

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

LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
AND  
COLUSA COUNTY WATER DISTRICT  
PROVIDING FOR PROJECT WATER SERVICE  
FROM THE SACRAMENTO RIVER DIVISION

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Exhibit A - Map of Contractor's Service Area and Boundaries

Exhibit B - Rates and Charges

1 UNITED STATES  
2 DEPARTMENT OF THE INTERIOR  
3 BUREAU OF RECLAMATION  
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5 LONG-TERM RENEWAL CONTRACT BETWEEN THE UNITED STATES  
6 AND  
7 COLUSA COUNTY WATER DISTRICT  
8 PROVIDING FOR PROJECT WATER SERVICE  
9 FROM THE SACRAMENTO RIVER DIVISION

10 THIS CONTRACT, made this 25<sup>th</sup> 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), as  
13 amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2,  
14 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1263), October 27, 1986  
15 (100 Stat. 3050), as amended, and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all  
16 collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES  
17 OF AMERICA, hereinafter referred to as the United States, and COLUSA COUNTY WATER  
18 DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California, duly  
19 organized, existing, and acting pursuant to the laws thereof;

20 WITNESSETH, That:

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EXPLANATORY RECITALS

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

[2<sup>nd</sup>] WHEREAS, the United States constructed the Red Bluff Diversion Dam, and the Tehama-Colusa Canal and related delivery facilities including pumping plants, hereinafter collectively referred to as the Canal Facilities, which will be used in part for the furnishing of water to the Contractor pursuant to the terms of this Contract; and

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

[4<sup>th</sup>] WHEREAS, the Contractor and the United States entered into Contract No. 14-06-200-304-A, on November 14, 1962, and May 21, 1963, as amended on June 18, 1964, which established terms for the delivery to the Contractor of Project Water from the Canal Facilities through February 28, 1995, and under which the first use of Project Water by the Contractor to irrigate trees and vines during an emergency situation was May 1, 1965; and under which the initial date of Project Water delivery from the Canal Facilities to the Contractor, for build out and repayment purposes, was January 1, 1983; and

[5<sup>th</sup>] WHEREAS, the Contractor and the United States have pursuant to subsection 3404(c)(1) of the Central Valley Project Improvement Act (CVPIA), subsequently entered into interim renewal contract(s) identified as Contract No(s). 14-06-200-304-A-IR1, 14-06-200-304-A-IR2, 14-06-200-304-A-IR3, 14-06-200-304-A-IR4, 14-06-200-304-A-IR5, 14-06-200-304-A-IR6, 14-06-200-304-A-IR7, 14-06-200-304-A-IR8, the current of which is hereinafter referred to

46 as the Existing Contract, which provided for the continued water service to the Contractor from  
47 March 1, 2004, through February 28, 2006; and

48 [6<sup>th</sup>] WHEREAS, Section 3404(c) of the CVPIA provides for long-term renewal of the  
49 Existing Contract following completion of appropriate environmental documentation, including a  
50 programmatic environmental impact statement (PEIS) pursuant to the *National Environmental*  
51 *Policy Act (NEPA)*, analyzing the direct and indirect impacts and benefits of implementing the  
52 CVPIA and the potential renewal of all existing contracts for Project Water; and

53 [7<sup>th</sup>] WHEREAS, the United States has completed the PEIS and all other appropriate  
54 environmental review necessary to provide for long-term renewal of the Existing Contract; and

55 [8<sup>th</sup>] WHEREAS, the Contractor has requested the long-term renewal of the Existing  
56 Contract, pursuant to the terms of the Existing Contract, Federal Reclamation law, and the laws  
57 of the State of California, for water service from the Project; and

58 [9<sup>th</sup>] WHEREAS, the United States has determined that the Contractor has fulfilled all  
59 of its obligations under the Existing Contract; and

60 [10<sup>th</sup>] WHEREAS, the Contractor has demonstrated to the satisfaction of the  
61 Contracting Officer that the Contractor has utilized the Project Water supplies available to it for  
62 reasonable and beneficial use and, based upon a needs analysis cooperatively prepared by the  
63 Contracting Officer and the Contractor, has demonstrated projected future demand for water use  
64 that exceeds the Contract Total to be made available to it pursuant to this Contract; and

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

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

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

74 [14<sup>th</sup>] WHEREAS, the mutual goals of the United States and the Contractor include: to  
75 provide for reliable Project Water supplies; to control costs of those supplies; to achieve  
76 repayment of the Project as required by law; to guard reasonably against Project Water  
77 shortages; to achieve a reasonable balance among competing demands for use of Project Water;  
78 and to comply with all applicable environmental statutes, all consistent with the legal obligations  
79 of the United States relative to the Project; and

80 [15<sup>th</sup>] WHEREAS, the parties intend by this Contract to develop a more cooperative  
81 relationship in order to achieve their mutual goals; and

82 [16<sup>th</sup>] WHEREAS, the United States and the Contractor are willing to enter into this  
83 Contract pursuant to Federal Reclamation law on the terms and conditions set forth below;

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

86 DEFINITIONS

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

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

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

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

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

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

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

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

108 (h) "Eligible Lands" shall mean all lands to which Irrigation Water may be  
109 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982  
110 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

111 (i) "Excess Lands" shall mean all lands in excess of the limitations contained  
112 in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal  
113 Reclamation law;

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

123 and Regulations for the RRA. The Full Cost Rate used to compute the Tiered Pricing  
124 Component defined in subdivision (y) of this Article does not include the costs associated with  
125 the Contractor's Irrigation Water distribution works constructed by the United States. However,  
126 the Irrigation Full Cost Water Rate defined in subdivision (l) of this Article does include such  
127 costs;

128 (k) "Ineligible Lands" shall mean all lands to which Irrigation Water may not  
129 be delivered in accordance with Section 204 of the RRA;

130 (l) "Irrigation Full Cost Water Rate" shall mean the Full Cost Rate applicable  
131 to the delivery of Irrigation Water;

132 (m) "Irrigation Water" shall mean water made available from the Project that  
133 is used primarily in the production of agricultural crops or livestock, including domestic use  
134 incidental thereto, and watering of livestock;

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

137 (o) "Municipal and Industrial (M&I) Water" shall mean Project Water, other  
138 than Irrigation Water, made available to the Contractor. M&I Water shall include water used for  
139 human use and purposes such as the watering of landscaping or pasture for animals (e.g., horses)  
140 which are kept for personal enjoyment or water delivered to land holdings operated in units of  
141 less than five acres unless the Contractor establishes to the satisfaction of the Contracting Officer  
142 that the use of water delivered to any such landholding is a use described in subdivision (m) of  
143 this Article;

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

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



149 (r) "Operating Non-Federal Entity" shall mean the Tehama-Colusa Canal  
150 Authority, its successors or assigns, a non-Federal entity which has the obligation to operate and  
151 maintain all or a portion of the Canal Facilities pursuant to an agreement with the United States,  
152 and which may have funding obligations with respect thereto;

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

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

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

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

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

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

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

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



201 implementing an effective water conservation and efficiency program based on the Contractor's  
202 water conservation plan as required by Article 26 of this Contract; (iii) the Contractor is  
203 maintaining all water measuring devices and implementing all water measurement methods as  
204 approved by the Contracting Officer pursuant to Article 6 of this Contract; (iv) the Contractor  
205 has reasonably and beneficially used the Project Water supplies made available to it and, based  
206 on projected demands, is reasonably anticipated and expects to fully utilize for reasonable and  
207 beneficial use the quantity of Project Water to be made available to it pursuant to such renewal;  
208 (v) the Contractor is complying with all terms and conditions of this Contract; and (vi) the  
209 Contractor has the physical and legal ability to deliver Project Water.

210 (3) The terms and conditions of the renewal contract described in  
211 subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed  
212 consistent with the parties' respective legal rights and obligations, and in consideration of all  
213 relevant facts and circumstances, as those circumstances exist at the time of renewal, including,  
214 without limitation, the Contractor's need for continued delivery of Project Water; environmental  
215 conditions affected by implementation of the Contract to be renewed, and specifically changes in  
216 those conditions that occurred during the life of the Contract to be renewed; the Secretary's  
217 progress toward achieving the purposes of the CVPIA as set out in Section 3402 and in  
218 implementing the specific provisions of the CVPIA; and current and anticipated economic  
219 circumstances of the region served by the Contractor.

