

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
CITY OF SHASTA LAKE
PROVIDING FOR PROJECT WATER SERVICE
FROM SHASTA DIVISION

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1-4
1	Definitions.....	4-7
2	Term of Contract.....	7-9
3	Water to be Made Available and Delivered to the Contractor.....	9-12
4	Time for Delivery of Water	12-13
5	Point of Diversion and Responsibility for Distribution of Water	13-14
6	Measurement of Water Within the Contractor's Service Area	15-16
7	Rates and Method of Payment for Water.....	16-21
8	Non-Interest Bearing Operation and Maintenance Deficits.....	21
9	Sales, Transfers, or Exchanges of Water	21-23
10	Application of Payments and Adjustments.....	23-24
11	Temporary Reductions--Return Flows	24-25
12	Constraints on the Availability of Water	25
13	Omitted	25
14	Rules and Regulations.....	26
15	Water and Air Pollution Control.....	26
16	Quality of Water	26
17	Water Acquired by the Contractor Other Than From the United States.....	27-28
18	Opinions and Determinations	28
19	Coordination and Cooperation.....	29-30

Table of Contents - continued

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
20	Charges for Delinquent Payments	30-31
21	Equal Opportunity.....	31-32
22	General Obligation--Benefits Conditioned Upon Payment.....	32
23	Compliance With Civil Rights Laws and Regulations	33
24	Omitted	33
25	Contractor to Pay Certain Miscellaneous Costs.....	33
26	Water Conservation	33-35
27	Existing or Acquired Water or Water Rights.....	35
28	Omitted	35
29	Contingent on Appropriation or Allotment of Funds	35
30	Books, Records, and Reports.....	35-36
31	Assignment Limited--Successors and Assigns Obligated	36
32	Severability	36-37
33	Resolution of Disputes.....	37
34	Officials Not to Benefit.....	37
35	Changes in Contractor's Service Area.....	37-38
36	Federal Laws.....	38
37	Notices	38
38	Confirmation of Contract.....	38
	Signature Page	39

Exhibit A – Map of Contractor's Service Area

Exhibit B – Rates and Charges

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 CITY OF SHASTA LAKE
8 PROVIDING FOR PROJECT WATER SERVICE
9 FROM SHASTA DIVISION

10 THIS CONTRACT, made this 25th day of February, 2005, in
11 pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or
12 supplementary thereto, including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844),
13 as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented,
14 July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263),
15 October 27, 1986 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992
16 (106 Stat. 4706), all collectively hereinafter referred to as Federal Reclamation law, between
17 THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and CITY
18 OF SHASTA LAKE, hereinafter referred to as the Contractor, an incorporated City of the State
19 of California, duly organized, existing, and acting pursuant to the laws thereof;

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

22 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
23 Project (Project), California, for diversion, storage, carriage, distribution and beneficial use, for
24 flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection

25 and restoration, generation and distribution of electric energy, salinity control, navigation and
26 other beneficial uses, of waters of the Sacramento River, the American River, the Trinity River,
27 and the San Joaquin River and their tributaries; and

28 [2nd] WHEREAS, the United States constructed the Shasta Dam pumping facilities and
29 the Toyon Pipeline, hereinafter collectively referred to as the Shasta Division facilities, which
30 will be used in part for the furnishing of water to the Contractor pursuant to the terms of this
31 Contract; and

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

34 [4th] WHEREAS, the Contractor is the successor in interest by assignment of long term
35 water service contracts designated Contract No. I1r-1515, originally entered with the United
36 States on August 12, 1948, by the Shasta Dam Public Utility District, and amendatory Contract
37 No. I1r-1523, entered with the United States on December 5, 1975, by the Summit City Public
38 Utility District, which contracts were together subsumed in a single temporary contract that was
39 renewed successively as Contract Nos. 8-07-20-W0715, 0-07-20-W0885, 2-07-20-W1024, and
40 No. 4-07-20-W1134, that established terms for the delivery to the Contractor of Project Water
41 from the Shasta Division facilities from August 22, 1988, through February 28, 1994; and

