMENT FOR WATER

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7. (a) The Contractor shall pay the United States as provided in this Article for all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in accordance with (i) the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policy shall be amended, modified, or superseded only through a public notice and comment procedure; (ii) applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii) other applicable provisions of this Contract. Payments shall be made by cash transaction, electronic funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may be revised annually.

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

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

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

425 the Contracting Officer shall provide the Contractor with the final Rates and Tiered Pricing  
426 Component to be in effect for the upcoming Year, and such notification shall revise Exhibit "B."

427 (c) At the time the Contractor submits the initial schedule for the delivery of  
428 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the  
429 Contractor shall make an advance payment to the United States equal to the total amount payable  
430 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water  
431 scheduled to be delivered pursuant to this Contract during the first two calendar months of the  
432 Year. Before the end of the first month and before the end of each calendar month thereafter, the  
433 Contractor shall make an advance payment to the United States, at the Rate(s) set under  
434 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract  
435 during the second month immediately following. Adjustments between advance payments for  
436 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of  
437 the following month; Provided, That any revised schedule submitted by the Contractor pursuant  
438 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this  
439 Contract during any month shall be accompanied with appropriate advance payment, at the Rates  
440 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such  
441 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to  
442 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no  
443 additional Project Water shall be delivered to the Contractor unless and until an advance  
444 payment at the Rates then in effect for such additional Project Water is made. Final adjustment  
445 between the advance payments for the Water Scheduled and payments for the quantities of Water  
446 Delivered during each Year pursuant to this Contract shall be made as soon as practicable, but no  
447 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried  
448 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last  
449 day of February.

450           (d)     The Contractor shall also make a payment in addition to the Rate(s) in  
451 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the  
452 appropriate Tiered Pricing Component then in effect, before the end of the month following the  
453 month of delivery. The payments shall be consistent with the quantities of M&I Water Delivered  
454 as shown in the water delivery report for the subject month prepared by the Operating Non-  
455 Federal Entity/Entities or by the Contracting Officer. The water delivery report shall be deemed  
456 a bill for the payment of Charges and the applicable Tiered Pricing Component for Water  
457 Delivered. Adjustment for overpayment or underpayment of Charges shall be made through the  
458 adjustment of payments due to the United States for Charges for the next month. Any amount to  
459 be paid for past due payment of Charges and the Tiered Pricing Component shall be computed  
460 pursuant to Article 20 of this Contract.

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

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

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

473           (h)     The Contracting Officer shall keep its accounts pertaining to the  
474 administration of the financial terms and conditions of its long-term contracts, in accordance  
475 with applicable Federal standards, so as to reflect the application of Project costs and revenues.

476 The Contracting Officer shall, each Year upon request of the Contractor, provide to the  
477 Contractor a detailed accounting of all Project and Contractor expense allocations, the  
478 disposition of all Project and Contractor revenues, and a summary of all water delivery  
479 information. The Contracting Officer and the Contractor shall enter into good faith negotiations  
480 to resolve any discrepancies or disputes relating to accountings, reports, or information.

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

488 (j) (1) Beginning at such time as deliveries of Project Water in a Year  
489 exceed 80 percent of the Contract Total, then before the end of the month following the month of  
490 delivery the Contractor shall make an additional payment to the United States equal to the  
491 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
492 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
493 Contract Total, shall equal one-half of the difference between the Rate established under  
494 subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing  
495 Component for the amount of Water Delivered which exceeds 90 percent of the Contract Total  
496 shall equal the difference between (i) the Rate established under subdivision (a) of this Article  
497 and (ii) the M&I Full Cost Water Rate.

498 (2) Omitted.

499 (3) For purposes of determining the applicability of the Tiered Pricing  
500 Component pursuant to this Article, Water Delivered shall include Project Water that the

501 Contractor transfers to others but shall not include Project Water transferred to the Contractor,  
502 nor shall it include the additional water provided to the Contractor under the provisions of  
503 subdivision (f) of Article 3 of this Contract.