220 (c) This Contract, insofar as it pertains to the furnishing of M&I Water to the  
221 Contractor, shall be renewed for successive periods of up to 40 years each, which periods shall  
222 be consistent with then-existing Reclamation-wide policy, under terms and conditions mutually  
223 agreeable to the parties and consistent with Federal and State law. The Contractor shall be  
224 afforded the opportunity to comment to the Contracting Officer on the proposed adoption and  
225 application of any revised policy applicable to the delivery of M&I Water that would limit the

226 term of any subsequent renewal contract with the Contractor for the furnishing of M&I Water to  
227 less than 40 years.

228 (d) The Contracting Officer shall make a determination ten years after the  
229 date of execution of this Contract, and every five years thereafter during the term of this  
230 Contract, of whether a conversion of the relevant portion of this Contract to a contract under said  
231 subsection 9(d) of the Reclamation Project Act of 1939 can be accomplished pursuant to the Act  
232 of July 2, 1956 (70 Stat. 483). The Contracting Officer shall also make a determination ten years  
233 after the date of execution of this Contract and every five years thereafter during the term of this  
234 Contract of whether a conversion of the relevant portion of this Contract to a contract under  
235 subsection 9(c)(1) of the Reclamation Project Act of 1939 can be accomplished.

236 Notwithstanding any provision of this Contract, the Contractor reserves and shall have all rights  
237 and benefits under the Act of July 2, 1956 (70 Stat. 483). The Contracting Officer anticipates  
238 that during the term of this Contract, all authorized Project construction expected to occur will  
239 have occurred, and on that basis the Contracting Officer agrees upon such completion to allocate  
240 all costs that are properly assignable to the Contractor, and agrees further that, at any time after  
241 such allocation is made, and subject to satisfaction of the condition set out in this subdivision,  
242 this Contract shall, at the request of the Contractor, be converted to a contract under subsection  
243 9(d) or 9(c)(1), whichever is applicable, of the Reclamation Project Act of 1939, subject to  
244 applicable Federal law and under stated terms and conditions mutually agreeable to the  
245 Contractor and the Contracting Officer. A condition for such conversion to occur shall be a  
246 determination by the Contracting Officer that, account being taken of the amount credited to  
247 return by the Contractor as provided for under Federal Reclamation law, the remaining amount  
248 of construction costs assignable for ultimate return by the Contractor can probably be repaid to

249 the United States within the term of a contract under said subsection 9(d) or 9(c)(1), whichever is  
250 applicable. If the remaining amount of costs that are properly assignable to the Contractor  
251 cannot be determined during the term of this Contract, the Contracting Officer shall notify the  
252 Contractor, and provide the reason(s) why such a determination could not be made. Further, the  
253 Contracting Officer shall make such a determination as soon thereafter as possible so as to  
254 permit, upon request of the Contractor and satisfaction of the condition set out above, conversion  
255 to a contract under subsection 9(d) or 9(c)(1), whichever is applicable. In the event such  
256 determination of costs has not been made at a time which allows conversion of this Contract  
257 during the term of this Contract or the Contractor has not requested conversion of this Contract  
258 within such term, the parties shall incorporate in any subsequent renewal contract as described in  
259 subdivision (b) of this Article a provision that carries forth in substantially identical terms the  
260 provisions of this subdivision.

261 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

262 3. (a) During each Year, consistent with all applicable State water rights,  
263 permits, and licenses, Federal law, and subject to the provisions set forth in Articles 11 and 12 of  
264 this Contract, the Contracting Officer shall make available for delivery to the Contractor 62,200  
265 acre-feet of Project water for irrigation and M&I purposes. Water Delivered to the Contractor in  
266 accordance with this subdivision shall be scheduled and paid for pursuant to the provisions of  
267 Articles 4 and 7 of this Contract.

268 (b) Because the capacity of the Project to deliver Project Water has been  
269 constrained in recent years and may be constrained in the future due to many factors including  
270 hydrologic conditions and implementation of Federal and State laws, the likelihood of the  
271 Contractor actually receiving the amount of Project Water set out in subdivision (a) of this  
272 Article in any given Year is uncertain. The Contracting Officer's modeling referenced in the  
273 PEIS projected that the Contract Total set forth in this Contract will not be available to the

274 Contractor in many years. During the most recent five years, the Recent Historic Average of  
275 water made available to the Contractor was 57,224 acre-feet. Nothing in subdivision (b) of this  
276 Article shall affect the rights and obligations of the parties under any provision of this Contract.

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

279 (d) The Contractor shall make reasonable and beneficial use of all water  
280 furnished pursuant to this Contract. Groundwater recharge programs (direct, indirect, or in lieu),  
281 groundwater banking programs, surface water storage programs, and other similar programs  
282 utilizing Project Water or other water furnished pursuant to this Contract conducted within the  
283 Contractor's Service Area and Boundaries which are consistent with applicable State law and  
284 result in use consistent with Federal Reclamation law will be allowed; Provided, That any direct  
285 recharge program(s) is (are) described in the Contractor's water conservation plan submitted  
286 pursuant to Article 26 of this Contract; Provided, further, That such water conservation plan  
287 demonstrates sufficient lawful uses exist in the Contractor's Service Area and Boundaries so that  
288 using a long-term average, the quantity of Delivered Water is demonstrated to be reasonable for  
289 such uses and in compliance with Federal Reclamation law. Groundwater recharge programs,  
290 groundwater banking programs, surface water storage programs, and other similar programs  
291 utilizing Project Water or other water furnished pursuant to this Contract conducted outside the  
292 Contractor's Service Area and Boundaries may be permitted upon written approval of the  
293 Contracting Officer, which approval will be based upon environmental documentation, Project  
294 Water rights, and Project operational concerns. The Contracting Officer will address such  
295 concerns in regulations, policies, or guidelines.

296 (e) The Contractor shall comply with requirements applicable to the  
297 Contractor in biological opinion(s) prepared as a result of a consultation regarding the execution  
298 of this Contract undertaken pursuant to Section 7 of the Endangered Species Act of 1973 (ESA),  
299 as amended, that are within the Contractor's legal authority to implement. The Existing

300 Contract, which evidences in excess of 39 years of diversions for irrigation and/or M&I purposes  
301 of the quantities of water provided in subdivision (a) of Article 3 of this Contract, will be  
302 considered in developing an appropriate baseline for biological assessment(s) prepared pursuant  
303 to the ESA, and any other needed environmental review. Nothing herein shall be construed to  
304 prevent the Contractor from challenging or seeking judicial relief in a court of competent  
305 jurisdiction with respect to any biological opinion or other environmental documentation referred  
306 to in this Article.

307 (f) As soon as possible following each declaration of Water Made Available  
308 under Article 4 of this Contract, the Contracting Officer will make a determination whether  
309 Project Water, or other water available to the Project, can be made available to the Contractor in  
310 addition to the Contract Total under Article 3 of this Contract during the Year without adversely  
311 impacting other Project Contractors. At the request of the Contractor, the Contracting Officer  
312 will consult with the Contractor prior to making such a determination. If the Contracting Officer  
313 determines that Project Water, or other water available to the Project, can be made available to  
314 the Contractor, the Contracting Officer will announce the availability of such water and shall so  
315 notify the Contractor as soon as practical. The Contracting Officer will thereafter meet with the  
316 Contractor and other Project Contractors capable of taking such water to determine the most  
317 equitable and efficient allocation of such water. If the Contractor requests the delivery of any  
318 quantity of such water, the Contracting Officer shall make such water available to the Contractor  
319 in accordance with applicable statutes, regulations, guidelines, and policies.

320 (g) The Contractor may request permission to reschedule for use during the  
321 subsequent Year some or all of the Water Made Available to the Contractor during the current  
322 Year referred to as "carryover." The Contractor may request permission to use during the  
323 current Year a quantity of Project Water which may be made available by the United States to  
324 the Contractor during the subsequent Year referred to as "preuse." The Contracting Officer's

325 written approval may permit such uses in accordance with applicable statutes, regulations,  
326 guidelines, and policies.

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

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

338 (j) The Contracting Officer shall make reasonable efforts to protect the water  
339 rights necessary for the Project and to provide the water available under this Contract. The  
340 Contracting Officer shall not object to participation by the Contractor, in the capacity and to the  
341 extent permitted by law, in administrative proceedings related to the Project Water rights;  
342 Provided, That the Contracting Officer retains the right to object to the substance of the  
343 Contractor's position in such a proceeding; Provided further, That in such proceedings the  
344 Contracting Officer shall recognize the Contractor has a legal right under the terms of this  
345 Contract to use Project Water.