42 [5th] WHEREAS, the Contractor and the United States have pursuant to subsection
43 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into
44 interim renewal contract(s) identified as Contract No(s). 4-07-20-W1134, 4-07-20-W1134-IR2,
45 4-07-20-W1134-IR3, 4-07-20-W1134-IR4, 4-07-20-W1134-IR5, 4-07-20-W1134-IR6, 4-07-20-
46 W1134-IR7, 4-07-20-W1134-IR8, 4-07-20-W1134-IR9, and 4-07-20-W1134-IR10, the current
47 of which is hereinafter referred to as the "Existing Contract," which provided for the continued
48 water service to the Contractor from March 1, 2004, through February, 28, 2006; and

49 [6th] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the
50 Existing Contract following completion of appropriate environmental documentation, including a

51 programmatic environmental impact statement (PEIS) pursuant to the National Environmental
52 Policy Act (NEPA), analyzing the direct and indirect impacts and benefits of implementing the
53 CVPIA and the potential renewal of all existing contracts for Project Water; and

54 [7th] WHEREAS, the United States has completed the PEIS and all other appropriate
55 environmental review necessary to provide for long-term renewal of the Existing Contract; and

56 [8th] WHEREAS, the Contractor has requested the long-term renewal of the Existing
57 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws
58 of the State of California, for water service from the Project; and

59 [9th] WHEREAS, the United States has determined that the Contractor has fulfilled all
60 of its obligations under the Existing Contract; and

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

66 [11th] WHEREAS, water obtained from the Project has been relied upon by urban and
67 agricultural areas within California for more than 50 years, and is considered by the Contractor
68 as an essential portion of its water supply; and

69 [12th] WHEREAS, the economies of regions within the Project, including the
70 Contractor's, depend upon the continued availability of water, including water service from the
71 Project; and

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

76 [13th] WHEREAS, the Secretary intends through coordination, cooperation, and
77 partnerships to pursue measures to improve water supply, water quality, and reliability of the
78 Project for all Project purposes; and

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

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

90 [15th] WHEREAS, the parties intend by this Contract to develop a more cooperative
91 relationship in order to achieve their mutual goals; and

92 [16th] WHEREAS, the United States and the Contractor are willing to enter into this
93 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

96 DEFINITIONS

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

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

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

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

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

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

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

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

118 (h) Omitted;

119 (i) Omitted;

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

126 date incurred in the case of costs arising subsequent to October 12, 1982, and shall be calculated
127 in accordance with subsections 202(3)(B) and (3)(C) of the Reclamation Reform Act of
128 October 12, 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA. The Full Cost
129 Rate includes actual operation, maintenance, and replacement costs consistent with Section 426.2
130 of the Rules and Regulations for the RRA;

131 (k) Omitted;

132 (l) Omitted;

133 (m) Omitted;

134 (n) Omitted;

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

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

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

143 (r) Omitted;

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.

174 TERM OF CONTRACT

175 2. (a) This Contract shall be effective March 1, 2005, through February 28,
176 2045, and supersedes the Existing Contract. In the event the Contractor wishes to renew this

177 Contract beyond February 28, 2045, the Contractor shall submit a request for renewal in writing
178 to the Contracting Officer no later than two years prior to the date this Contract expires.

179 (b) Omitted.

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

187 (d) The Contracting Officer shall make a determination ten years after the
188 date of execution of this Contract, and every five years thereafter during the term of this
189 Contract, of whether a conversion to a contract under subsection (c)(1) of Section 9 of the
190 Reclamation Project Act of 1939 can be accomplished. The Contracting Officer anticipates that
191 during the term of this Contract, all authorized Project construction expected to occur will have
192 occurred, and on that basis the Contracting Officer agrees upon such completion to allocate all
193 costs that are properly assignable to the Contractor, and agrees further that, at any time after such
194 allocation is made, and subject to satisfaction of the condition set out in this subdivision, this
195 Contract shall, at the request of the Contractor, be converted to a contract under said subsection
196 9(c)(1), of the Reclamation Project Act of 1939, subject to applicable Federal law and under
197 stated terms and conditions mutually agreeable to the Contractor and the Contracting Officer. A
198 condition for such conversion to occur shall be a determination by the Contracting Officer that,
199 account being taken of the amount credited to return by the Contractor as provided for under
200 Federal Reclamation law, the remaining amount of construction costs assignable for ultimate
201 return by the Contractor can probably be repaid to the United States within the term of a contract
202 under said subsection 9(c)(1). If the remaining amount of costs that are properly assignable to