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

512 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the  
513 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates  
514 adjusted adjusted or downward to reflect the changed costs, if any, incurred by the Contracting  
515 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in  
516 accordance with the then applicable Project ratesetting policy. If the Contractor is receiving  
517 lower Rates and Charges because of inability to pay and is transferring Project Water to another  
518 entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges  
519 for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

520 (m) Omitted.

521 (n) With respect to the Rates for M&I Water, the Contractor asserts that it is  
522 not legally obligated to pay any Project deficits claimed by the United States to have accrued as  
523 of the date of this Contract or deficit-related interest charges thereon. By entering into this  
524 Contract, the Contractor does not waive any legal rights or remedies that it may have with  
525 respect to such disputed issues. Notwithstanding the execution of this Contract, and payments  
526 made hereunder, the Contractor may challenge in the appropriate administrative or judicial

527 forums: (1) the existence, computation, or imposition of any deficit charges accruing during the  
528 term of the Existing Contract and any preceding interim renewal contracts, if applicable; (2)  
529 interest accruing on any such deficits; (3) the inclusion of any such deficit charges or interest in  
530 the Rates; (4) the application by the United States of payments made by the Contractor under its  
531 Existing Contract and any preceding interim renewal contracts, if applicable; and (5) the  
532 application of such payments in the Rates. The Contracting Officer agrees that the Contractor  
533 shall be entitled to the benefit of any administrative or judicial ruling in favor of any Project  
534 M&I contractor on any of these issues, and credits for payments heretofore made, Provided, That  
535 the basis for such ruling is applicable to the Contractor.

536 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

540 SALES, TRANSFERS, OR EXCHANGES OF WATER

541 9. (a) The right to receive Project Water provided for in this Contract may be  
542 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of  
543 California if such sale, transfer, or exchange is authorized by applicable Federal and State laws,  
544 and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project  
545 Water under this Contract may take place without the prior written approval of the Contracting  
546 Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or  
547 exchanges shall be approved absent all appropriate environmental documentation, including but  
548 not limited to documents prepared pursuant to NEPA and ESA. Such environmental  
549 documentation should include, as appropriate, an analysis of groundwater impacts and economic  
550 and social effects, including environmental justice, of the proposed water transfers on both the  
551 transferor and transferee.



552           (b)     In order to facilitate efficient water management by means of water  
553 transfers of the type historically carried out among Project Contractors located within the same  
554 geographical area and to allow the Contractor to participate in an accelerated water transfer  
555 program during the term of this Contract, the Contracting Officer shall prepare, as appropriate,  
556 all necessary environmental documentation including, but not limited to, documents prepared  
557 pursuant to NEPA and ESA, analyzing annual transfers within such geographical areas, and the  
558 Contracting Officer shall determine whether such transfers comply with applicable law.  
559 Following the completion of the environmental documentation, such transfers addressed in such  
560 documentation shall be conducted with advance notice to the Contracting Officer, but shall not  
561 require prior written approval by the Contracting Officer. Such environmental documentation  
562 and the Contracting Officer's compliance determination shall be reviewed every five years and  
563 updated, as necessary, prior to the expiration of the then-existing five-year period. All  
564 subsequent environmental documentation shall include an alternative to evaluate not less than the  
565 quantity of Project Water historically transferred within the same geographical area.

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

576           (d)     For the purpose of determining whether Section 3405(a)(1)(M) of the  
577 CVPIA applies to the Contractor as a transferor or transferee of Project Water, the Contracting

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

582 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

599 TEMPORARY REDUCTIONS--RETURN FLOWS

600 11. (a) Subject to: (i) the authorized purposes and priorities of the Project and the  
601 requirements of Federal law; and (ii) the obligations of the United States under existing  
602 contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting

603 Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as  
604 provided in this Contract.

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

616 (c) The United States reserves the right to all seepage and return flow water  
617 derived from Water Delivered to the Contractor hereunder which escapes or is discharged  
618 beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for  
619 the United States any right to seepage or return flow being put to reasonable and beneficial use  
620 pursuant to this Contract within the Contractor's Service Area by the Contractor or those  
621 claiming by, through, or under the Contractor.