346 TIME FOR DELIVERY OF WATER

347 4. (a) On or about February 20 of each Calendar Year, the Contracting Officer  
348 shall announce the Contracting Officer's expected declaration of the Water Made Available.  
349 Such declaration will be expressed in terms of both Water Made Available and the Recent  
350 Historic Average and will be updated monthly, and more frequently if necessary, based on



351 then-current operational and hydrologic conditions and a new declaration with changes, if any, to  
352 the Water Made Available will be made. The Contracting Officer shall provide forecasts of  
353 Project operations and the basis of the estimate, with relevant supporting information, upon the  
354 written request of the Contractor. Concurrently with the declaration of the Water Made  
355 Available, the Contracting Officer shall provide the Contractor with the updated Recent Historic  
356 Average.

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

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

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

372 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

373 5. (a) Project Water scheduled pursuant to subdivision (b) of Article 4 of this  
374 Contract shall be delivered to the Contractor at approved turnouts on the Canal Facilities and  
375 any additional point or points of delivery either on Project facilities or another location or  
376 locations mutually agreed to in writing by the Contracting Officer and the Contractor. The

377 United States shall furnish such power as may be necessary to pump Project Water at the existing  
378 Tehama-Colusa Canal side pumping plants and at existing relift stations at heads and elevations  
379 sufficient to irrigate by gravity all areas within the Contractor's Service Area and Boundaries  
380 below elevation 380 (MSL).

381 (b) The Contracting Officer, either directly or through its written agreement(s)  
382 with the Operating Non-Federal Entity/Entities shall make all reasonable efforts to maintain  
383 sufficient flows and levels of water in the Project facilities to deliver Project Water to the  
384 Contractor at specific turnouts established pursuant to subdivision (a) of this Article. The parties  
385 acknowledge that it may be necessary from time to time to shut down some or all of Project  
386 facilities for maintenance or emergencies. Except in the case of emergency, the Contracting  
387 Officer shall consult with the Contractor to schedule the shutdown at such times and for such  
388 duration as will allow for the work to be accomplished completely and efficiently, and with a  
389 minimum of disruption of water service to the Contractor. In this regard, shutdowns will, to the  
390 extent reasonably possible, be limited to the months of December and January.

391 (c) The Contractor shall deliver Irrigation Water in accordance with any  
392 applicable land classification provisions of Federal Reclamation law and the associated  
393 regulations. The Contractor shall not deliver Project Water to land outside the Contractor's  
394 Service Area and Boundaries unless approved in advance by the Contracting Officer.

395 (d) All Water Delivered to the Contractor pursuant to this Contract shall be  
396 measured and recorded with equipment furnished, installed, operated, and maintained by the  
397 United States, the Operating Non-Federal Entity/Entities at the point or points of delivery  
398 established pursuant to subdivision (a) of this Article. Upon the request of either party to this  
399 Contract, the Contracting Officer shall investigate, or cause to be investigated by the responsible  
400 Operating Non-Federal Entity/Entities, the accuracy of such measurements and shall take any  
401 necessary steps to adjust any errors appearing therein. For any period of time when accurate  
402 measurements have not been made, the Contracting Officer shall consult with the Contractor and

403 the responsible Operating Non-Federal Entity/Entities prior to making a final determination of  
404 the quantity delivered for that period of time.

405 (e) Neither the Contracting Officer nor any Operating Non-Federal  
406 Entity/Entities shall be responsible for the control, carriage, handling, use, disposal, or  
407 distribution of Water Delivered to the Contractor pursuant to this Contract beyond the delivery  
408 points specified in subdivision (a) of this Article. The Contractor shall indemnify the United  
409 States, its officers, employees, agents, and assigns on account of damage or claim of damage of  
410 any nature whatsoever for which there is legal responsibility, including property damage,  
411 personal injury, or death arising out of or connected with the control, carriage, handling, use,  
412 disposal, or distribution of such Water Delivered beyond such delivery points, except for any  
413 damage or claim arising out of (i) acts or omissions of the Contracting Officer or any of its  
414 officers, employees, agents, or assigns, including the Operating Non-Federal Entity/Entities, with  
415 the intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the  
416 Contracting Officer or any of its officers, employees, agents, or assigns, including the Operating  
417 Non-Federal Entity/Entities, (iii) negligence of the Contracting Officer or any of its officers,  
418 employees, agents, or assigns including the Operating Non-Federal Entity/Entities, or (iv)  
419 damage or claims resulting from a malfunction of facilities owned and/or operated by the United  
420 States or responsible Operating Non-Federal Entity/Entities.

421 MEASUREMENT OF WATER WITHIN THE CONTRACTOR'S  
422 SERVICE AREA AND BOUNDARIES

423 6. (a) The Contractor has established a measuring program satisfactory to the  
424 Contracting Officer. The Contractor shall ensure that all surface water delivered for irrigation  
425 purposes within the Contractor's Service Area and Boundaries is measured at each agricultural  
426 turnout and such water delivered for M&I purposes is measured at each M&I service connection.  
427 The water measuring devices or water measuring methods of comparable effectiveness must be  
428 acceptable to the Contracting Officer. The Contractor shall be responsible for installing,  
429 operating, and maintaining and repairing all such measuring devices and implementing all such

430 water measuring methods at no cost to the United States. The Contractor shall use the  
431 information obtained from such water measuring devices or water measuring methods to ensure  
432 its proper management of the water, to bill water users for water delivered by the Contractor;  
433 and, if applicable, to record water delivered for M&I purposes by customer class as defined in  
434 the Contractor's water conservation plan provided for in Article 26 of this Contract. Nothing  
435 herein contained, however, shall preclude the Contractor from establishing and collecting any  
436 charges, assessments, or other revenues authorized by California law. The Contractor shall  
437 include a summary of all its annual surface water deliveries in the annual report described in  
438 subdivision (c) of Article 26.

439           (b) To the extent the information has not otherwise been provided, upon  
440 execution of this Contract, the Contractor shall provide to the Contracting Officer a written  
441 report describing the measurement devices or water measuring methods being used or to be used  
442 to implement subdivision (a) of this Article and identifying the agricultural turnouts and the M&I  
443 service connections or alternative measurement programs approved by the Contracting Officer,  
444 at which such measurement devices or water measuring methods are being used, and, if  
445 applicable, identifying the locations at which such devices and/or methods are not yet being used  
446 including a time schedule for implementation at such locations. The Contracting Officer shall  
447 advise the Contractor in writing within 60 days as to the adequacy and necessary modifications,  
448 if any, of the measuring devices or water measuring methods identified in the Contractor's report  
449 and if the Contracting Officer does not respond in such time, they shall be deemed adequate. If  
450 the Contracting Officer notifies the Contractor that the measuring devices or methods are  
451 inadequate, the parties shall within 60 days following the Contracting Officer's response,  
452 negotiate in good faith the earliest practicable date by which the Contractor shall modify said  
453 measuring devices and/or measuring methods as required by the Contracting Officer to ensure  
454 compliance with subdivision (a) of this Article.

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

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

461 (e) The Contractor shall inform the Contracting Officer and the Operating  
462 Non-Federal Entity on or before the 20<sup>th</sup> calendar day of each month of the quantity of Irrigation  
463 and M&I Water taken during the preceding month.

464 RATES AND METHOD OF PAYMENT FOR WATER

465 7. (a) The Contractor shall pay the United States as provided in this Article for  
466 all Delivered Water at Rates, Charges, and the Tiered Pricing Component established in  
467 accordance with (i) the Secretary's ratesetting policy for Irrigation Water adopted in 1988 and  
468 the Secretary's then-existing ratesetting policy for M&I Water. Such ratesetting policies shall be  
469 amended, modified, or superseded only through a public notice and comment procedure; (ii)  
470 applicable Federal Reclamation law and associated rules and regulations, or policies; and (iii)  
471 other applicable provisions of this Contract. Payments shall be made by cash transaction,  
472 electronic funds transfer, or any other mechanism as may be agreed to in writing by the  
473 Contractor and the Contracting Officer. The Rates, Charges, and Tiered Pricing Component  
474 applicable to the Contractor upon execution of this Contract are set forth in Exhibit "B," as may  
475 be revised annually.

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

478 (1) Prior to July 1 of each Calendar Year, the Contracting Officer shall  
479 provide the Contractor an estimate of the Charges for Project Water that will be applied to the  
480 period October 1, of the current Calendar Year, through September 30, of the following Calendar

481 Year, and the basis for such estimate. The Contractor shall be allowed not less than two months  
482 to review and comment on such estimates. On or before September 15 of each Calendar Year,  
483 the Contracting Officer shall notify the Contractor in writing of the Charges to be in effect during  
484 the period October 1 of the current Calendar Year, through September 30, of the following  
485 Calendar Year, and such notification shall revise Exhibit "B."