203 the Contractor cannot be determined during the term of this Contract, the Contracting Officer
204 shall notify the Contractor, and provide the reason(s) why such a determination could not be
205 made. Further, the Contracting Officer shall make such a determination as soon thereafter as
206 possible so as to permit, upon request of the Contractor and satisfaction of the condition set out
207 above, conversion to a contract under said subsection 9(c)(1). In the event such determination of
208 costs has not been made at a time which allows conversion of this Contract during the term of
209 this Contract or the Contractor has not requested conversion of this Contract within such term,
210 the parties shall incorporate in any subsequent renewal contract as described in subdivision (c) of
211 this Article a provision that carries forth in substantially identical terms the provisions of this
212 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 4,400
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 2,530 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, groundwater
242 banking programs, surface water storage programs, and other similar programs utilizing Project
243 Water or other water furnished pursuant to this Contract conducted outside the Contractor's
244 Service Area may be permitted upon written approval of the Contracting Officer, which approval
245 will be based upon environmental documentation, Project Water rights, and Project operational
246 concerns. The Contracting Officer will address such concerns in regulations, policies, or
247 guidelines.

248 (e) The Contractor shall comply with requirements applicable to the
249 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution
250 of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA),
251 as amended, that are within the Contractor's legal authority to implement. The Existing
252 Contract, which evidences in excess of 54 years of diversions for M&I purposes of the quantities
253 of water provided in subdivision (a) of Article 3 of this Contract, will be considered in
254 developing an appropriate baseline for biological assessment(s) prepared pursuant to the ESA,

255 and any other needed environmental review. Nothing herein shall be construed to prevent the
256 Contractor from challenging or seeking judicial relief in a court of competent jurisdiction with
257 respect to any biological opinion or other environmental documentation referred to in this
258 Article.

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

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

279 (h) The Contractor's right pursuant to Federal Reclamation law and applicable
280 State law to the reasonable and beneficial use of Water Delivered pursuant to this Contract

281 during the term thereof and any subsequent renewal contracts, as described in Article 2 of this
282 Contract, during the terms thereof shall not be disturbed so long as the Contractor shall fulfill all
283 of its obligations under this Contract and any renewals thereof. Nothing in the preceding
284 sentence shall affect the Contracting Officer's ability to impose shortages under Article 11 or
285 subdivision (b) of Article 12 of this Contract or applicable provisions of any subsequent renewal
286 contracts.

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

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

298 TIME FOR DELIVERY OF WATER

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

307 Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic
308 Average.

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

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

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

324 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

325 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this
326 Contract shall be delivered to the Contractor at the 16-inch water meter located at the
327 interconnection of the pumping plant discharge line at the water treatment facilities which are
328 located adjacent to the Shasta Dam visitor area, and any additional point or points of delivery
329 either on Project facilities or another location or locations mutually agreed to in writing by the
330 Contracting Officer and the Contractor.

331 (b) The Contracting Officer or other appropriate entity as designated by the
332 Contracting Officer (hereinafter referred to as the "Other Appropriate Entity") shall make all

333 reasonable efforts to maintain sufficient flows to deliver Project Water to the Contractor at the
334 design capacity of the pumping plant minus losses due to the Contractor's treatment facilities and
335 delivery pipe sizes.

336 (c) Omitted.

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

345 (e) The Contracting Officer shall not be responsible for the control, carriage,
346 handling, use, disposal, or distribution of Water Delivered to the Contractor pursuant to this
347 Contract beyond the delivery points specified in subdivision (a) of this Article. The Contractor
348 shall indemnify the United States, its officers, employees, agents, and assigns on account of
349 damage or claim of damage of any nature whatsoever for which there is legal responsibility,
350 including property damage, personal injury, or death arising out of or connected with the control,
351 carriage, handling, use, disposal, or distribution of such Water Delivered beyond such delivery
352 points, except for any damage or claim arising out of (i) acts or omissions of the Contracting
353 Officer or any of its officers, employees, agents, or assigns with the intent of creating the
354 situation resulting in any damage or claim, (ii) willful misconduct of the Contracting Officer or
355 any of its officers, employees, agents, or assigns, (iii) negligence of the Contracting Officer or
356 any of its officers, employees, agents, or assigns, or (iv) damage or claims resulting from a
357 malfunction of facilities owned and/or operated by the United States.