622 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

633 (c) Omitted.

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

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

644 13. Omitted.

645 RULES AND REGULATIONS

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

650 WATER AND AIR POLLUTION CONTROL

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

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QUALITY OF WATER

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16. (a) Project facilities used to deliver Project Water to the Contractor pursuant

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to this Contract shall be operated and maintained to enable the United States to deliver Project

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Water to the Contractor in accordance with the water quality standards specified in subsection

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2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October

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27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no

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obligation to construct or furnish water treatment facilities to maintain or to improve the quality

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of Water Delivered to the Contractor pursuant to this Contract. The United States does not

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warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

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(b) The O&M of Project facilities shall be performed in such manner as is

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practicable to maintain the quality of raw water made available through such facilities at the

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highest level reasonably attainable as determined by the Contracting Officer. The Contractor

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shall be responsible for compliance with all State and Federal water quality standards applicable

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to surface and subsurface agricultural drainage discharges generated through the use of Federal

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or Contractor facilities or Project Water provided by the Contractor within the Contractor's

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Service Area.

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WATER ACQUIRED BY THE CONTRACTOR

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OTHER THAN FROM THE UNITED STATES

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17. (a) Omitted.

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(b) Except as provided in Contract Nos. 00-WC-20-1719-A and

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00-WC-20-1708, water or water rights now owned or hereafter acquired by the Contractor, other

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than from the United States, may be stored, conveyed, and/or diverted through Project facilities,

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subject to the completion of appropriate environmental documentation, with the approval of the

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Contracting Officer and the execution of any contract determined by the Contracting Officer to

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be necessary, consistent with the following provisions:

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

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

692 (3) Neither the United States nor the Operating Non-Federal Entity  
693 shall be responsible for control, care, or distribution of the non-Project water before it is  
694 introduced into or after it is delivered from the Project facilities. The Contractor hereby releases  
695 and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and  
696 their respective officers, agents, and employees, from any claim for damage to persons or  
697 property, direct or indirect, resulting from the acts of the Contractor, its officers', employees',  
698 agents', or assigns', act(s) in (i) extracting or diverting non-Project water from any source, or (ii)  
699 diverting such non-Project water into Project facilities.

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

703 (5) After Project purposes are met, as determined by the Contracting  
704 Officer, the United States and the Contractor shall share priority to utilize the remaining capacity  
705 of the facilities declared to be available by the Contracting Officer for conveyance and

706 transportation of non-Project water prior to any such remaining capacity being made available to  
707 non-Project contractors.

708 OPINIONS AND DETERMINATIONS

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

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

724 COORDINATION AND COOPERATION

725 19. (a) In order to further their mutual goals and objectives, the Contracting  
726 Officer and the Contractor shall communicate, coordinate, and cooperate with each other, and  
727 with other affected Project Contractors, in order to improve the operation and management of the  
728 Project. The communication, coordination, and cooperation regarding operations and  
729 management shall include, but not be limited to, any action which will or may materially affect  
730 the quantity or quality of Project Water supply, the allocation of Project Water supply, and  
731 Project financial matters including, but not limited to, budget issues. The communication,

732 coordination, and cooperation provided for hereunder shall extend to all provisions of this  
733 Contract. Each party shall retain exclusive decision making authority for all actions, opinions,  
734 and determinations to be made by the respective party.

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

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

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

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

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

754 (3.1) The Secretary and the Contractor desire to work together to  
755 maximize the reasonable beneficial use of water for their mutual benefit. As a consequence, the  
756 Secretary and the Contractor will work in partnership and with others in the region of the  
757 Redding Groundwater Basin, including other Contractors in the Shasta and Trinity Divisions of



758 the Project, to facilitate the better integration with the region of the Redding Groundwater Basin  
759 of all water supplies including, but not limited to, the better management and integration of  
760 surface water and groundwater, transfers and exchanges of water, the development and better  
761 utilization of surface water storage, the effective utilization of waste, seepage and return flow  
762 water, and other operational and management options that may be identified in the future.