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

493 (c) At the time the Contractor submits the initial schedule for the delivery of  
494 Project Water for each Year pursuant to subdivision (b) of Article 4 of this Contract, the  
495 Contractor shall make an advance payment to the United States equal to the total amount payable  
496 pursuant to the applicable Rate(s) set under subdivision (a) of this Article, for the Project Water  
497 scheduled to be delivered pursuant to this Contract during the first two calendar months of the  
498 Year. Before the end of the first month and before the end of each calendar month thereafter, the  
499 Contractor shall make an advance payment to the United States, at the Rate(s) set under  
500 subdivision (a) of this Article, for the Water Scheduled to be delivered pursuant to this Contract  
501 during the second month immediately following. Adjustments between advance payments for  
502 Water Scheduled and payments at Rates due for Water Delivered shall be made before the end of  
503 the following month; Provided, That any revised schedule submitted by the Contractor pursuant  
504 to Article 4 of this Contract which increases the amount of Water Delivered pursuant to this  
505 Contract during any month shall be accompanied with appropriate advance payment, at the Rates  
506 then in effect, to assure that Project Water is not delivered to the Contractor in advance of such

507 payment. In any month in which the quantity of Water Delivered to the Contractor pursuant to  
508 this Contract equals the quantity of Water Scheduled and paid for by the Contractor, no  
509 additional Project Water shall be delivered to the Contractor unless and until an advance  
510 payment at the Rates then in effect for such additional Project Water is made. Final adjustment  
511 between the advance payments for the Water Scheduled and payments for the quantities of Water  
512 Delivered during each Year pursuant to this Contract shall be made as soon as practicable but no  
513 later than April 30th of the following Year, or 60 days after the delivery of Project Water carried  
514 over under subdivision (g) of Article 3 of this Contract if such water is not delivered by the last  
515 day of February.

516 (d) The Contractor shall also make a payment in addition to the Rate(s) in  
517 subdivision (c) of this Article to the United States for Water Delivered, at the Charges and the  
518 appropriate Tiered Pricing Component then in effect, before the end of the month following the  
519 month of delivery; Provided, That the Contractor may be granted an exception from the Tiered  
520 Pricing Component pursuant to subdivision (j)(2) of this Article. The payments shall be  
521 consistent with the quantities of Irrigation Water and M&I Water Delivered as shown in the  
522 water delivery report for the subject month prepared by the Operating Non-Federal  
523 Entity/Entities or, if there is no Operating Non-Federal Entity/Entities, by the Contracting  
524 Officer. The water delivery report shall be deemed a bill for the payment of Charges and the  
525 applicable Tiered Pricing Component for Water Delivered. Adjustment for overpayment or  
526 underpayment of Charges shall be made through the adjustment of payments due to the United  
527 States for Charges for the next month. Any amount to be paid for past due payment of Charges  
528 and the Tiered Pricing Component shall be computed pursuant to Article 20 of this Contract.

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

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

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

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

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

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

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



559 applicable Tiered Pricing Component. The Tiered Pricing Component for the amount of Water  
560 Delivered in excess of 80 percent of the Contract Total, but less than or equal to 90 percent of the  
561 Contract total, shall equal one-half of the difference between the Rate established under  
562 subdivision (a) of this Article and the Irrigation Full Cost Water Rate or M&I Full Cost Water  
563 Rate, whichever is applicable. The Tiered Pricing Component for the amount of Water delivered  
564 which exceeds 90 percent of the Contract Total shall equal the difference between (i) the Rate  
565 established under subdivision (a) of this Article and (ii) the Irrigation Full Cost Water Rate or  
566 M&I Full Cost Water Rate, whichever is applicable. For all Water Delivered pursuant to  
567 subdivision (a) of Article 3 of this Contract which is in excess of 80 percent of the Contract  
568 Total, this increment shall be deemed to be divided between Irrigation Water and M&I Water in  
569 the same proportion as actual deliveries of each bear to the cumulative total Water Delivered.  
570 Solely for the purpose of calculating the Tiered Pricing Component, the Full Cost Rate shall not  
571 include the interest component of the Contractor's water distribution system constructed by the  
572 United States and covered by Repayment Contract No. 14-06-200-1811A entered into pursuant  
573 to 43 USC 485h(d).

574                   (2) Subject to the Contracting Officer's written approval, the  
575 Contractor may request and receive an exemption from such Tiered Pricing Components for  
576 Project Water delivered to produce a crop which the Contracting Officer determines will provide  
577 significant and quantifiable habitat values for waterfowl in fields where the water is used and the  
578 crops are produced; Provided, That the exemption from the Tiered Pricing Component for  
579 Irrigation Water shall apply only if such habitat values can be assured consistent with the  
580 purposes of the CVPIA through binding agreements executed with or approved by the  
581 Contracting Officer prior to use of such water.

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

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

595                   (l)     Except as provided in subsections 3405(a)(1)(B) and 3405(f) of the  
596 CVPIA, the Rates for Project Water transferred by the Contractor shall be the Contractor's Rates  
597 adjusted upward or downward to reflect the changed costs, if any, incurred by the Contracting  
598 Officer in the delivery of the transferred Project Water to the transferee's point of delivery in  
599 accordance with the then applicable Project ratesetting policy. If the Contractor is receiving  
600 lower Rates and Charges because of inability to pay and is transferring Project Water to another  
601 entity whose Rates and Charges are not adjusted due to inability to pay, the Rates and Charges  
602 for transferred Project Water shall not be adjusted to reflect the Contractor's inability to pay.

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

605                   (n)     With respect to the Rates for M&I Water, the Contractor asserts that it is  
606 not legally obligated to repay any Central Valley Project deficits or deficit related interest  
607 charges claimed by the United States to have accrued as of the date of this Contract. By entering

608 into this Contract, the Contractor does not waive any legal rights or remedies that it may have  
609 with respect to such disputed issues. Notwithstanding the execution of this Contract, and  
610 payments made hereunder, the Contractor may challenge in the appropriate administrative or  
611 judicial forums: (1) the existence, computation, or imposition of any deficit charges accruing  
612 during the term of the Existing Contract and any preceding interim renewal contract, if  
613 applicable; (2) interest accruing on any such deficits; (3) the inclusion of any such deficit charges  
614 or interest in the Rates; (4) the application by the United States of payments made by the  
615 Contractor under its Existing Contract and any preceding interim renewal contracts, if  
616 applicable; and (5) the application of such payments in the Rates. The Contracting Officer  
617 agrees that the Contractor shall be entitled to the benefit of any administrative or judicial ruling  
618 in favor of any other Project M&I contractor on any of these issues, provided that, the basis for  
619 such ruling is applicable to the Contractor.

#### 620 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

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

#### 624 SALES, TRANSFERS, OR EXCHANGES OF WATER

625 9. (a) The right to receive Project Water provided for in this Contract may be  
626 sold, transferred, or exchanged to others for reasonable and beneficial uses within the State of  
627 California if such sale, transfer, or exchange is authorized by applicable Federal and State laws,  
628 and applicable guidelines or regulations then in effect. No sale, transfer, or exchange of Project  
629 Water under this Contract may take place without the prior written approval of the Contracting  
630 Officer, except as provided for in subdivision (b) of this Article, and no such sales, transfers, or  
631 exchanges shall be approved absent all appropriate environmental documentation, including but  
632 not limited to documents prepared pursuant to NEPA and ESA. Such environmental  
633 documentation should include, as appropriate, an analysis of groundwater impacts and economic

634 and social effects, including environmental justice, of the proposed water transfers on both the  
635 transferor and transferee.

636 (b) In order to facilitate efficient water management by means of water  
637 transfers of the type historically carried out among Project Contractors located within the same  
638 geographical area and to allow the Contractor to participate in an accelerated water transfer  
639 program during the term of this Contract, the Contracting Officer shall prepare, as appropriate,  
640 all necessary environmental documentation including, but not limited to, documents prepared  
641 pursuant to NEPA and ESA, analyzing annual transfers within such geographical areas and the  
642 Contracting Officer shall determine whether such transfers comply with applicable law.  
643 Following the completion of the environmental documentation, such transfers addressed in such  
644 documentation shall be conducted with advance notice to the Contracting Officer, but shall not  
645 require prior written approval by the Contracting Officer. Such environmental documentation  
646 and the Contracting Officer's compliance determination shall be reviewed every five years and  
647 updated, as necessary, prior to the expiration of the then-existing five-year period. All  
648 subsequent environmental documentation shall include an alternative to evaluate not less than the  
649 quantity of Project Water historically transferred within the same geographical area.