358 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S SERVICE AREA

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

373 (b) To the extent the information has not otherwise been provided, upon
374 execution of this Contract, the Contractor shall provide to the Contracting Officer a written
375 report describing the measurement devices or water measuring methods being used or to be used
376 to implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I
377 service connections or alternative measurement programs approved by the Contracting Officer,
378 at which such measurement devices or water measuring methods are being used, and, if
379 applicable, identifying the locations at which such devices and/or methods are not yet being used
380 including a time schedule for implementation at such locations. The Contracting Officer shall
381 advise the Contractor in writing within 60 days as to the adequacy and necessary modifications,
382 if any, of the measuring devices or water measuring methods identified in the Contractor's report
383 and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If

384 the Contracting Officer notifies the Contractor that the measuring devices or methods are
385 inadequate, the parties shall within 60 days following the Contracting Officer's response,
386 negotiate in good faith the earliest practicable date by which the Contractor shall modify said
387 measuring devices and/or measuring methods as required by the Contracting Officer to ensure
388 compliance with subdivision (a) of this Article.

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

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

395 (e) The Contractor shall inform the Contracting Officer on or before the 10th
396 calendar day of each month of the quantity of M&I Water taken during the preceding month.

397 RATES AND METHOD OF PAYMENT FOR WATER

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

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

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

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

425 (c) At the time the Contractor submits the initial schedule for the delivery of
426 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the
427 Contractor shall make an advance payment to the United States equal to the total amount payable
428 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water
429 scheduled to be delivered pursuant to this Contract during the first two calendar months of the
430 Year. Before the end of the first month and before the end of each calendar month thereafter, the
431 Contractor shall make an advance payment to the United States, at the Rate(s) set under
432 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract
433 during the second month immediately following. Adjustments between advance payments for
434 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of
435 the following month; Provided, That any revised schedule submitted by the Contractor pursuant

436 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this
437 Contract during any month shall be accompanied with appropriate advance payment, at the Rates
438 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such
439 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to
440 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no
441 additional Project Water shall be delivered to the Contractor unless and until an advance
442 payment at the Rates then in effect for such additional Project Water is made. Final adjustment
443 between the advance payments for the Water Scheduled and payments for the quantities of Water
444 Delivered during each Year pursuant to this Contract shall be made as soon as practicable, but no
445 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried
446 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last
447 day of February.

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

458 (e) The Contractor shall pay for any Water Delivered under subdivision (a),
459 (f), or (g) of Article 3 of this Contract as determined by the Contracting Officer pursuant to
460 applicable statutes, associated regulations, any applicable provisions of guidelines or ratesetting
461 policies; Provided, That the Rate for Water Delivered under subdivision (f) of Article 3 of this

462 Contract shall be no more than the otherwise applicable Rate for M&I Water under subdivision
463 (a) of this Article.

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

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

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

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

485 (j) (1) Beginning at such time as deliveries of Project Water in a Year
486 exceed 80 percent of the Contract Total, then before the end of the month following the month of
487 delivery the Contractor shall make an additional payment to the United States equal to the

488 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water
489 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the
490 Contract Total, shall equal one-half of the difference between the Rate established under
491 subdivision (a) of this Article and the M&I Full Cost Water Rate. The Tiered Pricing
492 Component for the amount of Water Delivered which exceeds 90 percent of the Contract Total
493 shall equal the difference between (i) the Rate established under subdivision (a) of this Article
494 and (ii) the M&I Full Cost Water Rate.

495 (2) Omitted.

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

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

509 (l) Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the
510 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates
511 adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting
512 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in
513 accordance with the then applicable Project ratesetting policy. If the Contractor is receiving

514 lower Rates and Charges because of inability to pay and is transferring Project Water to another
515 entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges
516 for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

517 (m) Omitted.