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

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

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

773 CHARGES FOR DELINQUENT PAYMENTS

774 20. (a) The Contractor shall be subject to interest, administrative and penalty  
775 charges on delinquent installments or payments. When a payment is not received by the due  
776 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond  
777 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an  
778 administrative charge to cover additional costs of billing and processing the delinquent payment.  
779 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional  
780 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the  
781 due date. Further, the Contractor shall pay any fees incurred for debt collection services  
782 associated with a delinquent payment.

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

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

791 EQUAL OPPORTUNITY

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

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

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

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

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

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

821 (f) In the event of the Contractor's noncompliance with the nondiscrimination  
822 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be  
823 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared  
824 ineligible for further Government contracts in accordance with procedures authorized in said  
825 amended Executive Order, and such other sanctions may be imposed and remedies invoked as

826 provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as  
827 otherwise provided by law.

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

837 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

850 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

851 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
852 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
853 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
854 laws, as well as with their respective implementing regulations and guidelines imposed by the  
855 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

870 24. Omitted.

871 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

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

880 WATER CONSERVATION

881 26. (a) Prior to the delivery of water provided from or conveyed through  
882 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor  
883 shall be implementing an effective water conservation and efficiency program based on the  
884 Contractor's water conservation plan that has been determined by the Contracting Officer to meet  
885 the conservation and efficiency criteria for evaluating water conservation plans established under  
886 Federal law. The water conservation and efficiency program shall contain definite water  
887 conservation objectives, appropriate economically feasible water conservation measures, and  
888 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this  
889 Contract shall be contingent upon the Contractor's continued implementation of such water  
890 conservation program. In the event the Contractor's water conservation plan or any revised water  
891 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not

892 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which  
893 the Contracting Officer determines are beyond the control of the Contractor, water deliveries  
894 shall be made under this Contract so long as the Contractor diligently works with the Contracting  
895 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor  
896 immediately begins implementing its water conservation and efficiency program in accordance  
897 with the time schedules therein.

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

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

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

912 (e) If the Contractor is engaged in direct groundwater recharge, such activity  
913 shall be described in the Contractor's water conservation plan.

914 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

915 27. Except as specifically provided in Article 17 of this Contract, the provisions of  
916 this Contract shall not be applicable to or affect non-Project water or water rights now owned or  
917 hereafter acquired by the Contractor or any user of such water within the Contractor's Service

918 Area. Any such water shall not be considered Project Water under this Contract. In addition,  
919 this Contract shall not be construed as limiting or curtailing any rights which the Contractor or  
920 any water user within the Contractor's Service Area acquires or has available under any other  
921 contract pursuant to Federal Reclamation law.

922 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

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

928 (b) The Contracting Officer has previously notified the Contractor in writing  
929 that the O&M of a portion of the Project facilities which serve the Contractor has been  
930 transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly  
931 to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer  
932 under the terms and conditions of the separate agreement between the United States and the  
933 Operating Non-Federal Entity described in subdivision (a) of this Article, all rates, charges, or  
934 assessments of any kind, including any assessment for reserve funds, which the Operating Non-  
935 Federal Entity or such successor determines, sets, or establishes for the O&M of the portion of  
936 the Project facilities operated and maintained by the Operating Non-Federal Entity or such  
937 successor. Such direct payments to the Operating Non-Federal Entity or such successor shall not  
938 relieve the Contractor of its obligation to pay directly to the United States the Contractor's share  
939 of the Project Rates, Charges, and Tiered Pricing Component(s) except to the extent the  
940 Operating Non-Federal Entity collects payments on behalf of the United States in accordance  
941 with the separate agreement identified in subdivision (a) of this Article.

942 (c) For so long as the O&M of any portion of the Project facilities serving the  
943 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the

944 Contracting Officer shall adjust those components of the Rates for Water Delivered under this  
945 Contract representing the cost associated with the activity being performed by the Operating  
946 Non-Federal Entity or its successor.