650 (c) For a water transfer to qualify under subdivision (b) of this Article, such  
651 water transfer must: (i) be for irrigation purposes for lands irrigated within the previous three  
652 years, for M&I use, groundwater recharge, groundwater banking, similar groundwater activities,  
653 surface water storage, or fish and wildlife resources; not lead to land conversion; and be  
654 delivered to established cropland, wildlife refuges, groundwater basins or M&I use; (ii) occur  
655 within a single Year; (iii) occur between a willing seller and a willing buyer; (iv) convey water  
656 through existing facilities with no new construction or modifications to facilities and be between  
657 existing Project Contractors and/or the Contractor and the United States, Department of the  
658 Interior; and (v) comply with all applicable Federal, State, and local or tribal laws and

659 requirements imposed for protection of the environment and Indian Trust Assets, as defined  
660 under Federal law.

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

667 APPLICATION OF PAYMENTS AND ADJUSTMENTS

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

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

684 TEMPORARY REDUCTIONS--RETURN FLOWS

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

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

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

707 CONSTRAINTS ON THE AVAILABILITY OF WATER

708 12. (a) In its operation of the Project, the Contracting Officer will use all  
709 reasonable means to guard against a Condition of Shortage in the quantity of water to be made

710 available to the Contractor pursuant to this Contract. In the event the Contracting Officer  
711 determines that a Condition of Shortage appears probable, the Contracting Officer will notify the  
712 Contractor of said determination as soon as practicable.

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

718 (c) In any Year in which there may occur a shortage for any of the reasons  
719 specified in subdivision (b) above, the Contracting Officer shall apportion the available Project  
720 Water supply among the Contractor and others entitled, under existing contracts and future  
721 contracts (to the extent such future contracts are permitted under subsections (a) and (b) of  
722 Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the  
723 contractual obligations of the United States.

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

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

734 UNAVOIDABLE GROUNDWATER PERCOLATION

735 13. To the extent applicable, the Contractor shall not be deemed to have delivered  
736 Irrigation Water to Excess Lands or Ineligible Lands within the meaning of this Contract if such  
737 lands are irrigated with groundwater that reaches the underground strata as an unavoidable result  
738 of the delivery of Irrigation Water by the Contractor to Eligible Lands.

739 RULES AND REGULATIONS

740 14. The parties agree that the delivery of Irrigation Water or use of Federal facilities  
741 pursuant to this Contract is subject to Federal Reclamation law, including but not limited to the  
742 Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and supplemented, and  
743 the rules and regulations promulgated by the Secretary of the Interior under Federal Reclamation  
744 law.

745 WATER AND AIR POLLUTION CONTROL

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

750 QUALITY OF WATER

751 16. (a) Project facilities used to deliver Project Water to the Contractor pursuant  
752 to this Contract shall be operated and maintained to enable the United States to deliver Project  
753 Water to the Contractor in accordance with the water quality standards specified in subsection  
754 2(b) of the Act of August 26, 1937 (50 Stat. 865), as added by Section 101 of the Act of October  
755 27, 1986 (100 Stat. 3050) or other existing Federal laws. The United States is under no  
756 obligation to construct or furnish water treatment facilities to maintain or to improve the quality  
757 of Water Delivered to the Contractor pursuant to this Contract. The United States does not  
758 warrant the quality of Water Delivered to the Contractor pursuant to this Contract.

759 (b) The O&M of Project facilities shall be performed in such manner as is  
760 practicable to maintain the quality of raw water made available through such facilities at the  
761 highest level reasonably attainable as determined by the Contracting Officer. The Contractor  
762 shall be responsible for compliance with all State and Federal water quality standards applicable



763 to surface and subsurface agricultural drainage discharges generated through the use of Federal  
764 or Contractor facilities or Project Water provided by the Contractor within the Contractor's  
765 Service Area and Boundaries.

766 WATER ACQUIRED BY THE CONTRACTOR  
767 OTHER THAN FROM THE UNITED STATES

768 17. (a) Water or water rights now owned or hereafter acquired by the Contractor  
769 other than from the United States and Irrigation Water furnished pursuant to the terms of this  
770 Contract may be simultaneously transported through the same distribution facilities of the  
771 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water  
772 and non-Project water were constructed without funds made available pursuant to Federal  
773 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the  
774 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive  
775 Irrigation Water must be established through the certification requirements as specified in the  
776 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of  
777 Eligible Lands within the Contractor's Service Area and Boundaries can be established and the  
778 quantity of Irrigation Water to be utilized is less than or equal to the quantity necessary to  
779 irrigate such Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water  
780 and non-Project water are/were constructed with funds made available pursuant to Federal  
781 Reclamation law, the non-Project water will be subject to the acreage limitation provisions of  
782 Federal Reclamation law, unless the Contractor pays to the United States the incremental fee  
783 described in 43 CFR 426.15. In determining the incremental fee, the Contracting Officer will  
784 calculate annually the cost to the Federal Government, including interest, on storing or delivering  
785 non-Project water, which for purposes of this Contract shall be determined as follows: The  
786 quotient shall be the unpaid distribution system costs divided by the total irrigable acreage within  
787 the Contractor's Service Area and Boundaries. The incremental fee per acre is the mathematical  
788 result of such quotient times the interest rate determined using Section 202 (3) of the Act of  
789 October 12, 1982 (96 Stat. 1263). Such incremental fee will be charged to each acre of excess or

790 full cost land within the Contractor's Service Area and Boundaries that receives non-Project  
791 water through Federally financed or constructed facilities. The incremental fee calculation  
792 methodology will continue during the term of this Contract absent the promulgation of a contrary  
793 Reclamation-wide rule, regulation, or policy adopted after the Contractor has been afforded the  
794 opportunity to review and comment on the proposed rule, regulation, or policy. If such rule,  
795 regulation, or policy is adopted it shall supersede this provision.

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

801 (1) The Contractor may introduce non-Project water into Project  
802 facilities and deliver said water to lands within the Contractor's Service Area and Boundaries,  
803 including Ineligible Lands, subject to payment to the United States and/or to any applicable  
804 Operating Non-Federal Entity of an appropriate rate as determined by the applicable Project  
805 ratesetting policy, the RRA, and the Project use power policy, if such Project use power policy is  
806 applicable, each as amended, modified, or superseded from time to time.

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

813 (3) Neither the United States nor the Operating Non-Federal Entity  
814 shall be responsible for control, care, or distribution of the non-Project water before it is  
815 introduced into or after it is delivered from the Project facilities. The Contractor hereby releases

816 and agrees to defend and indemnify the United States and the Operating Non-Federal Entity, and  
817 their respective officers, agents, and employees, from any claim for damage to persons or  
818 property, direct or indirect, resulting from the acts of the Contractor, its officers', employees',  
819 agents', or assigns', act(s) in (i) extracting or diverting non-Project water from any source, or (ii)  
820 diverting such non-Project water into Project facilities.

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

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

829 OPINIONS AND DETERMINATIONS

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

840 (b) The Contracting Officer shall have the right to make determinations  
841 necessary to administer this Contract that are consistent with the provisions of this Contract, the

842 laws of the United States and of the State of California, and the rules and regulations  
843 promulgated by the Secretary of the Interior. Such determinations shall be made in consultation  
844 with the Contractor to the extent reasonably practicable.

845 COORDINATION AND COOPERATION

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

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

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

866 (1) The Contracting Officer will, at the request of the Contractor,  
867 assist in the development of integrated resource management plans for the Contractor. Further,

868 the Contracting Officer will, as appropriate, seek authorizations for implementation of  
869 partnerships to improve water supply, water quality, and reliability.

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

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

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

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

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

885 CHARGES FOR DELINQUENT PAYMENTS

886 20. (a) The Contractor shall be subject to interest, administrative and penalty  
887 charges on delinquent installments or payments. When a payment is not received by the due  
888 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond  
889 the due date. When a payment becomes sixty (60) days delinquent, the Contractor shall pay an  
890 administrative charge to cover additional costs of billing and processing the delinquent payment.  
891 When a payment is delinquent ninety (90) days or more, the Contractor shall pay an additional  
892 penalty charge of six (6%) percent per year for each day the payment is delinquent beyond the  
893 due date. Further, the Contractor shall pay any fees incurred for debt collection services  
894 associated with a delinquent payment.

895 (b) The interest charge rate shall be the greater of the rate prescribed quarterly  
896 in the Federal Register by the Department of the Treasury for application to overdue payments,

897 or the interest rate of one-half of one (0.5%) percent per month prescribed by Section 6 of the  
898 Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be  
899 determined as of the due date and remain fixed for the duration of the delinquent period.