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

533 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

537 SALES, TRANSFERS, OR EXCHANGES OF WATER

538 9. (a) The right to receive Project Water provided for in this Contract may be
539 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of

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

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

563 (c) For a water transfer to qualify under subdivision (b) of this Article, such
564 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three
565 years, for M&I use, groundwater recharge, water banking, similar groundwater activities, surface

566 water storage, or fish and wildlife resources; not lead to land conversion; and be delivered to
567 established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur within a single
568 Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water through existing
569 facilities with no new construction or modifications to facilities and be between existing Project
570 Contractors and/or the Contractor and the United States, Department of the Interior; and (v)
571 comply with all applicable Federal, State, and local or tribal laws and requirements imposed for
572 protection of the environment and Indian Trust Assets, as defined under Federal law.

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

579 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

596 TEMPORARY REDUCTIONS--RETURN FLOWS

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

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

613 (c) The United States reserves the right to all seepage and return flow water
614 derived from Water Delivered to the Contractor hereunder which escapes or is discharged
615 beyond the Contractor's Service Area; Provided, That this shall not be construed as claiming for
616 the United States any right to seepage or return flow being put to reasonable and beneficial use

617 pursuant to this Contract within the Contractor's Service Area by the Contractor or those
618 claiming by, through, or under the Contractor.

619 CONSTRAINTS ON THE AVAILABILITY OF WATER

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

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

630 (c) Omitted.

631 (d) Project Water furnished under this Contract will be allocated in
632 accordance with the then-existing Project M&I Water Shortage Policy. Such policy shall be
633 amended, modified, or superseded only through a public notice and comment procedure.

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

641 13. Omitted.

642

RULES AND REGULATIONS

643
644
645
646

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

647

WATER AND AIR POLLUTION CONTROL

648
649
650
651

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

652

QUALITY OF WATER

653
654
655
656
657
658
659
660

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

661
662
663
664
665
666
667

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

668 WATER ACQUIRED BY THE CONTRACTOR
669 OTHER THAN FROM THE UNITED STATES

670 17. (a) Omitted.

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

676 (1) The Contractor may introduce non-Project water into Project
677 facilities and deliver said water to lands within the Contractor's Service Area subject to payment
678 to the United States of an appropriate rate as determined by the applicable Project ratesetting
679 policy, the RRA, and the Project use power policy, if Project use power policy is applicable, each
680 as amended, modified, or superseded from time to time.

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

687 (3) The United States shall not be responsible for control, care, or
688 distribution of the non-Project water before it is introduced into or after it is delivered from the
689 Project facilities. The Contractor hereby releases and agrees to defend and indemnify the United
690 States and its respective officers, agents, and employees, from any claim for damage to persons
691 or property, direct or indirect, resulting from acts of the Contractor, its officers', employees',
692 agents', or assigns', act(s) in (i) extracting or diverting non-Project water from any source, or (ii)
693 diverting such non-Project water into Project facilities.

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

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

702 OPINIONS AND DETERMINATIONS

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

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

718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742

COORDINATION AND COOPERATION

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

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

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

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

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

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

748 (3.1) The Secretary and the Contractor desire to work together to
749 maximize the reasonable beneficial use of water for their mutual benefit. As a consequence, the
750 Secretary and the Contractor will work in partnership and with others in the region of the
751 Redding Groundwater Basin, including other Contractors in the Shasta and Trinity Divisions of
752 the Project, to facilitate the better integration with the region of the Redding Groundwater Basin
753 of all water supplies including, but not limited to, the better management and integration of
754 surface water and groundwater, transfers and exchanges of water, the development and better
755 utilization of surface water storage, the effective utilization of waste, seepage and return flow
756 water, and other operational and management options that may be identified in the future.

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

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

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

767 CHARGES FOR DELINQUENT PAYMENTS

768 20. (a) The Contractor shall be subject to interest, administrative and penalty
769 charges on delinquent installments or payments. When a payment is not received by the due

770 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
771 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an
772 administrative charge to cover additional costs of billing and processing the delinquent payment.
773 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional
774 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the
775 due date. Further, the Contractor shall pay any fees incurred for debt collection services
776 associated with a delinquent payment.