947 (d) In the event the O&M of the Project facilities operated and maintained by  
948 the Operating Non-Federal Entity is reassumed by the United States during the term of this  
949 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the  
950 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the  
951 Contractor for Project Water under this Contract representing the O&M costs of the portion of  
952 such Project facilities which have been reassumed. The Contractor shall, thereafter, in the  
953 absence of written notification from the Contracting Officer to the contrary, pay the Rates,  
954 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the  
955 United States in compliance with Article 7 of this Contract.

956 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

957 29. The expenditure or advance of any money or the performance of any obligation of  
958 the United States under this Contract shall be contingent upon appropriation or allotment of  
959 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
960 obligations under this Contract. No liability shall accrue to the United States in case funds are  
961 not appropriated or allotted.

962 BOOKS, RECORDS, AND REPORTS

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

972 (b) Notwithstanding the provisions of subdivision (a) of this Article, no  
973 books, records, or other information shall be requested from the Contractor by the Contracting  
974 Officer unless such books, records, or information are reasonably related to the administration or

975 performance of this Contract. Any such request shall allow the Contractor a reasonable period of  
976 time within which to provide the requested books, records, or information.

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

980 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

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

989 SEVERABILITY

990 32. In the event that a person or entity who is neither (i) a party to a Project contract,  
991 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
992 an association or other form of organization whose primary function is to represent parties to  
993 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
994 enforceability of a provision included in this Contract and said person, entity, association, or  
995 organization obtains a final court decision holding that such provision is legally invalid or  
996 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),  
997 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such  
998 final court decision identify by mutual agreement the provisions in this Contract which must be  
999 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).  
1000 The time periods specified above may be extended by mutual agreement of the parties. Pending  
1001 the completion of the actions designated above, to the extent it can do so without violating any



1002 applicable provisions of law, the United States shall continue to make the quantities of Project  
1003 Water specified in this Contract available to the Contractor pursuant to the provisions of this  
1004 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1005 RESOLUTION OF DISPUTES

1006 33. Should any dispute arise concerning any provisions of this Contract, or the  
1007 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to  
1008 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting  
1009 Officer referring any matter to Department of Justice, the party shall provide to the other party  
1010 30 days' written notice of the intent to take such action; Provided, That such notice shall not be  
1011 required where a delay in commencing an action would prejudice the interests of the party that  
1012 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer  
1013 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,  
1014 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the  
1015 United States may have.

1016 OFFICIALS NOT TO BENEFIT

1017 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1018 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
1019 manner as other water users or landowners.

1020 CHANGES IN CONTRACTOR'S SERVICE AREA

1021 35. (a) While this Contract is in effect, no change may be made in the  
1022 Contractor's Service Area, by inclusion or exclusion of lands, dissolution, consolidation, merger,  
1023 or otherwise, except upon the Contracting Officer's written consent.

1024 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1025 Officer will notify the Contractor of any additional information required by the Contracting  
1026 Officer for processing said request, and both parties will meet to establish a mutually agreeable  
1027 schedule for timely completion of the process. Such process will analyze whether the proposed  
1028 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;  
1029 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or

1030 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)  
1031 have an impact on any Project Water rights applications, permits, or licenses. In addition, the  
1032 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be  
1033 responsible for all costs incurred by the Contracting Officer in this process, and such costs will  
1034 be paid in accordance with Article 25 of this Contract.

1035 FEDERAL LAWS

1036 36. By entering into this Contract, the Contractor does not waive its rights to contest  
1037 the validity or application in connection with the performance of the terms and conditions of this  
1038 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with  
1039 the terms and conditions of this Contract unless and until relief from application of such Federal  
1040 law or regulation to the implementing provision of the Contract is granted by a court of  
1041 competent jurisdiction.

1042 NOTICES

1043 37. Any notice, demand, or request authorized or required by this Contract shall be  
1044 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or  
1045 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,  
1046 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the  
1047 United States, when mailed, postage prepaid, or delivered to the Board of Directors of the  
1048 Centerville Community Services District, 8930 Placer Road, P. O. Box 990431, Redding,  
1049 California 96099. The designation of the addressee or the address may be changed by notice  
1050 given in the same manner as provided in this Article for other notices.