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

903 EQUAL OPPORTUNITY

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

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

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

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

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

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

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

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

949 GENERAL OBLIGATION--BENEFITS CONDITIONED UPON PAYMENT

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

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

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

962 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

963 23. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964  
964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the  
965 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights  
966 laws, as well as with their respective implementing regulations and guidelines imposed by the  
967 U.S. Department of the Interior and/or Bureau of Reclamation.

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

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

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

982 PRIVACY ACT COMPLIANCE

983 24. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)  
984 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et  
985 seq.) in maintaining Landholder acreage certification and reporting records, required to be  
986 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation  
987 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

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

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

997 (d) The Contracting Officer shall designate a full-time employee of the  
998 Bureau of Reclamation to be the System Manager who shall be responsible for making decisions  
999 on denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The  
1000 Contractor is authorized to grant requests by individuals for access to their own records.

1001 (e) The Contractor shall forward promptly to the System Manager each  
1002 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed  
1003 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System  
1004 Manager with information and records necessary to prepare an appropriate response to the  
1005 requester. These requirements do not apply to individuals seeking access to their own  
1006 certification and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the  
1007 requester elects to cite the Privacy Act as a basis for the request.



1008                    CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

1009                    25.     In addition to all other payments to be made by the Contractor pursuant to this  
1010 Contract, the Contractor shall pay to the United States, within 60 days after receipt of a bill and  
1011 detailed statement submitted by the Contracting Officer to the Contractor for such specific items  
1012 of direct cost incurred by the United States for work requested by the Contractor associated with  
1013 this Contract plus indirect costs in accordance with applicable Bureau of Reclamation policies  
1014 and procedures. All such amounts referred to in this Article shall not exceed the amount agreed  
1015 to in writing in advance by the Contractor. This Article shall not apply to costs for routine  
1016 contract administration.

1017    WATER CONSERVATION

1018                    26.     (a)     Prior to the delivery of water provided from or conveyed through  
1019 Federally constructed or Federally financed facilities pursuant to this Contract, the Contractor  
1020 shall be implementing an effective water conservation and efficiency program based on the  
1021 Contractor's water conservation plan that has been determined by the Contracting Officer to meet  
1022 the conservation and efficiency criteria for evaluating water conservation plans established under  
1023 Federal law. The water conservation and efficiency program shall contain definite water  
1024 conservation objectives, appropriate economically feasible water conservation measures, and  
1025 time schedules for meeting those objectives. Continued Project Water delivery pursuant to this  
1026 Contract shall be contingent upon the Contractor's continued implementation of such water  
1027 conservation program. In the event the Contractor's water conservation plan or any revised water  
1028 conservation plan completed pursuant to subdivision (d) of Article 26 of this Contract have not  
1029 yet been determined by the Contracting Officer to meet such criteria, due to circumstances which  
1030 the Contracting Officer determines are beyond the control of the Contractor, water deliveries  
1031 shall be made under this Contract so long as the Contractor diligently works with the Contracting  
1032 Officer to obtain such determination at the earliest practicable date, and thereafter the Contractor

1033 immediately begins implementing its water conservation and efficiency program in accordance  
1034 with the time schedules therein.

1035 (b) Should the amount of M&I Water delivered pursuant to subdivision (a) of  
1036 Article 3 of this Contract equal or exceed 2,000 acre-feet per Year, the Contractor shall  
1037 implement the Best Management Practices identified by the time frames issued by the California  
1038 Urban Water Conservation Council for such M&I Water unless any such practice is determined  
1039 by the Contracting Officer to be inappropriate for the Contractor.

1040 (c) The Contractor shall submit to the Contracting Officer a report on the  
1041 status of its implementation of the water conservation plan on the reporting dates specified in the  
1042 then existing conservation and efficiency criteria established under Federal law.

1043 (d) At five-year intervals, the Contractor shall revise its water conservation  
1044 plan to reflect the then-current conservation and efficiency criteria for evaluating water  
1045 conservation plans established under Federal law and submit such revised water management  
1046 plan to the Contracting Officer for review and evaluation. The Contracting Officer will then  
1047 determine if the water conservation plan meets Reclamation's then-current conservation and  
1048 efficiency criteria for evaluating water conservation plans established under Federal law.

1049 (e) If the Contractor is engaged in direct groundwater recharge, such activity  
1050 shall be described in the Contractor's water conservation plan.

1051 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

1052 27. Except as specifically provided in Article 17 of this Contract, the provisions of  
1053 this Contract shall not be applicable to or affect non-Project water or water rights now owned or  
1054 hereafter acquired by the Contractor or any user of such water within the Contractor's Service  
1055 Area and Boundaries. Any such water shall not be considered Project Water under this Contract.  
1056 In addition, this Contract shall not be construed as limiting or curtailing any rights which the  
1057 Contractor or any water user within the Contractor's Service Area and Boundaries acquires or  
1058 has available under any other contract pursuant to Federal Reclamation law.

1059           OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

1060           28.     (a)     The O&M of a portion of the Project facilities which serve the Contractor,  
1061 and responsibility for funding a portion of the costs of such O&M, have been transferred to the  
1062 Operating Non-Federal Entity by separate agreement between the United States and the  
1063 Operating Non-Federal Entity. That separate agreement shall not interfere with or affect the  
1064 rights or obligations of the Contractor or the United States hereunder.

1065                     (b)     The Contracting Officer has previously notified the Contractor in writing  
1066 that the O&M of a portion of the Project facilities which serve the Contractor has been  
1067 transferred to the Operating Non-Federal Entity, and therefore, the Contractor shall pay directly  
1068 to the Operating Non-Federal Entity, or to any successor approved by the Contracting Officer  
1069 under the terms and conditions of the separate agreement between the United States and the  
1070 Operating Non-Federal Entity described in subdivision (a) of this Article, all rates, charges, or  
1071 assessments of any kind, including any assessment for reserve funds, which the Operating Non-  
1072 Federal Entity or such successor determines, sets, or establishes for the O&M of the portion of  
1073 the Project facilities operated and maintained by the Operating Non-Federal Entity or such  
1074 successor. Such direct payments to the Operating Non-Federal Entity or such successor shall not  
1075 relieve the Contractor of its obligation to pay directly to the United States the Contractor's share  
1076 of the Project Rates, Charges, and Tiered Pricing Component(s) except to the extent the  
1077 Operating Non-Federal Entity collects payments on behalf of the United States in accordance  
1078 with the separate agreement identified in subdivision (a) of this Article.

1079                     (c)     For so long as the O&M of any portion of the Project facilities serving the  
1080 Contractor is performed by the Operating Non-Federal Entity, or any successor thereto, the  
1081 Contracting Officer shall adjust those components of the Rates for Water Delivered under this  
1082 Contract representing the cost associated with the activity being performed by the Operating  
1083 Non-Federal Entity or its successor.

1084 (d) In the event the O&M of the Project facilities operated and maintained by  
1085 the Operating Non-Federal Entity is reassumed by the United States during the term of this  
1086 Contract, the Contracting Officer shall so notify the Contractor, in writing, and present to the  
1087 Contractor a revised Exhibit "B" which shall include the portion of the Rates to be paid by the  
1088 Contractor for Project Water under this Contract representing the O&M costs of the portion of  
1089 such Project facilities which have been reassumed. The Contractor shall, thereafter, in the  
1090 absence of written notification from the Contracting Officer to the contrary, pay the Rates,  
1091 Charges, and Tiered Pricing Component(s) specified in the revised Exhibit "B" directly to the  
1092 United States in compliance with Article 7 of this Contract.

1093 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

1094 29. The expenditure or advance of any money or the performance of any obligation of  
1095 the United States under this Contract shall be contingent upon appropriation or allotment of  
1096 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any  
1097 obligations under this Contract. No liability shall accrue to the United States in case funds are  
1098 not appropriated or allotted.

1099 BOOKS, RECORDS, AND REPORTS

1100 30. (a) The Contractor shall establish and maintain accounts and other books and  
1101 records pertaining to administration of the terms and conditions of this Contract, including: the  
1102 Contractor's financial transactions, water supply data, and Project land and right-of-way  
1103 agreements; the water users' land-use (crop census), land ownership, land-leasing and water use  
1104 data; and other matters that the Contracting Officer may require. Reports thereon shall be  
1105 furnished to the Contracting Officer in such form and on such date or dates as the Contracting  
1106 Officer may require. Subject to applicable Federal laws and regulations, each party to this  
1107 Contract shall have the right during office hours to examine and make copies of the other party's  
1108 books and records relating to matters covered by this Contract.