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

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

785 EQUAL OPPORTUNITY

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

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

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

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

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

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

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

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

831 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

844

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

845

846

847

848

849

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

850

851

852

853

854

855

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

856

857

858

859

860

861

862

863

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

864

24. Omitted.

865

CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

866

867

868

869

870

871

872

873

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

874

WATER CONSERVATION

875

876

26. (a) Prior to the delivery of water provided from or conveyed through Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor

877 shall be implementing an effective water conservation and efficiency program based on the
878 Contractor's water conservation plan that has been determined by the Contracting Officer to meet
879 the conservation and efficiency criteria for evaluating water conservation plans established under
880 Federal law. The water conservation and efficiency program shall contain definite water
881 conservation objectives, appropriate economically feasible water conservation measures, and
882 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this
883 Contract shall be contingent upon the Contractor's continued implementation of such water
884 conservation program. In the event the Contractor's water conservation plan or any revised water
885 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not
886 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which
887 the Contracting Officer determines are beyond the control of the Contractor, water deliveries
888 shall be made under this Contract so long as the Contractor diligently works with the Contracting
889 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor
890 immediately begins implementing its water conservation and efficiency program in accordance
891 with the time schedules therein.

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

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

900 (d) At five-year intervals, the Contractor shall revise its water conservation
901 plan to reflect the then-current conservation and efficiency criteria for evaluating water
902 conservation plans established under Federal law and submit such revised water management

903 plan to the Contracting Officer for review and evaluation. The Contracting Officer will then
904 determine if the water conservation plan meets Reclamation's then-current conservation and
905 efficiency criteria for evaluating water conservation plans established under Federal law.

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

908 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

909 27. Except as specifically provided in Article 17 of this Contract, the provisions of
910 this Contract shall not be applicable to or affect non-Project water or water rights now owned or
911 hereafter acquired by the Contractor or any user of such water within the Contractor's Service
912 Area. Any such water shall not be considered Project Water under this Contract. In addition,
913 this Contract shall not be construed as limiting or curtailing any rights which the Contractor or
914 any water user within the Contractor's Service Area acquires or has available under any other
915 contract pursuant to Federal Reclamation law.

916 28. Omitted.

917 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

918 29. The expenditure or advance of any money or the performance of any obligation of
919 the United States under this Contract shall be contingent upon appropriation or allotment of
920 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
921 obligations under this Contract. No liability shall accrue to the United States in case funds are
922 not appropriated or allotted.

923 BOOKS, RECORDS, AND REPORTS

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

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

938 (c) Omitted.

939 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

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

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

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

948 SEVERABILITY

949 32. In the event that a person or entity who is neither (i) a party to a Project contract,
950 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)
951 an association or other form of organization whose primary function is to represent parties to
952 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or
953 enforceability of a provision included in this Contract and said person, entity, association, or
954 organization obtains a final court decision holding that such provision is legally invalid or
955 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),
956 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such
957 final court decision identify by mutual agreement the provisions in this Contract which must be
958 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).
959 The time periods specified above may be extended by mutual agreement of the parties. Pending

960 the completion of the actions designated above, to the extent it can do so without violating any
961 applicable provisions of law, the United States shall continue to make the quantities of Project
962 Water specified in this Contract available to the Contractor pursuant to the provisions of this
963 Contract which were not found to be legally invalid or unenforceable in the final court decision.

964 RESOLUTION OF DISPUTES

965 33. Should any dispute arise concerning any provisions of this Contract, or the
966 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to
967 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting
968 Officer referring any matter to Department of Justice, the party shall provide to the other party
969 30 days' written notice of the intent to take such action; Provided, That such notice shall not be
970 required where a delay in commencing an action would prejudice the interests of the party that
971 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer
972 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,
973 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the
974 United States may have.

975 OFFICIALS NOT TO BENEFIT

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

979 CHANGES IN CONTRACTOR'S SERVICE AREA

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

983 (b) Within 30 days of receipt of a request for such a change, the Contracting
984 Officer will notify the Contractor of any additional information required by the Contracting
985 Officer for processing said request, and both parties will meet to establish a mutually agreeable
986 schedule for timely completion of the process. Such process will analyze whether the proposed
987 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;

988 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or
989 to pay for any Federally-constructed facilities for which the Contractor is responsible; and
990 (iii) have an impact on any Project Water rights applications, permits, or licenses. In addition,
991 the Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be
992 responsible for all costs incurred by the Contracting Officer in this process, and such costs will
993 be paid in accordance with Article 25 of this Contract.