1051 CONFIRMATION OF CONTRACT

1052 38. The Contractor, after the execution of this Contract, shall furnish to the  
1053 Contracting Officer evidence that pursuant to the laws of the State of California, the Contractor  
1054 is a legally constituted entity and the contract is lawful, valid, and binding on the Contractor.  
1055 This Contract shall not be binding on the United States until such evidence has been provided to  
1056 the Contracting Officer's satisfaction.

1057 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of  
1058 the day and year first above written.

1059 THE UNITED STATES OF AMERICA

APPROVED AS TO LEGAL  
FORM AND SUFFICIENCY  
*James E. Tupper*  
OFFICE OF REGIONAL SOLICITOR  
DEPARTMENT OF THE INTERIOR

1060 By: *[Signature]*  
1061 Regional Director, Mid-Pacific Region  
1062 Bureau of Reclamation

1063 (SEAL)

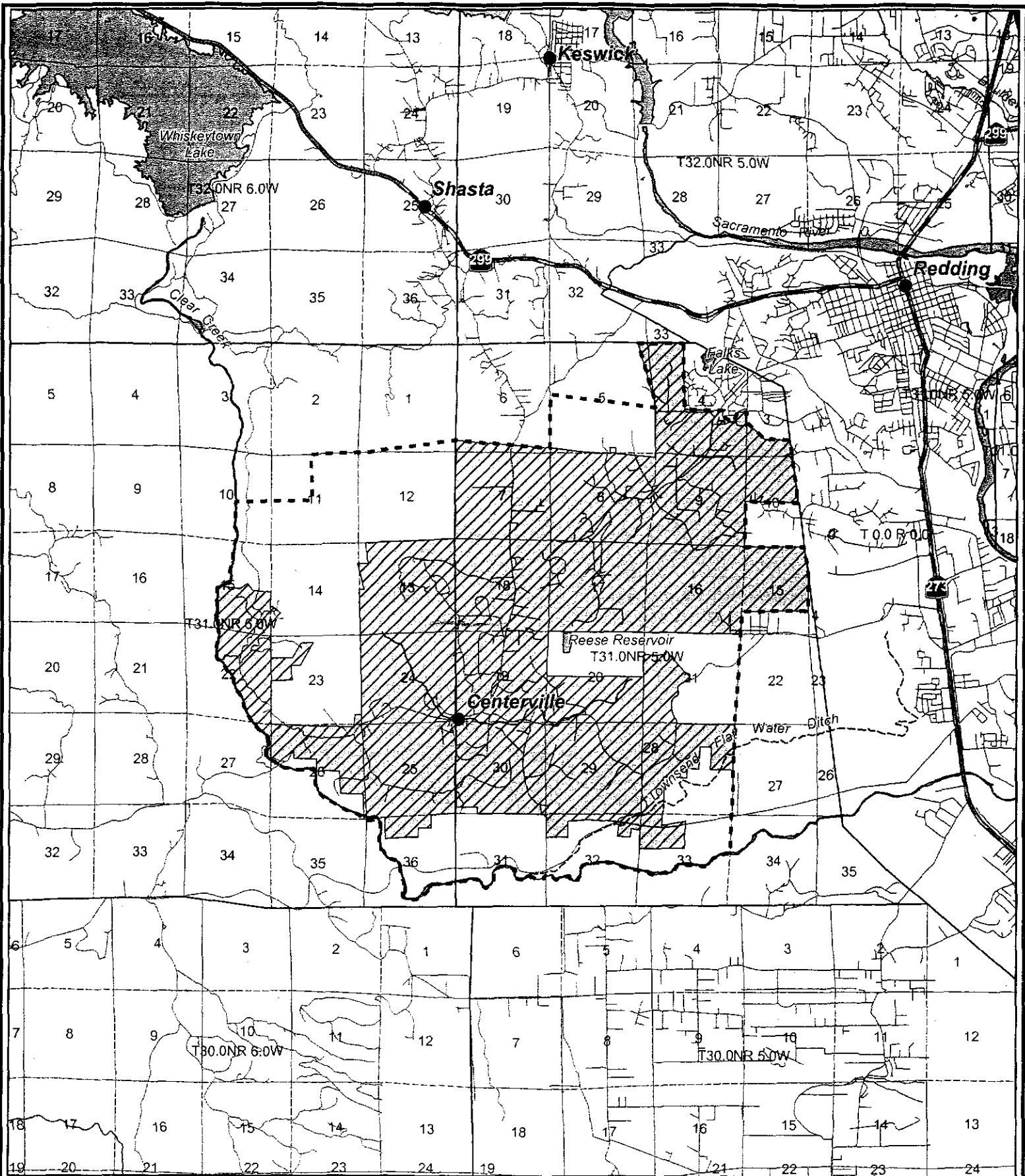
1064 CENTERVILLE COMMUNITY  
1065 SERVICES DISTRICT

1066 By: *[Signature]*  
1067 President of the Board of Directors

1068 Attest:

1069 By: *[Signature]*  
1070 Secretary of the Board of Directors

1071 (H:\public\Willows Final LTRC's\2005-01-31 Centerville CSD Final Draft Contract.doc)



# Centerville Community Services District

Contract No. 14-06-200-3367X-LTR1

Exhibit A




-  Contractor's Service Area
-  District Boundary
-  Sphere of Influence



EXHIBIT B

CENTERVILLE COMMUNITY SERVICES DISTRICT  
2005 Water Rates and Charges per Acre-Foot

<u>COST OF SERVICE RATES:</u>	<u>M&amp;I</u>
Capital Rate:	\$ 5.36
O&M Rates:	
Water Marketing	3.89
Storage	6.67
Deficit Rate:	3.20
CFO/PRF Adjustment Rate 1/	<u>0.03</u>
TOTAL	<u>\$19.15</u>
<u>FULL COST RATE:</u>	<u>\$22.69</u>
<u>TIERED PRICING COMPONENTS:</u>	
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate - COS Rate / 2]	<u>\$ 1.77</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate - COS Rate]	<u>\$ 3.54</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/</u>	