1109 (b) Notwithstanding the provisions of subdivision (a) of this Article, no  
1110 books, records, or other information shall be requested from the Contractor by the Contracting  
1111 Officer unless such books, records, or information are reasonably related to the administration or  
1112 performance of this Contract. Any such request shall allow the Contractor a reasonable period of  
1113 time within which to provide the requested books, records, or information.

1114 (c) At such time as the Contractor provides information to the Contracting  
1115 Officer pursuant to subdivision (a) of this Article, a copy of such information shall be provided  
1116 to the Operating Non-Federal Entity.

1117 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

1118 31. (a) The provisions of this Contract shall apply to and bind the successors and  
1119 assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest  
1120 therein shall be valid until approved in writing by the Contracting Officer.

1121 (b) The assignment of any right or interest in this Contract by either party  
1122 shall not interfere with the rights or obligations of the other party to this Contract absent the  
1123 written concurrence of said other party.

1124 (c) The Contracting Officer shall not unreasonably condition or withhold his  
1125 approval of any proposed assignment.

1126 SEVERABILITY

1127 32. In the event that a person or entity who is neither (i) a party to a Project contract,  
1128 nor (ii) a person or entity that receives Project Water from a party to a Project contract, nor (iii)  
1129 an association or other form of organization whose primary function is to represent parties to  
1130 Project contracts, brings an action in a court of competent jurisdiction challenging the legality or  
1131 enforceability of a provision included in this Contract and said person, entity, association, or  
1132 organization obtains a final court decision holding that such provision is legally invalid or  
1133 unenforceable and the Contractor has not intervened in that lawsuit in support of the plaintiff(s),  
1134 the parties to this Contract shall use their best efforts to (i) within 30 days of the date of such  
1135 final court decision identify by mutual agreement the provisions in this Contract which must be  
1136 revised, and (ii) within three months thereafter promptly agree on the appropriate revision(s).  
1137 The time periods specified above may be extended by mutual agreement of the parties. Pending  
1138 the completion of the actions designated above, to the extent it can do so without violating any  
1139 applicable provisions of law, the United States shall continue to make the quantities of Project

1140 Water specified in this Contract available to the Contractor pursuant to the provisions of this  
1141 Contract which were not found to be legally invalid or unenforceable in the final court decision.

1142 RESOLUTION OF DISPUTES

1143 33. Should any dispute arise concerning any provisions of this Contract, or the  
1144 parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to  
1145 resolve the dispute. Prior to the Contractor commencing any legal action, or the Contracting  
1146 Officer referring any matter to Department of Justice, the party shall provide to the other party  
1147 30 days' written notice of the intent to take such action; Provided, That such notice shall not be  
1148 required where a delay in commencing an action would prejudice the interests of the party that  
1149 intends to file suit. During the 30-day notice period, the Contractor and the Contracting Officer  
1150 shall meet and confer in an attempt to resolve the dispute. Except as specifically provided,  
1151 nothing herein is intended to waive or abridge any right or remedy that the Contractor or the  
1152 United States may have.

1153 OFFICIALS NOT TO BENEFIT

1154 34. No Member of or Delegate to Congress, Resident Commissioner, or official of the  
1155 Contractor shall benefit from this Contract other than as a water user or landowner in the same  
1156 manner as other water users or landowners.

1157 CHANGES IN CONTRACTOR'S SERVICE AREA AND BOUNDARIES

1158 35. (a) While this Contract is in effect, no change may be made in the  
1159 Contractor's Service Area and Boundaries, by inclusion or exclusion of lands, dissolution,  
1160 consolidation, merger, or otherwise, except upon the Contracting Officer's written consent.

1161 (b) Within 30 days of receipt of a request for such a change, the Contracting  
1162 Officer will notify the Contractor of any additional information required by the Contracting  
1163 Officer for processing said request, and both parties will meet to establish a mutually agreeable  
1164 schedule for timely completion of the process. Such process will analyze whether the proposed  
1165 change is likely to: (i) result in the use of Project Water contrary to the terms of this Contract;  
1166 (ii) impair the ability of the Contractor to pay for Project Water furnished under this Contract or  
1167 to pay for any Federally-constructed facilities for which the Contractor is responsible; and (iii)

1168 have an impact on any Project Water rights applications, permits, or licenses. In addition, the  
1169 Contracting Officer shall comply with the NEPA and the ESA. The Contractor will be  
1170 responsible for all costs incurred by the Contracting Officer in this process, and such costs will  
1171 be paid in accordance with Article 25 of this Contract.

1172 FEDERAL LAWS

1173 36. By entering into this Contract, the Contractor does not waive its rights to contest  
1174 the validity or application in connection with the performance of the terms and conditions of this  
1175 Contract of any Federal law or regulation; Provided, That the Contractor agrees to comply with  
1176 the terms and conditions of this Contract unless and until relief from application of such Federal  
1177 law or regulation to the implementing provision of the Contract is granted by a court of  
1178 competent jurisdiction.

1179 NOTICES

1180 37. Any notice, demand, or request authorized or required by this Contract shall be  
1181 been given, on behalf of the Contractor, when mailed, postage prepaid, or delivered to the Area  
1182 Manager, Bureau of deemed to have Reclamation, Northern California Area Office, 16349  
1183 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when  
1184 mailed, postage prepaid, or delivered to the Board of Directors of the Colusa County Water  
1185 District, P. O. Box 337, 840 First Street, Arbuckle, California 95912. The designation of the  
1186 addressee or the address may be changed by notice given in the same manner as provided in this  
1187 Article for other notices.

1188 CONFIRMATION OF CONTRACT

1189 38. The Contractor, after the execution of this Contract, shall promptly seek to secure  
1190 a decree of a court of competent jurisdiction of the State of California, confirming the execution  
1191 of this Contract. The Contractor shall furnish the United States a certified copy of the final  
1192 decree, the validation proceedings, and all pertinent supporting records of the court approving  
1193 and confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on  
1194 the Contractor.

1195 IN WITNESS WHEREOF, the parties hereto have executed this Contract as of  
1196 the day and year first above written.

1197 THE UNITED STATES OF AMERICA

1198  
1199  
1200

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

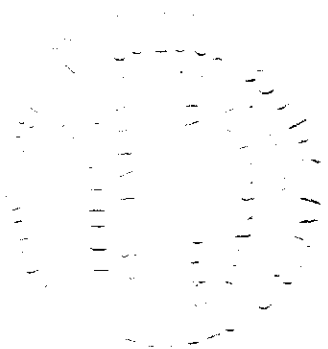
By: *[Signature]*  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

1201 (SEAL)

1202

COLUSA COUNTY WATER DISTRICT

1203  
1204



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

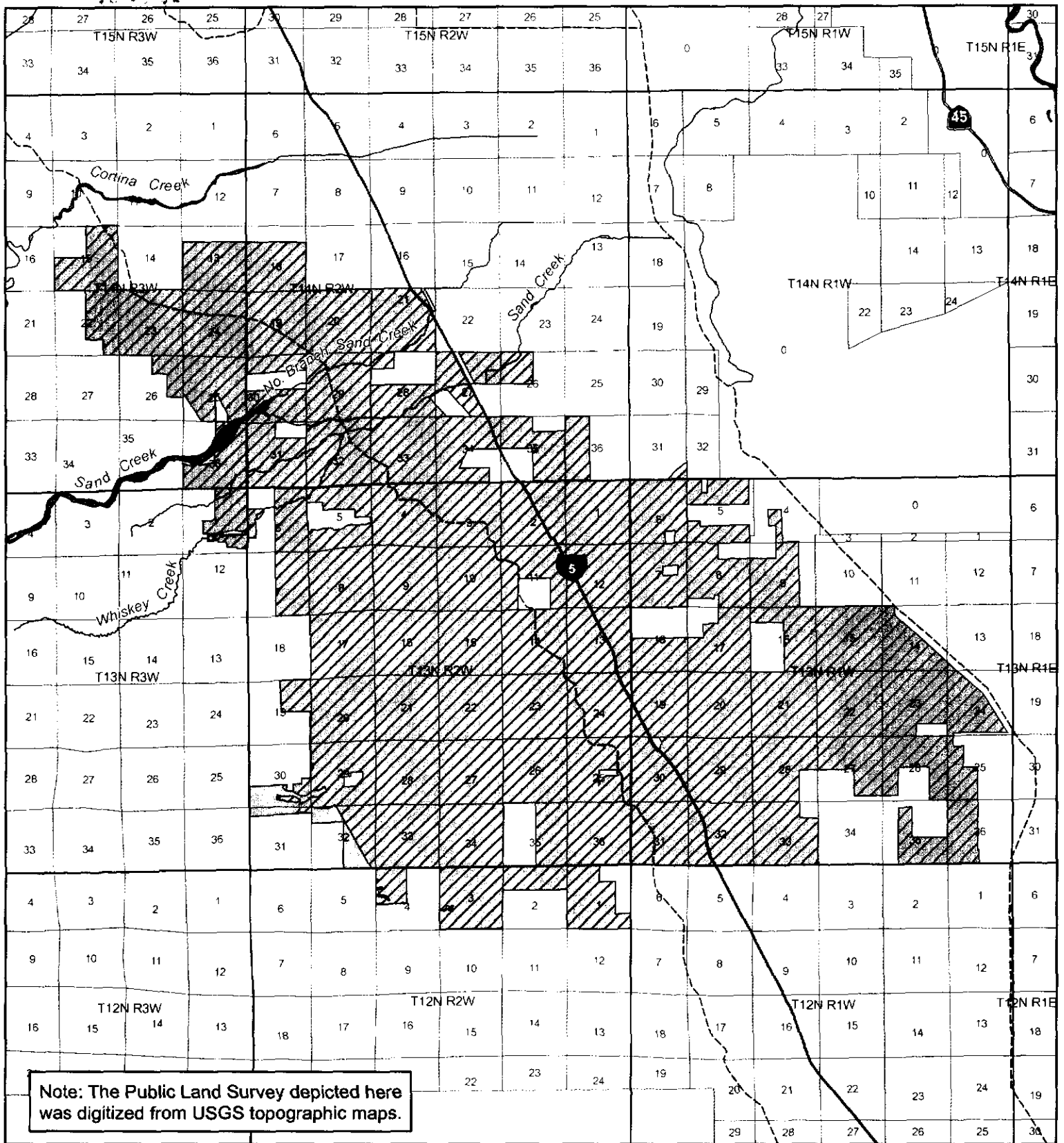
1205 Attest:

1206  
1207

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



1208 (H:\public\Willows Final LTC's\2005-01-31 Colusa County WD LTRC Final ContractDraft.doc)

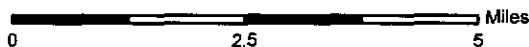




# Colusa County Water District

Contract No. 14-06-200-304-A-LTR1  
Exhibit A

-  Contractor's Service Area
-  District Boundary



## EXHIBIT B

COLUSA COUNTY WATER DISTRICT  
2005 Water Rates and Charges per Acre-Foot

	<u>Cost of Service</u>		Calculated Payment Capacity 1/ <u>Irrigation</u>
	<u>Irrigation</u>	<u>M&amp;I</u>	
<u>COST OF SERVICE RATES:</u>			
Capital Rates	\$13.30	\$ 7.65	\$ 0.00
O&M Rates:			
Water Marketing	6.61	3.89	6.61
Storage	5.93	6.67	5.93
Direct Pumping	4.07	4.07	4.07
Deficit Rates:			
Interest Bearing	0.66	0.28	0.66
CFO/PRF Adj. Rate 2/	<u>1.84</u>	<u>0.47</u>	<u>1.84</u>
TOTAL	<u>\$32.41</u>	<u>\$23.03</u>	<u>\$19.11</u>
<u>IRRIGATION FULL-COST RATES:</u>			
<u>Section 202(3)</u> Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving Irrigation Water on or before October 1, 1981.	<u>\$80.11</u>		<u>\$83.08</u>
<u>Section 205(a)(3)</u> Rate is applicable to a Limited Recipient that did <u>not</u> receive Irrigation Water on or before October 1, 1981.	<u>\$106.10</u>		<u>\$110.65</u>
<u>M&amp;I FULL-COST RATE:</u>		<u>\$27.43</u>	
<u>TIERED PRICING COMPONENTS: 3/</u>			
Tiered Pricing Component >80% <=90% of Contract			
Total [Full Cost Rate – COS Rate / 2]	<u>\$12.78</u>	<u>\$ 2.20</u>	<u>\$19.43</u>
Tiered Pricing Component >90% of Contract			
Total [Full Cost Rate – COS Rate]	<u>\$25.56</u>	<u>\$ 4.40</u>	<u>\$38.86</u>
<u>CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 4/</u>			
Restoration Payments (3407(d)(2)(A))	<u>\$ 7.93</u>	<u>\$15.87</u>	<u>\$ 0.00</u>

1/ Established pursuant to the results of the Payment Capacity Analysis for the Tehama-Colusa Water Users Association Service Area as announced by letter dated February 10, 1995.

2/ 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.

3/ Calculated pursuant to Article 1(j).

4/ 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.

BOARD OF DIRECTORS  
COLUSA COUNTY WATER DISTRICT

RESOLUTION 04-3

RESOLUTION APPROVING LONG-TERM RENEWAL CONTRACT  
FOR WATER SERVICE BETWEEN THE UNITED STATES AND  
COLUSA COUNTY WATER DISTRICT AND APPROVING NOTICE OF EXEMPTION  
UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

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AS A BASIS AND PREMISE for this Resolution, the Board of Directors of  
COLUSA COUNTY WATER DISTRICT finds and states as follows:

1. On November 14, 1962 Colusa County Water District ("District") and the United States of America entered into a contract providing for water service, designated Contract No. 14-06-200-304-A ("Original Contract").
2. Water service under the Original Contract began in 1965, and has continued uninterrupted since then.
3. The Original Contract expired on February 28, 1995.
4. In advance of the expiration of the Original Contract, the District and the United States negotiated an Interim Renewal Contract ("IRC"), in accordance with the Central Valley Project Improvement Act, pending completion of a Programmatic Environmental Impact Statement ("PEIS").
5. Upon completion of the PEIS, the United States announced its intent to negotiate a long-term renewal of the Original Contract.

6. The District and the United States engaged in a series of negotiations commencing in 1999 and completed on April 28, 2004, resulting in a proposed Long-Term Renewal Contract, designated Contract No.14-06-200-304-A-LRT1.

7. The form of Long-Term Renewal Contract reflects the results of the negotiations and contains the terms and conditions that the District and the United States have tentatively agreed upon.

8. Prior to execution of the Long-Term Renewal Contract, the United States must publish the proposed contract for a 60-day public review, complete analysis of renewal of the contract under the National Environmental Policy Act and complete consultations with other federal agencies under the Federal Endangered Species Act.

9. The parties intend that the Long-Term Renewal Contract will be ready for execution no later than March 1, 2005, and will be effective as of that date.

10. Prior to execution of the Long-Term Renewal Contract, the District must analyze the action under the California Environmental Quality Act ("CEQA"). The District has previously analyzed its interim renewals of the Original Contract under CEQA, and has found them to be exempt. The District believes that its execution of the Long-Term Renewal Contract is similarly exempt.

NOW, THEREFORE, be it RESOLVED, ADJUDGED and ORDAINED that:

1. COLUSA COUNTY WATER DISTRICT approves the *Long-Term Renewal Contract Between the United States and Colusa County Water District Providing for Project Water Service from the Sacramento River Division*, Contract No. 14-06-200-304-A-LTR1.

2. Once the 60-day public review period and the United States environmental review and ESA consultations are completed, if the United States presents the District with a Long-Term Renewal Contract that is in substantially the same form as present at this meeting, then the District's officers are authorized to execute that Long-Term Renewal Contract, without further action of this Board.

3. The CEQA Notice of Exemption presented at this meeting is hereby approved and adopted, and the Secretary shall file the same with the appropriate County Clerk(s) for posting in accordance with CEQA. In accordance with this finding of exemption, no fee is due under the Fish & Game Code Section 711.4.


4. The District's officers, staff and consultants are authorized and directed to do all things necessary and appropriate to carry out this Resolution and to ensure continued and uninterrupted water service to the District under its water service contracts.

PASSED AND ADOPTED at a regular meeting on May 12, 2004 of the Board of Directors by the following vote:

AYES: H. R. Charter, Douglas Griffin, Thomas Charter, Donald Peart,  
Lawrence Rominger

NOES: None

ABSENT: None


  
President

ATTEST:

  
Secretary

I Cloyde L. Emrick, the duly and regularly appointed Secretary of the COLUSA COUNTY WATER DISTRICT, hereby certify that the foregoing is a true, correct and exact copy of a resolution of the Board of Directors of the COLUSA COUNTY WATER DISTRICT, duly and regularly passed and adopted at a regular meeting of the said Board of Directors at Arbuckle, California on May 12, 2004 the original of which is on file in my office and duly and regularly entered in the official records of proceedings of the Board of Directors of the COLUSA COUNTY WATER DISTRICT.

DATED: 2/22, 2005

  
SECRETARY