994 FEDERAL LAWS

995 36. By entering into this Contract, the Contractor does not waive its rights to contest
996 the validity or application in connection with the performance of the terms and conditions of this
997 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with
998 the terms and conditions of this Contract unless and until relief from application of such Federal
999 law or regulation to the implementing provision of the Contract is granted by a court of
1000 competent jurisdiction.

1001 NOTICES

1002 37. Any notice, demand, or request authorized or required by this Contract shall be
1003 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
1004 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office,
1005 16349 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the
1006 United States, when mailed, postage prepaid, or delivered to the City Mayor of the City of Shasta
1007 Lake, P. O. Box 777, 1650 Stanton Drive, Shasta Lake, California 96019. The designation of
1008 the addressee or the address may be changed by notice given in the same manner as provided in
1009 this Article for other notices.

1010 CONFIRMATION OF CONTRACT

1011 38. The Contractor, after the execution of this Contract, shall furnish to the
1012 Contracting Officer evidence that pursuant to the laws of the State of California, the Contractor
1013 is a legally constituted entity and the Contract is lawful, valid, and binding on the Contractor.
1014 This Contract shall not be binding on the United States until such evidence has been provided to
1015 the Contracting Officer's satisfaction.

1016 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of
1017 the day and year first above written.

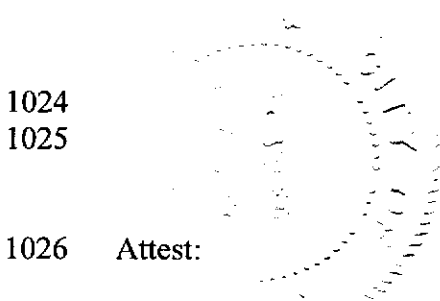
1018 THE UNITED STATES OF AMERICA

1019 APPROVED AS TO LEGAL
1020 FORM AND SUFFICIENCY
1021 *James E. Turner*
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

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

1022 (SEAL)