Restoration Payments (3407(d)(2)(A))	<u>\$15.87</u>

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).

Recent Historic Use, as defined in the CVP M&I Water Shortage Policy, is \_\_\_\_\_  
 acre-feet.

**RESOLUTION 05-02**

**RESOLUTION APPROVING THE LONG TERM RENEWAL CONTRACT No. 14-06-200-3367X-LTR1 BETWEEN THE UNITED STATES AND THE CENTERVILLE COMMUNITY SERVICES DISTRICT (DISTRICT) PROVIDING FOR PROJECT WATER SERVICE FROM THE SACRAMENTO RIVER DIVISION – CENTRAL VALLEY PROJECT, CALIFORNIA**

WHEREAS the Centerville Community Services District (District) received on February 17, 2005, from the United States Department of the Interior Bureau of Reclamation (Bureau) the Long Term Renewal Contract No. 14-06-200-3367X-LTR1, and

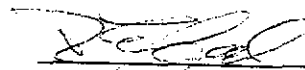
WHEREAS said Contract provides for the delivery of 2900 acre-feet of Project Water for M&I purposes with an effective date of March 1, 2005 through February 28, 2045, and supercedes the Existing Contract , and

WHEREAS it has been determined by the Board of Directors of the Centerville Community Services District that this water is essential for the operation of the District in order to provide water for consumption and fire protection, for the health, safety and welfare of the people and property within the boundary of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Centerville Community Services District as follows:

1. The District approves the Long Term Renewal Contract No. 14-06-200-3367X-LTR1, as to form and content.
2. The District authorizes the Board President to execute in the name of the District the Contract and all other documents related thereto.

PASSED AND ADOPTED THIS 22nd day of February 2005.



Darren Langfield, President  
Board of Directors

AYES: Directors Whitehead, Moty, Richison, Stubban and Langfield

NOES: None

ABSTAINING: None

ABSENT: None

ATTEST:



Tina Teuscher  
Secretary to the Board