1023 CITY OF SHASTA LAKE

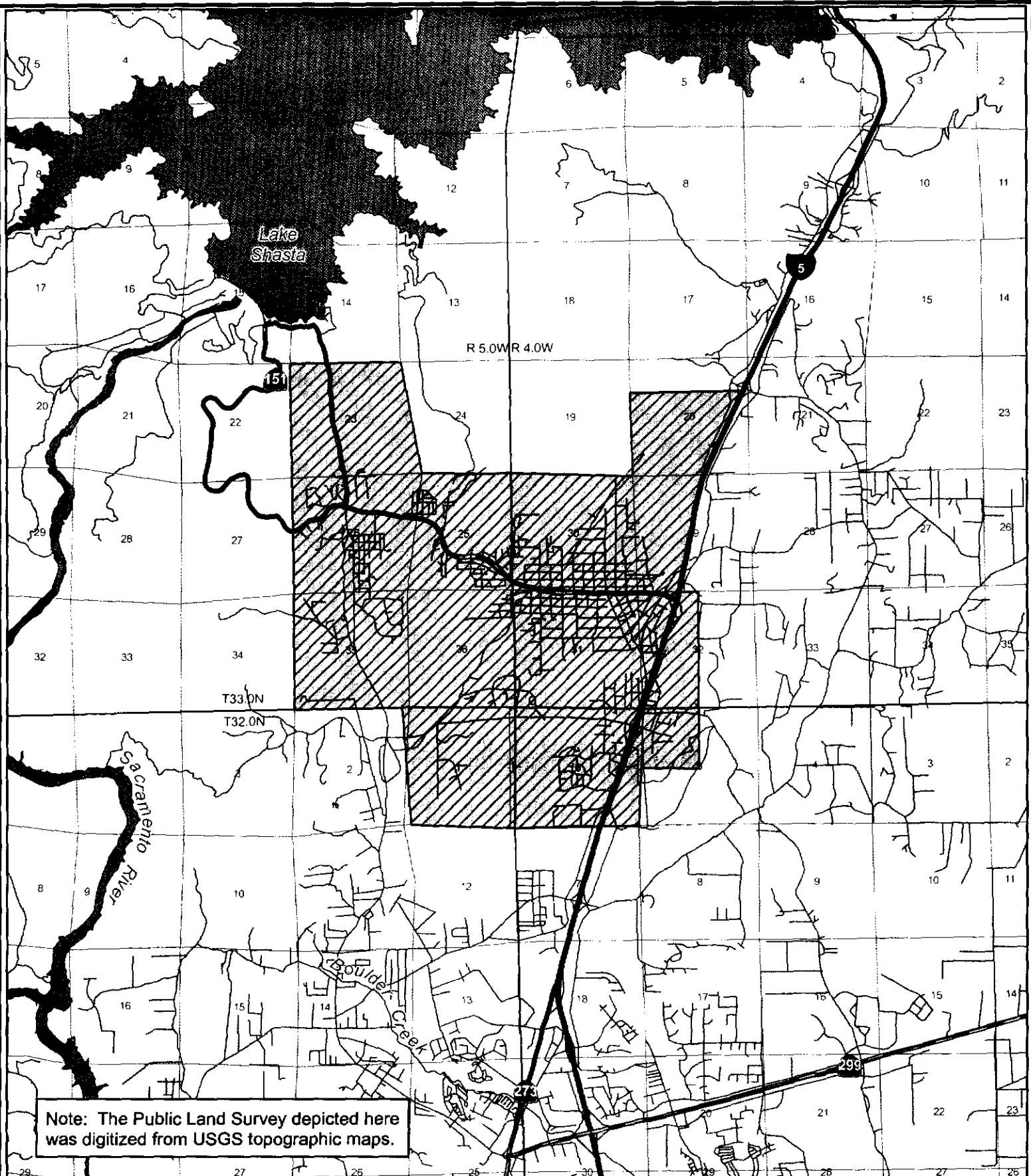


1024 By: *[Signature]*
1025 Mayor
CITY MANAGER

1026 Attest:

1027 By: *[Signature]*
1028 City Clerk

1029 (H:\public\Willows Final LTRC's\2005-01-31 City of Shasta Lake LTRC Final Draft
1030 Contract.doc)





Note: The Public Land Survey depicted here was digitized from USGS topographic maps.

City of Shasta Lake

Contract No. 4-07-20-W1134-LTR1

Exhibit A

-  Contractor's Service Area
-  Contractor's Service Area

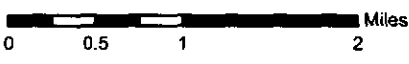


EXHIBIT B

CITY OF SHASTA LAKE
2005 Water Rates and Charges per Acre-Foot

<u>COST OF SERVICE RATES:</u>	<u>M&I</u>
Capital Rate	(\$ 2.33)
O&M Rates:	
Water Marketing	3.89
Storage	6.67
Direct Pumping	8.58
Deficit Rate:	0.00
CFO/PRF Adjustment Rate 1/	<u>\$ 0.00</u>
TOTAL	<u>\$16.81</u>
<u>FULL COST RATE</u>	<u>\$16.81</u>
 <u>TIERED PRICING COMPONENTS:</u>	
Tiered Pricing Component >80% <=90% of Contract Total [Full Cost Rate – COS Rate / 2]	<u>\$ 0.00</u>
Tiered Pricing Component >90% of Contract Total [Full Cost Rate – COS Rate]	<u>\$ 0.00</u>
 <u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/</u>	
Restoration Charges (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 CC 05-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHASTA LAKE AUTHORIZING THE CITY MANAGER TO ENTER INTO CONTRACTS FOR THE PURCHASE, SALE AND/OR ACQUISITION OF WATER WITH THE UNITED STATES BUREAU OF RECLAMATION.

WHEREAS, the City of Shasta Lake has negotiated a long-term contract for water supply with the United States Bureau of Reclamation; and

WHEREAS, the City of Shasta Lake provides water service to the residents and businesses of the City of Shasta Lake; and

WHEREAS, it is necessary to enter into contracts with the United States Bureau of Reclamation; and

WHEREAS, the United States Bureau of Reclamation is requesting that a resolution be adopted authorizing an official to sign water contracts; and

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Shasta Lake that, that the City Manager be authorized to enter into contracts with the United States Bureau of Reclamation.

PASSED, APPROVED AND ADOPTED this 1st day of March 2005 by the following vote.

AYES: DURYEE, FARR, HURLHEY, SNER, GOEKLER
NOES: NONE
ABSENT: NONE



DEAN GOEKLER, Mayor

ATTEST:



RAE MORROW, City Clerk